

Pecyn Dogfen Gyhoeddus



Swyddog Cyswllt:
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At: Cyng Helen Brown (Cadeirydd)

Y Cynghorwyr: Geoff Collett, Chris Dolphin, Andy Dunbobbin, Andrew Holgate,
Paul Johnson ac Arnold Woolley

Aelod Cyfetholedig:

Sally Ellis

7 Chwefror 2019

Annwyl Gynghorydd

Fe'ch gwahoddir i fynychu cyfarfod Pwyllgor Archwilio a fydd yn cael ei gynnal am 10.00 am Dydd Gwener, 15fed Chwefror, 2019 yn Ystafell Bwyllgor Clwyd, Neuadd y Sir, Yr Wyddgrug CH7 6NA i ystyried yr eitemau canlynol.

R H A G L E N

1 YMDDIHEURIADAU

Pwrpas: To receive any apologies.

2 DATGAN CYSYLLTIAD (GAN GYNNWYS DATGANIADAU CHWIPIO)

Pwrpas: To receive any Declarations and advise Members accordingly.

3 COFNODION (Tudalennau 5 - 14)

Pwrpas: I gadarnhau, fel cofnod cywir gofnodion y cyfarfod ar 21 Tachwedd 2018.

4 STRATEGAETH RHEOLI TRYSORLYS 2019/20; DATGANIAD POLISI, ARFERION A RHAGLENNI RHEOLI TRYSORLYS 2019/20-2021/22; DIWEDDARIAD AR REOLI'R TRYSORLYS YN CHWARTER 3 2018/19 (Tudalennau 15 - 94)

Adroddiad Rheolwr Cyllid Corfforaethol - Arweinydd y Cyngor Aelod o'r Cabinet dros Gyllid

Pwrpas: Argymhell Strategaeth Rheoli Trysorlys 2019/20 a Datganiad Polisi, Arferion a Rhaglenni Rheoli Trysorlys 2019/20-2021/22 i'r Cabinet a'r Cyngor. Rhoi'r diweddariad chwarterol ar faterion sy'n ymwneud â Pholisi, Strategaeth ac Arferion Rheoli Trysorlys y Cyngor 2018/19.

5 SWYDDFA ARCHWILIO CYMRU - LLYTHYR ARCHWILIO BLYNYDDOL 2017/18 (Tudalennau 95 - 100)

Adroddiad Rheolwr Cyllid Corfforaethol - Arweinydd y Cyngor Aelod o'r Cabinet dros Gyllid

Pwrpas: Mae'r llythyr yn crynhoi'r prif negeseuon sy'n codi o gyfrifoldebau statudol Archwilydd Cyffredinol Cymru dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004, a chyfrifoldebau adrodd dan Cod Ymarfer Archwilio ar gyfer y flwyddyn ariannol 2017/18.

6 DIWEDDARIAD RHEOLI RISG (Tudalennau 101 - 148)

Adroddiad Prif Weithredwr - Arweinydd y Cyngor Aelod o'r Cabinet dros Gyllid

Pwrpas: Cymeradwyo camau a gymerodd y Cyngor i liniaru'r risgiau sylweddol ar bwynt canol y flwyddyn.

7 ADOLYGIAD BLYNYDDOL O'R COD LLYWODRAETHU CORFFORAETHOL (Tudalennau 149 - 182)

Adroddiad Prif Weithredwr - Arweinydd y Cyngor Aelod o'r Cabinet dros Gyllid

Pwrpas: Cadarnhau'r adolygiad o'r Cod Llywodraethu Corfforaethol.

8 ADRODDIAD CYNNYDD ARCHWILIO MEWNOL (Tudalennau 183 - 228)

Adroddiad Rheolwr Archwilio Mewnol -

Pwrpas: Cyflwyno diweddariad i'r Pwyllgor ar gynnydd yr Adran Archwilio Mewnol.

9 STRATEGAETH GWRTH-DWYLL A LLYGRED CORFFORAETHOL A CHYNLLUN YMATEB I DWYLL AC AFREOLEIDD-DRA (Tudalennau 229 - 278)

Adroddiad Rheolwr Archwilio Mewnol -

Pwrpas: Amlinellu'r Strategaeth Gwrth-dwyll a Llygredigaeth a Chynllun Ymateb i Dwyll ac Afreoleidd-dra diwygiedig i'r Aelodau.

10 POLISI RHANNU PRYDERON (Tudalennau 279 - 310)

Adroddiad Rheolwr Archwilio Mewnol -

Pwrpas: Amlinellu'r Polisi Rhannu Pryderon diwygiedig i'r Aelodau.

11 OLRHAIN GWEITHRED (Tudalennau 311 - 316)

Adroddiad Rheolwr Archwilio Mewnol -


Pwrpas: Rhoi gwybod i'r Pwyllgor am y camau gweithredu sy'n codi o'r pwyntiau a godwyd mewn cyfarfodydd Pwyllgor Archwilio blaenorol.

12 **RHAGLEN GWAITH I'R DYFODOL** (Tudalennau 317 - 324)

Adroddiad Rheolwr Archwilio Mewnol -

Pwrpas: Ystyried Rhaglen Gwaith i'r Dyfodol yr Adran Archwilio Mewnol.

Yn gywir

A handwritten signature in black ink, appearing to read 'Robert Robins', with a horizontal line extending to the right.

Robert Robins
Rheolwr Gwasanaethau Democrataidd

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 3

AUDIT COMMITTEE **21 NOVEMBER 2018**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 21 November 2018

PRESENT: Councillor Helen Brown (Chair)

Councillors: Geoff Collett, Chris Dolphin, Andy Dunbobbin, Andrew Holgate and Paul Johnson

Co-opted member: Sally Ellis

SUBSTITUTE: Councillor: Mike Peers (for Arnold Woolley)

APOLOGY: Corporate Finance Manager

ALSO PRESENT: Councillors Patrick Heesom and Billy Mullin attended as observers

IN ATTENDANCE:

Chief Executive; Chief Officer (Governance); Internal Audit Manager; and Democratic Services Officer

Corporate Business & Communications Executive Officer (for minute number 31)

Chief Officer, Housing and Assets (for minute number 32)

Interim Finance Manager (Technical Accountancy) (for minute number 33)

Clwyd Pension Fund Manager and Pensions Finance Manager (for minute number 35)

Senior Manager, Human Resources & Organisational Development, Employment Services Manager and Senior Auditor (for minute number 36)

Wales Audit Office representatives
Matthew Edwards and Gwilym Bury

28. SUBSTITUTION

In accordance with Constitutional requirements, the Committee agreed to allow Councillor Mike Peers to substitute for Councillor Arnold Woolley. It was confirmed that Councillor Peers had undertaken the necessary audit training.

RESOLVED:

That Councillor Mike Peers be permitted as a substitute for the meeting.

29. DECLARATIONS OF INTEREST

The Chair, Councillors Holgate and Johnson, and Sally Ellis all declared a personal interest on agenda item 8 as members of the Clwyd Pension Fund.

On agenda item 9, the Chair and Sally Ellis declared a personal interest due to links with Penarlag CP School and Mold Alun School respectively.

30. MINUTES

The minutes of the meeting held on 18 October 2018 were submitted. Councillor Dunbobbin asked that his apologies be recorded.

RESOLVED:

That subject to the amendment, the minutes be approved as a correct record and signed by the Chair.

31. ANNUAL IMPROVEMENT REPORT OF THE AUDITOR GENERAL FOR WALES

Gwilym Bury presented the Annual Improvement Report by the Wales Audit Office (WAO) which summarised the audit and regulatory work undertaken at the Council since the last report published in September 2017. The report, which made no formal recommendations, concluded that the Council was meeting its statutory requirements in relation to continuous improvement.

The Chief Executive acknowledged the four new voluntary proposals for improvement which could improve the effectiveness of the Overview & Scrutiny function. Whilst work was underway on those suggestions, the Council was also undertaking a self-assessment of overall corporate performance which could be used to assist the WAO in the next Annual Improvement Report.

Councillor Johnson commented on the challenge of achieving continued improvement in light of reduced funding. The Chief Executive said that the resilience statements for each service portfolio, shared during the budget process, had identified the risks of making further budget cuts beyond those already set out. He said that self-improvement remained an ongoing objective as demonstrated by the Council's track record.

Sally Ellis referred to the national report recommendations some of which related to areas of 'red' reports for Flintshire. The Internal Audit Manager confirmed that all the areas would be addressed as part of the Internal Audit programme of work.

The Chief Executive said that although there was no requirement to respond to national report recommendations, the Council's approach was to take these into consideration to identify any learning to further strengthen existing arrangements.

The Corporate Business & Communications Executive Officer said that the annual report on external inspections, scheduled for the next meeting, would give assurance to the Committee that national as well as local reports were being noted.

Councillor Johnson thanked officers for the positive meeting of the Audit and Scrutiny Liaison Committee which had recently taken place.

RESOLVED:

That the Committee is assured by the Auditor General for Wales' Annual Improvement Report for 2017/18.

32. ASSET DISPOSAL AND CAPITAL RECEIPTS GENERATED 2017/18

The Chief Officer (Housing and Assets) presented the annual report summarising land disposals and realisation of capital receipts during 2017/18. Capital receipts were aligned to contribute towards the Council's programme of capital schemes, consisting of both large and small scale across all portfolios. A reminder was given of the revenue implications from capital expenditure and the reduction in Welsh Government support for capital expenditure as set out in the report.

Councillor Peers asked for a cost breakdown of the list of asset disposals as it did not appear to include a particular site. The Chief Officer explained that the disposal in question had not been received in full as it was based on phased delivery, and that the information had been summarised to observe commercial sensitivity. Councillor Peers sought information on the full value of that item and how much the Council would benefit from the phased approach. The Chief Executive said that a private briefing paper would be shared with the Committee.

Sally Ellis recalled discussion on the report in 2017 on the need to regularly review the criteria for identifying potential capital receipts, particularly given the importance of maximising support for capital schemes. The Chief Officer said that the findings of reviews undertaken across portfolios were currently being considered to assess the suitability of sites for disposal or investment, depending on market forces in those areas. This included reviews of industrial estates whilst agricultural estates were subject to continual review.

Following the information shared, it was agreed that the update report on criteria provisionally scheduled for January was no longer required.

The Chief Executive said that projected capital receipts supporting the Capital Programme would form part of the refresh of the Medium Term Financial Strategy early in the New Year.

The Chief Officer said that this would also be reflected in the Capital Strategy which was due to be updated.

RESOLVED:

That the report be noted.

33. TREASURY MANAGEMENT MID-YEAR REVIEW 2018/19 AND QUARTER 2 UPDATE

The Interim Finance Manager (Technical Accountancy) presented the draft Treasury Management mid-year report for 2018/19 prior to consideration by Cabinet. An update on Quarter 2 was shared for information.

A summary of the key points highlighted the increase in the Bank of England base rate and forthcoming regulatory changes. There were no changes to the long-term borrowing position, and short-term borrowing was undertaken in line with the strategy. A different approach to the way that Money Market Funds were defined would reduce the risk on those investments.

An update on Quarter 2 set out the current position on treasury management activities, with a breakdown of investments and borrowing appended. As part of the Council's strategy, a Treasury Management training session for all Members had been arranged for 29 January 2019.

Councillor Peers queried the £6.4m of interest payable on borrowing shown in paragraph 5.04. The Interim Finance Manager explained that this reflected the mid-year position and that the majority of payments reflected historic borrowing decisions. Reviews were undertaken with the treasury management advisors taking account of market conditions at that time. Most of the loans were maturity payments which were re-financed when due for repayment.

Councillor Peers said it was important to understand the cost to the Council. The Chief Executive said that this was a complex subject. He said that the degree of scrutiny on borrowing was now much more robust and transparent, and that any exit strategy for any borrowing commitments must be sensitive to market conditions.

In response to questions from Councillor Johnson, clarification was given on the types of organisations with whom the Council invested and the change to EU Market Reform which further reduced the risk of investing with Money Market Funds. During discussion on the potential impact from Brexit, it was explained that there was no effect on current borrowing as the uncertainty was around future markets. The handout shared with Council in October had outlined potential risks to the Council and officers were contributing to national work on sharing risk and practice.

RESOLVED:

That the draft Treasury Management Mid-Year Report 2018/19 be recommended to Cabinet on 18 December 2018.

34. USE OF CONSULTANTS

The Chief Executive presented a report on the annual review of consultancy spend to ensure accuracy of figures on the general ledger and compliance with the agreed processes.

Sally Ellis asked about the post-assignment reviews for consultancy business cases in 2017/18 and was advised that these would be undertaken once those projects had concluded. Reviews for consultancy engagements in 2016/17 had been completed.

RESOLVED:

That the Committee is assured that expenditure on consultants is being controlled and the Council is achieving value for money.

35. CLWYD PENSION FUND GOVERNANCE

The Clwyd Pension Fund Manager presented a report to give assurance on governance arrangements of the Clwyd Pension Fund (CPF) and the value for money of fund manager fees, as requested at the previous meeting.

The diagram in the report illustrated the current governance structure which had been broadened over time to meet requirements. It was explained that fees determined by the investment consultant on the Advisory Panel were then subject to agreement by the CPF Committee, with oversight provided by the statutory Pension Board. Whilst each authority determined its own strategy, implementation was through the Wales Pension Partnership which provided the platform for pooling investments across the 8 Local Government Pension Scheme (LGPS) funds in Wales.

The Chief Executive gave assurance that both he and the Corporate Finance Manager supported governance arrangements and that there was external evaluation on governance and performance. Due to the complexities of the subject matter, a high level of training and support was given to the CPF Committee to undertake its role for most of the decision-making on the management of the Fund. The Chief Executive reported that the treasury management investment side of the CPF was performing well and that there was steady improvement on the administration side.

On the approach to fee management, the CPF Manager spoke about the level of skill required by investment consultants and key decision-making on various factors to achieve the right balance of risk and meet future needs. The Actuary review determined both the cost that employers needed to pay for the future benefits of members and any deficit payments for past service, which the investment consultant then considered how best to deliver.

The Chief Executive said that the CPF had adopted a high-risk appetite with proven success and was hopeful that cost pressures on employer contributions would be managed.

In thanking officers for the report, Sally Ellis asked how the Audit Committee could add value and whether training would assist. The Chief Executive and Chief Officer said that the Committee's role was to satisfy itself with the level of knowledge and support given to the CPF Committee and challenge by the Pensions Board.

Following a query by Councillor Johnson on the list of investment consultants, officers agreed to circulate a copy of the annual report containing this information. Clarification was also given on contract arrangements.

On the list of fund management fees, Councillor Peers referred to the rate of return for credit assets which was below target. Officers explained the aim to diversify across different asset classes and the role of the three specialist sub-groups in supporting the Advisory Panel.

Following earlier discussion, Sally Ellis said that in order for the Committee to be assured, information would be needed on the level of confidence/knowledge on the CPF Committee and whether the oversight by the Pension Board was working well.

The Pensions Finance Manager said that regular detailed reports to the CPF Committee containing governance information, minutes, training plans, etc, were all available on the Council's website.

The Chief Executive and Chief Officer said that officers would consider the frequency of reporting and the possibility of a future presentation on governance arrangements to give further assurance to the Committee, without duplicating the work of the Pensions Board.

RESOLVED:

That the report be noted and feedback provided to the Clwyd Pension Fund Committee.

36. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit Manager presented the update on progress of the Internal Audit department including changes to the audit plan, action tracking and investigations. As requested at the recent facilitation workshop, an overview of audit assurances was now included within this report.

Since June 2018, three 'Amber Red' or 'Some' assurance opinions had been issued for Pension Administration, the Joint Corporate Procurement Unit and Payroll. Due to concerns from the Chair and Vice-Chair about outstanding actions on the latter, the Senior Manager, Human Resources & Organisational Development and Employment Services Manager were in attendance to provide a further update.

The Senior Manager gave assurance that good progress had been made on the actions since the report was produced. She explained that many of the actions consisted of multiple elements of which most had been completed and that the

Payroll team had allowed for a period of testing to satisfy themselves that actions were robust and effective, before formally signing off. She went on to report on further improvements achieved by consolidating databases into one.

Sally Ellis explained that the concerns had arisen from some issues outstanding from the 2016/17 audit, particularly those with financial implications, and that it would be helpful for the Committee to be notified of completion dates. The Employment Services Manager advised that the two which remained outstanding related to documented procedures and performance indicators. Good progress had been made on both and the due date had been extended until the end of March 2019 to ensure that outcomes were acceptable for the next audit.

The Chief Executive spoke about significant workload implications in Payroll to deal with changes in recent years. He said that officers would agree on realistic completion dates and advise the Chair and Vice-Chair accordingly.

During the period, one 'Red' or 'Limited' assurance opinion had been issued for General Data Protection Regulations (GDPR). The audit had been undertaken in March 2018 in preparation for implementing the new regulations in May. The Senior Auditor summarised the aim of the new regulations on which compliance had been addressed through five work-streams. She gave assurance that implementation across the Council had been prioritised by Chief Officers and Senior Managers, with progress underway on action plans for each portfolio. A range of positive actions had been taken including the appointment of a dedicated Compliance Officer and the key role of the Information Governance team, together with extensive training and communications to the workforce. The overall audit opinion reflected the uncertainty in relying on third party suppliers to give assurance that their systems complied with GDPR.

The Chief Officer (Governance) provided an update on actions to address each of the audit findings, as set out in the separate report on the agenda. On the capability of externally provided software systems holding personal data to meet the obligations of GDPR, 61 were now either fully compliant or in the process of doing so, whilst work was continuing on the remaining seven which were viewed as low risk. Good progress was also reported on the review of forms to clarify the use of personal data.

The Chief Executive spoke about the valuable contribution of the audit work in making significant progress to meet the scale of the GDPR regulations.

The Internal Audit Manager advised that the audit had also been beneficial in helping to identify potential efficiencies which could be explored in the future.

Councillor Peers raised a concern over the security of Members' payslips placed in pigeonholes in Member Services, particularly outside working hours. The Chief Officer said that whilst other options had been explored, the current practice of posting out sealed printed payslips was more cost-effective. During discussion, he suggested that Members sharing the concerns may prefer to collect their payslips in person from the officers in Member Services.

In summarising the remaining sections of the progress report, the Internal Audit Manager explained that to reduce duplication on action tracking updates, those which were overdue and over six months were shown in Appendix G. A separate update would be included in the next progress report on those actions which were not overdue but had a longer period since the original due date.

Councillor Dolphin questioned the level of capacity at Flintshire Connects centres to cope with demand, particularly during lunchtime periods. The Chief Executive said it was not possible to comment on the example given on that particular day and that any concerns should be raised with the Chief Officer (Governance) for follow-up if required. In response to concerns on Planning Enforcement, he suggested that any performance issues be referred to the Environment Overview & Scrutiny Committee. He agreed to pursue an update on progress with the final version of the legal agreement for the Greenfield Valley Trust.

The Internal Audit Manager advised that the report reflected the priority ratings issued at the time of the audit and would remain unchanged during the action tracking process.

On Planning Enforcement, Councillor Peers said it was important for the audit to keep track of referral dates and not allow them to reach the expiry date when they could be written off. In acknowledging the issues, the Chief Executive agreed to liaise with the Planning team and schedule an update report for the Committee.

The Chair asked that this topic also be considered by the newly formed Audit and Scrutiny Liaison Committee.

On the Operational Plan 2018/19, the Internal Audit Manager highlighted changes including the deferral of work on two areas where there was no current requirement.

The Chief Executive spoke about an increase in demand for advisory work by the Internal Audit team which was proving to be of value, as demonstrated in the testing of Method Statements on recent budget reports.

RESOLVED:

- (a) That the report be accepted; and
- (b) That Members are assured that the remedial actions identified on GDPR have and will, if implemented, address the control weaknesses identified.

37. AUDIT COMMITTEE SELF-ASSESSMENT

The Internal Audit Manager presented the report on the results of the self-assessment undertaken by the Committee in September 2018 during a facilitation workshop. The overall results of the self-assessment were positive and would feed into preparation of the Annual Governance Statement for 2018/19. Good progress was reported on the action plan.

Councillor Johnson expressed his appreciation to officers for the positive workshop.

RESOLVED:

That the Committee notes the results and progress on actions.

38. AUDIT COMMITTEE TERMS OF REFERENCE AND CHARTER

The Internal Audit Manager presented the report seeking agreement on changes made to the Audit Committee Terms of Reference to reflect the current working practice and new area of responsibility. Views were also sought on the draft Audit Committee Charter which had been developed to document the role of the Committee within the Council's Governance framework and co-ordination between the Committee and Overview & Scrutiny. Both documents were due to be considered by the Constitution and Democratic Services Committee.

RESOLVED:

- (a) That the changes to the Terms of Reference be approved; and
- (b) That the Audit Committee Charter be approved.

39. ACTION TRACKING

The Internal Audit Manager presented the progress update report on actions arising from previous meetings. As a further update, she advised that the Anti-Fraud and Corruption Strategy had been scheduled for the January meeting.

RESOLVED:

That the report be accepted.

40. FORWARD WORK PROGRAMME

The Internal Audit Manager presented the current Forward Work Programme for consideration, noting earlier agreement that the item on Asset Disposals and Capital Receipts would be removed from the January meeting.

When asked by Councillor Johnson about an item on strategic risks, the Internal Audit Manager advised that this would form part of the Risk Management Update due in January. The Chief Officer referred to discussion at the recent Audit and Scrutiny Liaison Committee which linked to work on risk management and the risk register.

RESOLVED:

- (a) That the Forward Work Programme, as amended, be accepted; and

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

41. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

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

The meeting commenced at 10am and finished at 12.10pm

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Chair

Eitem ar gyfer y Rhaglen 4



AUDIT COMMITTEE

Date of Meeting	Friday, 15 February 2019
Report Subject	Treasury Management Strategy 2019/20 Treasury Management Policy Statement, Practices and Schedules 2019/20 – 2021/22 Treasury Management Quarter 3 Update 2018/19
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report presents the draft Treasury Management Strategy 2019/20 for review and seeks the Committee's recommendation for approval to Cabinet, in conjunction with:

- Draft Treasury Management Policy Statement 2019/20 – 2021/22
- Draft Treasury Management Practices & Schedules 2019/20 – 2021/22

The report provides an update on matters relating to the Council's Treasury Management Policy, Strategy and Practices 2018/19:

- 3rd quarter update 1st October – 31st December 2018, presented for the Committee's information.

This report is supplemented by training available to all Members of the Council on treasury management on 29th January 2019.

RECOMMENDATIONS

1	Members review the draft documents listed and identify any matters to be drawn to the attention of Cabinet on 19 th February 2019: <ul style="list-style-type: none">• Draft Treasury Management Strategy 2019/20• Draft Treasury Management Policy Statement 2019-2022• Draft Treasury Management Practices and Schedules 2019-2022
2	Members note the Treasury Management 2018/19 quarterly update.

REPORT DETAILS

1.00	EXPLAINING THE CHANGES TO THE POLICY STATEMENT, STRATEGY AND PRACTICES
	<u>BACKGROUND</u>
1.01	The Local Government Act 2003 requires all local authorities to have due regard to both the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice (The CIPFA Code of Practice) and Welsh Government guidance on Local Authority Investments.
1.02	<p>In April 2012 the Council adopted the Chartered Institute of Public Finance and Accountancy's <i>Treasury Management in the Public Services: Code of Practice 2011 Edition</i> (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.</p> <p>The Institute published a revised version of the CIPFA Code in November 2017. The Council is requested to formally adopt the Treasury Management in the Public Services: Code of Practice 2017 Edition. The CIPFA Code of Practice (2017 edition) requires:-</p> <ul style="list-style-type: none"> • The Council to create and maintain a Treasury Management Policy Statement which states the Council's policies, objectives and approach to risk management of its treasury management activities. • The Council to create and maintain suitable Treasury Management Practices (TMPs) and accompanying schedules, stating how those policies and objectives will be achieved and prescribing how those activities will be managed and controlled. • The Council to receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. • Responsibility for Treasury Management to be clearly defined. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Corporate Finance Manager, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's <i>Standard of Professional Practice on Treasury Management</i>. • A body to be responsible for the scrutiny of Treasury Management Policy, Strategy and Practices. The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management function. The Audit Committee has previously agreed to include treasury management as a standing item on each quarterly agenda to receive an update.

1.03	The Welsh Government guidance on Local Authority investments requires that the Council prepares an investment strategy before the start of each financial year which sets out the Council's policies for the prudent management of its investments, giving priority, firstly to the security of those investments (protecting the capital sum from loss), and secondly liquidity (keeping money readily available for expenditure). The generation of investment income is distinct from these prudential objectives, however provided that proper levels of security and liquidity are achieved, it may (but only then) be reasonable to seek the highest yield consistent with those priorities.
1.04	The guidance stipulates that the investment strategy must also include the following: <ul style="list-style-type: none"> • Specified Investments • Non-specified Investments • Credit Risk Assessment • Investment Consultants • Investment Training • Investment of money borrowed in advance of need.
1.05	In preparation for approving the 2019/20 Treasury Management Strategy training for all Members was held on 29 th January 2019. The workshop presented by Arlingclose, the Council's Treasury Management advisors covered a detailed introduction to Treasury Management in Local Authorities, including the regulatory framework and the role of the elected Member in scrutinising the Treasury Management function. The training included an in depth presentation on investments and borrowing.
	<u>CONSIDERATIONS</u>
	2019/20 Treasury Management Policy Statement, Strategy and Practices
1.06	The previous Treasury Management Policy Statement was approved by Council in February 2016 and covered the 3 year period from 2016/17 to 2018/19. The updated Treasury Management Policy 2019-2022 is attached at appendix 2. This document defines the Council's treasury management activities, sets out the Council's criteria to measure the effectiveness of treasury management activities and includes the Council's high level policies for borrowing and investments. Once approved the document will only be reported to Members during its lifetime in the event of any significant changes. The document has not changed significantly from the 2016/17 version. .
1.07	Similarly the Treasury Management Practices (TMPs) and accompanying schedules to cover the 3 year period from 2016/17 to 2018/19 were approved in February 2016. The updated TMPs for 2019/20 are attached as appendix 3. The TMPs and schedules state how treasury management policies and objectives will be achieved and give specific details of the systems and routines employed and the records to be maintained including:-

	<ul style="list-style-type: none"> • TMP 1 Treasury risk management • TMP 2 Performance measurement • TMP 3 Decision-making and analysis • TMP 4 Approved instruments, methods and techniques • TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements • TMP 6 Reporting requirements and management information arrangements • TMP 7 Budgeting, accounting and audit arrangements • TMP 8 Cash and cash flow management • TMP 9 Money laundering • TMP 10 Staff training and qualifications • TMP 11 Use of external service providers • TMP 12 Corporate governance <p>Some minor changes have been made to bring the practices and schedules in line with the draft 2019/20 strategy.</p>
	<p><u>Treasury Management Strategy 2019/20</u></p>
1.08	<p>The 2019/20 Treasury Management Strategy is attached at Appendix 1 for review and discussion. The Strategy is updated and reported annually to Members in accordance with the CIPFA Code of Practice (2017 edition) and Welsh Government guidance.</p> <p>The Treasury Management Strategy details the approach that the Council will take for investing and borrowing over the next year, including the budgetary implications of the planned investment and borrowing strategy, and a number of treasury management indicators that the CIPFA Code requires.</p>
1.09	<p>The 2019/20 Strategy has not changed significantly from that of the 2018/19 Strategy. Matters that merit the attention of Members are summarised below:-</p> <ul style="list-style-type: none"> • Section 2 – Economic context, provided by Arlingclose, the Council's treasury management advisor, and highlights that the major external influence on the strategy continues to be negotiating the UK's exit from the European Union and agreeing future trading arrangements. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. Arlingclose forecasts 2 more interest rate rises of 0.25% during 2019 to take official UK interest rates to 1.25%. • Section 4 – Local context. This section summarises the anticipated treasury position in 2019/20. Activity in 2019/20, as it has in previous years will focus more on borrowing and less on investing; as the Council's requirement to borrow is forecast to grow due to a planned increase in capital expenditure, and there is less surplus cash to invest

	<p>as services plan to spend reserves.</p> <ul style="list-style-type: none"> • Section 5 – Investment Strategy. This section is largely a continuation of the Council’s 2018/19 strategy, the aim being to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. • Section 6 - Borrowing Strategy. Again, this section is largely a continuation of the 2018/19 strategy. The Council continues to forecast a significant long term borrowing requirement. The required amounts need to be confirmed before a commitment to long term borrowing is made and the use of short term borrowing will be used to assist during this period.
	<p><u>Changes to CIPFA’s Codes of Practice - Treasury Management Code 2017 and Prudential Code for Capital Finance in Local Authorities 2017</u></p>
1.10	<p>CIPFA published new editions of the Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance and the Prudential Code for Capital Finance in late December 2017 which complement each other.</p>
1.11	<p>The 2017 edition of the Prudential Code for Capital Finance has expanded objectives and includes a requirement for authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources, and ensure that decisions are being made with sufficient regard to the long term financing implications and potential risks to the authority.</p> <p>The code introduces the requirement for a Capital Strategy, with the intention to give a high level overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. This means that the Capital Strategy is linked with the Treasury Management Strategy.</p>
1.12	<p>The Council already has a Capital Strategy and Asset Management Plan in place and considers that it prudently assesses the long-term context of capital expenditure and any non-treasury investment decisions, and their associated risks and rewards on future financial sustainability. An updated version of the Council’s Capital Strategy, which will meet the requirements of the revised code, will be considered by Council in February, and a revised Asset Management Plan will be developed and reported to Cabinet in the summer. Appropriate risk management frameworks and reporting mechanisms will also need to be further developed and refined in consultation with Chief Officers and Members.</p>
1.13	<p>In the 2017 edition of the Treasury Management Code the definition of ‘investments’ has been widened to include all financial assets as well as non-financial assets held primarily for financial returns such as investment property. All investments will require appropriate investment management and risk management framework, including investments which are not managed as part of traditional treasury management.</p>

	<p>A new section within the Treasury Management Practices and Schedules has been added to cover investments made for reasons other than treasury management activity. Examples of these include loans supporting service outcomes, investment in subsidiaries and investment property portfolios.</p> <p>Officers have reviewed the Council's assets and have concluded that in general the Council's primary purpose in holding assets is not for financial gain. An exception to this are its farms and industrial units. This reflects the critical judgement the Council makes in its accounts that these are classified as investment properties.</p> <p>However, these assets are in effect legacy assets, and the Council has made an informed decision to reduce its agricultural estate and review the use of its industrial units.</p> <p>The spirit of the code is to focus on a more active portfolio of investment assets with a higher risk profile than the investment properties the Council owns. It is not considered certain that the Council requires the additional frameworks which the code requires, and therefore to expend resource creating them is not seen as an effective use of resources. This will be revisited in the context of the outcome of the review into industrial units.</p>
	<p><u>Treasury Management 2018/19 Quarter 3 Update</u></p>
<p>1.14</p>	<p><u>Investments update</u></p> <p>A schedule setting out the Council's investments at 31st December 2018 is attached at appendix 4. The investment balance at this time was £22.6m across 9 counterparties with an average interest rate of 0.67%.</p>
<p>1.15</p>	<p><u>Borrowing update</u></p> <p>Appendix 5 shows the Council's long term borrowing portfolio as at 31st December 2018. During December 2018 £17.5m of additional long-term borrowing was undertaken in line with the strategy bringing the total long-term borrowing to £271.3m with a weighted average interest rate of 4.79%.</p> <p>Appendix 6 shows the Council's short-term borrowing portfolio as at 31st December 2018, a total of £45.0m with an average interest rate of 0.84% of short-term borrowing.</p> <p>The borrowing strategy in 2018/19 has been to monitor capital expenditure to confirm the Council's long term borrowing need, ensuring that the Council does not commit to long term borrowing too early and borrow unnecessarily which will be costly. This is balanced against not compromising the long term stability of the debt portfolio by securing low long term interest rates currently available. The amounts of short term borrowing undertaken throughout the year to date have confirmed the borrowing requirement.</p> <p>The Council has a forecast borrowing requirement over and above the additional long term borrowing already undertaken during the year and therefore further long term may possibly be undertaken before the end of this financial year. Short term borrowing continues to be used to assist with managing the position, and is available at lower rates than long term. This</p>

	position will be reviewed and monitored closely during the last few months of 2018/19 with support from Arlingclose.
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2.00	RESOURCE IMPLICATIONS
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2.01	Financial implications are set out within this report and supporting appendices; there are no other resource implications directly as a result of this report.
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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3.01	Arlingclose Ltd, being the Council's treasury management advisors.
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4.00	RISK MANAGEMENT
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4.01	Risk Management directly addressed within the appendices including identification of risks and measures to mitigate likelihood and impact of risks identified.
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5.00	APPENDICES
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5.01	<ol style="list-style-type: none"> 1. Draft Treasury Management Strategy 2019/20 2. Draft Treasury Management Policy 2019/20 - 2021/22 3. Draft Treasury Management Practices and Schedules 2019/20 - 2021/22 4. Investment Portfolio as at 31 December 2018 5. Long-term Borrowing Portfolio as at 31 December 2018 6. Short-term Borrowing Portfolio as at 31 December 2018
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	Contact Officer: Liz Thomas – Technical Finance Manager Telephone: 01352 702289 E-mail: liz.thomas@flintshire.gov.uk
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7.00	GLOSSARY OF TERMS
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7.01	<p>Authorised Limit: A statutory limit that sets the maximum level of external debt for the Council.</p> <p>Balances and Reserves: Accumulated sums that are held, either for specific future costs or commitments (known as earmarked) or generally held to meet unforeseen or emergency expenditure.</p>
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Bank Rate: The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate".

Basis Point: A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in interest rates and bond yields. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points.

Bond: A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.

Capital Expenditure: Expenditure on the acquisition, creation or enhancement of capital assets.

Capital Financing Requirement (CFR): The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.

Certificates of Deposits (CD's): A savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks. The term of a CD generally ranges from one month to five years.

Cost of Carry: The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.

Consumer Price Index (CPI): The UK's main measure of inflation (along with Retail Price Index or 'RPI') The Monetary Policy Committee of the Bank of England set the Bank Rate in order to try and keep CPI at or close to the target set by the Government. The calculation of CPI includes many items of normal household expenditure but excludes some items such as mortgage interest payments and Council Tax.

Credit Rating: Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.

Corporate Bonds: Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Counterparty List: List of approved financial institutions with which the Council can place investments.

Debt Management Office (DMO): The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the Debt Management Account

Deposit Facility (DMADF). All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign credit rating.

Federal Reserve: The US central bank, the equivalent of the Bank of England. (Often referred to as “the Fed”).

Financial Instruments: Financial instruments are tradable assets of any kind. They can be cash, evidence of an ownership interest in an entity, or a contractual right to receive or deliver cash or another financial instrument.

Gilts: Gilts are bonds issued by the UK Government. They take their name from ‘gilt-edged’. They are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

LIBID: The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks).

LIBOR: The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.

LOBO: Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the ‘option’ to either accept the new imposed fixed rate or repay the loan facility.

IFRS: International Financial Reporting Standards.

Maturity: The date when an investment or borrowing is repaid.

Maturity Structure / Profile: A table or graph showing the amount (or percentage) of debt or investments maturing over a time period.

Monetary Policy Committee (MPC): A committee of the Bank of England, which meets to decide the Bank Rate. Its primary target is to keep CPI inflation within 1% of a central target of 2%. Its secondary target is to support the Government in maintaining high and stable levels of growth and employment.

Money Market Funds (MMF): Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.

MiFID II (Markets in Financial Instruments Directive): EU legislation that regulates firms who provide services to clients linked to ‘financial instruments’. As a result of MiFID II, from 3rd January 2018 local authorities will be treated as retail clients but can “opt up” to professional client status,

providing that they meet certain qualitative and quantitative criteria.

Minimum Revenue Provision (MRP): An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.

Non Specified Investment: Investments which fall outside the WG Guidance for Specified investments (below).

Operational Boundary: This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Premiums and Discounts: In the context of local authority borrowing, (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and (b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

Prudential Code: Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

Prudential Indicators: Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators.

Public Works Loans Board (PWLB): The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Quantitative Easing (QE): QE is a form of monetary policy where a Central Bank creates new money electronically to buy financial assets, like government bonds. This cash injection lowers the cost of borrowing and boosts asset prices to support spending.

Revenue Expenditure: Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

Retail Price Index (RPI): A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent.

Term Deposits: Deposits of cash with terms attached relating to maturity and rate of return (Interest).

Specified Investments: Term used in the Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

Supported Borrowing: Borrowing for which the costs are supported by the government or third party.

Supranational Bonds: Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.

Treasury Bills (T-Bills): Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. They are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have an AAA-rating.

Treasury Management Code: CIPFA's Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

Treasury Management Practices (TMP): Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.

Temporary Borrowing: Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

Unsupported Borrowing: Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

Yield: The measure of the return on an investment instrument.

Mae'r dudalen hon yn wag yn bwrpasol



FLINTSHIRE COUNTY COUNCIL

**TREASURY MANAGEMENT
STRATEGY**

2019/20

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Treasury Management Strategy Report 2019/20

The Council is recommended to:

- adopt CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code)
- approve the Treasury Management Strategy for 2019/20
- approve the Treasury Management Indicators for 2019/20

1.0 Introduction

In April 2012 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

The Institute published a revised version of the CIPFA Code in November 2017. The Council is requested to formally adopt the Treasury Management in the Public Services: Code of Practice 2017 Edition.

In addition, the Welsh Government (WG) issues guidance on local authority investments that requires the Council to approve an investment strategy before the start of each financial year.

This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance.

The successful identification, monitoring and control of risk are central to the Council's treasury management strategy as the Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates.

In accordance with WG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly.

2.0 Economic Context (including Interest Rate Forecast – as provided by Arlingclose Ltd, (December 2018)).

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages

continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the Bank of England in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

Credit outlook: The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ring-fencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ring-fenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ring-fenced banks generally being better rated than their non ring-fenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The Bank of England did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest rate forecast: Following the increase in Bank Rate to 0.75% in August 2018, the Authority’s treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England’s MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose’s view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. Whilst assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a “no deal” Brexit still hangs over economic activity (*at the time of writing this commentary in mid-December*). As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose’s interest rate projections, due to the strength of the US economy and the ECB’s forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

Table 1: Interest rate forecast

	Bank Rate	3 month Money Market Rate	12 month Money Market Rate	20 year Gilt rate	50 year Gilt rate
Q1 2019	0.75	0.90	1.15	2.00	1.90
Q2 2019	0.75	0.95	1.25	2.10	1.95
Q3 2019	1.00	1.10	1.35	2.20	2.00
Q4 2019	1.00	1.30	1.50	2.20	2.00
Q1 2020	1.25	1.40	1.70	2.20	2.00
Q2 2020	1.25	1.40	1.60	2.20	2.00
Q3 2020	1.25	1.40	1.50	2.20	2.00
Q4 2020	1.25	1.35	1.40	2.20	2.00
Q1 2021	1.25	1.35	1.35	2.20	2.00
Q2 2021	1.25	1.35	1.35	2.20	2.00
Q3 2021	1.25	1.35	1.35	2.20	2.00
Q4 2021	1.25	1.35	1.35	2.20	2.00

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.80%, and that new long-term loans will be borrowed at an average rate of 2.925%.

3.0 Current Treasury Portfolio

The Council's treasury portfolio as at 31st December 2018 was as follows:

Table 2: Current Treasury Portfolio

	Principal £m	Interest rate %
Investments:		
Call accounts	2.0	0.75%
Money market funds	4.6	0.72%
Short-term deposits	16.0	0.64%
Long-term deposits	0.0	
Total Investments	22.6	0.67%
Borrowing:		
Short-term loans	45.0	0.84%
Long-term PWLB loans (fixed)	238.3	5.06%
Long-term PWLB loans (variable)	10.0	0.87%
Long-term market loans (LOBOs)	18.95	4.53%
Other Government loans	4.03	0.00%
Total Borrowing	316.28	4.23%
Net Borrowing	293.68	

4.0 Local Context

Forecast changes in the sums in section 3 are shown in the balance sheet analysis in the table below.

Table 3: Balance Sheet Summary and Forecast

	31.3.18	31.3.19	31.3.20	31.3.21	31.3.22

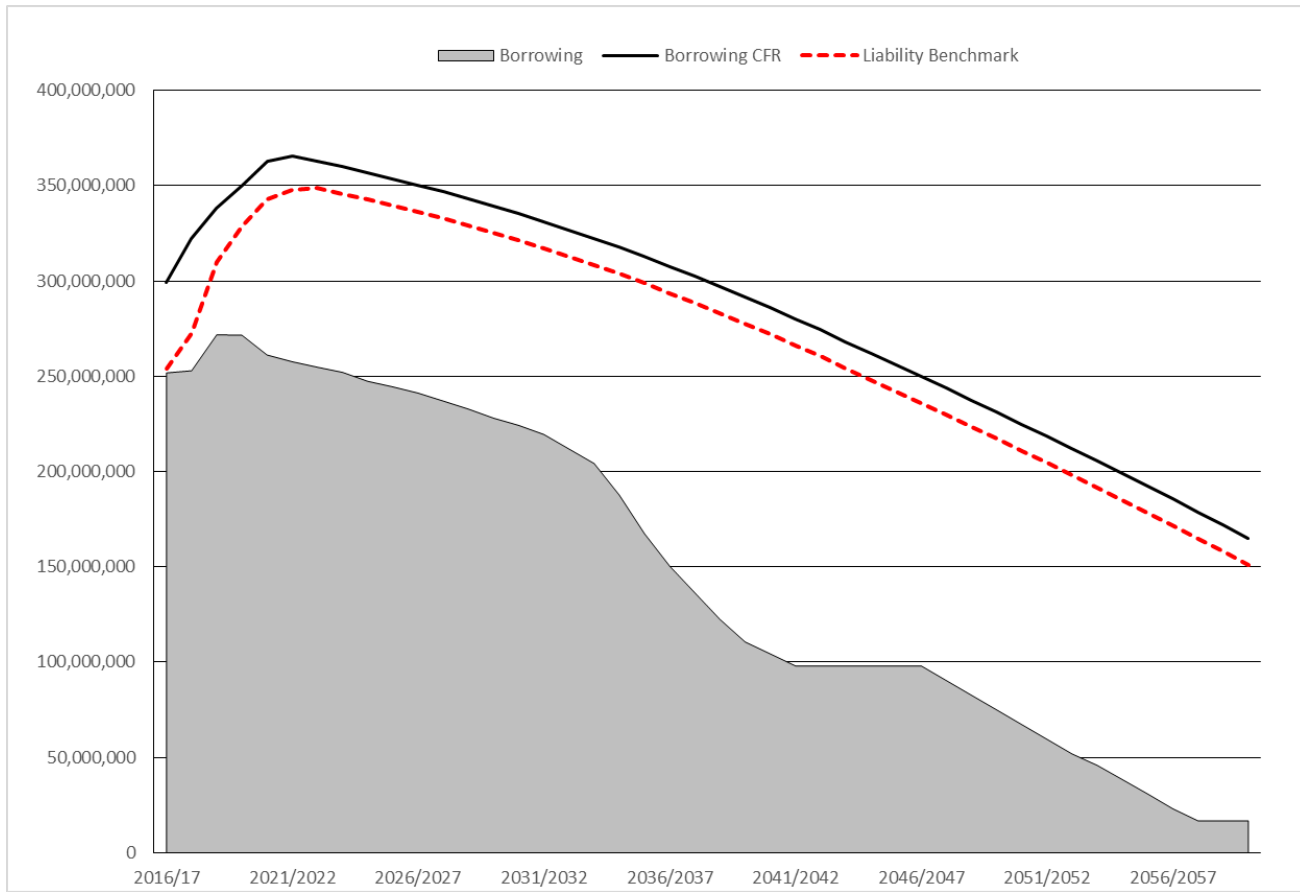
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Council Fund Capital Financing Requirement (Borrowing only)	198	209	211	216	218
Housing Revenue Account Capital Financing Requirement (Borrowing only)	124	129	139	147	148
Capital Financing Requirement (Borrowing only)	322	338	350	363	366
Less: Current ST borrowing	-52	-272	-272	-261	-258
Less: Current LT borrowing	-253				
Funding Required	17	66	78	102	108
Less: Usable reserves	-49	-33	-27	-27	-25
Adj: Working capital	-1	4	5	7	7
Investments / New borrowing (called the Liability Benchmark)	33	-37	-56	-82	-90

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing below the CFR, sometimes known as internal borrowing. Internal borrowing is currently cheaper and incurs lower credit risk than external long term borrowing.

Table 3 shows the Authority's CFR increases during 2018/19, this is linked with the capital programme (examples of schemes funded by borrowing include the 21st century schools building programme and the HRA capital programme which includes building new social housing and improving the existing stock to Welsh Housing Quality Standard (WHQS)). The level of reserves the Authority has is expected to fall in 2018/19 as funding earmarked for specific purposes falls due for payment and the Council uses un-earmarked reserves to balance the budget. The combination of the increase in capital expenditure and a reduction in reserves, results in a sustained requirement for new borrowing over the medium term.

The graph in table 4 shows the Council's anticipated liability benchmark over the next 50 years, being the net requirement for borrowing after considering resources available from reserves and working capital. The rise in the liability benchmark corresponds with the need to borrow to fund the increase in capital expenditure described above. The strategy in 2019/20, the same as in previous years is to ensure that any new borrowing undertaken does not exceed the liability benchmark and cause the council to borrow more than it needs.

Table 4: Liability Benchmark - Flintshire County Council (January 2019)



Budget implications

The budget for investment income in 2019/20 is £80k, based on an average investment portfolio of £10m at an average interest rate of 0.8%. The total budget for loan interest paid in 2019/20 is £13.9m, based on a debt portfolio of £328.3m at an average interest rate of 4.46%. This will be apportioned between the Council Fund and the HRA. If levels of investments, borrowing and interest rates differ from those forecast, performance against budget will be correspondingly different.

Please note that development of the Capital Programme 2019/20 – 2021/22 is well underway, however has yet to be considered by Members. The figures included within section 4 therefore are prudent estimates based on the information available in early January 2019.

5.0 Investment Strategy

The Council holds surplus funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council’s investment balance has ranged between £12.7m and £42.8m.

Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk

of receiving unsuitably low investment income.

Strategy

Given the increasing risk and very low returns from short-term unsecured bank investments, the Council continues its aim to diversify into more secure and/or higher yielding asset classes during 2019/20 so far as cash liquidity requirements allow. This is especially the case if any medium to longer-term investments are made. As at December 2018 a minority proportion of the Authority's surplus cash is currently invested in short-term unsecured bank deposits and money market funds.

Investment criteria and limits

The Council may invest its surplus funds with any of the counterparties in the following table, subject to the monetary and time limits shown.

Table 5: Investment criteria and limits

(This table should be read in conjunction with the notes that follow it)

Minimum Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Government			£ Unlimited 50 years		
AAA	£2m 5 years	£3m 5 years	£3m 25 years	£2m 5 years	£2m 10 years
AA+					
AA					
AA-					
A+	£2m 2 years	£3m 2 years	£3m 5 years	£2m 2 years	£2m 5 years
A					
A-					
Pooled Funds	£3m per fund				
BBB-	The Council is restricted to overnight deposits in its' own current account bank where the banks lowest credit rating is BBB+, BBB or BBB- (or equivalent)				
Unrated Local Authorities			£3m 2 years		
Unrated Other	The Council may invest in any other unrated organisation, subject to: <ul style="list-style-type: none"> • an external credit assessment and specific advice from the Authority's treasury management adviser (£1m each / 1 year limit) • a further policy framework for investing with any other organisations being developed (£100k each / 5 year limit) 				

Credit Rating

Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account

Banks Unsecured

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank.

Banks Secured

Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government

Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates

Loans, bonds and commercial papers issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers

Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords formerly known as housing associations. These bodies are tightly regulated by the Welsh Government. As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled Funds

Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds

whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Operational bank accounts

The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and therefore, the Council will aim to keep balances as low as practically possible. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Other Organisations

The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Authority's treasury management adviser.

Foreign countries

Investments in foreign countries will be limited to those that hold an AAA or AA+ / Aa1 sovereign credit rating from all three major credit rating agencies, and to a maximum of £5 million per foreign country. Investments in countries whose lowest sovereign rating is not AAA will be limited to one year's duration. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.

Risk assessment and credit ratings

The Council uses long-term credit ratings from Fitch, Moody's or Standard & Poor's to assess the risk of investment default. The lowest available credit rating will be used to determine credit quality.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's credit rating criteria are set to ensure that it is unlikely

that the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it is likely to fall below the above criteria, then no further investments will be made in that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks.

Other information on the security of investments

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of "high credit quality" are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Specified investments

The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of "high credit quality".

The Council defines ‘high credit quality’ organisations as those having a credit rating of A- or higher that are, domiciled in the UK, or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-Specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments in foreign currencies. Non- specified investments will therefore be limited to long term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement; those that are defined as capital expenditure, such as money market funds and other pooled funds; and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in the table below.

Table 6: Non-Specified Investment Limits

	Cash Limit
Total long-term investments	£4m
Total invested in pooled funds	£20m
Total investments without credit ratings or below A- (except UK Government and UK local authorities)	£5m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£1m
Total non-specified investments	£30m

Liquidity management

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s medium term financial plan and cash flow forecast.

Negative Interest Rates

If the UK enters into a recession in 2019/20, there is a very small chance that the Bank of England could set its Bank Rate at or below zero, which could feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. Although cash levels are decreasing, the Council could not avoid the need to occasionally invest funds in the short term for cash flow (liquidity) purposes, and therefore would be exposed to negative rates. This means that when an investment is returned at maturity, it will be less than originally invested as interest will be charged by the Counterparty rather than being paid. In this event, the aim will be to minimise investments and invest at the lowest negative rate.

Business models

Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore these investments will continue to be accounted for at amortised cost.

6.0 Borrowing Strategy

The Council currently holds £271.3m of long-term loans, as part of its strategy for funding previous years' capital programmes, which includes £17.5m of new long-term borrowing undertaken in December 2018. The balance sheet forecast in section 4 shows that the Council expects to undertake new borrowing during the remainder of 2018/19 and 2019/20.

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which the funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

The Council's capital expenditure plans will continue to be monitored throughout 2019/20 to inform and confirm the Council's long term borrowing need (figures in section 4 are an estimate). This is to ensure that the Council does not commit to long term borrowing too early and borrow unnecessarily which will be costly. The use of short-term borrowing will assist with such. This will be balanced against securing low long term interest rates currently being forecast.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term instead.

By doing so, the Council is able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk, credit risk as a result of bail-in legislation in particular. The benefit of internal/short term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when the long term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional costs in the short-term.

Whilst such a strategy is most likely to be beneficial in the short term as official interest rates are expected to remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will be monitored regularly

against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing costs are forecast to rise.

Alternatively, the Authority may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow for short periods of time to cover unexpected cash flow shortages.

Sources of borrowing

The approved sources of long-term and short-term borrowing will be:

- Public Works Loan Board (PWLB) and any successor body
- UK local authorities
- any institution approved for investments above
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the Clwyd Pension Fund)
- capital market bond investors
- Local Capital Finance Company (see below) and other special purpose companies created to enable joint local authority bond issues.

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

LOBOs

The Authority holds £18.95m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2019/20, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

Short-term and Variable Rate loans

As at 31st December 2018, the Authority held £45m of short term (temporary) loans with an average rate of 0.84%.

These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators in section 9.

Debt Rescheduling

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Planned borrowing strategy for 2019/20

The Corporate Finance Manager will:

- Manage the Council's debt maturity profile, i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing with the limits stated in this Strategy Statement. Appendix A analyses the debt portfolio of the Council, as at 31st December, 2018.
- Effect any borrowing that maybe required in 2019/20 at the cheapest cost commensurate with future risk based on interest rate forecasts.
- Monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movements, within the limits stated in this Strategy.
- Continue to monitor options for debt-restructuring and debt re-payment.

The Corporate Finance Manager will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances, reporting any decisions and actions taken under delegated powers to Cabinet via the Audit Committee.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as bond issues and bank loans, that may be available at more favourable rates.

7.0 Policy on Use of Financial Derivatives

In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

8.0 Policy on Apportioning Interest to HRA

The Council has adopted a single pool of loans which in part funds the capital expenditure of both Council Fund and HRA activities. The interest payable and

other costs/income arising from long term loans (e.g. premiums and discounts on early redemption) is apportioned between the revenue accounts using the average Capital Financing Requirement (which measures the underlying need to borrow to fund capital expenditure) during the year.

Given that the HRA has minimal level of reserves compared to the total level of reserves held by the Council, any interest received on investments will be credited to the Council Fund revenue account.

9.0 Markets in Financial Instruments Directive

The Authority has opted up to professional client with its providers of financial services, including advisers, banks, and brokers, allowing it access to a range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Corporate Finance Manager believes this to be the most appropriate status.

10.0 Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators. The Council is asked to approve the following indicators:

Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed will be:

	2019/20	2020/21	2021/22
Upper limit on fixed interest rate exposures	£370m	£383m	£386m
Upper limit on variable interest rate exposures	£100m	£100m	£100m

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Lower	Upper
Under 12 months	0%	20%
12 months and within 24 months	0%	20%
24 months and within five years	0%	30%
Five years and within 10 years	0%	50%
10 years and above	0%	100%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than 364 days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long term principal sum invested to final maturities beyond the period end will be:

	2019/20	2020/21	2021/22
Limit on total principal invested beyond year end	£4m	£4m	£4m

Any long term investments carried forward from previous years will be included in each years limit.

Borrowing limits

The Council is being asked to approve these Prudential Indicators as part of the Capital Strategy report. However they are repeated here for completeness.

	2019/20	2020/21	2021/22
Operational boundary – borrowing	£350m	£363m	£366m
Operational boundary – other long-term liabilities	£20m	£20m	£20m
Operational boundary – TOTAL	£370m	£383m	£386m
Authorised limit – borrowing	£370m	£383m	£386m
Authorised limit – other long-term liabilities	£35m	£35m	£35m
Authorised limit – TOTAL	£405m	£418m	£421m

11.0 Other Matters

The WG Investment Guidance requires the Council to note the following three matters each year as part of the investment strategy:

Treasury Management Advisers

The Council's treasury management adviser, Arlingclose continues to provide advice and information on the Council's investment and borrowing activities, although responsibility for final decision making remains with the Council and its officers. The services received include:

- advice and guidance on relevant policies, strategies and reports,
- advice on investment decisions,
- notification of credit ratings and changes,
- other information on credit quality,
- advice on debt management decisions,
- accounting advice,
- reports on treasury performance,
- forecasts of interest rates, and

- training courses.

The quality of this service is controlled by Financial Procedure Rules

Investment training

The needs of the Council's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA and other appropriate organisations.

Investment of Money Borrowed in Advance of Need

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £405 million. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

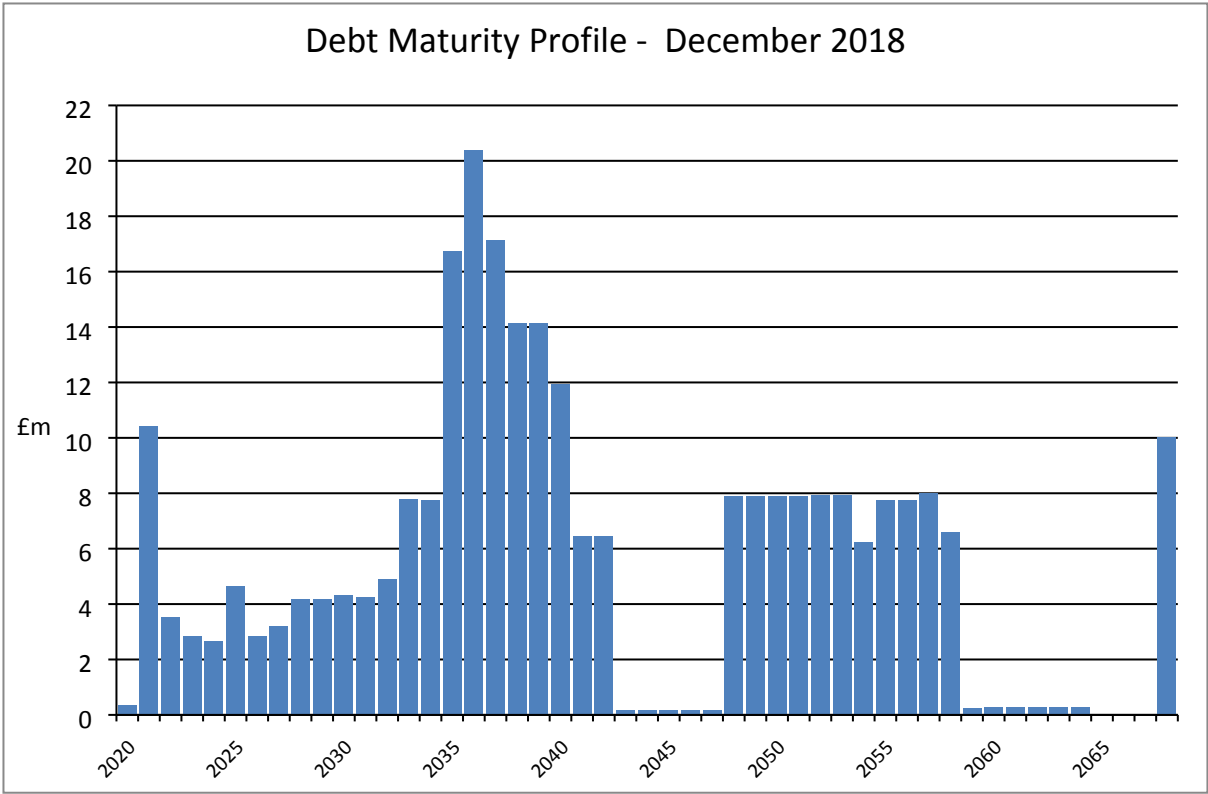
Other Options Considered

The WG Investment Guidance and the CIPFA Code of Practice do not prescribe any particular treasury management strategy for local authorities to adopt. The Corporate Finance Manager believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed in the following table.

Alternative	Impact on income and	Impact on risk
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	expenditure	management
Invest in a narrower range of counterparties and/or for shorter periods.	Interest income will be lower	Reduced risk of losses from credit related defaults
Invest in a wider range of counterparties and/or for longer periods.	Interest income will be higher	Increased risk of losses from credit related defaults
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs will be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs will be less certain
Reduce level of borrowing if debt rescheduling costs weren't prohibitive	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs will be less certain

APPENDIX A – DEBT MATURITY PROFILE





FLINTSHIRE COUNTY COUNCIL

**DRAFT TREASURY MANAGEMENT
POLICY STATEMENT**

2019 - 2022

1.0 TREASURY MANAGEMENT POLICY STATEMENT

The Council defines the policies and objectives of its treasury management activities as follows: -

- 1.1 "The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 1.2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.
- 1.3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 1.4 The Council greatly values revenue budget stability and will therefore borrow the majority of its long-term funding needs at long-term fixed rates of interest. Short-term and variable rate loans will only be borrowed to the extent that they either offset short-term and variable rate investments or can be shown to produce revenue savings.
- 1.5 The Council will set an affordable borrowing limit each year in compliance with the *Local Government Act 2003*, and will have regard to the *CIPFA Prudential Code for Capital Finance in Local Authorities* when setting that limit. It will also set limits on its exposure to changes to interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.
- 1.6 The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.
- 1.7 The Council will have regard to Welsh Government Guidance on Local Government Investments and will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations in which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.
- 1.8 The Council has adopted the 2017 edition of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in Public Services: Code of Practice* and its required clauses in section 2 below.

2.0 CLAUSES FORMALLY ADOPTED

CIPFA recommends that all public service organisations adopt, as part of their formal policy documents the following four clauses.

- 2.01 The Council will create and maintain, as the cornerstones for effective treasury management:
- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

- 2.02 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 2.03 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Council's policy statement, TMPs and, CIPFA's Standard of Professional Practice on Treasury Management.
- 2.04 The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Mae'r dudalen hon yn wag yn bwrpasol

DRAFT

TREASURY MANAGEMENT PRACTICES

Part 1: Main Principles

2019 - 2022

Flintshire County Council

TREASURY MANAGEMENT PRACTICES

Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.

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Treasury Management Practices 2019 - 2022

TMP1 TREASURY RISK MANAGEMENT

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly it will ensure that robust due diligence procedures cover all external investments.

The Chief Finance Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements.

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

[1] Credit and counterparty risk management

The Council will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

[2] Liquidity risk management

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

[3] Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirement and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

Treasury Management Practices 2019 - 2022

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

[4] Exchange rate risk management

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

[5] Inflation risk management

The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole Council's inflation exposures.

[6] Refinancing risk management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

[7] Legal and regulatory risk management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1.1 credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on it.

[8] Fraud, error and corruption, and contingency management

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Treasury Management Practices 2019 - 2022

[9] Market risk management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

TMP2 PERFORMANCE MEASUREMENT

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

TMP3 DECISION-MAKING AND ANALYSIS

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1, Risk management.

Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice (to include that of its Treasury Management advisors) and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

The Council has reviewed its classification with financial institutions under MIFID II and has set out in the schedule to this document those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

Treasury Management Practices 2019 - 2022

TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council is required, as a result of lack of resources or other circumstances, to depart from these principles, the Chief Finance Officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Chief Finance Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The Chief Finance Officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The Chief Finance Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the Chief Finance Officer in respect of treasury management are set out in the schedule to this document. The Chief Finance Officer will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

The County Council will receive:

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- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's treasury management policy statement and TMPs.

In addition to the above, the Audit Committee will receive regular monitoring reports on treasury management activities and risks. Audit Committee will also have responsibility for the scrutiny of treasury management policies and practices.

Treasury management indicators will be reported in the strategy report. The present arrangements and the form of these reports are detailed in the schedule to this document.

TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The Chief Finance Officer will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques. The Chief Finance Officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP8 CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Chief Finance Officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Chief Finance Officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1 [2] liquidity risk management. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

TMP9 MONEY LAUNDERING

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and

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reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements are detailed in the schedule to this document.

TMP10 STAFF TRAINING AND QUALIFICATIONS

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Chief Finance Officer will recommend and implement the necessary arrangements.

The Chief Finance Officer will ensure that committee/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

TMP11 USE OF EXTERNAL SERVICE PROVIDERS

The Council recognises that responsibility for treasury management decisions remains with it at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Chief Finance Officer, and details of the current arrangements are set out in the schedule to this document.

TMP12 CORPORATE GOVERNANCE

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are

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considered vital to the achievement of proper corporate governance in treasury management, and the Chief Finance Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

DRAFT

TREASURY MANAGEMENT PRACTICES

Part 2: Schedules

2019 - 2022

Flintshire County Council

Treasury Management Practice Schedules 2019 - 22

TREASURY MANAGEMENT PRACTICES - SCHEDULES

This section contains the schedules which set out the details of how the Treasury Management Practices (TMPs) are put into effect by the Council

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TMP1 RISK MANAGEMENT

1 Credit & Counterparty Policies

1. Criteria to be used for creating/managing approved counterparty lists/limits -
 - The Chief Finance Officer will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising time, type, sector and specific counterparty limits.
 - Treasury Management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on criteria for selection of counterparties. The complete list is available in the Technical Accountancy Section. It should be noted that not all of these counterparties will be used. This depends on whether they are in the market at the time of investment and whether they are offering competitive rates.
 - The Council will use credit criteria in order to select creditworthy counterparties for placing investments.
 - Credit ratings will be used as supplied from a selection of credit rating agencies.
 - The minimum level of credit rating for an approved counterparty will be as follows: -

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Minimum Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Government			£ Unlimited 50 years		
AAA	£2m 5 years	£3m 5 years	£3m 25 years	£2m 5 years	£2m 10 years
AA+					
AA					
AA-					
A+	£2m 2 years	£3m 2 years	£3m 5 years	£2m 2 years	£2m 5 years
A					
A-					
	£2m 1 year	£3m 1 year		£2m 1 year	
	£2m 6 months	£3m 6 months		£2m 6 months	
Pooled Funds	£3m per fund				
BBB-	The Council is restricted to overnight deposits in its' own current account bank where the banks lowest credit rating is BBB+, BBB or BBB- (or equivalent)				
Unrated Local Authorities			£3m 2 years		
Unrated Other	The Council may invest in any other unrated organisation, subject to: <ul style="list-style-type: none"> an external credit assessment and specific advice from the Authority's treasury management adviser (£1m each / 1 year limit) a further policy framework for investing with any other organisations being developed (£100k each / 5 year limit) 				

A definition of the ratings can be found in appendix A.

Banks Unsecured

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank.

Banks Secured

Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government

Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates

Loans, bonds and commercial papers issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers

Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords formerly known as housing associations. These bodies are tightly regulated by the Welsh Government. As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled Funds

Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the

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underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Operational bank accounts

The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and therefore, the Council will aim to keep balances as low as practically possible. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Other Organisations

The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Authority's treasury management adviser.

Foreign countries

Investments in foreign countries will be limited to those that hold an AAA or AA+ / Aa1 sovereign credit rating from all three major credit rating agencies, and to a maximum of £5 million per foreign country. Investments in countries whose lowest sovereign rating is not AAA will be limited to one year's duration. No country limit will apply to investments in the UK, irrespective of the sovereign credit rating.

Non-Specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments in foreign currencies. Non-specified investments will therefore be limited to long term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement; those that are defined as capital expenditure, such as money market funds and other pooled funds; and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in the table below.

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Non-Specified Investment Limits

	Cash Limit
Total long-term investments	£4m
Total invested in pooled funds	£20m
Total investments without credit ratings or below A- (except UK Government and UK local authorities)	£5m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£1m
Total non-specified investments	£30m

2. Approved methodology for changing limits and adding/removing counterparties

Credit ratings for individual counterparties can change at any time. The Chief Finance Officer is responsible for applying the stated credit rating criteria in 1.1 for selecting approved counterparties, and will add or delete counterparties as appropriate to / from the approved counterparty list when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or take-overs. The Chief Finance Officer will also adjust lending limits and periods when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or take-overs in accordance with the criteria in 1.1.

3. Details of Credit Rating Agencies' services or other services which provide current credit ratings and updates on changes.

- Ratings from Fitch, Moody's or Standard & Poor's are updated monthly by the Council's treasury management adviser; however, they will provide immediate notification of any changes which affect Flintshire County Council counterparties. If a counterparty no longer meets the investment criteria, no further investments will be made with that counterparty and consideration will be given to recalling the monies. If a counterparty is being reviewed for a possible downgrade outside the criteria no more investments will be made.
- The Council's treasury management adviser will also inform the Chief Finance Officer of any other market information that they have (e.g. Credit Default Swap prices, news reports and opinion, balance sheet analysis in the absence of credit ratings) which may require credit ratings to be overridden and no further investment to be made with that counterparty.

1.2 Liquidity

1. Amounts of approved minimum cash balances and short-term investments

- The Council manages its cash balances on a daily basis, dependent upon cash flow demands. The objective is to achieve a zero cash

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balance each day unless it is uneconomic to do so (e.g. it may cost more to send an investment to a counterparty and recall the next day than to keep the funds in the account overnight to cover the following days payments). Otherwise, a zero balance will be achieved as far as possible by means of temporary investments, borrowing or use of call accounts. Temporary investments are cash flow driven with the objective of ensuring that future temporary borrowing is minimised.

2. Details of:

- Standby facilities - Short-term borrowing undertaken.
- Short-term borrowing facilities - short term borrowing will be arranged for any overdrawn balance through the money market if no call money is available.
- Insurance/guarantee facilities - not required.
- Other contingency arrangements - negotiations with the Council's bankers.
- Call Accounts and Money Market Funds (subject to ratings and sector limits).

1.3 Interest Rate

1. Details of approved interest rate exposure limits -

- The upper limit on fixed interest rate exposures is £370 million.
- The upper limit on variable interest rate exposures is £100 million.

2. Trigger points and other guidelines for managing changes to interest rate levels

- This is monitored in conjunction with the Council's treasury advisers through the London money market on a daily basis.
- The management of a balanced investment portfolio which retains a mix of long term investments (fixed rate) and shorter term (variable rate) investments which are variable to protect against interest risk.

1.4 Exchange Rate

Approved criteria for managing changes in exchange rate levels -

- The Council does not make payments or receive foreign currency in sufficient levels that warrant currency management e.g. hedging

1.5 Inflation

Guidelines for managing changes to inflation rate levels

- This is monitored in conjunction with the Council's treasury advisers through monthly economic updates.

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1.6 Refinancing

1. Debt/other capital financing maturity profiling, policies and practices.
 - To manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing.
2. Projected capital investment requirements.
 - The borrowing requirement is determined as part of the Capital Programme.
3. Policy concerning limits on revenue consequences of capital financing.
 - This is part of the ongoing budget monitoring process
4. Policy where the Council provides financial guarantees to third parties.
 - These are recorded and regularly reassessed as to the probability they will be called upon.

1.7 Legal & Regulatory

References to relevant statutes and regulations

- Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Chief Finance Officer to be satisfied, by reference to the Monitoring Officer, the Authority's legal department and external advisors as appropriate, that the proposed transaction does not breach statute, external regulations or the Authority's Financial Procedures.
- The Council's legal powers and regulatory requirements come from –
 - ❖ Local Government Act 2003 http://www.opsi.gov.uk/acts/acts2003/pdf/ukpga_20030026_en.pdf
 - ❖ Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (and subsequent amending regulations) http://www.opsi.gov.uk/legislation/wales/wsi2003/wsi_20033239_en.pdf
 - ❖ Welsh Government "Guidance on Local Government Investments" <http://wales.gov.uk/topics/localgovernment/publications/guideinvest/?jsessionid=mp3KKnDTyn91SG3PQvIFrpqnBVTnlXvyGH1pynJcCpJg5n9hL0tPI!514291769?lang=en>
 - ❖ CIPFA "Treasury Management in the Public Services Code of Practice"
 - ❖ CIPFA "Prudential Code for Capital Finance in Local Authorities"

Hard copies are available in Technical Accountancy.

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1.8 Fraud, error and corruption, and contingency management

1. Details of systems and procedures to be followed, including internet services.
 - These are documented in the Treasury Management Operational Guidelines.
2. Emergency and contingency planning arrangements
 - This process is currently being documented.
3. Fraud, Error & Corruption.
 - There is a system of internal control in place to prevent and identify fraud and error.
 - Any issue identified will be immediately reported to the Chief Finance Officer and Head of Internal Audit and subsequently to Audit Committee and Council.

1.9 Market Value of Investments

Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (Government Issue Long Term Stock - GILTS, Certificates of Deposit - CDs, etc.)

- No limits are set, current criteria for these investments does not allow exposure to high fluctuations in value.

TMP 2 PERFORMANCE MEASUREMENT

2.1 Performance Measurement

1. In the annual Treasury Management Outturn Report, investment and borrowing rates are analysed against the budget and previous year's data.
2. Health checks are undertaken by the Council's treasury management advisers.

2.2 Value for Money

Frequency for reviewing and tendering for the following services:

- Banking services - tendered every 5 years.
- Money-broking services - annual review.
- Treasury advisers services – tendered every 3 years.
- External Cash Managers - none currently employed but this will be analysed as part of a continuous review.

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2.3 Methods to be employed for measuring the performance of the Council's Treasury Management activities

1. The Chief Finance Officer will receive a monthly update on Treasury Management from the Finance Manager – Technical Accounting.
2. The performance of treasury management will be reported quarterly to the Audit Committee and then to Cabinet and Council in the Mid-year Report and Annual Outturn Report using the performance measures outlined in 2.1.

TMP 3 DECISION-MAKING AND ANALYSIS

3.1 Funding, borrowing, lending and new instruments/techniques:

1. Records to be kept:
 - These are documented in the Treasury Management Operational Guidelines. All records are kept on-line to provide a full audit trail for all Treasury decisions.
2. Processes to be pursued:
 - All reports on Treasury Management issues are submitted to the Chief Finance Officer for decision making
3. Issues to be addressed:
 - In respect of every decision made the Council will:
 - a. Above all be clear about the nature and extent of the risks to which the Council may become exposed
 - b. Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
 - c. Be content that the documentation is adequate both to deliver the Council's objectives and protect its interests, and to deliver good housekeeping
 - d. Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded
 - e. Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.
 - In respect of borrowing and other funding decisions, the Council will:
 - a. Evaluate the economic and market factors that might influence the manner and timing of any decision to fund.

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- b. Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships.
 - c. Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
 - d. Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.
- In respect of investment decisions, the Council will:
 - a. Consider the optimum period, in the light of cash flow availability and prevailing market conditions.
 - b. Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.
4. Considerations to be made before each temporary borrowing and investment decision.
- Borrowing
 - a. Are funds available in call accounts?
 - b. Arrange temporary borrowing through a broker for the shortest period of time at the lowest rate of interest available.
 - Investing
 - a. Establish funds available to be invested
 - b. Establish a maturity date using cash flow and the Council's treasury adviser's monthly investment strategy
 - c. Using the Ratings spreadsheet –
Headroom available with each counterparty
 - d. Check the credit ratings and other market information available for the chosen counterparty.
 - e. Use a broker to find the highest rate of interest for the requirements above
 - f. If after the above, funds still cannot be placed and call accounts and Money Market Funds are full, then invest with DMO.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved activities of the Treasury Management operation

All borrowing is undertaken in accordance with the Local Government Act 2003 section 1 and all investments undertaken in accordance with section 12.

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The approved activities are:

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and treasury management techniques;
- managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- managing cash flow;
- banking activities;
- leasing.

4.2 Approved Instruments for Borrowing

The approved sources of long-term and short-term borrowing will be:

- Public Works Loan Board (PWLB) and any successor body
- UK local authorities
- any institution approved for investments above
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the Clwyd Pension Fund)
- capital market bond investors
- Local Capital Finance Company and other special purpose companies created to enable joint local authority bond issues.

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

4.3 Approved Instruments for Investments

The annual Treasury Management Strategy provides details of specified and non-specified investments and the maximum limits for each, as is required under Guidance issued by the Welsh Government. The approved investment instruments are -

- Fixed Term Deposits
- Certificates of Deposit
- Bank Accounts (Instant Access & Notice Accounts)
- Pooled Investment Vehicles (Such as Money Market Funds)
- U.K. Treasury Bills
- Loans

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- Bonds
- Reverse Repurchase Agreements
- Commercial Papers

4.4 Approved Techniques

- Forward dealing up to 364 days;
- Callable deposits.

4.5 Approved methods and sources of raising capital finance

Finance will only be raised in accordance with the Prudential Code for Capital Finance, and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet

Public Works Loan Board (PWLB)
European Investment Bank (EIB)
Local Authorities
Banks
Building Societies
Pension Funds
Stock issues
Negotiable Bonds
Internal sources (capital receipts & revenue balances)
Sterling commercial paper
Sterling medium term notes
Finance Leases

Off Balance Sheet

Deferred Purchase

Other Methods of Financing

Government and EC Capital Grants
Lottery monies
Private Finance Initiative (PFI)

All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Chief Finance Officer has delegated powers through this Policy and the Strategy to take the most appropriate form of borrowing from approved sources.

4.6 Register of Financial Institutions who have approved the Council as “professional clients” under the provisions of MiFID II

Financial Institution:	Relationship with the Council:
Arlingclose Limited	Treasury Management Advisors
Martin Brokers Ltd	Broker
Tradition (UK) Ltd	Broker

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ICAP plc	Broker
Tullet Prebon (UK) Ltd	Broker
BGC Partners	Broker
King & Shaxson Limited	Broker & Custodians
Institutional Cash Distributors (ICD)	Money Market Funds
Federated Investors (UK) LLP	Money Market Funds
Aberdeen/Standard Life	Money Market Funds
Insight Investment	Money Market Funds
Coventry Building Society	Building Society

TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 Limits to Responsibilities/Discretion at Committee/Cabinet levels

1. County Council

The Council is responsible for:-

- Receiving and reviewing reports on treasury management policies, practices and activities.
- Approval of annual policy and strategy.
- Approval of/amendments to the Council's adopted clauses, treasury management policy and strategy.
- Budget consideration and approval.
- Approval of the division of responsibilities.

2. Cabinet

The Cabinet is responsible for:

- Receiving reports from the Chief Finance Officer informed by the deliberations of the Audit Committee on the implementation and regular monitoring of its treasury management policy, strategy and practices.
- Consideration of Treasury Policy and Strategy for approval by Council.

3. Audit Committee

The Audit Committee is responsible for –

- Reviewing the treasury management policy and practices and making recommendations to Cabinet.
- Receiving and reviewing regular monitoring reports.

5.2 Principles and practices concerning segregation of duties

Procedure	Regular	Trained in Absence
Cash Balances	Accounting Technician	Accounting Technician/Technical Accountant
Dealing and Limit Calculations	Accounting Technician	Accounting Technician/Technical Accountant
Logotech	Accounting Technician	Accounting Technician/Technical Accountant
Dealing Check	Accounting Technician	Accounting Technician/Technical Accountant/Accountancy Assistant
Dealing Authorisation	7 Authorised Bank Signatories - Corporate Finance Manager, 6 Finance Managers)	
Funds Transfer Operators	Finance Assistant	3 Accounting Technicians/Technical Accountant
Funds Transfer Approval	7 Accountants	
Bankline System Administrators	Accountant (Systems)	Accounting Technician

5.3 Statement of duties/responsibilities of each Treasury post

1. Chief Finance Officer

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular treasury management policy and strategy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management.
- Ensuring the adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit and liaising with external audit.
- Approving the selection of external service providers (within the Council's Contract Procedure Rules) and agreeing terms of appointment.

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2. Finance Manager - Technical Accounting

- To deputise for the Chief Finance Officer.
- To advise the Chief Finance Officer in the discharge of his/her duties.
- Regularly review the Treasury Management function.
- Submitting management information reports to the Chief Finance Officer.
- Drafting reports for Audit Committee, Cabinet and Council.
- Review a monthly report from the Technical Accountant on the performance of the Treasury Management function.

3. Technical Accountant

- Supervise treasury management staff.
- Review the draft report on the performance of the Treasury Management function.
- Identify and recommend opportunities for improved practices.
- Ensure that the day to day activities accord with the Treasury Management Policy Statement and Practices.

4. Accounting Technician

- Execution of transactions.
- Adhere to agreed policies and practices on a day-to-day basis.
- Maintain relationships with counterparties and external service providers.
- Draft reports for Audit Committee, Cabinet and Council.
- Produce cash flow projections and monitor performance.
- Report on the performance of the treasury management function.

5. Other Officers

- To deputise as necessary for the above posts, adhering to their duties and responsibilities.

5.4 Dealing Limits

As outlined in 1 - Credit and Counterparty Policies

5.5 List of Approved Brokers

Five approved brokers are currently used by the Council (see 11.2).

- ICAP Limited
- Martin Brokers (UK) Plc
- Prebon Marshall Yamane (UK) Limited
- Tradition (UK) Ltd
- BGC Sterling

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5.6 Policy on Brokers' Services

Reviewed annually.

5.7 Policy on taping conversations

No conversations are currently taped

5.8 Direct Dealing Practices

This is undertaken as and when required to maximise investment return

5.9 Settlement transmission procedures

Standard Settlement Instructions

5.10 Documentation Requirements

- Flintshire CC Treasury Management Policy Statement.
- Flintshire CC Treasury Management Annual Strategy.
- Flintshire CC Treasury Management Annual Outturn Report.
- Treasury Management Health checks.
- Loans and Treasury Management System Manual (LOGOTECH).
- Cash Flow Statement (LOGOTECH).
- Money Market Dealing Form.
- Loans Outstanding Form / Limit Calculations.
- List of Brokers and Telephone Numbers.
- Approved Counterparties (Regular update from TM Advisers).
- Outstanding and Matured Investments/Borrowing File.
- Previous TM Consultants Correspondence Files.
- Arlingclose Consultancy Services Correspondence File (TM Advisers).
- Treasury Management Operational Guidelines.
- Treasury Management (Long Term Borrowing) Operational Guidelines.

5.11 Arrangements concerning the management of third-party funds.

Third party funds are included in the net daily bank balance and the funds are utilised by the Council on that basis. Interest is paid as follows -

- Optec Youth Exchange Fund – average monthly rate, quarterly.
- Insurance Fund – average seven day rate, annually.

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. This Strategy will be scrutinised by

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Audit Committee, submitted to the Cabinet and then to the County Council Committee for approval before the commencement of each financial year.

2. The formulation of the annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, the Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy is concerned with the following elements:
 - the prospects for interest rates;
 - the limits placed by the Council on treasury activities
 - the expected borrowing strategy;
 - the expected investment strategy;
 - the expectations for debt rescheduling;
 - any extraordinary treasury issue.
 - Treasury Management Indicators.
4. The Treasury Management Strategy will establish the expected move in interest rates (using all available information such as published interest rate forecasts where applicable).

6.2 Prudential Code for Capital Finance

1. In accordance with legislation, the Council is required to approve key indicators and limits for the Prudential Code for Capital Finance. These are listed below and reported in the Prudential Indicators Report.
 - Estimates of Capital Expenditure
 - Ratio of financing costs to net revenue stream
 - Incremental impact of capital investment decisions on council tax/housing rents
 - Capital financing requirement
 - Authorised limit for external debt
 - Operational Boundary for external debt

The following are within the Treasury Management Code.

- Upper limit on fixed interest rate exposures
 - Upper limit on variable interest rate exposures
 - Upper and lower limits for maturity structure of borrowing
 - Limit for principal sums invested for periods longer than 364 days
2. The Chief Finance Officer is responsible for putting forward for approval the relevant limits for the Treasury Management Code into the Annual Treasury Management Strategy, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Chief Finance Officer shall submit

Treasury Management Practice Schedules 2019 - 22

the changes for scrutiny by the Audit Committee and recommendation by the Cabinet before submission to County Council for approval.

6.3 Annual Investment Strategy

The Welsh Government requires the documentation of an Annual Investment Strategy including the following:

- Specified Investments – Investments offering high security and liquidity
- Non-specified Investments – Investments with greater potential risk
- Investments which can be prudently committed for longer than 1 year.
- Credit Risk Assessment.
- Use of Investment Consultants.
- Investment Training.
- Investment money borrowed in advance of need.

6.4 Annual Report on Treasury Management Activity

An annual report will be presented to the Audit Committee, Cabinet and then the County Council at the earliest practicable meeting after the end of the financial year. This report will include the following: -

- a comprehensive picture for the financial year of all treasury policies, plans, activities and results
- transactions executed and their revenue (current) effects
- report on risk implications of decisions taken and transactions executed
- monitoring of compliance with approved policy, practices and statutory / regulatory requirements
- monitoring of compliance with powers delegated to officers
- degree of compliance with the original strategy and explanation of deviations
- explanation of future impact of decisions taken on the Council
- measurements of performance
- report on compliance with CIPFA Code recommendations

The report will be subject to review by the Audit Committee

6.5 Mid-Year Review

A mid-year report will be presented to the Audit Committee, Cabinet and Council, which will include the following:

- activities undertaken
- variations (if any) from agreed policies/practices
- interim performance report
- regular monitoring
- monitoring of treasury management indicators for local authorities.

Treasury Management Practice Schedules 2019 - 22

The report will be subject to review by the Audit Committee

6.6 Management Information Reports

The Technical Accountant will report management information to the Finance Manager - Technical Accountancy monthly for review. The Finance Manager Technical Accountancy will report monthly to the Chief Finance Officer.

6.7 Presentation of Reports

As a minimum:

The County Council will receive:

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's Treasury Management Policy Statement and TMPs.

In addition to the above, the Audit Committee and Cabinet will receive regular monitoring reports on treasury management activities and risks. Audit Committee will also have responsibility for the scrutiny of treasury management policies and practices.

Treasury Management Indicators will be reported in the strategy.

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory/ Regulatory Requirements

The Treasury Management part of the statement of accounts has been prepared in accordance with the accounting policies applicable to local authorities.

7.2 Accounting Practices and Standards

The accounts are prepared in accordance with the CIPFA Treasury Management in the Public Sector Code of Practice, supported by guidance notes on the application of accounting standards.

7.3 Budget Monitoring

The budget for treasury management activities is monitored on a monthly basis through the Central Loans and Investment Account (CLIA).

TMP 8 CASH AND CASH FLOW MANAGEMENT

8.1 Arrangements for preparing/submitting cash flow statements

Annual cash flow prepared before the start of the financial year and updated throughout the year.

8.2 Content and frequency of cash flow budgets

All known cash flow factors are included for the coming financial year.

8.3 Listing of sources of information

Correspondence from external organisations and internal departments, together with various information extracted from the Annual Budget Book.

External –

- Welsh Government
- North Wales Police
- North Wales Fire Authority

Internal –

- Payroll
- Pensions
- Council Tax
- Creditors

8.4 Bank statement procedures

All bank statement information is obtained electronically from the NatWest Bankline website.

8.5 Procedures for banking of funds

All day to day treasury management transactions are paid and received by the Clearing House Automated Payments System (CHAPS).

8.6 Cash Flow Management

Arrangements as detailed in section 3.1.4

8.7 Debtors and Creditors

Debtors and Creditors are monitored so that any significant moves can be prepared for. Creditors provide warning of payments 2 days in advance.

TMP 9 MONEY LAUNDERING

9.1 Procedures for establishing identity/authenticity of Lenders

1. The Council does not accept loans from individuals. All loans are obtained from the PWLB or from authorised institutions on the FCA Register which is a public record of financial service firms, individuals and other bodies which fall under its regulatory jurisdiction as defined in the Financial Services & Markets Act 2000 (FSMA). This Act came into force on 1st December 2001.
2. Any borrowing undertaken from the money markets is through money brokers, who are also authorised and regulated by the Financial Conduct Authority. This adds a further layer of protection as the broker vets the institutions involved in any transactions.
3. Appropriate consideration will be given to identify and verify SMEs when undertaking any lending to SMEs.

TMP 10 STAFF TRAINING AND QUALIFICATIONS

10.1 Details of approved training courses

1. Reviewed as part of the annual Employee Appraisal process. The Council's treasury advisers also provide training on treasury issues to staff when required.
2. Flintshire County Council is a member of the CIPFA Treasury Management Network. Treasury officers receive weekly updates from the Network and attend seminars organised by the Network, as required.

10.2 Records of training received by Treasury staff

All training is recorded on a departmental database.

10.3 Approved qualifications for Treasury staff

All treasury officers are qualified to AAT Technician level as a minimum.

10.4 Training of Members

Audit Committee Members will receive a quarterly Treasury Management report and training will be given as required. Other Members will be invited to attend training and receive treasury reports as outlined in these practices.

10.5 Statement of Professional Practice (SOPP)

1. Where the Chief Finance Officer is a member of CIPFA, there is a professional need for the Chief Finance Officer to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

Treasury Management Practice Schedules 2019 - 22

2. Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

11.1 Details of contracts with Service Providers, including Bankers, Brokers, Consultants & Advisers

1. Banking services:
 - National Westminster Bank Plc
 - Contract commenced January 2015 to run for 3 years, then extended for a further 12 months
 - Cost of core service - £38,000 p.a.
 - Payments due on an ongoing basis throughout the year

2. Money-broking services:

The following money market brokers' services are utilised for day to day transactions as and when required.

- ICAP plc
- Martin Brokers (UK) plc
- Prebon Marshall Yamane (UK) Limited
- Tradition UK Limited
- BGC Sterling

3. Treasury Consultant services:

- Arlingclose Consultancy Services
- Contract commenced 1st September 2016 for 3 years, with the option to extend for a further 2 years.
- Cost of service - £11,000 plus VAT per annum
- Payments due annually

11.2 Procedures and frequency for tendering services

See TMP2 Performance Measurement section (2.2) for full details of services tendered. The process must comply with the Council's Contract Procedure rules.

TMP 12 CORPORATE GOVERNANCE

12.1 List of documents to be made available for public inspection

- 12.1.1 Treasury Management Policy Statement
- 12.1.2 Treasury Management Strategy
- 12.1.3 Treasury Management Practices
- 12.1.4 Treasury Management Mid-Year Report
- 12.1.5 Treasury Management Annual Outturn Report

APPENDIX A

Definition of Ratings

Fitch Long Term

- **AAA** - Highest credit quality. Rating denotes the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. The capacity is highly unlikely to be adversely affected by foreseeable events.
- **AA** - Very high credit quality. Rating denotes expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
- **A** - High credit quality. Rating denotes expectation of low credit risk. The capacity for payment of financial commitments is considered strong. The capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
- **BBB** - Good quality rating. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.

The modifiers "+" & "-" may be appended to any of the ratings above to denote a relative status within major categories.

Moody's Long Term

- **Aaa** - Judged to be one of the highest quality, with minimal credit risk
- **Aa** - Judged to be of high quality and are subject to very low credit risk
- **A** - Considered upper-medium grade and are subject to low credit risk
- **Baa** - Offers adequate credit quality. However, certain protective elements may be lacking or may be characteristically unreliable over any great length of time.

Moody's appends numerical modifiers 1, 2 and 3 to each rating classification. 1 indicates that the obligation ranks in the higher end of its category, 2 mid-range and 3 a ranking in the lower end of that category.

Standard & Poor's Long Term

- **AAA** - An obligor rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
- **AA** - An obligor rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

Treasury Management Practice Schedules 2019 - 22

- **A** - An obligor rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
- **BBB** - An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

Plus (+) or minus (-) the ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories

Mae'r dudalen hon yn wag yn bwrpasol

FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

31st DECEMBER 2018

APPENDIX 4

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
BARCLAYS	2.0	06/12/18	24/01/19	0.55%	1,477	UK BANK	1 month or less
BARCLAYS	2.0						
BANK OF SCOTLAND	2.0	09/04/18	25/01/19	0.75%	11,959	UK BANK	1 month or less
BANK OF SCOTLAND	2.0						
BLACKPOOL BOROUGH COUNCIL	3.0	18/12/18	18/01/19	0.78%	1,987	LA	1 month or less
BLACKPOOL BOROUGH COUNCIL	3.0						
BNP PARIBAS SECURITIES SVCS	1.6	03/04/18	31/01/19	0.77%	10,227	MMF	1 month or less
BNP PARIBAS SECURITIES SVCS	1.6						
CCLA PUBLIC SECTOR DEPOSIT	3.0	03/05/18	31/01/19	0.69%	15,482	MMF	1 month or less
CCLA PUBLIC SECTOR DEPOSIT	3.0						
DEBT MANAGEMENT OFFICE	3.0	06/12/18	24/01/19	0.51%	2,054	UK GVT	1 month or less
DEBT MANAGEMENT OFFICE	1.0	06/12/18	28/01/19	0.51%	741	UK GVT	1 month or less
DEBT MANAGEMENT OFFICE	4.0						
DUMFRIES & GALLOWAY COUNCIL	2.0	11/12/18	24/01/19	0.67%	1,615	LA	1 month or less
DUMFRIES & GALLOWAY COUNCIL	2.0						
KENT POLICE & CRIME COMMISSIONER	2.0	06/12/18	18/01/19	0.70%	1,649	LA	1 month or less
KENT POLICE & CRIME COMMISSIONER	2.0						
STOCKPORT METROPOLITAN BC	3.0	10/12/18	24/01/19	0.67%	2,478	LA	1 month or less
STOCKPORT METROPOLITAN BC	3.0						
TOTAL	22.6			0.67%	49,670		
PREVIOUS REPORTS TOTALS (30th SEPTEMBER 2018)	18.2			0.64%			

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

31st DECEMBER 2018

APPENDIX 4

Tudalen 90

Type of Investment	Total Amount Invested £m	% of Total Portfolio	Period to Investment Maturity			
			1 month or less £m	1 - 3 months £m	3 months + £m	12 months + £m
Debt Management Office (DMO)	4.0	18%	4			
UK Bank	4.0	18%	4			
UK Building Society (UK BS)	0.0	0%				
Overseas	0.0	0%				
Local Authorities	10.0	44%	10			
CD's	0.0	0%				
T-Bills	0.0	0%				
Money Market Funds (MMF)	4.6	20%	4.6			
Total (£)	22.6		22.6	0.0	0.0	0.0
Total (%)		100%	100%	0%	0%	0%

FLINTSHIRE COUNTY COUNCIL - LONG TERM BORROWING ANALYSIS

31st DECEMBER 2018

APPENDIX 5

Loan Start Date	Principal Loan Outstanding £	Interest Rate %	Annual Interest £	Loan Maturity Date
-----------------	------------------------------	-----------------	-------------------	--------------------

PWLB Fixed Rate Maturity Loans				
20/03/86	2,436,316	9.50	231,450	30/11/25
01/04/86	1,392,181	9.13	127,036	30/11/23
01/04/86	1,218,158	9.13	111,157	30/11/21
24/03/88	696,090	9.13	63,518	30/11/27
25/08/88	696,090	9.50	66,129	31/03/28
26/10/88	870,113	9.25	80,485	30/09/23
26/05/89	1,044,135	9.50	99,193	31/03/25
26/05/89	1,044,135	9.50	99,193	31/03/29
28/09/95	561,642	8.25	46,335	30/09/32
28/09/95	181,120	8.63	15,622	30/09/32
28/09/95	348,045	8.25	28,714	30/09/27
28/09/95	696,090	8.25	57,427	30/09/28
28/09/95	1,740,226	8.25	143,569	30/09/29
28/09/95	1,740,226	8.25	143,569	30/09/30
28/09/95	1,740,226	8.25	143,569	30/09/31
28/09/95	522,068	8.25	43,071	30/09/21
28/09/95	696,090	8.25	57,427	30/09/24
28/09/95	1,740,226	8.25	143,569	30/09/26
28/09/95	1,000,282	8.63	86,274	30/09/22
18/04/97	2,000,000	7.75	155,000	18/10/27
18/04/97	2,000,000	7.75	155,000	18/10/28
18/04/97	2,000,000	7.75	155,000	18/10/29
18/04/97	2,000,000	7.75	155,000	18/10/30
17/07/97	4,000,000	7.13	285,000	31/03/55
17/07/97	4,000,000	7.13	285,000	31/03/56
17/07/97	4,492,873	7.13	320,117	31/03/57
17/07/97	3,500,000	7.00	245,000	31/03/55
17/07/97	3,500,000	7.00	245,000	31/03/56
17/07/97	3,278,252	7.00	229,478	31/03/57
20/05/98	1,333,332	5.75	76,667	18/04/31
20/05/98	1,050,000	6.00	63,000	18/04/26
09/06/98	2,000,000	5.75	115,000	30/09/32
09/06/98	3,000,000	5.75	172,500	30/09/33
09/06/98	4,000,000	5.75	230,000	30/09/34
17/09/98	3,850,000	5.25	202,125	31/03/58
08/12/98	1,200,000	4.75	57,000	31/03/54
08/12/98	2,500,000	4.75	118,750	31/03/58
08/12/98	4,800,000	4.50	216,000	31/03/54
01/04/99	6,000,000	4.63	277,500	31/03/53
22/04/99	4,000,000	4.50	180,000	31/03/52
10/08/99	1,700,000	4.50	76,500	31/03/53
10/08/99	3,700,000	4.50	166,500	31/03/52
10/08/99	7,700,000	4.50	346,500	31/03/51
10/08/99	7,700,000	4.50	346,500	31/03/50
10/08/99	7,700,000	4.50	346,500	31/03/49
10/08/99	7,700,000	4.50	346,500	31/03/48
05/04/01	2,500,000	4.75	118,750	31/03/25
15/11/01	1,400,000	4.50	63,000	31/03/23
15/11/01	1,350,000	4.50	60,750	31/03/22
02/08/05	1,700,000	4.45	75,650	18/04/31
02/08/05	4,900,000	4.45	218,050	18/04/32
02/08/05	4,600,000	4.45	204,700	18/04/33
02/08/05	1,800,000	4.45	80,100	18/04/34
02/08/05	2,244,611	4.45	99,885	18/04/35
02/04/15	10,800,000	4.11	443,880	02/10/34
02/04/15	9,000,000	4.13	371,700	02/04/35
02/04/15	9,000,000	4.14	372,600	02/10/35
02/04/15	9,000,000	4.16	374,400	02/04/36
02/04/15	8,000,000	4.17	333,600	02/10/36
02/04/15	7,000,000	4.18	292,600	02/04/37
02/04/15	7,000,000	4.19	293,300	02/10/37
02/04/15	7,000,000	4.20	294,000	02/04/38
02/04/15	7,000,000	4.21	294,700	02/10/38
02/04/15	5,448,094	4.22	229,910	02/04/39
06/12/18	10,000,000	2.64	264,000	06/12/68
Total	230,810,621	5.13	11,840,018	

Market Fixed Rate Loans (LOBOS)				
24/07/07	6,350,000	4.48	284,480	24/01/40
24/07/07	6,300,000	4.53	285,075	24/01/41
24/07/07	6,300,000	4.58	288,540	24/01/42
Total	18,950,000	4.53	858,095	

PWLB Fixed Rate Annuity Loans				
06/12/18	7,530,000	2.79	209,496	06/01/63
Total	7,530,000	2.79	209,496	

PWLB Variable Rate Maturity Loans				
05/05/10	10,000,000	0.87	87,000	05/05/20
Total	10,000,000	0.87	87,000	

Other Government Loans				
08/06/17	621,772	0.00	0.00	01/04/21
21/09/17	350,000	0.00	0.00	01/04/22
19/12/17	350,000	0.00	0.00	01/04/23
27/03/18	1,729,128	0.00	0.00	01/10/28
21/10/15	460,000	0.00	0.00	31/03/30
20/10/16	400,000	0.00	0.00	31/03/31
04/12/18	123,000	0.00	0.00	01/10/22
Total	4,033,900	0	0	

Totals				
Fixed Rate	238,340,621		12,049,514	
Variable Rate	10,000,000		87,000	
LOBOs	18,950,000		858,095	
Other	4,033,900		0	
Grand Total	271,324,521	4.79	12,994,609	

HRAS Buyout Loans

Mae'r dudalen hon yn wag yn bwrpasol

FLINTSHIRE COUNTY COUNCIL - SHORT TERM BORROWING

31st DECEMBER 2018

APPENDIX 6

Counterparty Name	Amount Borrowed £m	Start Date	Maturity Date	Interest Rate	Interest due £	Brokerage due £	Period to Maturity
BRISTOL CITY COUNCIL	10.0	31/10/18	31/01/19	0.85%	21,425	1,260	1 month or less
BRISTOL CITY COUNCIL	5.0	23/11/18	01/02/19	0.85%	8,151	479	1 - 3 months
BRISTOL CITY COUNCIL	15.0						
ESSEX COUNTY COUNCIL	5.0	24/10/18	24/01/19	0.85%	10,712	630	1 month or less
ESSEX COUNTY COUNCIL	5.0						
LEICESTER CITY COUNCIL	5.0	23/11/18	01/02/19	0.85%	8,151	479	1 - 3 months
LEICESTER CITY COUNCIL	5.0						
OLDHAM COUNCIL	5.0	24/10/18	24/01/19	0.80%	10,082	630	1 month or less
OLDHAM COUNCIL	5.0						
PEMBROKESHIRE COUNCIL	2.0	27/11/18	01/02/19	0.85%	3,074	181	1 - 3 months
PEMBROKESHIRE COUNCIL	2.0						
SHEFFIELD CITY REGION COUNCIL	5.0	17/10/18	17/01/19	0.80%	10,082	630	1 month or less
SHEFFIELD CITY REGION COUNCIL	5.0						
VALE OF GLAMORGAN COUNCIL	3.0	27/11/18	15/02/19	0.85%	5,589	329	1 - 3 months
VALE OF GLAMORGAN COUNCIL	3.0						
WOKINGHAM BOROUGH COUNCIL	5.0	27/11/18	01/02/19	0.85%	7,685	452	1 - 3 months
WOKINGHAM BOROUGH COUNCIL	5.0						
TOTAL	45.0			0.84%	84,951	5,071	

SHORT TERM BORROWING SUMMARISED BY TYPE & MATURITY

31st DECEMBER 2018

APPENDIX 6

SHORT TERM BORROWING TYPE	Total Amount Borrowed £m	% of Total Portfolio	Period to Maturity			
			1 month or less £m	1 - 3 months £m	3 months + £m	12 months + £m
UK Bank	0.0	0%				
UK Building Society (UK BS)	0.0	0%				
Local Authorities	45.0	100%	25	20		
Total (£)	45.0		25.0	20.0	0.0	0.0
Total (%)		100%	56%	44%	0%	0%

Eitem ar gyfer y Rhaglen 5



AUDIT COMMITTEE

Date of Meeting	Friday, 15 February 2019
Report Subject	Wales Audit Office (WAO) - Annual Audit Letter 2017/18
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The Wales Audit Office (WAO) have issued their 'Annual Audit Letter' – Appendix 1. The letter summarises the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004, and reporting responsibilities under the Code of Audit Practice for the financial year 2017/18.

RECOMMENDATIONS

1	Members note the WAO's Annual Audit Letter for 2017/18.
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REPORT DETAILS

1.00	EXPLAINING THE ANNUAL AUDIT LETTER
1.01	Attached at Appendix 1 to this report is the WAO's Annual Audit Letter.
1.02	The letter was issued by the required date of 30 th November and is published for Members information.
1.03	The letter summarises the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004 and the reporting responsibilities under the Code of Audit Practice. In the main it relates to the WAO's work in auditing the Council's 2017/18 Statement of Accounts reported in detail to the Committee in September 2018.

2.00	RESOURCE IMPLICATIONS
2.01	No resource implications as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	No specific risks as a direct result of this report requiring mitigation.

5.00	APPENDICES
5.01	Appendix 1 – WAO Annual Audit Letter

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Liz Thomas – Technical Finance Manager Telephone: 01352 702289 E-mail: liz.thomas@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
	<p>Financial Audit: The annual external audit of the Council’s Statement of Accounts.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> <p>Material: A concept used to inform judgements regarding the accuracy of the Council’s Statement of Accounts. The basis could be quantitative with an assigned value or qualitative and affected by issues that are legal, regulatory, or politically sensitive.</p> <p>Statement of Accounts / Final Accounts / Financial Accounts or Statements: The Council’s annual finance report providing details of the Council’s financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.</p> <p>Wales Audit Office: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p>



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Please contact us in Welsh or English.
Cysylltwch â ni'n Gymraeg neu'n Saesneg.

Councillor Aaron Shotton – Leader
Colin Everett – Chief Executive
Flintshire County Council
County Hall
Mold
Flintshire
CH7 6NB

Reference: 963A2018-19

Date issued: 30 November 2018

Dear Aaron and Colin

Annual Audit Letter - Flintshire County Council 2017-18

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is Flintshire County Council's (the Council's) responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare financial statements in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and

- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards.

The draft financial statements were shared with us on 15 June 2018, two weeks earlier than the statutory deadline. Despite the shorter timescale, the draft financial statements were prepared to a good standard and were supported by comprehensive and timely working papers. The key matters arising from the audit of the financial statements were reported to members of the Audit Committee and Council in my Audit of Financial Statements report on the 12 September 2018.

On 14 September 2018, I issued an unqualified audit opinion on the group financial statements of the Council confirming that they present a true and fair view of the Council's financial position and transactions. I issued the certificate confirming that the audit of the accounts had been completed 17 September 2018.

I also received draft financial statements for the Clwyd Pension Fund on 15 June 2018, two weeks ahead of the statutory deadline. The draft financial statements were also prepared to a good standard and I issued an unqualified opinion on the Clwyd Pension Fund financial statements on 7 September 2018.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General published his Annual Improvement Report in September 2018 and concluded that the Council was meeting its statutory requirements in relation to continuous improvement.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2018-19 accounts or key financial systems

My ongoing work on the certification of grants claims and returns has not identified any significant issues to date in relation to the accounts or the Council's key financial systems. I will report any key issues to the Audit Committee in my annual Grants Certification report once this year's programme of certification work is complete.

The Council has a track record of managing its finances, but the significant financial challenge will continue over the medium term

Austerity funding remains the most significant challenge facing local government bodies in Wales and these financial pressures are likely to continue for the medium term. The recent provisional local government funding settlement will see the Council's Aggregate External Finance (AEF) decrease by 1.0%.

In 2017-18 Council spend was £1.6 million less than budgeted which was mainly due to the change in the Council's Minimum Revenue Provision which had a positive impact of £1.4 million. In addition, the Council reported a greater net yield from council tax of £0.5 million, resulting in an

overall Council Fund underspend of £2.1 million. At 31 March 2018, the Council had useable reserves of £28.6 million, £13.7 million in the Council Fund reserve and a further £14.9 million in earmarked and locally managed schools' reserves.

In setting its 2018-19 budget, the Council identified the need to make efficiencies and savings of £5.5 million to address its annual funding gap. As at September 2018, the Council reported that it anticipated achieving £5.3 million of the identified savings and was projecting a year-end overspend of £0.2 million without any new actions to reduce cost pressures which the Council is looking to mitigate by the end of the financial year. The Council has reported social services cost pressures, largely due to continuing pressures with Out of County placements, and an overspend in Streetscene and Transportation of £1.1 million.

Since 2008, the Council has reported nearly £85 million of efficiencies and savings. Additional efficiencies and savings will be required in the future, with the Council's latest forward financial plan projecting a revenue funding shortfall of £15.2 million in 2019-20. The Council recognises the significance of its financial position and has adopted a three-stage approach for meeting the challenge, firstly identifying solutions from corporate finance budget and secondly from service budgets. The Council approved Stage 1 and 2 solutions in November 2018, leaving a remaining shortfall of £6.7million.

The Council is now working on Stage 3 of the approach which predominantly revolves around campaigning for additional funding from Welsh Government and considerations around the required increase in Council Tax. This represents a significant challenge to the Council in being able to meet its statutory responsibility to set a balanced budget. We will continue to monitor progress over the coming months.

The financial audit fee for 2017-18 is currently expected to be in line with the agreed fee set out in the Annual Audit Plan.

Yours sincerely



Richard Harries
Engagement Director
For and on behalf of the Auditor General for Wales

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 6



AUDIT COMMITTEE

Date of Meeting	Friday, 15 February 2019
Report Subject	Risk Management Update
Portfolio Holder	Leader of the Council
Report Author	Chief Executive

EXECUTIVE SUMMARY

This risk management update provides a position statement on the strategic risks at Quarter 3 (December 2018) contained within the Council's 2018/19 Council Plan.

A general risk management update is also provided to identify how risk management 'fits' in the financial and business planning cycle of the Council and also

Council Plan risks

The Council Plan 2018/19 was adopted by the Council in June 2018 this report provides an initial overview of the strategic risks contained within the Plan which were presented to Cabinet in December.

The 44 strategic risks within the Council Plan are being managed with the majority being assessed as moderate 28 (67%) or minor/insignificant 7 (17%). Detail around the 7 (16%) red risks is provided in the body of the report; the majority relating to the financial position of the Council. Two risks have been sufficiently mitigated to be closed.

Financial and Business Planning Cycle

A model to describe the Financial and Business planning cycle was requested at a recent joint meeting of Audit Committee members and Chairs of Overview and Scrutiny Committees. This model is attached and has been well received by members of Corporate Resources and Overview Scrutiny Committee earlier this month.

Strategic Risk Register

Chief Officers have initiated the development of a strategic risk register to further improve risk identification, escalation and mitigation.

This register has risks which are identified as the following types: Corporate Strategy; Corporate Governance; Portfolio Strategy and Portfolio Operational.

The capturing and monitoring of this risk register is being developed as a management resource, with a clear protocol as to where and when risks are escalated for public reporting.

RECOMMENDATIONS

1	To note the status of the initial overview of the strategic risks of the 2018/19 priorities of the Council.
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REPORT DETAILS

1.00	STRATEGIC RISKS
1.01	<p><u>Council Priorities – Strategic Risks</u></p> <p>The Council adopted the Council Plan for 2018-19 in June 2018. The adoption of the plan and its priorities provides the opportunity to monitor the strategic risks aligned to those priorities and sub priorities; this is done on a quarterly basis by each of the Overview and Scrutiny Committees and reported to Audit Committee at the mid-year point. This report is to assure the Committee that the risk levels are being managed.</p>
1.02	<p>The Audit Committee's role is to ensure that the process and approach for managing risks is robust. As part of this process the Overview and Scrutiny Committees received their first quarterly progress report against the Council Plan for 2018/19 in November. These included a template for each risk capturing:</p> <ul style="list-style-type: none">• the nature of each risk;• the gross, net and target RAG status for each risk;• current actions already in place to mitigate the risk;• further activity to mitigate the risk. <p>The Quarter 3 monitoring reports (October to December 2018) have now been captured and the direction of risk trend from Q2 to Q3 is identified. This is shown by a comparison with the initial assessment against the current assessment to identify any change in risk significance.</p>
1.03	<p>The Council Plan has a total of 44 risks which have been assessed as shown in Table 1. The initial status of risk is assessed when the risk is first identified without any mitigating controls. The current assessment shows the latest status of the risk.</p>

Table 1: Initial assessment

Net risk status	Initial Assessment	Current Assessment
Insignificant: (green)	1 (2%)	3 (7%)
Minor: (yellow)	1 (2%)	4 (10%)
Moderate: (amber)	30 (69%)	28(67%)
Major : (red)	12 (27%)	7(16%)
Severe: (black)	0	0
Total	44	42

During the first 6 months of the year 2 risks were sufficiently mitigated to be “closed”. These are:

- i) “Delivery of social care is insufficient to meet increasing demand” - this is a specific risk related to the development of Marleyfield which is progressing well.
- ii) “Early Help Hub cannot deliver effective outcomes” – this has proven to be effective during its first year of operation.

In addition, one further risk has been closed at Q3, which is “reduction of land supply for Council housing construction”, which is now showing as Green in the current assessment.

During the year, one risk has increased from Amber to Red: “Debt levels will rise if tenants are unable to afford to pay their rent or council tax”. This risk is described in section 1.04 below.

1.04 The seven areas of major (red) risk assessed at the Quarter 3 period (October to December) of the Council Plan are described below. The text contains the most current description of mitigation of the risk. The end of year monitoring reports may show a change in status to these ‘red’ risks.

Priority: Supportive Council

Risk: Debt levels will rise if tenants are unable to afford to pay their rent or council tax.

Work has commenced on the identification of the impacts of Universal Credit on Council Tenants and their rent accounts. There is a team that works with tenants at the earliest opportunity on the basis that intervention at early stages allows support (if appropriate) to be identified earlier giving a more realistic chance of the rent account coming back under control and out of arrears.

The Council now has "Trusted Partner" status with the Department for Work and Pensions which means that processes and flow of information and payments is more streamlined and automated. Notwithstanding this, there will inevitably always be an element of cash flow arrears on accounts due to Universal Credit payments (whether direct to the council or directly to the tenant) being made in arrears.

During 2018/19 focus has been on early identification and intervention to prevent the problem from escalating. Council Tax Collection remains under pressure.

Risk: Demand outstrips supply for residential and nursing home care bed availability.

The expansion of Marleyfield to support the medium term development of the nursing sector continues under the direction of the Programme Board. The re-phasing of Integrated Care Fund (ICF) capital to fit in with the Council's capital programme has been agreed by Welsh Government. Recommendations from Social & Health Care Overview and Scrutiny Committee were that the Committee support the ICF programme and the initiatives of utilising short term funding streams to deliver against strategic and operational priorities for the council and key partners. Workstreams from the Strategic Opportunity Review are continuing. A strategic review of demand and supply in light of the new capital developments is being undertaken.

Priority: Learning Council

Risk: Sustainability of funding streams.

The sustainability of grant funding for education continues to pose a significant and live risk in a number of areas:

- A lack of clarity about the funding of the Teachers' Pay Award for 2019-20 remains. Through RSG and the Teachers Pay Grant from Welsh Government the schools budget will be funded for 1% of the impact of the pay award implemented in September 2018. The balance of 1.2% of the pay award is a cost pressure which will have to be absorbed by schools. Further it can be assumed that there will be a Teachers' Pay Award from September 2019 which unless national funding is made available will be an additional cost pressure which will need to be absorbed by schools.
- The increase in the teachers' employers' pensions costs remains a significant risk. From September 2019 the employers' contributions will increase from 16.48% to 23.6%. The impact of this on Flintshire schools will be £2.026m. The Chancellor announced £4.7billion nationally to cover public sector increased pension costs but at this stage there is no indication of whether there will be a consequential for Welsh Government.
- The recently announced £15m grant for schools across Wales appears to have been ring-fenced by the Cabinet Secretary for Education to support professional learning in advance of the introduction of the new curriculum, but distribution methodology and terms and conditions are not yet known.
- The MEAG (Minority Ethnic Achievement Grant) was not reinstated in full and there remains a lack of clarity about a new regional model for delivery of these services and the funding attached to them.

There are grants which are only short term to support Ministerial key priorities e.g. Infant Class Sizes; Small and Rural Schools etc but the grant conditions are often complex which makes them difficult to administer and their short term nature does not allow for proper strategic planning to maximise impact.

Risk: Numbers of school places not matching the changing demographics.

Reducing unfilled school places via school organisation change is an ongoing process. School change projects can take between three and five years from inception to delivery before reductions of unfilled places can be realised. This continues to be an ongoing process linked to the school

modernisation programme. To supplement this the Council will continue to work closely with schools to consider innovative ways for reduction in capacity on a school by school basis (i.e. alternative use of school facilities by other groups) with the objective of meeting national targets of circa 10% unfilled places in all school sectors.

Risk: Limited funding to address the backlog of known repair and maintenance works in Education & Youth assets.

Continuation of the School Modernisation programme is one of the strategic options available to address the repair and maintenance backlog. The programme continuation will also i) Support a reduction of unfilled places ii) Provide a more efficient school estate and concentrate resources on teaching by removal of unwanted fixed costs in infrastructure and leadership iii) Ensure that the condition and suitability of the school estate is improved. Additionally, in future years capital business cases will be submitted through the Council process to supplement the 21st Century Schools investment programme.

Priority: Green Council

Risk: Funding will not be secured for priority flood alleviation schemes.

As of 7th January 2019, the Council has a new statutory duty as a Sustainable Drainage Approving Body (SAB). This has placed significant resource demands on the relatively small Flood and Coastal Risk Management Team to implement, resource and fund this new statutory role. In the short-term (1-2 years) the impacts of developing this new service will lessen the ability of the Team to delivery non-statutory flood alleviation schemes. A service review is intended to identify a more effective structure that can deliver the statutory duties as the SAB in addition to existing duties and powers as a Lead Local Flood Authority. To help manage these changes, no major schemes are programmed to be put forward to Welsh Government's 'national pipeline of projects' for delivery in 2019/20. Limited work will continue where resources allow to refine existing projects and designs so that they might be considered for future grant applications and programming for delivery. In addition funding for smaller more affordable local works that can be delivered through Welsh Government's small scale scheme grant will continue to be pursued.

Priority: Serving Council

Risk: The scale of the financial challenge

The Council was projecting a budget gap of £13.7m in September. This increased to £15.3m following receipt of the provisional settlement due to a decrease in the Council's aggregate external funding of 1%. Stage 1 and Stage 2 budget options were approved by Council in November and a revised gap of £6.7m remained at that time. Following the receipt of the Final Settlement in December and some additional funding announcements, the budget Gap at the final Stage 3 remains at £3.1m. Balancing budget options will be considered by Cabinet and Council in January. Without further intervention from Welsh Government the only remaining options to balance the budget are Council Tax and a further use of reserves.

Six of the initial red risks have been mitigated in significance:

- The supply of affordable housing will continue to be insufficient to meet community needs

	<ul style="list-style-type: none"> - Annual allocation of the Integrated Care Fund (ICF) - Short term funding may undermine medium term service delivery - Rate of increase of adult safeguarding referrals will outstrip current resources - Knowledge and awareness of safeguarding not sufficiently developed in all portfolios - Failure to implement safeguarding training may impact on cases not being recognised at an early stage - Impact of Additional Learning Needs reforms.
1.04	<p>Financial and Business Planning cycle</p> <p>A model to describe the Financial and Business planning cycle was requested at a recent joint meeting of Audit Committee members and Chairs of Overview and Scrutiny Committees.</p> <p>The main parts of the finance and business planning cycle are medium term and annual financial planning, the Council Plan and supporting business strategies and plans, and external partnership strategic planning.</p> <p>Within each there are a number of outputs, some of which are statutory such as 'setting the budget', publication of the Improvement / Council Plan, the Annual Governance Statement, and the Well-being Plan. These have set dates and are supported by processes which involve planning, forecasting and reviewing.</p>
1.05	<p>The annual cycle of these processes and their final output are described across the calendar year as attached at Appendix 3.</p> <p>A presentation will be provided to assist with the understanding of this complex cycle.</p>
1.06	<p>Strategic Risk Register</p> <p>Chief Officers have initiated the development of a strategic risk register to further improve risk identification, escalation and mitigation.</p> <p>This register has risks which are identified as the following types:</p> <p><u>Corporate Strategy</u> – risks associated with the delivery of the Council’s main corporate strategies:- People Strategy; Medium Term Financial Strategy; Digital Strategy; and Customer Strategy.</p> <p><u>Corporate Governance</u> – risks associated with governance, such as those within the Annual Governance Statement.</p> <p><u>Portfolio Strategy</u> – risks within each portfolio where there is a specific strategy e.g. Homelessness, LDP, Social Care Commissioning. These will also include risks as part of the Council Plan which are specific to that portfolio and capital projects such as Schools Modernisation.</p> <p><u>Portfolio Operational</u> – risks within the portfolio which need escalating for reporting and monitoring beyond the portfolio.</p>

	The capturing and monitoring of this risk register is being developed as a management resource, with a clear protocol as to where and when risks are escalated for public reporting.
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2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications related to this report.

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

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

5.00	APPENDICES
5.01	Appendix 1: Council Plan Strategic Risk report Appendix 2: Council Plan risk register Appendix 3: Financial and Business planning cycle

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

7.00	GLOSSARY OF TERMS
7.01	(1) Council Plan: the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Council Objectives and publish a Council Plan. (2) Wales Audit Office: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes. (3) Risk Management - the process of identifying risks, evaluating their

<p>potential consequences (<u>impact</u>) and managing them. The aim is to reduce the frequency (<u>likelihood</u>) of risk events occurring (wherever this is possible) and minimise the severity of their consequences (<u>impact</u>) if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p>



Integrated Risk Manager

A CAMMS SOLUTION

Risk Report

Flintshire County Council

Tudalen 109

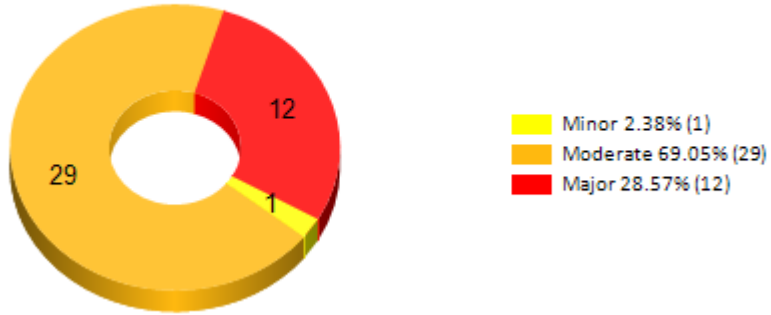


Print Date: 31-Jan-2019

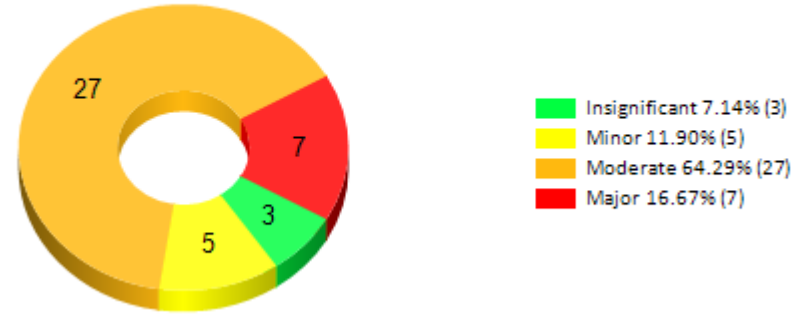
Risk Summary

Strategic Risks

Initial Risk Assessment






Current Risk Assessment






Tudalen 110




Strategic Risks

1 Supportive Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST151	Homelessness will remain a growing area of demand due to the current economic climate	Strategic Risk	Jenni Griffith - Flintshire Connects Manager	Lesley Bassett - Housing Strategy Manager				Open
<p>Potential Effects: Homelessness remains an area of risk. The lack of suitable, settled accommodation for those on welfare benefits has caused delays in being able to achieve positive outcomes for customers.</p> <p>Lead Supporting Officer Comments: Homelessness remains a risk as a result of a number of factors. The introduction of welfare reforms and Universal Credit has created additional barriers to being able to successfully discharge duties to customers. The number of people presenting to the authority for help has increased during each quarter. Additional funding has been granted to develop landlord incentives within the private rented sector and also to consider alternatives to rough sleeping.</p> <p>Last Updated: 18-Jan-2019</p>								

Tudalen 111

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST152	The supply of affordable housing will continue to be insufficient to meet community needs	Strategic Risk	Melville Evans - Senior Manager - Housing Programmes	Denise Naylor - Housing Programmes Support Manager				Open
<p>Potential Effects: i) Increase in homelessness ii) Increased pressure on the Housing Options Team iii) Increase in people sleeping rough</p> <p>Lead Supporting Officer Comments: This will always be a risk due to changes in housing demand and a lack of supply both in terms of the quantity and type of affordable homes provided. Over the past year the Welfare Reform policies have also impacted on the type of affordable housing required due to benefit restrictions. The Council aims to mitigate the risk through:</p> <ol style="list-style-type: none"> 1. Informing the type and size of all of the new builds (Council and RSLs) 2. Informing the type, tenure and size of affordable housing provision through market led schemes. <p>Last Updated: 18-Jan-2019</p>								




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST153	Department for Works and Pension's Welfare Reform Programme, including Universal Credit full service implementation which would place increasing demand on the Council for affordable and social housing	Strategic Risk	Jenni Griffith - Flintshire Connects Manager	Denise Naylor - Housing Programmes Support Manager, Suzanne Mazzone - Commissioning Officer				Open

Potential Effects: Welfare reforms may potentially impact the Council's ability to offer affordable housing to those affected. Examples of the types of reforms that will have may impact include: LHA Cap - Residents affected by the LHA cap who are already excluded from the private rented sector due to affordability may not be able to afford social rents
Bedroom Tax - This has been in place for some time for those residents that are under occupying properties and in receipt of housing benefit and will continue under Universal Credit role out.

Lead Supporting Officer Comments: Applicants who are affected by bedroom tax are given urgent priority for rehousing to more affordable accommodation. The proposed property for the shared housing pilot received full planning permission and work has been undertaken to establish demand. Due to Government changes and the withdrawal of plans to introduce a shared room rate for under 35s the demand in social housing for shared accommodation has lessened. Applicants contacted expressed a preference for self contained properties and we were unable to establish demand for the shared housing pilot. This will of course have an effect on the demand for affordable one bedroom properties.

Last Updated: 23-Jan-2019




Tudalen 112

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST154	Reduction of land supply for council housing construction	Strategic Risk	Melville Evans - Senior Manager - Housing Programmes	Denise Naylor - Housing Programmes Support Manager				Closed

Potential Effects: i) Reduction in number of units delivered

Lead Supporting Officer Comments: Potential land for development of housing through the Strategic Housing and Regeneration Programme (SHARP) continues to be identified and considered to support the target of 500 new social and affordable houses by 2021.




Last Updated: 23-Oct-2018

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST155	Capital borrowing limits for council housing	Strategic Risk	Melville Evans - Senior Manager - Housing Programmes	Denise Naylor - Housing Programmes Support Manager				Open

Potential Effects: i) reduction in construction and delivery of Council houses

Lead Supporting Officer Comments: WG announced in November 2018 they would be discontinuing the Housing Revenue Account (HRA) Borrowing Cap. The Council is currently reviewing how this will impact upon its ability to build new Council properties.

Last Updated: 29-Jan-2019




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST156	Customer expectations for the timeliness of adaptations undertaken through Disabled Facilities Grants (DFGs) may not be met due to competing demands on resources	Strategic Risk	Niall Waller - Service Manager - Enterprise and Regeneration					Open

Potential Effects: There will be a reputational risk to the Council if adaptations fail to meet the expectations of customers. This is increased because of the national ranking of performance by Welsh Government.

Lead Supporting Officer Comments: The performance on DFG timescales has been an area of challenge over time and a management board has been established to improve and monitor progress. The budget for the programme is currently on track. Improvements in timeliness have been noted with the implementation of a new process.

Last Updated: 29-Jan-2019

Tudalen 113




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST157	Availability of sufficient funding to resource key priorities	Strategic Risk	Niall Waller - Service Manager - Enterprise and Regeneration	Melville Evans - Senior Manager - Housing Programmes				Open

Potential Effects: Should resources prove to be insufficient then the Council will be able to process further applications for adaptations leading to delays in the process. This in turn will lead to reputational damage to the Council.

Lead Supporting Officer Comments: All budgets are monitored monthly to ensure there is sufficient availability for funding key priorities. However, as demography and expectations change with reduced resources the Council is continually reviewing opportunities to meet requirements.

Last Updated: 10-Jan-2019

Tudalen 114

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST158	Universal Credit Full Service roll out - negative impact upon Council services	Strategic Risk	Jen Griffiths - Benefits Manager	Dawn Barnes - Training Officer				Open




Potential Effects: The impact of Welfare Reform on Flintshire households increasing the demand for advice and support to unprecedented levels. Potential increases in rent arrears and decrease of Council Tax collection. Potential increased risk of homelessness and need for accommodation. Increased demand in existing support services

Lead Supporting Officer Comments: Work is now well underway to identify and mitigate the impacts of Universal Credit on Council Tenants and their rent accounts. Work is concentrated around early intervention which enables support to be provided to those who need it, but a harder line to be taken with those who can pay but choose not to. This provides a more realistic chance of the rent account coming back under control and out of arrears.

There will inevitably always be an element of cash flow arrears on accounts due to the Universal Credit payments (whether direct to the council or directly to the tenant) are made in arrears.

During 2018/19 focus is on early identification and intervention to prevent the problem from escalating. Council Tax Collection remains under pressure.

Last Updated: 23-Jan-2019




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST159	Demand for advice and support services will not be met	Strategic Risk	Jen Griffiths - Benefits Manager					Open

Potential Effects: The impact of Welfare Reform on Flintshire households increasing the demand for advice and support to levels beyond what resource can handle in a timely manner.

Lead Supporting Officer Comments: The development of the Welfare Response Team has assisted with the implementation of Universal Credit. Referrals to wider support services still remain high with a significant number of residents presenting with underlying debt issues. Managers across Customer Services, Neighbourhood Housing and Revenues and Benefits are continuing to work together to develop early intervention strategies.

Last Updated: 18-Jan-2019

Tudalen 115

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST160	Debt levels will rise if tenants are unable to afford to pay their rent or council tax	Strategic Risk	Jen Griffiths - Benefits Manager	Sheila Martin - Income Team Leader				Open




Potential Effects: With the introduction of Universal Credit and reduction in benefits being paid it is anticipated that tenants will struggle to maintain their payments increasing the level of debt owed to the Council for Rent and Council Tax.

Lead Supporting Officer Comments: Work has commenced on the identification of the impacts of Universal Credit on Council Tenants and their rent accounts. There is a team that works with tenants at the earliest opportunity on the basis that intervention at early stages allows support (if appropriate) to be identified earlier giving a more realistic chance of the rent account coming back under control and out of arrears.

The Council now has "Trusted Partner" status with the Department for Work and Pensions which means that processes and flow of information and payments is more streamlined and automated. Notwithstanding this, there will inevitably always be an element of cash flow arrears on accounts due to Universal Credit payments (whether direct to the council or directly to the tenant) being made in arrears.

During 2018/19 focus has been on early identification and intervention to prevent the problem from escalating. Council Tax Collection remains under pressure.

Last Updated: 29-Jan-2019




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST161	The local economy will suffer if residents have less income to spend	Strategic Risk	Jen Griffiths - Benefits Manager	Jenni Griffith - Flintshire Connects Manager				Open

Potential Effects: The local economy will see a decline if residents are not able to spend at current levels

Lead Supporting Officer Comments: Welfare Rights and Supporting People teams worked with residents during the year to explore areas of income maximisation for residents of the County.

Last Updated: 28-Jan-2019

Tudalen 116




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST163	Demand outstrips supply for residential and nursing home care bed availability	Strategic Risk	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Jacque Slee - Team Manager Performance				Open

Potential Effects: Increase in hospital admissions and delayed transfers from hospital. Increased pressure on primary care services leading to deteriorating relationship with local partners.

Lead Supporting Officer Comments: The expansion of Marleyfield to support the medium term development of the nursing sector continues under the direction of the Programme Board.

The re-phasing of Integrated Care Fund (ICF) capital to fit in with the Council's capital programme has been agreed by Welsh Government. Recommendations from Social & Health Care Overview and Scrutiny Committee were that the Committee support the ICF programme and the initiatives of utilising short term funding streams to deliver against strategic and operational priorities for the council and key partners. Workstreams from the Strategic Opportunity Review are continuing. A strategic review of demand and supply in light of the new capital developments is being undertaken.

Last Updated: 29-Jan-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST164	Annual allocation of the Integrated Care Fund (ICF) - Short term funding may undermine medium term service delivery	Strategic Risk	Susie Lunt - Senior Manager, Integrated Services and Lead Adults	Jacque Slee - Team Manager Performance				Open

Potential Effects: Insufficient funding to sustain medium term service delivery.




Lead Supporting Officer Comments: The re-phasing of agreed ICF capital funding has been agreed to fit with our capital programme.

Welsh Government have confirmed the ongoing use of ICF revenue funding for existing projects.

The Chair of the North Wales Regional Partnership Board and the Chief Executive of BCUHB have created an agreement from partners on the allocation of funds to support delivery of medium term services. Confirmation in principle has been received for allocation of capital funds for Marleyfield. Following receipt of detailed correspondence from WG, the level of risk has reduced to Green.

Last Updated: 09-Jan-2019

Tudalen 117

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST166	Rate of increase of adult safeguarding referrals will outstrip current resources	Strategic Risk	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Jacque Slee - Team Manager Performance				Open

Potential Effects: National timescales for processing safeguarding enquiries will not be met, resulting in potential delays for people requiring safeguarding interventions and impact on reputation of the Council.

Lead Supporting Officer Comments: Responsibilities within Adult Safeguarding and First Contact and Intake have been realigned, with no additional resource. Safeguarding Managers are able to effectively delegate tasks for high priority cases; this ensures that those enquiries that do not meet timescales are of a lower priority. Quarter 2 and 3 data is showing an increase in Safeguarding reports, and these are being addressed within timescales. Internal Audit completed a review of the service in November; this confirmed that processes are in place for the screening and triage of safeguarding referrals. The reviewers concluded that strategy meetings are being undertaken in a timely manner.

Last Updated: 08-Jan-2019




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST168	Knowledge and awareness of safeguarding not sufficiently developed in all portfolios	Strategic Risk	Fiona Mocko - Strategic Policies Advisor	Jane M Davies - Senior Manager, Safeguarding & Commissioning				Open

Potential Effects: Employees will not recognise when adults and children are at risk and will not take appropriate action.

Lead Supporting Officer Comments: Safeguarding is included within the corporate induction procedures, ensuring new employees can recognise the signs and know how to make a report. A Safeguarding e-learning module is under development and is to be implemented during Quarter 4. Additional training is being sourced for the Safeguarding panel.

Last Updated: 23-Jan-2019

Tudalen 118


Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST169	Failure to implement safeguarding training may impact on cases not being recognised at an early stage.	Strategic Risk	Fiona Mocko - Strategic Policies Advisor					Open

Potential Effects: Employees will not identify potential safeguarding issues. Referrals will not be made through the right channels which may delay investigation or result in evidence being contaminated. Adults and children will not be safeguarded

Lead Supporting Officer Comments: Safeguarding is included in the corporate induction ensuring all new employees have a basic understanding of safeguarding. Safeguarding e-learning modules are under development and will be implemented during Quarter 4. Additional training is being provided for the Corporate Safeguarding panel.

Last Updated: 23-Jan-2019

2 Ambitious Council


Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST170	Infrastructure investment does not keep pace with needs and business is lost to the economy	Strategic Risk	Andrew Farrow - Chief Officer - Planning, Environment and Economy	Niall Waller - Service Manager - Enterprise and Regeneration	Amber	Amber		Open

Potential Effects: infrastructure is essential to facilitating economic growth in Flintshire. If infrastructure is not improved then investment opportunities will be jeopardised and new jobs will not be created. Overloaded infrastructure will also increase the likelihood of business investment being lost to better serviced areas.

Lead Supporting Officer Comments: The North Wales Growth Deal will include a package of strategic infrastructure investment projects. At the local level the Deeside Plan sets out a strategy for transport investment to maximise the benefit of economic growth. Welsh Government has already announced major investment in strategic road infrastructure and in public transport to help deliver this strategy.

Last Updated: 10-Jan-2019

Tudalen 119

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST171	Support for businesses in Flintshire doesn't meet their needs and fails to encourage investment	Strategic Risk	Andrew Farrow - Chief Officer - Planning, Environment and Economy	Niall Waller - Service Manager - Enterprise and Regeneration	Amber	Amber		Open

Potential Effects: Businesses feedback that they highly value the service provided by the Council to help them to navigate wider support and overcome barriers to growth. Business networking activity delivered by the Council also assist businesses to work and trade together. Reduction of this support may make the County less successful as a location for business.

Lead Supporting Officer Comments: The business development service in Flintshire remains responsive to business needs. The Council works closely alongside Welsh Government and other agencies to provide a co-ordinated service.




Last Updated: 10-Jan-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST172	The stability of local and sub-regional economies	Strategic Risk	Andrew Farrow - Chief Officer - Planning, Environment and Economy	Niall Waller - Service Manager - Enterprise and Regeneration				Open

Potential Effects: Instability in the local and regional economies would lead to reduced business investment and significant job losses.

Lead Supporting Officer Comments: The Council continues to monitor changes and trends in the UK and regional economies that may have an impact on Flintshire's economy. The main area of uncertainty, Brexit, remains difficult to predict and quantify whilst the negotiated settlement with the European Union remains unknown.

Last Updated: 10-Jan-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST173	The region having a sufficient voice at Welsh Government and UK Government levels to protect its interests	Strategic Risk	Andrew Farrow - Chief Officer - Planning, Environment and Economy	Niall Waller - Service Manager - Enterprise and Regeneration				Open




Potential Effects: Decisions are taken on national and regional economic issues, infrastructure investment or other programmes which do not meet the needs of the Flintshire economy.

Lead Supporting Officer Comments: The Council has a lead role in developing the role and functions of the North Wales Economic Ambition Board and is closely involved in the work of the Mersey Dee Alliance. The Council also represents the region on the Rail Task Force and supports the All Party Parliamentary Group on transport. The Council is closely involved in the development of the outline projects for the regional Growth Deal and both the Leader of the Council and Chief Executive play a leading role in the development of the new Joint Committee for North Wales. Negotiations with UK and Welsh Governments are progressing to plan.

Last Updated: 29-Jan-2019

Tudalen 120

3 Learning Council




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST174	Those schools who do not recognise their need for improvement and external support	Strategic Risk	Vicky Barlow - Senior Manager - School Improvement Systems	Jeanette Rock - Senior Manager - Inclusion and Progression				Open

Potential Effects: Downturn in school performance and under achievement . Increase in the number of schools in Estyn category of concern/need of significant improvement

Lead Supporting Officer Comments: Monitoring processes indicate that all schools have engaged appropriately with their Support Improvement Advisers during the first quarter of the year and are accessing support to implement their improvement plans. Evidence through pupil outcome data shows that improvement plans are being effective in most areas with Flintshire schools performance above national averages in nearly all key indicators across all phases. 2 targeted schools who are in category of Estyn Review have made strong progress and the LA is recommending to Estyn that they be removed from follow up - Estyn confirmation pending.

Last Updated: 21-Jan-2019



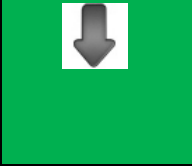
Tudalen 121

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST175	Leadership capacity does not match school needs	Strategic Risk	Vicky Barlow - Senior Manager - School Improvement Systems	Jeanette Rock - Senior Manager - Inclusion and Progression				Open

Potential Effects: Reduced stakeholder confidence in Education services. Downturn in school performance and under achievement. Increase in the number of schools in Estyn category of concern/need of significant improvement

Lead Supporting Officer Comments: The number of schools in statutory categories has reduced. We do not have any issues with schools failing to engage with GwE in relation to their support priorities. Flintshire has one of the highest take ups on the professional development programme around middle leadership and National Professional Qualification for Headship securing leaders for the future – whilst secondary Headteachers have reported anecdotally that staff don't want to take the roles on in schools in some subjects, there is no school where a lack of capacity, particularly in core subjects is putting the school's performance at risk.

Last Updated: 29-Jan-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST176	Impact of Additional Learning Needs reforms	Strategic Risk	Jeanette Rock - Senior Manager - Inclusion and Progression	Vicky Barlow - Senior Manager - School Improvement Systems				Open



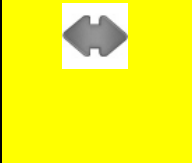
Potential Effects: The proposed legislation provides an increased level of legal protection to children and young people with additional learning needs. There is a risk that schools and the Local Authority may be unprepared ahead of the implementation of the Bill and therefore unable to meet the requirements placed on them by the Bill. This may result in schools not being able to meet needs effectively and a potential increase in the requests for centrally funded intervention and provision. This is likely to present the Local Authority with an additional financial pressure.

Lead Supporting Officer Comments: The Bill received Royal Assent in January 2018 and became the Additional Learning Needs and Education Tribunal (Wales) Act 2018. The implementation date has been revised to September 2020, with 2019 being the publication date for the draft Code of Practice. An audit tool has been generated for local authorities to complete; this will give greater insight into the risks posed by the Act across the intervening two year period prior to implementation in 2020. The audit tool has been completed and this highlighted the need for a Lead officer to be allocated within the Local Authority. This action has been completed, supported by access to Welsh Government Transformation Funding. A Transition Action Plan for Flintshire will now be developed to ensure that a comprehensive transformation programme is developed in conjunction with the regional plan for North Wales.

The draft Code of Practice has now been published. Officers are in the process of reading the document and identifying the implications for schools and the authority. These will be collated and shared via Committee reports.

Last Updated: 29-Jan-2019

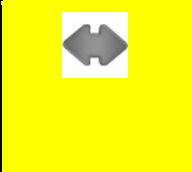
Judalen 122

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST177	Local employers and learning providers do not work closely enough to identify and meet the skills based needs of the future	Strategic Risk	Vicky Barlow - Senior Manager - School Improvement Systems	Niall Waller - Service Manager - Enterprise and Regeneration				Open

Potential Effects: Employers will increasingly struggle to fill vacancies and may leave the area. Young people will not be able to benefit from the growth of the local economy and may need to move away to secure employment that matches their skills. If the skills base fails to match employer needs in the future then the area will struggle to compete for investment.

Lead Supporting Officer Comments: In addition to current work to link schools, learners and employers there are a number of proposals for further work being developed as part of the North Wales Growth Deal including an enhanced careers offer and further STEM support for schools. In addition, learning provision is guided by the Regional Skills Strategy which sets out the needs of the economy.

Last Updated: 10-Jan-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST178	Sustainability of funding streams	Strategic Risk	Vicky Barlow - Senior Manager - School Improvement Systems	Vicky Barlow - Senior Manager - School Improvement Systems	Red	Red		Open

Potential Effects: Reduced capacity to deliver targeted support to schools.

Lead Supporting Officer Comments: The sustainability of grant funding for education continues to pose a significant and live risk in a number of areas:

A lack of clarity about the funding of the Teachers' Pay Award for 2019-20 remains. Through RSG and the Teachers Pay Grant from Welsh Government the schools budget will be funded for 1% of the impact of the pay award implemented in September 2018. The balance of 1.2% of the pay award is a cost pressure which will have to be absorbed by schools. Further it can be assumed that there will be a Teachers' Pay Award from September 2019 which unless national funding is made available will be an additional cost pressure which will need to be absorbed by schools.

The increase in the teachers' employers' pensions costs remains a significant risk. From September 2019 the employers' contributions will increase from 16.48% to 23.6%. The impact of this on Flintshire schools will be £2.026m. The Chancellor announced £4.7 billion nationally to cover public sector increased pension costs but at this stage there is no indication of whether there will be a consequential for Welsh Government.

The recently announced £15m grant for schools across Wales appears to have been ring-fenced by the Cabinet Secretary for Education to support professional learning in advance of the introduction of the new curriculum, but distribution methodology and terms and conditions are not yet known.

The MEAG (Minority Ethnic Achievement Grant) was not reinstated in full and there remains a lack of clarity about a new regional model for delivery of these services and the funding attached to them.

There are grants which are only short term to support Ministerial key priorities e.g. Infant Class Sizes; Small and Rural Schools etc but the grant conditions are often complex which makes them difficult to administer and their short term nature does not allow for proper strategic planning to maximise impact.

Last Updated: 29-Jan-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST179	Numbers of school places not matching the changing demographics	Strategic Risk	Damian Hughes - Senior Manager, School Planning & Provision	Vicky Barlow - Senior Manager - School Improvement Systems	Red	Red		Open

Potential Effects: Higher teacher ratios, unfilled places, backlog maintenance pressures, inefficient estate

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

Last Updated: 29-Jan-2019

Tudalen 124


Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST180	Limited funding to address the backlog of known repair and maintenance works in Education & Youth assets	Strategic Risk	Damian Hughes - Senior Manager, School Planning & Provision	Vicky Barlow - Senior Manager - School Improvement Systems	Red	Red		Open

Potential Effects: The fabric of Education and Youth buildings will continue to decline

Lead Supporting Officer Comments: Continuation of the School Modernisation programme is one of the strategic options available to address the repair and maintenance backlog. The programme continuation will also i) Support a reduction of unfilled places ii) Provide a more efficient school estate and concentrate resources on teaching by removal of unwanted fixed costs in infrastructure and leadership iii) Ensure that the condition and suitability of the school estate is improved. Additionally, in future years capital business cases will be submitted through the Council process to supplement the 21st Century Schools investment programme.

Last Updated: 23-Jan-2019

4 Green Council


Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST181	Reduction of the Single Environment Grant	Strategic Risk	Tom Woodall - Access and Natural Environment Manager	Lynne Fensome - Management and Support Manager	Amber	Amber		Open

Potential Effects: Income targets not met Potential reduction could impact staffing resource to maintain service delivery

Lead Supporting Officer Comments: For 2018/19 waste and flood allocations are to be removed from the Single Revenue Grant (SRG) . Resources will be allocated to support Local Environment Quality (LEQ) and Natural Resources Management (NRM) through the existing SRG mechanism through the funding secured for this year. However Officers attended a WG workshop that explained the competitive nature of the process moving forward as the grant is to be removed and the broad themes that were to be followed in this competitive process. By moving to this process there is a risk that Flintshire will not receive any future funding. The new 'Enabling Natural Resources and Well-being of Wales' grant (ENRaW) has been launched by WG and Officers have submitted an application. The risk to loss of income is still ongoing as this grant is competitive and there is currently no indication from WG if the application will be successful.

Last Updated: 24-Jan-2019

Tudalen 125

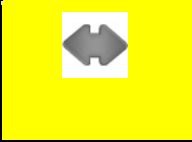
Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST182	Limitations on suitable Council sites with sufficient area for larger scale renewables schemes and suitable connections to the electric grid	Strategic Risk	Sadie Waterhouse - Energy Conservation Engineer	Lynne Fensome - Management and Support Manager	Amber	Amber		Open

Potential Effects: Failure to meet Welsh Government renewable energy targets and the actions set out in the Council's renewable energy action plan

Lead Supporting Officer Comments: Following a workshop with Officers in Valuation and Estates and Planning, 6 potential brownfield sites have been identified as possible renewable energy generation sites. Initial feasibility assessments have been completed for these sites, including energy generation capacity, potential grid connection costs, planning constraints, ecology, land contamination, legal constraints and indicative installation costs and potential income generation. This has enabled 3 sites to be prioritised. Detailed feasibility studies have been completed including economic/financial modelling for these 3 sites with formal grid connection applications submitted to SP Energy Networks. Key next steps will be to assess the final business case once a formal grid connection offer has been received.

A high level review of the Council's agricultural estate has been completed assessing energy generation potential, acreage available and possible planning/legal constraints. Further feasibility will be completed. Potential sites for hydro power have been assessed with Wepre Brook prioritised. A detailed design has been completed and planning permission applied for. Work is ongoing with officers and Welsh Government to review and research methods of increasing the economic viability of renewable energy schemes. Increasing the income from energy sales or self supplying Council stock can negate possible increases in grid connection costs.

Last Updated: 24-Jan-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST183	Funding will not be secured for priority flood alleviation schemes	Strategic Risk	Ruairi Barry - Senior Engineer	Lynne Fensome - Management and Support Manager	Red	Red		Open




Potential Effects: Flooding of homes and businesses across the county Potential homelessness

Lead Supporting Officer Comments: Measure 10 of Flintshire's Local Risk Management Strategy is to "*identify projects and programmes which are affordable, maximising capital funding from internal and external sources*". As a Lead Local Flood Authority (LLFA) the Council has powers to undertake such works subject to funding. It has been acknowledged that resources are needed within the Flood Risk Management Team to identify funding opportunities, project manage and ultimately deliver significant flood alleviation schemes where required locally.

As of 7th January 2019, the Council has a new statutory duty as a Sustainable Drainage Approving Body (SAB). This has placed significant resource demands on the relatively small Flood and Coastal Risk Management Team to implement, resource and fund this new statutory role. In the short-term (1-2 years) the impacts of developing this new service will lessen the ability of the Team to delivery non-statutory flood alleviation schemes.

A service review is intended to identify a more effective structure that can deliver the statutory duties as the SAB in addition to existing duties and powers as a Lead Local Flood Authority. To help manage these changes, no major schemes are programmed to be put forward to Welsh Government's 'national pipeline of projects' for delivery in 2019/20. Limited work will continue where resources allow to refine existing projects and designs so that they might be considered for future grant applications and programming for delivery. In addition funding for smaller more affordable local works that can be delivered through Welsh Government's small scale scheme grant will continue to be pursued.

Last Updated: 15-Jan-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST186	Insufficient funding to ensure our highways infrastructure remains safe and capable of supporting economic growth	Strategic Risk	Barry Wilkinson - Highways Networks Manager	Lynne Fensome - Management and Support Manager				Open

Potential Effects: Deterioration of the condition of highways in Flintshire

Lead Supporting Officer Comments: The monies made available for Highway infrastructure maintenance programmes will be allocated and expended by the end of the financial year. Those monies remain below the level of funding required to maintain a Steady State in the condition of the road network. Streetscene & Transportation ensure that available funding is spent allocated appropriately, and ensure best value for the expenditure to maintain the highway network.

Highways asset management schemes are underway as follows:

Resurfacing - Programme of schemes progressing 21 sites completed with 5 sites outstanding - expected completion 31/03/2019

Surface Dressing - Complete

Patching - Program On-going




Undertake condition surveys to produce the annual resurfacing programme by March 2019.

Undertake post completion inspections of utility work by March 2019.

Priority is given to the areas of the network that require the investment whilst considering the local infrastructure.

Last Updated: 29-Jan-2019




Tudalen 127

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST187	Sufficient funding will not be found to continue to provide subsidised bus services.	Strategic Risk	Ceri Hansom - Integrated Transport Unit Manager	Lynne Fensome - Management and Support Manager				Open

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

Lead Supporting Officer Comments: Withdrawal of subsidies could affect viability of some marginal commercial bus services impacting on people with disabilities, younger people, people employed on low wages, who are unable to drive, and those who may have no alternative choice of travel. There is also a potential impact on rural communities, where no alternative transport services exist and there is heavy reliance on private cars for travel. We are currently completing a bus subsidy review where we have managed to sustain a core network of bus routes and gain funding for Local Travel arrangements to connect rural communities to the core network.

Last Updated: 29-Jan-2019




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST188	Supply chain resilience of transport providers	Strategic Risk	Katie Wilby - Transportation and Logistics Manager	Lynne Fensome - Management and Support Manager				Open

Potential Effects: Transport services cannot be provided

Lead Supporting Officer Comments: The control measures have been put in place to mitigate against another major transport services provider going into administration or not able to meet the required operating standards. New processes have been established and officers are carrying out both safety compliance checks and also finance compliance checks on contractors

Last Updated: 22-Jan-2019

Tudalen 128

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST189	Adverse weather conditions on the highway network	Strategic Risk	Barry Wilkinson - Highways Networks Manager	Lynne Fensome - Management and Support Manager				Open

Potential Effects: Increase in cost to future planned repairs as network deteriorates beyond that can be rectified by planned maintenance Increase in insurance claims

Lead Supporting Officer Comments: Following the negative impact of the 2017/18 winter period, pothole repairs have been undertaken throughout the County to ensure that the Highway Network is in a safe condition for the travelling public. The previous increase in risk has been mitigated by a number of schemes of works that have been undertaken to improve the condition of the carriageway overall. Repairing the Council's roads is a priority for the service and resources were provided to identify and then prioritise the roads in need of repair.

Planned Maintenance Works have been undertaken as follows:

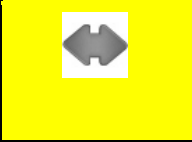
Resurfacing is 80% for the financial year

9 Surface Dressing sites have been completed

Reactive Work to remove defects from the carriageway continue.

This work removed the significant defects and looked to improve the condition of the roads, whilst reducing the risk on the network, in line with our statutory duty.

Last Updated: 24-Jan-2019




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST190	Lack of community support for transport options	Strategic Risk	Ceri Hansom - Integrated Transport Unit Manager	Lynne Fensome - Management and Support Manager	Yellow	Yellow		Open

Potential Effects: i) Planned programme of community transport hubs not delivered. iii) Decreased passenger numbers on bus services. iii) Increase in individual car usage

Lead Supporting Officer Comments: Community based transport services can play an important part in an integrated passenger transport provision and transport network. Community Benefit clauses included in all new transport routes awarded (except local bus). This is a free service provided by the successful tenderer as a Community Benefit. A minimum of 1.5% of mileage per annum is required from each tenderer (capped at 150 miles per annum). Delivery is dependent on the ability and willingness of the local communities and transport operators to support and deliver sustainable transport arrangements.

Last Updated: 17-Jan-2019




5 Connected Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST191	The capacity and appetite of the community and social sectors	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Cher Lewney - Digital Customer & Community Resilience Programme Manager				Open

Potential Effects: Lack of capacity to and desire of the sector resulting in unsustainable community and social sector projects such as Community Asset Transfers and Alternative Delivery Models

Lead Supporting Officer Comments: Sustained progress on growth of the social sector with development of new Community Asset Transfers and Alternative Delivery Models. The emphasis will now be on sustaining this delivery and maximising its impact. Regular review meetings and partnership board meetings are in place.




Last Updated: 10-Jan-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST193	Market conditions which the new alternative delivery models (ADM's)face	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Cher Lewney - Digital Customer & Community Resilience Programme Manager				Open

Potential Effects: More competition from other agencies or decreasing use of the services means they are in the future unsustainable

Lead Supporting Officer Comments: Established reviews are planned with each of the Alternative Delivery Models. Two reviews have taken place with Aura Leisure and Libraries and concluded that the first year business plan is being delivered and agreed subject to Cabinet approval the second year business plan.




Last Updated: 29-Jan-2019

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST194	Limitations on public funding to subsidise alternative models (ADM's)	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Cher Lewney - Digital Customer & Community Resilience Programme Manager				Open

Potential Effects: Reductions in funding to these models by the public sector resulting in the new to stop or close services and facilities

Lead Supporting Officer Comments: Review meetings are providing an update on the future financial context so organisations can plan for potential reductions when appropriate. Business Plans for 2019/20 are currently being prepared and shared with the Council and these will identify if funding for the future enables the organisations to be sustainable. These plans show funding levels for organisations moving forward into 2019/20 are sustainable.

Last Updated: 29-Jan-2019



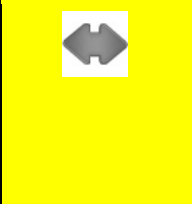
Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST195	Procurement regulations stifling our ability to develop local community and third sector markets	Strategic Risk	Gareth Owens - Chief Officer - Governance					Open

Potential Effects: Social and third sector organisation not able to grow through the winning of new contracts.

Lead Supporting Officer Comments: The emerging social value policy will enable the Council to place greater importance on the third sector when awarding contracts which will help the sector to secure work. It is possible to ring fence contracts to third sector providers and the Council needs to identify opportunities where this is appropriate.

Last Updated: 11-Jan-2019

Judalén 131




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST196	Newly established Social Enterprises and Community Asset Transfers failing in their early stages of development.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Cher Lewney - Digital Customer & Community Resilience Programme Manager				Open

Potential Effects: Social enterprises cease trading and asset return to the Council.

Lead Supporting Officer Comments: Review meetings have been held with all Community Asset Transfers (CATs) that transferred 2015-17. The second year review meetings are now complete as are the first reviews for organisations that took on Community Asset Transfers after 1 April 2017.

Last Updated: 28-Jan-2019

6 Serving Council




Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST197	The scale of the financial challenge	Strategic Risk	Gary Ferguson - Corporate Finance Manager	Sara Dulson - Corporate Accounting and Systems				Open

Potential Effects: Reduction in funding of Revenue Support Grant leading to challenging financial position for the Council in its ability to set a balanced budget.

Lead Supporting Officer Comments: The Council was projecting a budget gap of £13.7m in September. This increased to £15.3m following receipt of the provisional settlement due to a decrease in the Council's aggregate external funding of 1%. Stage 1 and Stage 2 budget options were approved by Council in November and a revised gap of £6.7m remained at that time. Following the receipt of the Final Settlement in December and some additional funding announcements the budget Gap at the final Stage 3 remains at £3.1m. Balancing budget options will be considered by Cabinet and Council in January. Without further intervention from Welsh Government the only remaining options to balance the budget are Council Tax and a further use of reserves.

Last Updated: 24-Jan-2019

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Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST198	The capacity and capability of the organisation to implement necessary changes.	Strategic Risk	Gareth Owens - Chief Officer - Governance	Cher Lewney - Digital Customer & Community Resilience Programme Manager				Open

Potential Effects: That projects agreed as part of the DS will be hindered or delayed thereby delaying the potential benefits to residents or causing cost to be incurred in correcting mistakes

Lead Supporting Officer Comments: An exercise is underway currently to plan a single integrated programme plan incorporating all of the work required across all workstreams. This will identify dependencies and ensure that resources are aligned to its delivery. This plan was submitted to COT for discussion in December 2018 and a number of principles agreed to support effective and realistic programme management going forwards.

Last Updated: 11-Jan-2019

Mae'r dudalen hon yn wag yn bwrpasol



Integrated Risk Manager

A CAMMS SOLUTION

Risk Register Report

Flintshire County Council

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Print Date: 22-Jan-2019

Strategic Risks

1 Supportive Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST151	Homelessness will remain a growing area of demand due to the current economic climate	Strategic Risk	Jenni Griffith - Flintshire Connects Manager	Lesley Bassett - Housing Strategy Manager	Amber	Amber		Open
ST152	The supply of affordable housing will continue to be insufficient to meet community needs	Strategic Risk	Melville Evans - Senior Manager - Housing Programmes	Denise Naylor - Housing Programmes Support Manager	Red	Amber		Open
ST153	Department for Works and Pension's Welfare Reform Programme, including Universal Credit full service implementation which would place increasing demand on the Council for affordable and social housing	Strategic Risk	Jenni Griffith - Flintshire Connects Manager	Denise Naylor - Housing Programmes Support Manager, Suzanne Mazzone - Commissioning Officer	Amber	Amber		Open
ST154	Reduction of land supply for council housing construction	Strategic Risk	Melville Evans - Senior Manager - Housing Programmes	Denise Naylor - Housing Programmes Support Manager	Amber	Green		Closed
ST155	Capital borrowing limits for council housing	Strategic Risk	Melville Evans - Senior Manager - Housing Programmes	Denise Naylor - Housing Programmes Support Manager	Amber	Amber		Open

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Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST156	Customer expectations for the timeliness of adaptations undertaken through Disabled Facilities Grants (DFGs) may not be met due to competing demands on resources	Strategic Risk	Niall Waller - Service Manager - Enterprise and Regeneration		Amber	Amber		Open
ST157	Availability of sufficient funding to resource key priorities	Strategic Risk	Niall Waller - Service Manager - Enterprise and Regeneration	Melville Evans - Senior Manager - Housing Programmes	Amber	Amber		Open
ST158	Universal Credit Full Service roll out - negative impact upon Council services	Strategic Risk	Jen Griffiths - Benefits Manager	Dawn Barnes - Training Officer	Amber	Amber		Open
ST159	Demand for advice and support services will not be met	Strategic Risk	Jen Griffiths - Benefits Manager		Amber	Amber		Open
ST160	Debt levels will rise if tenants are unable to afford to pay their rent or council tax	Strategic Risk	Jen Griffiths - Benefits Manager	Sheila Martin - Income Team Leader	Amber	Red		Open
ST161	The local economy will suffer if residents have less income to spend	Strategic Risk	Jen Griffiths - Benefits Manager	Jenni Griffith - Flintshire Connects Manager	Amber	Amber		Open
ST163	Demand outstrips supply for residential and nursing home care bed availability	Strategic Risk	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Jacque Slee - Team Manager Performance	Red	Red		Open

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Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting	Initial Risk	Current Risk	Risk Trend	Risk Status
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				Officers	Rating	Rating		
ST164	Annual allocation of the Integrated Care Fund (ICF) - Short term funding may undermine medium term service delivery	Strategic Risk	Susie Lunt - Senior Manager, Integrated Services and Lead Adults	Jacque Slee - Team Manager Performance				Open
ST166	Rate of increase of adult safeguarding referrals will outstrip current resources	Strategic Risk	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Jacque Slee - Team Manager Performance				Open
ST168	Knowledge and awareness of safeguarding not sufficiently developed in all portfolios	Strategic Risk	Fiona Mocko - Strategic Policies Advisor	Jane M Davies - Senior Manager, Safeguarding & Commissioning				Open
ST169	Failure to implement safeguarding training may impact on cases not being recognised at an early stage.	Strategic Risk	Fiona Mocko - Strategic Policies Advisor					Open
ST162	Delivery of social care is insufficient to meet increasing demand	Strategic Risk	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Jacque Slee - Team Manager Performance				Closed
ST165	Early Help Hub cannot deliver effective outcomes	Strategic Risk	Craig Macleod - Senior Manager, Children's Services & Workforce	Jacque Slee - Team Manager Performance				Closed

2 Ambitious Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST170	Infrastructure investment does not keep pace with needs and business is lost to the economy	Strategic Risk	Andrew Farrow - Chief Officer - Planning, Environment and Economy	Niall Waller - Service Manager - Enterprise and Regeneration	Amber	Amber		Open
ST171	Support for businesses in Flintshire doesn't meet their needs and fails to encourage investment	Strategic Risk	Andrew Farrow - Chief Officer - Planning, Environment and Economy	Niall Waller - Service Manager - Enterprise and Regeneration	Amber	Amber		Open
ST172	The stability of local and sub-regional economies	Strategic Risk	Andrew Farrow - Chief Officer - Planning, Environment and Economy	Niall Waller - Service Manager - Enterprise and Regeneration	Amber	Amber		Open
ST173	The region having a sufficient voice at Welsh Government and UK Government levels to protect its interests	Strategic Risk	Andrew Farrow - Chief Officer - Planning, Environment and Economy	Niall Waller - Service Manager - Enterprise and Regeneration	Amber	Yellow		Open



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3 Learning Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST174	Those schools who do not recognise their need for improvement and external support	Strategic Risk	Vicky Barlow - Senior Manager - School Improvement Systems	Jeanette Rock - Senior Manager - Inclusion and Progression	Amber	Amber		Open
ST175	Leadership capacity does not match school needs	Strategic Risk	Vicky Barlow - Senior Manager - School Improvement Systems	Jeanette Rock - Senior Manager - Inclusion and Progression	Amber	Yellow		Open
ST176	Impact of Additional Learning Needs reforms	Strategic Risk	Jeanette Rock - Senior Manager - Inclusion and Progression	Vicky Barlow - Senior Manager - School Improvement Systems	Red	Amber		Open
ST177	Local employers and learning providers do not work closely enough to identify and meet the skills based needs of the future	Strategic Risk	Vicky Barlow - Senior Manager - School Improvement Systems	Niall Waller - Service Manager - Enterprise and Regeneration	Amber	Amber		Open
ST178	Sustainability of funding streams	Strategic Risk	Vicky Barlow - Senior Manager - School Improvement Systems	Vicky Barlow - Senior Manager - School Improvement Systems	Red	Red		Open

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Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting	Initial Risk	Current Risk	Risk Trend	Risk Status
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				Officers	Rating	Rating		
ST179	Numbers of school places not matching the changing demographics	Strategic Risk	Damian Hughes - Senior Manager, School Planning & Provision	Vicky Barlow - Senior Manager - School Improvement Systems	Red	Red		Open
ST180	Limited funding to address the backlog of known repair and maintenance works in Education & Youth assets	Strategic Risk	Damian Hughes - Senior Manager, School Planning & Provision	Vicky Barlow - Senior Manager - School Improvement Systems	Red	Red		Open



4 Green Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST181	Reduction of the Single Environment Grant	Strategic Risk	Tom Woodall - Access and Natural Environment Manager	Lynne Fensome - Management and Support Manager	Amber	Amber		Open
ST182	Limitations on suitable Council sites with sufficient area for larger scale renewables schemes and suitable connections to the electric grid	Strategic Risk	Sadie Waterhouse - Energy Conservation Engineer	Lynne Fensome - Management and Support Manager	Amber	Amber		Open
ST183	Funding will not be secured for priority flood alleviation schemes	Strategic Risk	Ruairi Barry - Senior Engineer	Lynne Fensome - Management and Support Manager	Red	Red		Open
ST186	Insufficient funding to ensure our highways infrastructure remains safe and capable of supporting economic growth	Strategic Risk	Barry Wilkinson - Highways Networks Manager	Lynne Fensome - Management and Support Manager	Amber	Amber		Open
ST187	Sufficient funding will not be found to continue to provide subsidised bus services.	Strategic Risk	Ceri Hansom - Integrated Transport Unit Manager	Lynne Fensome - Management and Support Manager	Amber	Amber		Open
ST188	Supply chain resilience of transport providers	Strategic Risk	Katie Wilby - Transportation and Logistics Manager	Lynne Fensome - Management and Support Manager	Amber	Yellow		Open

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Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST189	Adverse weather conditions on the highway network	Strategic Risk	Barry Wilkinson - Highways Networks Manager	Lynne Fensome - Management and Support Manager	 Amber	 Amber		Open
ST190	Lack of community support for transport options	Strategic Risk	Ceri Hansom - Integrated Transport Unit Manager	Lynne Fensome - Management and Support Manager	 Yellow	 Yellow		Open

5 Connected Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST191	The capacity and appetite of the community and social sectors	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Amber	Amber		Open
ST193	Market conditions which the new alternative delivery models (ADM's) face	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Amber	Amber		Open
ST194	Limitations on public funding to subsidise alternative models (ADM's)	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Amber	Amber		Open
ST195	Procurement regulations stifling our ability to develop local community and third sector markets	Strategic Risk	Gareth Owens - Chief Officer - Governance		Amber	Amber		Open
ST196	Newly established Social Enterprises and Community Asset Transfers failing in their early stages of development.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Cher Lewney - Digital Customer & Community Resilience Programme Manager	Amber	Amber		Open

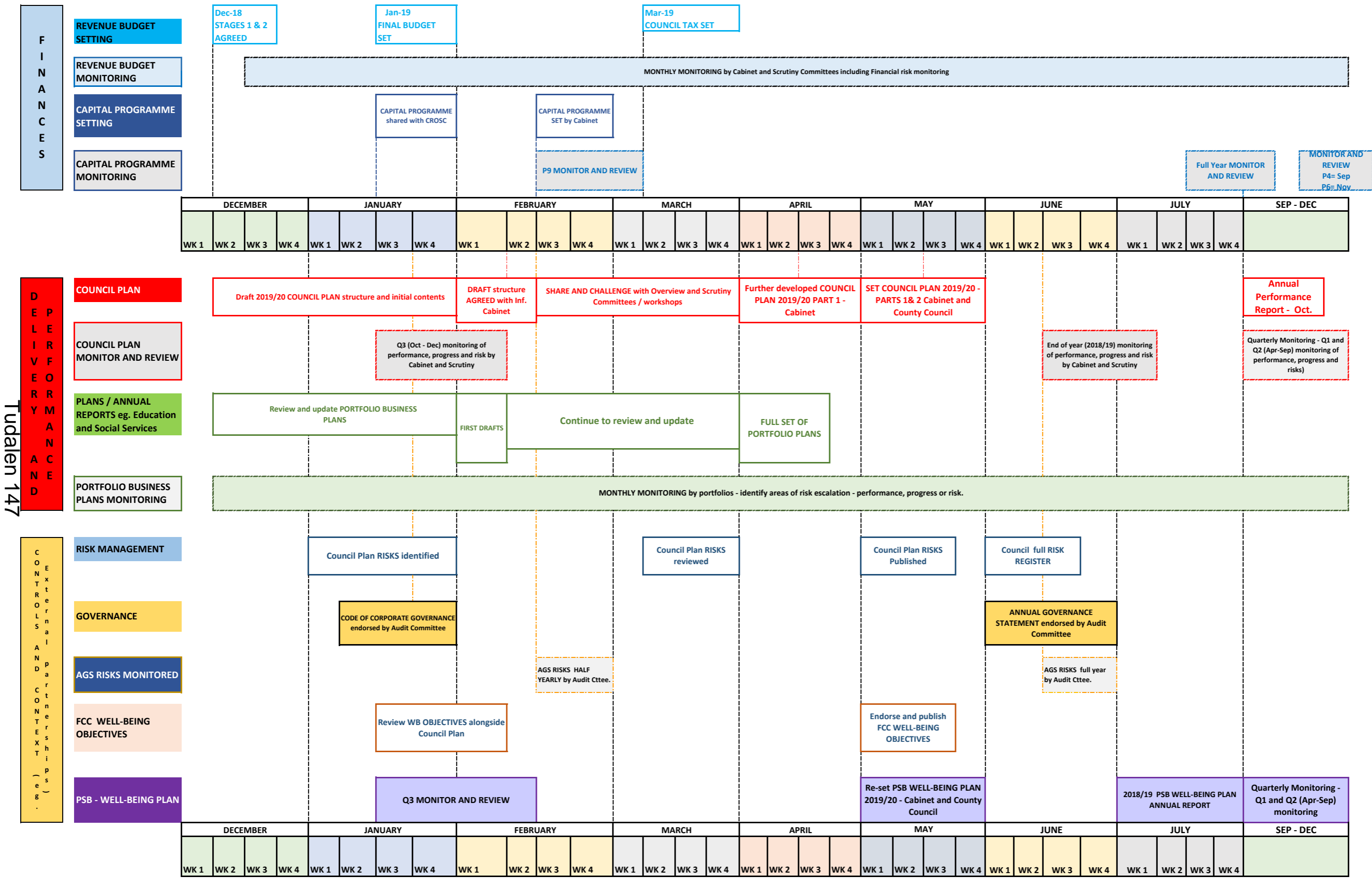
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6 Serving Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST197	The scale of the financial challenge	Strategic Risk	Gary Ferguson - Corporate Finance Manager	Sara Dulson - Corporate Accounting and Systems				Open
ST198	The capacity and capability of the organisation to implement necessary changes.	Strategic Risk	Gareth Owens - Chief Officer - Governance	Cher Lewney - Digital Customer & Community Resilience Programme Manager				Open

Mae'r dudalen hon yn wag yn bwrpasol

BUSINESS AND FINANCIAL PLANNING CYCLE



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Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 7



AUDIT COMMITTEE

Date of Meeting	Friday, 15 February 2019
Report Subject	Annual Review of the Code of Corporate Governance
Portfolio Holder	Leader of the Council
Report Author	Chief Executive

EXECUTIVE SUMMARY

The Code of Corporate Governance forms part of the Constitution. It is reviewed and updated annually to ensure it is up to date and complies with all relevant legislation and other requirements.

The Code of Corporate Governance forms part of the Council's Constitution and is to be presented for endorsement by the Constitution and Democratic Services Committee in March.

RECOMMENDATIONS

1.	The Committee to endorse the updated Code of Corporate Governance for adoption as part of the Council's Constitution.
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REPORT DETAILS

1.00	EXPLAINING THE REVIEW OF THE CODE OF CORPORATE GOVERNANCE
1.01	<p>The Corporate Governance Working Group (CGWG) has two main roles:- the annual review of the Code of Corporate Governance; and the preparation of the Annual Governance Statement (AGS).</p> <p>Under both roles the Group prepares draft documentation for consideration by the Chief Executive, Monitoring Officer and Section 151 Officer prior to consideration by the Audit Committee. The membership of this officer working group is shown in Appendix 1.</p>

1.02	<p>The Council’s Code of Corporate Governance forms part of the Constitution and applies to all parts of the Council’s business. Members and employees of the Council in carrying out its business must conduct themselves in accordance with the high standards expected.</p> <p>The Code draws from work and guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) and their joint document entitled ‘Delivering Good Governance in Local Government: Guidance Notes for Welsh Authorities 2016’.</p>
1.03	<p>The relationship between the CIPFA /SOLACE guidance, the Code of Corporate Governance, the Annual Governance Statement, Council Plan and the Audit Committee’s responsibilities for these and risk management, is shown in the diagram below.</p>
1.04	<p>The CIPFA/SOLACE Guidance note for Welsh Authorities was received in December 2016 following revision to take account of Welsh legislation and Wales only policies in particular the Well-being of Future Generations (Wales) Act 2015.</p> <p>The CIPFA/SOLACE Framework is intended to assist authorities in ensuring that:</p> <ul style="list-style-type: none"> • resources are directed in accordance with agreed policy and according to priorities; • there is sound and inclusive decision making; and • there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. <p>As a result of the revised Guidance note, the Code of Corporate Governance was significantly revised in 2017. The format was also simplified and modernised with an increased use of hyperlinks.</p>

	<p>The updating and formatting review of the code was initially carried out by the Corporate Governance Working Group followed by consultation with the Chief Executive, Monitoring Officer and Section 151 Officer.</p> <p>The revised code can be seen at Appendix 2.</p>
1.05	<p>The principles for the code (taken from the Framework) are as follows:</p> <p>A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law</p> <p>B - Ensuring openness and comprehensive stakeholder engagement</p> <p>C – Defining outcomes in terms of sustainable economic, social and environmental benefits</p> <p>D – Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it</p> <p>F - Managing risks and performance through robust internal control and strong public financial management</p> <p>G - Implementing good practices in transparency, reporting and audit to deliver effective accountability.</p>
1.06	<p>The principles of the Code are to be used in self assessments to Chief Officers and Overview and Scrutiny Committee chairs to help inform the preparation of the Annual Governance Statement.</p>

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

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	With the Corporate Governance Working Group, Chief Executive, Monitoring Officer, section 151 Officer and senior officers where appropriate.

4.00	RISK MANAGEMENT
4.01	<p>The main risk is in not updating the Code, meaning it does not reflect the systems in place or meet the requirements.</p> <p>Similarly, in order to comply with requirements, the AGS needs to be prepared each year with input from members and officers, including an annual review of the effectiveness of governance.</p>

	Both these risks are addressed through the adopted processes and approach each year, which reflect new or additional best practice and guidance.
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5.00	APPENDICES
5.01	Appendix 1: Compilation of Officer Working Group Appendix 2: Code of Corporate Governance

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Karen Armstrong, Corporate Business and Communications Executive Officer</p> <p>Telephone: 01352 702740</p> <p>E-mail: karen.armstrong@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>(1) Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities.</p> <p>It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership.</p> <p>It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p>

Corporate Governance Working Group Membership

Karen Armstrong (Chair)	Corporate Business and Communications Executive Officer
Jay Davies	Strategic Performance Advisor
Lisa Brownbill	Internal Audit Manager
Sue Ridings	Accountant
Robert Robins	Democratic Services Manager
Lyn Phillips	Democratic Services Team Leader
Mandy Humphries	IT Services Business Manager
Sharon Carney	Senior Manager, Human Resources & Organisational Development

January 2019

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CIPFA/SOLACE Delivering Good Governance in Local Government Framework

Flintshire County Council – Code of Corporate Governance 2018-19

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Section	Core Principles	Page
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	2
B	Ensuring openness and comprehensive stakeholder engagement	6
C	Defining outcomes in terms of sustainable economic, social and environmental benefits	9
D	Determining the interventions necessary to optimise the achievements of the intended outcomes	12
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it	15
F	Managing risks and performance through robust internal control and strong financial management	19
G	Implementing good practices in transparency, reporting and audit to deliver effective accountability	25
	Assurance Statement	28

The Council is the Administering Authority for the Clwyd Pension Fund (the Pension Fund). The governance arrangements detailed in this Annual Governance Statement apply equally to the Council's responsibilities to the Pension Fund.

There are further specific requirements for the Pension Fund which are:

- The Statement of Investment Principles;
- Funding Strategy Statement;
- A full Actuarial Valuation to be carried out every third year.

A. Core principle: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

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

Behaving with integrity

1. Ensuring members and employees behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Organisation.
2. Ensuring members take the lead in establishing specific values for the organisation and its employees and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)
3. Leading by example and using these standard operating principles or values as a framework for decision making and other actions.
4. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies/processes such as which are reviewed on a regular basis to ensure that they are operating effectively.

- The Council's Constitution contains the general principles for the Council's governance arrangements and the Monitoring Officer monitors and reviews its operation to ensure that the aims and principles are given full effect and kept relevant. Sections 19-23 of the Constitution have the Codes of Conduct and Protocols which Members and Officers (employees) have agreed to comply with. The Council requires members, whether they are elected or co-opted, to sign and to be bound by our Code of Conduct. Collectively, these codes and protocols reflect the Nolan Principles and translate them into behaviours that support the principles. This information can be found in the [Constitution](#):
 - *Code of Conduct for Members* (1,2,3,& 4)
 - *The Flintshire Standard which contains a Local Resolution Procedure for complaints about member behaviour* (1,2,3 & 4)
 - *Protocol for members in their dealings with contractors, developers and other third parties.* (1,3 & 4)
 - *Protocol on Member/ Officer relations* (1,2,3 & 4)
 - *Officers' Code of Conduct* (1,3 & 4)
- The Council operates an effective elections protocol, ensuring high standards are upheld during election periods. (1)
- Employees are also bound by a policy of 'politically restricted posts'. This policy ensures that all qualifying employees comply with any statutory restrictions on their political activities. (1)
- The Council has an appraisal system for employees which is based on the Council's [Behavioural Competency Framework](#) (3) and links to the Council's objectives set out in the [Council Plan](#). There are also [Diversity and Equality](#) and [Dignity at Work](#) policies. (1,2,3 & 4)
- The Council has an [Anti-fraud and Corruption Strategy](#), [Fraud Response Plan](#) and a [Whistleblowing Policy](#) which are reviewed and updated

periodically. (1,2, 3, & 4)

Demonstrating strong commitment to ethical values

5. Seeking to establish, monitor and maintain the organisation's ethical standards and performance
6. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's operation
7. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
8. Ensuring the external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation

- The Council's reputation and standing are important, and the Council's commitment to the rule of law and ethical values is expressed in: 'Gorau Tarian Cyfiawnder' (The Best Shield is Justice) which is the motto on the Council's coat of arms. The Council observes the seven principles of public life (Nolan principles) which are selflessness, integrity, objectivity, accountability, openness, honesty and leadership [Striking the Balance - Upholding the Seven Principles of Public Life in Regulation](#)
- The Council's commitment to these principles is shown in the codes and policies below which is found in the [Constitution](#):
 - *Code of Conduct for Members* (5,6)
 - *The Flintshire Standard* which contains a *Local Resolution Procedure for complaints about member behaviour* (5,6)
 - *Protocol for members in their dealings with contractors, developers and other third parties.* (5,6)
 - *Protocol on Member/ Officer relations* (5,6)
 - *Officers' Code of Conduct* (5,6)
- The Constitution contains comprehensive Contract and Financial Procedure Rules governing the procurement process to be adopted in conducting the Council's business, they are available on the website. [The Contract Procedure Rules](#) were reviewed in 2016 and [Financial Procedure Rules](#) (FPRs) are reviewed every two years. The latest review of FPRs was undertaken in November 2017.(7)
- The Council's [Procurement Strategy](#) enables the delivery of cost effective goods and services and ensures that the contribution of the Council's procurement activity on the local economy, especially social enterprise is improved. (7)
- The Contract Procedure Rules ensure that obligations under the [Wellbeing of Future Generations \(Wales\) Act 2015](#) as well as the Public Sector Equality Duty under the [Equality Act 2010](#) are complied with. (8)
- The Council has adopted a draft set of Community Benefits to underpin procurement, grants and community-related activity. Developments are being made to this original set to secure wider social value benefits. (8)

Respecting the rule of law

9. Ensuring members and employees demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.
10. Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.
11. Striving to optimise the use the Council's full powers available for the benefit of its citizens, its communities and other stakeholders.
12. Dealing with breaches of legal and regulatory provisions effectively.
13. Ensuring corruption and misuse of power are dealt with effectively.

- The Council's Chief Officer (Governance) is the Monitoring Officer and Senior Information Risk Officer (SIRO) (9,10,11,12,13)
- The Internal Audit function within the Governance Portfolio reports regularly to the Audit Committee. Membership of the Audit committee includes an independent lay member. (9,11,12,13)
- The Council has a Standards Committee comprising nine members, five of whom are independent of the Council, three are county councillors and the other represents community councils. The committee promotes and maintains high standards of conduct by councillors and co-opted members. (9,10,11,12,13)
- The Council's relationship with the Wales Audit Office and other regulatory bodies remains strong. (11)
- The Council has a robust Overview & Scrutiny function which consists of six committees which each have 15 elected members and dedicated officer support. (9,10,11) The committees are:
 - Community & Enterprise;
 - Corporate Resources;
 - Education & Youth, which has five statutory co-opted members;
 - Environment;
 - Organisational Change; and
 - Social & Healthcare

In addition, the chairs and vice –chairs of the Audit committee and the Overview & Scrutiny Committees now meet on a quarterly basis as a Liaison Group to ensure that there is co-ordination and to avoid duplication of activity between the functions.(10)
- If the Council fail to address or resolve customer complaints to the complainant's satisfaction, they have recourse to the Public Services Ombudsman for Wales, whose contact details are published on the Council's website. (9,10,12,13)
- The Council is answerable to other regulatory/statutory bodies, examples include Information Commissioner's Office and the Equality and

Human Rights Commission, plus the four Welsh Commissioners for Welsh Language, Future Generations, Children and Older People. (9, 11,12)

- In addition to its open culture, the Council has a clear Whistleblowing Policy for those who wish to report malpractice. This policy is also promoted to contractors with the council.

B. Core principle: Ensuring openness and comprehensive stakeholder engagement

Ensuring openness and comprehensive stakeholder engagement

Openness

14. Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.
15. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping decisions confidential should be provided.
16. Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.
17. Using formal and informal consultation and engagement to inform the most appropriate and effective interventions / courses of action.

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- The Council uses the website, its intranet and its partner and partnership networks to continually demonstrate its commitment to openness. (14)
- Most reports are considered in public and where this is not the case, the Committee has resolved to exclude the press and public after the Monitoring Officer or Deputy Monitoring Officer have decided there is a proper legal basis for doing so. The Council's Overview and Scrutiny Committees produce an [annual report](#) on their work which is considered by the Council. The committee agenda & minutes held on the Council's website provides a record of the Council decision making and supporting information. Audit committee receive a report on all open internal audit actions within Portfolios which is a public document. In addition County Council and Planning Committee meetings are streamed via live webcast.(15)
- The report author provides a summary of the main features of the report, which identifies how the recommendations have been arrived at. Minutes of meetings are drafted to provide the reader with the 'sense' of the meeting, leading to the decisions made which are reflected in the resolutions recorded. All committee papers, excluding part two items, are available within the public domain. (16)
- Consultation and engagement with customers and communities takes place on a number of different levels: representative democracy through elected members, structured engagement through for example the County Forum meetings (with Town and Community Councils), formal needs assessments through strategic partnerships, surveys and feedback mechanisms such as workshops and roadshows. The methods used are selected according to requirements, audience and coverage. The feedback received helps to shape and develop how the Council does things and assists decision makers in understanding the impacts on communities. (17)
- The Council has [Core Principles for Public Engagement and Consultation](#), a [Compliments, Concerns and Complaints](#) feedback arrangement and a [Customer Services Strategy](#) (17)

- The Council's consultation and engagement practices are varied in both scale and method depending upon the nature of the subject area. They can range from a voluntary household survey on a variety of council issues to a detailed statutory engagement process such as those undertaken for school reviews and social service changes. (17)
- The Council has channels of communication with all sections of the community and other stakeholders and puts in place proper monitoring arrangements to ensure they operate effectively.
Methods of communicating include:-
 - e-magazine updates
 - Website
 - Social Media
 - Publications and leaflets
 - Events
 - Established links and regular meetings with local interest groups/forums
 - Invitations to members of the public to submit issues they consider should be considered by Overview and Scrutiny Committees
 - Consultation on the budget process with local stakeholders (residents and businesses) to help shape its budget proposals and encourage community involvement. (17)

Engaging comprehensively with institutional stakeholders

18. Effectively engaging with stakeholders to ensure that the purpose, objective and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.
19. Developing formal and informal partnerships to allow for resources to be used more effectively and outcomes achieved more effectively.
20. Ensuring that partnerships are based on trust, a shared commitments to change, a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit.

- The Council has formal and informal collaborative arrangements with other institutional stakeholders to allow for resources to be used more effectively and outcomes achieved more effectively. The statutorily based [Public Services Board](#) is one of many collaboration partnerships across agencies; other collaborations revolve around regional services e.g. education (GwE) and Social Services Commissioning Hub. Other strategic partnerships include the Voluntary Sector Compact, People are Safe Board, Youth Justice Executive Board, Health, Wellbeing and Independence Board, the Part 9 Board, Regional Safeguarding Board and the North Wales Economic Ambition Board. The Council also holds quarterly meetings with the Town and Community Councils as the County Forum for common issues to be discussed and to raise awareness of council developments. The Town and Community Councils are also now represented on the Public Services Board.(18,19)

- The Public Services Board adopted its [Well-being Plan](#) in May 2018. This Plan is used by partners across the County to lead on priorities and projects to improve well-being.(19)
- Two significant partnerships were established in 2017/18: Newydd, as a local authority trading company for catering and cleaning; and Aura, a workforce-owned community benefit society for leisure and libraries. Both are managed by joint partnership boards. (19)
- Whenever a new partnership is created, care is taken to ensure that its legal status is clear, that it has appropriate terms of reference and that representatives are aware of the extent to which they can bind the Council. The Cabinet has set and agreed a protocol for the governance of partnership working including the full involvement of appropriate Overview and Scrutiny Committees and the Audit Committee. [Partnership self-assessments](#) include assessing the behaviour, performance, value for money and procedures of partnership arrangements. (20)

Engaging stakeholders effectively, including individual citizens and service users

21. Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.
22. Ensuring communication methods are effective and that members and employees are clear about their roles with regard to community engagement.
23. Encouraging, collecting and evaluating the views and experiences of citizens, service users and organisations of different backgrounds including reference to future needs.
24. Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.
25. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.
26. Taking account of the interests of future generations of tax payers and services users.

- The Council has a consultation and engagement framework and guidelines/policy document plus adoption of a set of core consultation and engagement principles based on nationally identified best practice. (21,23,24)
- Communication methods are continually being reviewed to adapt to changing technologies and their impact. Members and employees have clear roles of accountability; members through their representative democracy and employees through more structured assessments, surveys and other ongoing impact and evidence gathering conversations such as those in Social Services. (22)
- The Council takes into account the impact and consequences of decisions on all members of the community through integrated assessment planning; especially with regard to budget planning and alternative delivery models. (25)
- The Council makes prudent judgements about the use of resources in line with the Wellbeing of Future Generations Act. (26)

C Core principle: Defining outcomes in terms of sustainable economic, social and environmental benefits

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

Defining outcomes

27. Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.
28. Specifying the intended impact on, or changes for, stakeholders including individual citizens and service users. It could be immediately or over the course of a year or longer.
29. Delivering defined outcomes on a sustainable basis within the resources that will be available.
30. Identifying and managing risks to the achievement of outcomes.
31. Managing expectations effectively with regard to determining priorities and making the best use of the resources available.

- The County Council's [Council Plan 2018/19](#) is available on the Council's website. The Council Plan has been reset to reflect commitments and priorities for 2018/19. (27, 28)
- The Council sets a number of priorities for itself and jointly as part of the Well-being Plan with partners. Priorities for the 2018/19 Council Plan are: Supportive Council, Ambitious Council, Learning Council, Green Council, Connected Council and Serving Council. Each priority has a statement of outcome, achievement targets (both as performance measures and milestones) and rationale for the selected priority. All priorities are reviewed annually in terms of impact of particular changes. (27, 28)
- The Council has a resilient approach to Business Planning for sustainable services including efficiency and financial business planning to meet reductions in national funding and increases in local demands and pressures. (29)
- The Council's [Medium Term Financial Strategy](#) (summary 2016-19) and [Capital Strategy and Asset Management Plan 2016 – 2020](#) outline the resources that are available to deliver outcomes whilst maintaining valued services within the financial constraints. (29)
- Additionally the Council has set a series of 'Resilience Statements' for each portfolio which provides a measured assessment of the resilience of each service area. (29, 31)
- Risk management is integral to the Council's delivery of objectives, statutory duties, project and change programmes and partnership delivery. It is considered during development and monitoring of all the Council's priorities, projects and Portfolio Business Plans. Strategic risks within the Council Plan are monitored quarterly and reported to Cabinet, Overview and Scrutiny Committees. The Audit Committee receives a half yearly report on these risks. Programme Boards monitor all Business Plan risks. ([Risk Management Policy and Strategy](#)) (30)

- The Council's Portfolio Business Plan Programme measures efficiencies, reviews impact (acceptability and deliverability) with more in-depth impact assessments being undertaken where appropriate. (31)
- In addition the Council is supported by a number of corporate strategies which provide a clear framework for the management of Council resources and support council change and transition. These strategies are: the [Medium Term Financial Strategy](#), the [Capital Strategy and Asset Management Plan](#), the [Digital Strategy](#), the [Customer Services Strategy](#) and [People Strategy](#). (31)

Sustainable economic, social and environmental benefits

32. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.
33. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently whether there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints.
34. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.
35. Ensuring fair access to services.

- The Council is working towards the Well-being of Future Generations (WCFG) principles of sustainability which include economic, social, environmental and cultural impacts within all of its objectives and obligations. (32,33)
- The Council's budget setting policy and approach is one which seeks to protect and sustain for the longer term valuable public services.(32,33)
- The Council has an updated, standard report format and supporting guidance. Report authors should identify any risks, impacts and mitigations within a section of the report "Key Risks and Mitigation". A paragraph in the main body of the report should confirm that an Equality and Welsh Language Impact Assessment (EWLIA) to comply with the Equality Act 2010 Public Sector Equality Duties and Welsh Language Standards has been carried out. If an EWLIA has not been completed, authors are required to state the reasons why one was not needed. (32)
- Reports must also consider any implications under the [Wellbeing of Future Generations \(Wales\) Act 2015](#). This places a sustainable development and wellbeing duty on public bodies, together with the need to measure performance towards those wellbeing goals and objectives. (32,33 and 34)
- The annual Capital programme is linked to the [Capital Strategy and Asset Management Plan 2016 – 2020](#) and is available on the website. (32,33)
- The Strategy is in three parts, Statutory/Regulatory, Retained Assets and Investments. The Investment section is for new schemes arising from

Portfolio Business Plans and the Council Plan based on sound business cases. (32)

- Equality and Welsh Language Impact Assessments are undertaken as part of a wider Integrated Impact Assessment process and should be published in relation to policy and business decisions as well as setting the budget. The Impact Assessment also integrates with the requirements of the WBFG (34,35)

D. Core principle: Determining the interventions necessary to optimise the achievements of the intended outcomes

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

Determining interventions

36. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.
37. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.

- Discussions between Members and employees on the information needs of members to support decision making can take place in a number of ways: formally at a committee meeting, or informally at a Task & Finish group, workshop or briefing. (36) Examples can be found within the [Committee System](#)- particularly when considering Business Plan efficiency proposals and quarterly performance reports.
- During discussions at committees, additional information can be requested. This is with agreement of the timescales: (36) examples can be found in [committee minutes](#).
- Report authors are required to indicate what consultation was required, what was undertaken and the results. Section B of the guidance on report writing provides further details including the template. (37) [Guidance Notes](#).

Planning interventions

38. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.
39. Engaging with internal and external stakeholders in determining how services and other interventions can best be delivered.
40. Considering and monitoring risks facing each partner when working collaboratively including shared risks.
41. Ensuring arrangements are flexible/agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.
42. Establishing appropriate local performance indicators (as well as statutory or other national performance indicators) as part of the planning process in order to assess how the performance of services is to be measured.
43. Ensuring capacity exists to generate the information required to review service quality regularly.
44. Preparing budgets in accordance with organisational objectives, strategies and the medium term financial strategy.
45. Informing medium and long term resources planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.

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- The Council's Schedule of Meetings for the ensuing municipal year is considered at the Annual Meeting of Council which is held each May. The Forward Work Programme for Council, Cabinet and Committees is considered at each meeting of the Cabinet. Each of the six Overview & Scrutiny committees reconsiders its forward work programme at each ordinary meeting. This ensures that it stays relevant to committee needs. (38,39)
- The Council's financial and business planning framework works on an annual basis and is described in a document which has been endorsed by Corporate Resources Overview and Scrutiny Committee. [Business and Financial Planning cycle](#). (38)
- Business planning and objective planning and monitoring are contained within quarterly and Council Plan reporting. (38)
- The Council's consultation and [engagement framework and guidelines/policy document policy](#) provides guidance regarding internal and external stakeholder involvement. In addition co-production is being used as a methodology (especially in Social Services) to involve users in the commissioning of services. (39)
- The Council has a range of partnerships working at different levels. [Risk management](#) is an important and essential consideration for all partnerships that the Council lead on. This can be demonstrated by the partnership self-assessment that the Strategic Partnerships undertake on a bi-annual basis to determine risks/challenges for each of the partners and the partnership itself. (40)
- Reviews of shared risks are undertaken at the various partnership boards. (40)
- A regular reviews of plans is undertaken at strategic levels during quarterly monitoring. The Council's Programme Boards also review efficiency plans on a monthly basis. (41)
- In setting direction and prioritising resources the Council sets performance targets against each priority and monitors them through the use of National Key Performance Indicators (KPI's) set by the Welsh Government and the local government family, and local indicators set by the Council. Performance indicators are the 'success measures' for the Council and viewed publicly by Government, regulators and the public. (42)
- The CAMMS system (performance, risk and project management system) assists with the capacity requirements both at portfolio level and corporately to review service quality. The Council also engages with a range of benchmarking groups such as the Association for Public Service Excellence (APSE), Consortium of Local Authorities in Wales (CLAW) etc. to review service quality and productivity. (42)
- The Council is also considering a wider range of information to help inform performance and productivity of services. (42)
- Detailed performance results and areas where corrective action is necessary are highlighted in relevant reports. Capacity is reviewed as part

of business planning to identify where resources are needed. (43)

- Budgets are prepared in accordance with organisational objectives, strategies and the Medium Term Financial Strategy (MTFS) (44)
- The [MTFS](#) and annual budget setting process aims to ensure that planning decisions are informed by realistic estimates of expenditure and revenue (45)

Optimising achievement of intended outcomes

46. Ensuring the medium term financial strategy integrates and balances off service priorities, affordability and other resource constraints.
47. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.
48. Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.
49. Ensuring the achievement of 'social value' or 'community benefits' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community... over and above the direct purchasing of goods, services and outcomes"

- [The Medium Term Financial Strategy](#) (MTFS) and annual budget setting process integrates priorities with resource constraints. The MTFS is in two parts. The first forecasts the resources the Council is likely to have over the next three years. The second part sets out plans and solutions for managing with reducing resources over this three year period. (46,47)
- The annual budgeting process and Portfolio business plans take into account the medium and long term priorities from the MTFS aligned with the resources made available to the Council. (46,47,48)
- [The Procurement Strategy](#) and [Contract Procedure Rules](#) ensure that adequate emphasis is placed on 'community benefit'. (49)
- The Council has a draft set of Community Benefits to underpin procurement, grants and community-related activity. Developments are being made to this original set to secure wider social value benefits. (49)

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

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

Developing the entity's capacity

50. Reviewing operations, performance and, use of assets on a regular basis to ensure their continuing effectiveness.
51. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the Council's resources are allocated so that outcomes are achieved effectively and efficiently.
52. Recognising the benefits of partnerships and collaborative working where added value can be achieved.
53. Developing and maintaining an effective workforce plan to enhance strategic allocation of resources.

- The Annual Performance Report provides detailed information of the Council's plans and their desired impacts. (50,51)
- The Annual Performance Report provides a general performance and progress profile as to how the Council is improving the level of efficiency and effectiveness of its services in line with its Council Plan. (50,51)
- The Council's Capital Strategy and Asset Management Plan as agreed by County Council in January 2016 also provides a longer term (10 year) view which is to be reviewed on a periodic basis. (50,51)
- The Council's People, Digital and Customer Strategies are reviewed and developed as part of Portfolio planning and monitoring. (50)
- The Council engages with a range of benchmarking groups such as the Association of Public Service Excellence; Consortium of Local Authorities in Wales; CIPFA etc. to review service quality and productivity. (51)
- The Wales Audit Office review the Council's performance and value for money arrangements through their Improvement Assessment work and report their findings in various letters and their Annual Improvement Report. (51,52)
- The benefits of collaborative working with partners can be seen through the work of the Flintshire Public Services Board and its predecessor the Local Service Board. Flintshire is the lead on the North Wales Residual Waste Treatment Project, having recognised that the scale and cost was beyond the capacity of a single local authority acting alone. The value of partnership and collaborative working is recognised by the Council as something that helps sustain services and provides added value to programmes such as intervention and prevention, where one partner acting alone cannot effect the change that is needed. (52)
- The Council's [People Strategy](#) has been considered and endorsed by the Cabinet and the Corporate Resources Overview & Scrutiny Committee. (53)

- Employee capacity and assurance methodologies to support change management have been developed by the Council using such techniques as transition plan management, workforce succession plans and service resilience and efficiency statements. (53)

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

54. Developing protocols to ensure that elected and appointed leaders negotiate their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.
55. Publishing a statement that specifies the types of decisions delegated to the executive and those reserved for the collective decision making of the Council.
56. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the Council in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.
57. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the Council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.
58. Ensuring employees have access to appropriate induction tailored to their role with ongoing training and development matching individual and organisational requirements is available and encouraged.
59. Ensuring members and employee have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to continuously update their knowledge.
60. Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from both internal and external governance weaknesses.
61. Ensuring that there are structures in place to encourage public participation.
62. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.
63. Holding employees to account through regular performance reviews which take account of training and development needs.
64. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

- The Council has adopted a Constitution, last reviewed December 2018, which includes a Delegation Scheme which identifies those decisions reserved to the County Council for decision, those local choice issues which are decided by the County Council, those decisions which will be taken by the Cabinet or its individual members, and those which are delegated to Chief Officers and senior officers. Local choice issues are reviewed at the Council's Annual Meeting. In this respect, the basic principle on which these rules are established is that the full Council sets the strategic direction through the adoption of policies and the budget, the Cabinet takes major decisions within the overall policy and budget framework and helps to develop new policies and officers take the day to day decisions within the policy and budget framework. The Delegation Scheme is subject to frequent review. (54,55)

- The Constitution sets out clearly the role of the Leader and Cabinet and in particular makes it clear that they are responsible for providing effective strategic leadership to the Council and for ensuring that the Council successfully discharges its overall responsibilities for the activities of the organisation as a whole. It also ensures through Financial Procedure Rules and the Scheme of Delegated Powers that there is effective control over the day to day conduct of the Council's business by requiring Member approval for decisions outside defined parameters. (56)
 - Section 11 and Appendix 1 of the Council's Constitution details the roles of the Head of Paid Services, Monitoring Officer and Chief Finance Officer (S151 Officer) and Statutory Head of Democratic Services. Job descriptions are also in place for all senior officers of the Council and the senior management structure is kept under review to ensure its continued appropriateness. (56)
 - The Council's Constitution includes the names and a description of the portfolios held by the Leader and other Members of the Cabinet. Their respective roles have been agreed and documented. Role descriptions are in place for all chairs and vice-chairs of Overview and Scrutiny Committees, regulatory committees and Members of Overview and Scrutiny Committees are similarly documented.(57)
 - Flexibilities within the senior management structure ensures the Council is able to respond successfully to changes in demands. (57)
 - Managers are responsible for ensuring all new employees have an induction. There is a generic induction checklist which is completed in addition to a service specific induction. The generic induction session is provided to groups of new employees and includes modules on customer care and governance. (58)
 - Following County Council elections a Member induction programme is devised and delivered. The Council ensures that Members have the skills required to undertake their roles and that those skills are developed on a continuing basis to improve performance through: (59)
 - Development and training workshops and briefings , including those provided by professional organisations.
 - Member induction training.
 - A mentoring system for Members.
 - .The Council's Member Development Strategy.
 - Training on the Members' Code of Conduct.
 - Specific training for Members on planning, licensing, audit and risk management.
- A Member Development & Engagement report is submitted to each quarterly meeting of the Constitution & Democratic Services Committee.
- For employees there is a competency based appraisal framework in place that is used to monitor and measure performance, competency, delivery of objectives within the services and any training and personal development needs. Succession planning is a key to manage the future skills and knowledge. The availability of coaching and mentoring has also been extended. (59)
 - The development of action plans as a response to issues raised by the Council's regulators, the emphasis which is placed on keeping Members informed and involved with new developments through appropriate workshops and briefings. The use of officer appraisals are all indicative of

the Council's commitment to being a 'learning organisation' and the Corporate Resources Overview & Scrutiny monitors portfolios to ensure that appraisals are carried out regularly (60)

- The Council has a range of public consultation methods, in addition to having a compliments and complaints scheme and statutory protocols for public engagement in Overview & Scrutiny (61)
- The Council welcomes peer reviews of both governance arrangements and service delivery to improve the effectiveness of leadership. (62)
- The Council ensures that career structures are in place for all employees and encourages participation and development through: (62,63)
 - development and review of a Corporate Performance Management framework
 - development and review of a People Strategy
 - periodic restructuring of the Council's senior management
 - annual competency based appraisals and continuous professional development
- The Council ensures that employees have the skills required to undertake their roles and that those skills are developed on a continuing basis to improve performance through: (63)
 - Employee appraisal as part of a performance management system which also identifies training and development needs and how these will be met
 - Induction training
 - Talent management
 - The development of leadership and management behavioural competencies
 - Development and training programmes, including those provided by professional organisations
 - Management Development Programme
 - Senior Management Academi
- All HR policies and Health and Wellbeing Policies are available on the internal Infonet. These include Manager support toolkits; Occupational Health support; development/revision of policies e.g. Drug and Alcohol abuse / Domestic abuse. The Council has also extended it's Employee Assistance Programme, 'Carefirst', to Members. This programme provides support 24 hours a day, 365 days of the year. (64)

F Core principle: Managing risks and performance through robust internal control and strong financial management

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

Managing risk

- 65. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.
- 66. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
- 67. Ensuring that responsibilities for managing individual risks are clearly allocated.

- A refreshed approach to risk management, approved by the Audit Committee in March 2018, incorporated a review of escalation procedures, operational risk and amends to the risk matrix, as well as stating Chief Officer and Cabinet member responsibilities. [Risk Management Strategy 2018](#) (65)
- Operational risks are captured and monitored through supporting plans and strategies within their operational areas and through project/programme boards as appropriate. Partnership and project risks are captured by and reported to the appropriate boards. (65,66)
- The Council identifies and evaluates its strategic risks in relation to the priorities within the Council Plan. These form the basis of the Council's strategic risk register. Accountability for risk ownership is clearly recorded within the CAMMS system for all strategic risks. Portfolio Business Plan risk owners are also clearly identified on the risk trackers. Strategic risks are reported on a quarterly basis to Cabinet and the relevant Overview and Scrutiny Committees as part of the Council Plan Monitoring Reports. Accountability for operational risks are detailed within individual service plans with clear escalation procedures in place to escalate from an operational to strategic risk. Additionally, Audit Committee receives a report twice yearly which includes a strategic risk summary/overview and seeks assurance on actions taken to reduce risks. (66,67)
- The development of a strategic risk register to further improve risk identification, escalation and mitigation has been initiated. This register will be a management resource containing the following four types of risks: - Corporate Strategy, Corporate Governance, Portfolio Strategy and Portfolio Operational. (65,66,67)

Managing performance

- 68. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.
- 69. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.
- 70. Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the Council's performance and that of any organisation for which it is

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responsible.

71. Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
72. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).

- Portfolio business efficiency plans focus on service reform through reduced operating costs, modernisation and improvement. Portfolio business plans and the associated efficiency tracking is being piloted using the CAMMS Performance Management system. Post implementation review and learning is undertaken at project level and also on a more collective basis by the Chief Officer team. (68)
- Integrated impact assessments to review financial, social and environmental implications, risks and mitigations have been developed by the Council to bring a co-ordinated and considered model of transparency to aid decision-making. (69)
- The Council has six Overview & Scrutiny committees (Community & Enterprise; Corporate Resources; Education & Youth; Environment; Organisational Change and Social & Healthcare), which are politically balanced and comprise 15 elected members each. Each acts as a critical friend, providing constructive challenge in order to contribute to continuous service improvement. The terms of the committees were redrawn with effect from the 2015 Annual meeting of Council, following an extensive review of the committee structure. The role of Overview & Scrutiny is to:
 - hold the Cabinet to account,
 - assist in improving and developing Council policies,
 - monitor service delivery; and
 - contribute to improving the local community.

This role is discharged both through consultation by the Cabinet and Chief Officers and also through the 'calling in' of Cabinet decisions by the six functional Overview & Scrutiny Committees. Each of those Committees engages in performance monitoring and management through the consideration of appropriate items such as performance objectives and indicator outturns, risk identification and mitigation. The work programmes of Overview & Scrutiny are updated and published on a regular basis. The involvement of the Overview & Scrutiny committees in Improvement and Performance is a key function, with reports being made to each of the committees on at least a quarterly basis. Members also sit on Programme Boards where progress and outcomes against service delivery plans is monitored. (70,71)

- In addition, the chairs and vice –chairs of the Audit committee and the Overview & Scrutiny Committees now meet on a quarterly basis as a Liaison Group to ensure that there is co-ordination and to avoid duplication of activity between the functions.
- The agendas and minutes of meetings are published on the Council's website and the Overview & Scrutiny Annual Report is published each autumn. (71)

- The Councils budget monitoring process and reports ensure that there is consistency between specification stages and budgets and post implementation reporting in financial statements, formal budget monitoring reports are reported to Members monthly at both Cabinet and the Corporate Resources Overview & Scrutiny Committee. (72)

Robust internal control

73. Aligning the risk management strategy and policies on internal control with achieving the Council's objectives.
74. Evaluating and monitoring the Council's risk management and internal control on a regular basis.
75. Ensuring effective counter-fraud and anti-corruption arrangements are in place.
76. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
77. Ensuring an audit committee or equivalent group or function which is independent of the executive provides a further source of effective assurance arrangements for managing risk and maintain an effective control environment and that its recommendations are listened to and acted upon.

- The Council's Risk Management Strategy and Policy plus other internal controls (financial, legal, workforce) align to the efficient and effective delivery of the Council's objectives in the Council Plan and those of the portfolio Business Plans, other portfolio strategic plans and individual service plans.(73)
- The Risk Management Strategy and Policy is reviewed and endorsed by the Audit Committee; its outcomes and effectiveness being reviewed at least half yearly through the strategic risk reports. In addition Internal Audit undertakes regular specific reviews of the effectiveness of the Risk Management Strategy. (74)
- Compliance with the Code of Practice on Managing Risk of Fraud and Corruption (CIPFA 2014) is assessed at each revision, non-compliance is identified and actions are taken to ensure compliance in line with [Corporate Anti-Fraud and Corruption Strategy](#). (75)
- The Internal Audit service is provided in accordance with the Public Sector Internal Audit Standards (PSIAS) and in accordance with the CIPFA Statement on the Role of the Head of Internal Audit. Internal Audit 'generally conforms' with the PSIAS requirements according to a self-assessment and external assessment in 2016/17, which means that the relevant structures, policies and procedures of the department, as well as the processes by which they are applied, comply with the requirements of the Standards and of the Code of Ethics in all material respects. (76)
- The Council has an Audit Committee consisting of seven politically balanced Members and a lay member. The Chair and Vice Chair are chosen by the Committee itself from amongst the opposition group(s), non-aligned Councillors, or lay member. It meets on a regular basis and is advised by the Council's Internal Audit Manager, and is normally attended by representatives of the Council's external auditors. All Members receive training and it is a requirement that only trained substitutes are allowed. The Audit Committee is further supported in the discharge of its functions

by:-

- Having appropriate arrangements in place for delivery of an adequate and effective Internal Audit function and ensuring adequate reporting arrangements to safeguard its independence.
- An up to date risk based Internal Audit Plan.
- Thematic training sessions.
- Systematic risk assessments in all areas of the Council's activities; both at a strategic level supporting the Council's improvement priorities and at an operational Chief Officer level. (77)

Managing Data

78. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to ensure the security of personal data used.
79. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.
80. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.

- The Data Management Framework and procedures are available to all employees via the Council's internal Infonet. (78)
- Data Protection is within the remit of the Information Governance Manager. The General Data Protection Regulation (GDPR) came into force in May 2018. There was a corporate project established 18 months prior to the implementation date to ensure a smooth transition..The responsibilities of the statutory Data Protection Officer have been allocated to the Information Governance Manager and Internal Audit, the role has been split to ensure independent scrutiny. The DPO acts independently on GDPR matters and reports directly to the Chief Officer Governance and where necessary Chief Executive. Internal Audit carried out a review of compliance in the lead up to May 2018 and have reported to Audit Committee. A follow up audit is scheduled to be completed in March 2019. Each Portfolio is responsible for maintaining a compliance action plan and a corporate action plan is being developed to ensure continued compliance. The Chief Officer Team receive monthly updates from the Information Governance Manager. (78)
- Data protection policies and procedures are available on the website: (78)
<http://www.flintshire.gov.uk/en/Resident/Data-Protection-and-Freedom-of-Information/Data-Protection.aspx>
<http://www.flintshire.gov.uk/en/Resident/Contact-Us/Privacy-Notice.aspx>
- There is a template for Data Processing Agreements and all Managers are required to send completed versions to the Information Governance Team to be held centrally. (78)
- The Council is signed up to the Wales Accord for Sharing Personal Information (WASPI). All Information Sharing Protocols (ISP's) must be

approved in line with the WASPI requirements. A log of all ISP's is held internally but is also available on the WASPI website <http://www.waspi.org/> (79)

- To comply with Data validation procedures all new IT systems must be assessed against the IT Technical Specification, this includes Data Validation. Suppliers will respond as compliant, partial compliant or non-compliant. Individual Service Managers will then decide whether to proceed based on the Supplier's response. (78,79,80)
- The Council is subject to an annual independent security assessment in order to connect to the Public Sector Network (PSN). (78)
- The quality and accuracy of data is checked in a number of ways: performance data is produced through the CAMMS system (internal controls and rules are prescribed by the Council) and also quality checked to ensure 'sense' and readability. Additionally, external checks are made by other bodies such as Wales Audit Office and Local Government Data Unit to ensure compliance with guidance. (80)

Strong public financial management

81. Ensuring the Council's financial management supports both long term achievement of outcomes and short-term financial and operational performance.
82. Ensuring well-developed financial management is integrated at all organisational levels of planning and control, including management of financial risks and controls.

- The Council has a [Medium Term Financial Strategy](#) which is published on the web site. (81)
- The strategy is in two parts, the first part forecasts the resources the Council is likely to have over the next three years and part two sets out the plans and solutions to managing with reducing resources.(81)
- Business efficiency plans are one of three parts of the Council's Medium Term Financial Strategy focusing on service reform through reduced operating costs, modernisation and improvement. (82)
- The Council's process for setting its annual revenue budget and capital programme is set out in the Budget and Policy Framework Procedure Rules in Part 4 of the Constitution. When the Council sets its budget, elected members take account of the level of risk and uncertainty regarding its budgetary estimates in the context of the prevailing economy, public services' climate and the demand for services. (82)
- The Council operates a scheme of delegated budgets supported by the Corporate Finance team which consists of central and service based finance teams supporting budget managers. Revenue budget monitoring reports, including full year forecasts, are reported to the Cabinet and the Corporate Resources Overview and Scrutiny Committee on a monthly basis. Capital Programme monitoring reports are reported to the

Cabinet and the Corporate Resources Overview and Scrutiny Committee on a quarterly basis. In both instances, these reports identify reasons for variances and set out any corrective action that is proposed. (82)

- The Council has adopted the Chartered Institute of Public Finance Accountants (CIPFA) Treasury Management in the Public Services: Code of Practice. Treasury Management is conducted in accordance with the Council's Treasury Management Policy Statement, Treasury Management Strategy and Treasury Management Practices. The Strategy is reviewed annually, with the Policy Statement and Practices reviewed every 3 years. All borrowing and long term financing is made in accordance with CIPFA's Prudential Code. Treasury Management update reports are made to the Audit Committee, Cabinet and Council on a regular basis. (82)
- The Council has established an internal set of performance indicators for the Medium Term Financial Strategy; a selection of which are set and monitored within the Council Plan (82)

G : Core principle: Implementing good practices in transparency, reporting and audit to deliver effective accountability

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

Implementing good practice in transparency

83. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
84. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny whilst not being too onerous for the Council to provide and for users to understand.

- The Council puts as much information as possible on the Council's website, in both English and Welsh. The report format has been revised to make reports simpler and shorter, with a glossary of technical terms now included. Report guidance for report authors has also been refreshed. The [Council's publication scheme](#) under the Freedom of Information Act 2000 is available on the website, so that public and stakeholders can see what information is readily accessible. (83,84)
- Easy read and accessible versions, including infographics of strategies and public documents are made where possible for publication on the website. (83,84)

Implementing good practices in reporting

85. Reporting at least annually on performance, value for money and the stewardship of its resources.
86. Ensuring members and senior management own the results.
87. Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (Annual Governance Statement).
88. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.
89. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.

- The Council publishes its [Annual Performance Report](#) and [Statement of Accounts 2017-18](#) on the website. (85)
- The Statement of the Authority's Responsibilities for the Statement of Accounts is signed by the Chair of the County Council and the Chief

Finance Officer. (86)

- The Council produces this annual Code of Corporate Governance and a Governance Statement which are produced in accordance with CIPFA/Solace principles. (87)
- An Annual Governance Statement is presented to Audit Committee and Council for approval every year. Once approved the Statement is signed by the Leader of the Council and the Chief Executive. The statement explains how the Council has complied with the Code of Corporate Governance, and met the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2014. The Code of Corporate Governance and the Annual Governance Statement are published on the Council's website. (87)
- Periodic review of any areas for improvement are monitored through the Chief Officer Team and reported to the Audit Committee. (87)
- If applicable, an appropriate accounting framework would be applied to jointly managed or shared services. (88)
- An audited and signed Statement of Accounts is published on an annual basis to reflect a true and fair view of the Council's financial position, as judged by the Council's external auditor (currently Wales Audit Office). Contained within the Statement of Accounts is a statement of responsibilities which confirms: - (89)
 - Compliance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain.
 - The Council manages its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
 - Suitable accounting policies have been selected and consistently applied.
 - Judgements and estimates made are reasonable and prudent.
 - Reasonable steps have been taken to prevent and detect fraud and other irregularities.
 - Proper accounting records have been kept and are up to date.

Assurance and effective accountability

90. Ensuring that recommendations for corrective action made by external audit are acted upon.
91. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to the Council's governance arrangements and recommendations are acted upon.
92. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.
93. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
94. Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

- External arrangements for regulation and assurance are provided by a number of statutorily appointed bodies principally the Wales Audit Office

(WAO), Estyn and the Care Inspectorate Wales (CIW). The Council has a well-established practice of dealing with findings from the external regulatory bodies through referral to committees, formal responses and tracking, and open publication of regulatory reports in committee papers (with availability on the website). An annual summary report is presented to the Audit Committee showing all regulatory reports, their findings, the Council's response and where they were reported to. (90) In addition to external regulation by statutorily appointed bodies the Council welcomes peer challenge from local government and the public services family e.g. Welsh Local Government peer reviews. (92)

- The Council also undertakes regular self-assessments of its services through service review approaches and business efficiency planning. External validation of these assessments is also welcomed via benchmarking and commissioned assessments. (92)
- The Internal Audit service is provided in accordance with the Public Sector Internal Audit Standards (PSIAS) and in accordance with the CIPFA Statement on the Role of the Head of Internal Audit. Internal Audit 'generally conforms' with the PSIAS requirements according to a self-assessment and external assessments in 2018/19 which means that the relevant structures, policies and procedures of the department, as well as the processes by which they are applied, comply with the requirements of the Standards and of the Code of Ethics in all material respects. (91)
- Alternative delivery models (ADM) for service provision, together with Community Asset Transfers (CAT) of major facilities such as Connah's Quay Swimming Pool and Holywell Leisure Centre, are supported by this Committee who also provide the capability to deal with such new approaches. The Organisational Change Overview and Scrutiny Committee is involved in the developmental stage of major work areas and continued monitoring. (93/94)

Assurance Statements

I am satisfied that there are effective governance arrangements in place, including a sound system of internal control, throughout the year ended 31st March 2018 and that this is ongoing.

Signed	Position	Date
	Chief Executive	
	Section 151 Officer	
	Chief Officer - Governance	

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Eitem ar gyfer y Rhaglen 8



AUDIT COMMITTEE

Date of Meeting	Friday, 15 February 2019
Report Subject	Internal Audit Progress Report
Cabinet Member	Not Applicable
Report Author	Internal Audit Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

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

The current report is attached.

RECOMMENDATIONS

1	To consider and accept the report.
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REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
1.01	Internal Audit gives a progress report to the Audit Committee every quarter as part of the normal reporting process. The report is divided into several parts.
1.02	The level of audit assurance for standard audit reviews is detailed within Appendix A. All reports finalised since the last committee meeting are shown in Appendix B.
1.03	During the Audit Committee facilitation workshop in September, it was agreed that a profile of the audit assurance and priority of actions would be included as part of the Internal Audit Progress report rather than waiting until the annual report. This will provide an oversight to Audit Committee on the

	<p>cumulative assurance throughout the year, however it should be noted this will be fluid. This profile is shown in Appendix C.</p>
1.04	<p>No reports have been issued since the last committee meeting in November with a red assurance opinion. At the request of the Committee, Appendix D provides an overview of those audits reports issued with an Amber Red assurance opinion. Copies of all final reports are available for members if they wish to see them.</p>
1.05	<p>The automated tracking of actions is completed through the use of the integrated audit software. All actions are tracked automatically and the system allows Managers and Chief Officers to monitor their own teams' outstanding actions and confirm they are being implemented.</p> <p>E-mail alerts are generated by the system and sent to the responsible officer and their manager before the action is due. In the event an action is not completed within the agreed date, an e-mail is also sent to the responsible officer, their manager and copied to Chief Officers for awareness. Monthly reports are also sent to Chief Officers informing them of outstanding actions for their teams.</p> <p>Appendix E shows the current situation. Of 859 actions entered into the system, 774 have been cleared and 85 remain live. There are 16 overdue actions to be reported, listed in Appendix F.</p> <p>Appendix G lists all actions with a revised due date of six months from the original due date and a note on how the risk is being managed. For each revised due date entered onto the system, the officer is required to provide a reason to support this change.</p> <p>To avoid repetition in the report, where an action is older than six months and overdue this action will be included within the Appendix F, Actions Overdue.</p>
1.06	<p>During Audit Committee in November, an action was raised to provide a separate update on the Planning Enforcement outstanding actions (detailed in Appendix G). Following the meeting, the Chief Executive arranged to meet up with the Chief Officer for Planning, Environment and Economy, the Development Manager, Planning and the Internal Audit Manager to review the outstanding actions for Planning Enforcement. It was clear during the meeting that a significant amount of work has been undertaken to address the issues including:</p> <ul style="list-style-type: none"> • a restructure of the service; • development of a dashboard to monitor caseloads and timescales at each stage of the process; • revision to the Enforcement Policy which was approved by Cabinet 18th December. <p>Currently there are two actions which remain outstanding for the service.</p> <ul style="list-style-type: none"> • The first relates to the need for a clear audit trail of referrals. The implementation of this action has been delayed due to initially failing to secure funding for a new back office system. This has now been approved and progress is being made in procuring the system. In the meantime, all cases continue to be recorded and acknowledged by the

	<p>Planning Assistants in FLARE and are given a priority rating in line with the Policy. FLARE is used to monitor progression of those cases.</p> <ul style="list-style-type: none"> The second relates to the need to train staff using the FLARE system. The newly appointed enforcement officers are due to attend an external intensive enforcement training course. Further training to the remainder of the team will be undertaken as part of the implementation of the new system. <p>Going forward, with the approval of the revised Enforcement Policy the service intends to invite members to a members workshop in March to provide an opportunity to walk through the policy, discuss the enforcement process (using a couple of cases as examples) and to allow members to meet the enforcement team.</p>
1.07	Appendix H shows the status of current investigations into alleged fraud or irregularities. The table includes the start dates of the investigations.
1.08	Appendix I shows the range of performance indicators for the department. Overall performance continues to meet the current targets set; however, there has been a slight reduction in the number of questionnaires that has been returned. This will be followed up when we attend each of the Divisional Management Team meetings.
1.09	Appendix J shows the current position of work being finalised from the 2017/18 plan.
1.10	Appendix K shows the current position of the 2018/19 plan.
1.11	<p>On a quarterly basis the 2018/19 plan is reviewed and reprioritised to accommodate any new requests for work or to respond to emerging issues. Since April 2018 the service has received seven requests for additional work, which are listed below and also shown in the Appendix J, highlighted in red.</p> <ul style="list-style-type: none"> North Wales Residual Waste – CNIN Verification of Local Labour Figures Review of Method Statements Review of Pay Modelling Assumptions and Methodology Carbon Reduction Scheme Public Burials Budget Workforce Group Exist Packages

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

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

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

5.00	APPENDICES
5.01	<p>Appendix A – Levels of Audit Assurance</p> <p>Appendix B – Final Reports Issued Since November 2018</p> <p>Appendix C – Audit Assurance and Priority of Actions</p> <p>Appendix D – Amber Red Assurance Report Issued</p> <p>Appendix E – Action Tracking – Portfolio Statistics</p> <p>Appendix F – Over Due Actions (including actions older than 6 months if overdue)</p> <p>Appendix G – Actions with Revised Due Date Six Months Beyond Original Due Date and not overdue</p> <p>Appendix H – Investigation Update</p> <p>Appendix I – Performance Indicators</p> <p>Appendix J – Operational Plan 2017/18 (Carry Forward)</p> <p>Appendix K – Operational Plan 2018/19</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Lisa Brownbill, Internal Audit Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: Lisa.brownbill@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Wales Audit Office: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p>Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>Wales Chief Auditors Group: An informal meeting group of Chief Auditors to discuss items of mutual interest.</p> <p>Operational Plan: the annual plan of work for the Internal Audit team.</p>

Flintshire Internal Audit

Progress Report



February
2019

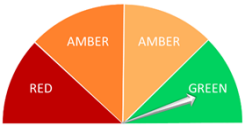
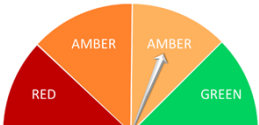
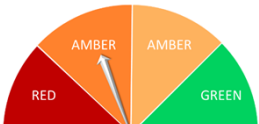

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Levels of Assurance – Standard Audit Reports

Appendix A

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

Level of Assurance	Explanation
<p>Green – Substantial</p> 	<p>Strong controls in place (all or most of the following)</p> <ul style="list-style-type: none"> • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable <p>Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</p> <p>Follow Up Audit: 85%+ of actions have been implemented. All high priority actions have been implemented.</p>
<p>Amber Green – Reasonable</p> 	<p>Key Controls in place but some fine tuning required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments <p>Conclusion: key controls generally operating effectively.</p> <p>Follow Up Audit: 51-85% of actions have been implemented. All high priority actions have been implemented.</p>
<p>Amber Red – Some</p> 	<p>Significant improvement in control environment required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. <p>Conclusion: key controls are generally inadequate or ineffective.</p> <p>Follow Up Audits - 30-50% of actions have been implemented. Any outstanding high priority actions are in the process of being implemented.</p>
<p>Red – Limited</p> 	<p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Conclusion: a lack of adequate or effective controls.</p> <p>Follow Up Audit - <30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.</p>
<p>Categorisation of Actions</p>	<p>Actions are prioritised as High, Medium or Low to reflect our assessment of risk associated with the control weaknesses</p>
<p>Value for Money</p>	<p>The definition of Internal Audit within the Audit Charter includes ‘It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resources.’ These value for money findings and recommendations are included within audit reports.</p>

Final Reports Issued Since November 2018

Appendix B

The following reports and advisory work have been finalised since the last Audit Committee. Action plans are in place to address the weaknesses identified.

Project Reference	Portfolio	Project Description	Audit Type	Level of Assurance	Actions		
					High	Med	Low
11-2017/18	H&A	Strategic Housing & Regeneration Project (SHARP)	Risk Based	Amber Red	2	1	0
05-2018/19	SS	Direct Payments	Risk Based	Amber Green	0	4	0
31-2018/19	Gov	Members Allowances	Risk Based	Amber Green	0	2	0
28-2018/19	P&R	Main Accounting - General Ledger (GL)	System Based	Amber Green	0	0	5
22-2018/19	H&A	SARTH follow Up - Interim Report	Advisory	N/A	-	-	-
18-2018/19	PP&E	Bailey Hill	Advisory	N/A	-	-	-

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Reports Issued ‘Amber Red / Some’ Assurance
Housing and Assets – Strategic Housing and Regeneration Project (SHARP)

Appendix C

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Areas Managed Well	Areas Identified for Further Improvement
<ul style="list-style-type: none"> • Programme objectives have been defined and have been approved by cabinet. • The SHARP risk register is in place and definitions have been established to measure risk probability and impact. • Approval has been granted by Cabinet for each scheme where building work has commenced. • Built specifications have been defined to ensure properties built under the scheme meet the Flintshire Housing Standard. • A process is in place to assess that properties built under the scheme meet the agreed criteria. 	<p>Opportunities for improvement to the control environment have been identified to ensure the SHARP objectives are met.</p> <p>Our review identified:</p> <ul style="list-style-type: none"> • The system utilised to monitor progress of the SHARP programme deliverables, Line of Balance, does not compare objectives against actual progress, examine the extent of any deviations from the specific plans in order to understand knock on effects, identify in advance problematic areas where corrective action may be required, forecast future performance, and assign responsibilities. <p>Agreed Management Action: Projects will be brought into further control through the use of a sound programme management technique using a recognised and structured project management method.</p> <ul style="list-style-type: none"> • The implications to funding as a result of the change in the housing mix had not been considered, validated, and approved by cabinet at the time of the review. This may put pressure on the funding available to build the properties agreed under the SHARP Programme by the designated timescales which may lead to a potential reputational detriment to the Council. <p>Agreed Management Action: For any future changes in the mix of homes or changes in funding requirements, the funding implications will be considered and be subject to cabinet approval prior to the change being made.</p> <ul style="list-style-type: none"> • The assessment of risk within the programme risk register requires improvement as it needs to be dynamic, timely and relevant. <p>Agreed Management Action: The risk register is considered at the Programme Board and management team meetings, however, it is noted and accepted that this could be more developed and reflective of developments and updated accordingly so as to evidence progress.</p>

Audit Assurance Summary

Appendix D

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Portfolio	Number of Reports & Assurance					
	Red	Amber Red	Amber Green	Green	Advisory - No Opinion Given	In Total
Corporate					2	2
Education & Youth			4	4	3	11
Governance	1	1	2			4
Housing & Assets		1	1		2	4
People & Resources		1	2		1	4
Planning, Environment & Economy					2	2
Social Services			2			2
Streetscene & Transportation					1	1
External		1	1		2	4
Total	1	4	12	4	13	34

Priority & Number of Agreed Actions			
High	Medium	Low	In Total
	11	10	21
3	22	4	29
2	4	2	8
2	11	12	25
	1	7	8
1	2	6	9
8	51	41	100

Action Tracking – Portfolio Performance Statistics

Appendix E

Portfolio	January 2018 Statistics			Live Actions - As at January 2018			Actions beyond <u>Original</u> due date	
	Number of Actions Raised Since January 2016	Actions Implemented since Jan 2016 <i>(including Actions No Longer Valid)</i>	% of Actions Cleared To Date	Live Actions	Actions Beyond Due Date <i>(excludes Actions with revised due date)</i>	Actions with a Revised Due Date	Actions between 6 & 12 months	Actions Greater than 12 Months (13+)
							<i>See Appendix F & G</i>	
Chief Executives *	45	40	90%	4	0	1	1	0
Education & Youth	65	62		3	2	2	2	0
Governance *	133	113		20	1	5	1	3
Housing & Assets *	123	108		15	0	5	2	1
People & Resources	150	134		16	5	5	0	2
Planning, Environment & Economy *	62	47		15	3	13	6	4
Social Services	92	87		5	0	5	0	1
Streetscene & Transportation	75	75		0	0	0	0	0
External	27	24		4	3	2	0	1
Individual Schools	87	84		3	2	0	0	0
Total	859	774			85	16	38	12

* Actions removed and relocated within External e.g. Clwyd Pension Fund

* Actions removed from Community & Enterprise and reallocated between Governance, Housing & Assets and Strategic Programmes & Planning, Environment & Economy

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Actions Overdue and Older than 6 months (where overdue)

Appendix F

Audit	Ref	Action	Priority	Original Due Date	Revised Due Date	Age of Action from Original Due Date (Months)	Reason for Revised Due Date and Current Position	How Risk is Being Managed
Education & Youth								
Youth Justice 2016/17 Tabled 194	2013	A nominate resource from social services for children is not in place. Review to be completed with the Children Services Executive Board Representatives to implement solution in line with the Crime and Disorder Act 1998.	M	31/03/2018	31/12/2018	9	Matter to be raised to the YJS Executive Delivery Group and Executive Management Board.	No further update provided.
Youth Justice (2016/17)	2045	Devise a contingency business case to identify and mitigate risks against statutory and non-statutory grants to assist with the business continuity. Review opportunities identified by the external review to develop a succession plan. Approval to be obtained for both of these initiatives from the Chief Executive.	M	31/03/2018	31/08/2018	9	Discussions has commenced with Chair of Exec Board but awaiting for final budget confirmation (final grant amount from YJB pending). Discussions ongoing.	Ongoing discussions and business case submitted.

Governance							
Legal Case Management System 2017/18	2361	Discussions should be held with Information Compliance Officer in IT Business Services with a view to ensuring that the Iken System is compliant with the General Data Protection Regulations (Data Protection Act 2018).	M	30/11/2018	-	1	No further update provided.
People and Resource							
Working Time Regulations 2017/18 Tudalolen 195	2120	A report will be produced on a quarterly basis for each Portfolio to identify all employees who have worked on average in excess of 48 hours over a 26 week period (this new timeframe is documented within the latest Council policy). This information will be shared with each Chief Officer for review and action and concerns will be escalated as required to the Senior Manager HR & OD and Head of Paid Service.	M	31/07/2018	-	5	No further update provided
Working Time Regulations 2017/18	2123	A report will be produced on a quarterly basis for each Portfolio to identify all employees who have worked on average in excess of 48 hours over a 26 week period (this new timeframe is documented within the latest Council policy). This information will be shared with each Chief Officer for review and action and concerns will be escalated as required to the Senior Manager HR	M	31/07/2018	-	5	No further update provided

		& OD and Head of Paid Service.						
Tudalen 196	2201	<p>The overall position of the Council is to provide a work life balance for all employees. In respect of Social Services employees, management were aware of the working time regulations and the challenges of meeting these versus the regulatory requirements in terms of continuity of care for vulnerable people who require overnight support. Managers have taken actions to minimise the tensions of this by engaging staff on a rota basis and increasing the use of concessionary rest periods.</p> <p>The service is not in a position to make additional appointments to cover sleep in work hours as the service has to ensure continuity of care for service users it is essential that this is maintained. No concerns have been raised by the employees identified, however any issues reported would be addressed. In addition, it is worth noting that employees who work sleep-ins are rarely 'called-on' to work and therefore are not actually working during this period despite being recorded as working to comply with the Regulations.</p> <p>Taking into account all of the above, the level of risk has been considered and accepted in operational terms.</p> <p>The introduction of the monitoring reports (2A & 3A) will assist in</p>	M	31/07/2018	-	5	No further update received.	

		<p>identifying any further significant concerns which will be actioned as necessary.</p> <p>In addition for Social Services Portfolio, a report will be produced on a quarterly basis to identify the number and frequency of employees called-on to provide reassurance. This should prompt management intervention, if required.</p>					
<p>Schools Funding Formula 2018/19</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 197</p>	2334	<p>Management will review the format of the reconciliation and try and simplify to make clearer.</p> <p>The funding is fully reconciled with any minor differences noted on the reconciliation for follow up. The reconciliation identifies any adjustments yet to be actioned in the ledger.</p> <p>The amounts on the reconciliation don't necessarily relate to the formula spreadsheets as they can be ledger adjustments and so would not appear on the formula spreadsheets. The formula allocation is run at a point in time but throughout the year there can be adjustments to school budgets. In addition there are a range of codes which are not linked with the formula spreadsheets but form part of the reconciliation.</p>	L	31/12/2018	-	0	No further update received
Schools Funding Formula	2335	The Property Team have been contacted and indicated that the last time schools were surveyed was in	L	31/10/2018	-	2	

<p>2018/19</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 198</p>		<p>2010 and technology forge has not been updated for changes/extensions to schools. The m2 data used in the funding formula has been updated to reflect any changes and therefore is the most up to date available.</p> <p>It was agreed in January 2018 following consultation with Primary schools and agreement with the Schools Budget Forum that the deprivation element would be taken out of the primary formula. There are transitional arrangements in place with 25% taken out in 2018/19 and the remainder in 19/20.</p> <p>Regarding the secondary formula – the deprivation element was taken out in 2015/16 but following consultation with schools it was reinstated in 2016/17. There are no plans to take this element out of secondary in 2019/20 or to update the parameters which are used.</p>							
<p>Planning Environment & Economy</p>									
<p>Greenfield Valley Trust Follow Up 17/18</p>	<p>2195</p>	<ul style="list-style-type: none"> 2018-2021 Business Plan to be agreed by the Board of Trustees. Management Agreement to be completed and to be agreed by the Board of Trustees. 	<p>M</p>	<p>31/07/2018</p>	<p>28/09/2018</p>	<p>5</p>	<p>Final version of legal agreement is with Greenfield Valley Board and legal representative, this will mean final sign off date by the end of September and with Andrew Farrow taking a lead on this due to me leaving the authority.</p> <p>Comments on the draft Management agreement are awaited from the legal</p>		

							representatives of GVT.	
Section 106 Follow Up report 17/18	2232	Consideration will be given to alternative sources of funding for a new over-arching back office system for the Planning, Environment & Economy portfolio, which will include an integrated module for the management and reporting of s106 balances.	M	31/10/2018	-	2	No further response received	
Section 106 Follow Up report 17/18	2233	Timescales to be agreed for the report to COT / Cabinet re s106 legacy balances.	L	31/08/2018	-	4	These will be agreed following Programme Board on 22 nd November.	
External								
Pensions Administration 2017/18	2178	Team Leader appraisals identified the requirement for the Team Leaders to devise training plans for the members of their respective teams. These are being completed and will include a column to detail training still required.	L	30/09/2018	-	3	No further response received	
Pensions Administration 2017/18	2180	Pension's management team meetings are held every two weeks where the KPIs and any issues are discussed. Discussions at these meetings and any issues and resulting solutions will be recorded in a more formal action plan with immediate effect	H	30/06/2018	31/10/2018	6	Due to staff absent this unfortunately has not progressed to date.	Team leaders will continue to monitor the KPIs and assign work accordingly in Helen's absence.
Theatr Clwyd 2018/19	2343	The Theatr continues to broaden the base of charitable and other fundraising. Reporting will become increasingly important as we cultivate stakeholder relationships.	L	31/12/2018	-	0	No further update provided.	-

Schools								
Ysgol Penyffordd Risk Based Thematic Review 2017/18	2139	Governing Body to adopt the LA's model Anti-Fraud and Corruption policy.	L	31/12/2018	-	0	No further update provided.	-
Ysgol Penyffordd Risk Based Thematic Review 2017/18	2249	Monitor the agreed responsibilities of the outsourced Data Protection Officer via the Service Level Agreement, when updated SLA is received.	M	31/12/2018	-	0	No further update provided.	-

Tudalen 200

Actions with a Revised Due Date Six Months Beyond Original Due Date (Not Overdue)

Appendix G

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Chief Executives								
Risk Management 2016/17 Tudalen 201	2004	Service Plans should include operational risks / emerging risks in accordance with the guidance in the Council's Risk Management Policy & Strategy. This needs to include: •More immediate and visible reporting of risk; •Clarity of roles around the escalation of risk; •Appropriate responsibility for agreed risk mitigations.	M	31/03/2018	30/04/2019	Chief Officers have all been involved in the revision of the Risk Management Strategy and discussion about the escalation protocol. Performance Leads have also been updated as to the diligence needed around risk management at a service level.	The Chief Officer Team have recently agreed to a revised and timelier setting of the Council Plan, alongside developing and finalising the Portfolio Plans and related operational plans. These revised plans will be produced by the end of April to coincide with setting the budget and the new financial year. Operational risks will be included within the contents of the related operational plans.	Operational risks are managed within the Portfolios and, if relevant, the agreed escalation process is enacted.
Governance								
PCIDSS Compliance (2015/16)	1516	The officer working group should ensure that the self-assessment is completed drawing on the full range of professional expertise and experience	H	31/12/2016	29/03/2019	The council has implemented the necessary changes to ensure compliance with web payments and with payments taken via	A PCIDSS review was undertaken by a specialist QSA provider, ECSC, on 4th October 2017. The review has identified areas of compliance and areas of risk. Overall, the	The council has implemented the necessary changes to ensure compliance with web payments and with payments taken via

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Tudalen 202		of the group.				kiosks in Connects Centres. There is a remaining area of non-compliance with payments taken over the phone that will require new software. The council is looking at how many licences it needs and whether to simply divert some payments from phone to web prior to purchasing and implementing the new software. If/when funding is agreed the council will be able to commission a software supplier and establish a firm date for implementation and thus achieving compliance	Council is deemed to be 50% compliance to PCIDSS. The findings of the report are now being considered by the Project Group and Chief Officer to identify what measures are required to increase compliance but this will undoubtedly require substantial investments in IT to achieve 100% compliance.	kiosks in Connects Centres. There is a remaining area of non-compliance with payments taken over the phone that will require new software. The council is looking at how many licences it needs and whether to simply divert some payments from phone to web prior to purchasing and implementing the new software.
Flintshire Connects	1505	<p>Services accessed by Flintshire Connects cannot always be delivered in full.</p> <p>A fundamental review of all customer facing services will be undertaken to explore the best future method of delivery, including face to</p>	M	30/09/2017	01/09/2019	Following this audit and the revision of the Customer Service Strategy a Customer Service Strategy Review Group was formed and tasked to begin reviewing all customer contact across the Council with a focus on	The review group have now finished the initial analysis and met with all portfolio's to determine where change is required. The work carried out by the group has identified a number of areas across the council where the digital offer needs to be improved to enable reduction in both	A Programme Manager to lead this transformation project has now been appointed.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Tudalen 203		<p>face, through Connects centres backed up by feasibility studies for areas where greatest efficiency could be achieved. This review will look in the first instance at service delivery methods across all Portfolios and assess if they are sufficiently lean and a decision made on what services could be delivered through Connects without overlap and duplication. Following the review a strategy will be formulated on how services will be delivered in the future.</p>				<p>how we currently deliver services (face to face, telephone and digital) and looking at the aspirations of how we could deliver differently to ensure we are utilising the most appropriate channels for services/customer contact.</p>	<p>telephone calls and face to face provision for a number of services, examples include, logging repairs and Streetscene general report it type functions. It has also identified tasks that could be better delivered by Connects and release back office efficiencies.</p> <p>The work completed has identified that the delivery of the Customer Service Strategy and the Customer Workstream of the Digital Strategy need to be closely aligned and also that the scale of the work that needs to be done to deliver the transformation across the council is beyond what the review group can deliver in the timescales required. It has been agreed that a dedicated resource is required to programme manage this transformational project going forward and work is now underway to recruit to this position so that the work required can be driven forward.</p>	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Flintshire Connects Tudalen 204	1514	<p>Services are not always being delivered in the most efficient ways.</p> <p>Services delivered through Flintshire Connects Centres will be evaluated for the most appropriate, efficient and effective delivery methods.</p>	M	30/09/2017	01/09/2019	<p>Following this audit and the revision of the Customer Service Strategy a Customer Service Strategy Review Group was formed and tasked to begin reviewing all customer contact across the Council with a focus on how we currently deliver services (face to face, telephone and digital) and looking at the aspirations of how we could deliver differently to ensure we are utilising the most appropriate channels for services/customer contact.</p>	<p>The review group have now finished the initial analysis and met with all portfolio's to determine where change is required. The work carried out by the group has identified a number of areas across the council where the digital offer needs to be improved to enable reduction in both telephone calls and face to face provision for a number of services, examples include, logging repairs and Streetscene general report it type functions. It has also identified tasks that could be better delivered by Connects and release back office efficiencies.</p> <p>The work completed has identified that the delivery of the Customer Service Strategy and the Customer Workstream of the Digital Strategy need to be closely aligned and also that the scale of the work that needs to be done to deliver the transformation across the council is beyond what the review group can deliver in the timescales required. It has</p>	<p>A Programme Manager to lead this transformation project has now been appointed.</p>

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
							been agreed that a dedicated resource is required to programme manage this transformational project going forward and work is now underway to recruit to this position so that the work required can be driven forward.	
Procurement 2016/17 Tudalen 205	1649	The supplier performance management template is now available in Proactis for completion by contract officers. Contract officers will receive a reminder from Proactis to use the contract management module. All relevant contract officers should receive notification so they know the supplier performance management template is available and must be used.	M	31/03/2018	28/02/2019	To promote the current functionality would be counterproductive in light of the need to re-train officers when new product release is launched.	The Supplier & Contract Performance Management module within the PROACTIS system is currently being enhanced with new functionality that is due to be released for use before the end of this calendar year. Therefore, the Council needs to take stock of the new functionality when it becomes available before we promote and remind officers to use the new performance management module.	
Housing & Assets								
Housing Allocations 15/16	1616	The current SARTH policy is under review. Following this, any required changes to	M	31/03/2017	31/01/2019	The date has been amended to coincide with the most recent audit recommendations.	Feedback from the staff consultation/training sessions held has resulted in some minor tweaks and access	Staff have been made aware of any amendments to the procedures subject to

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Tudalen 206		procedural notes will be implemented.				<p>The SARTH policy is a regional policy and the revised date reflects the date the regional panel will be signing off the revised policy and procedures.</p> <p>Comprehensive procedures have been developed and provided to audit. Through November meetings have been held with regional partners to tweak and ensure a consistent approach will be implemented across the partnership.</p> <p>January date is to allow for the development of some user guides to complement the procedures and linked guidance on affordability to be finalised.</p> <p>Staff have been trained and are aware of the new procedures so risks are mitigated whilst final</p>	<p>issues to be resolved but in the main there have been no major changes to the revised procedures and these will now be progressed for final sign off.</p> <p>Action plan shows that the development of user guides to compliment these procedures will be completed by 25.10.19. It is important that these are in place at the same time as full implementation of new procedures to ensure staff have the correct guidance on how to complete the actions required on the housing system</p> <p>It has therefore been agreed to move to a full implementation date of 01.11.18 to ensure the new procedures are rolled out robustly and correctly.</p>	<p>final versions being signed off. This is confirmed within 1:1s and team meetings.</p>

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
						sign off is undertaken.		
SARTH 2017/18	1995	Controls relating to SLA adherence require enhancement. Investigate system developments through the utilisation of new system codes to assist with the automation of cancellations due to non-receipt of evidence. KPIs to be set to measure adherence to process.	L	29/06/2018	28/02/2019	Project plan for CRM integration attached with revised completion date of 17th December. The team will then need time to catch up with the actions as per the SLA.	Due to errors found in the testing process there is further work required by ICT and Capita to finalise the new solution. Advised that implementation date is likely to be in November 2018.	Low risk (green)
Community Asset Transfer - Holywell Leisure Centre 2017/2018	2085	Following each monitoring meeting the relevant documentation will be uploaded to CAMMS.	L	31/05/2018	10/02/2019	Meetings and notes available therefore risk is low, they need uploading and this will be consolidated and completed by 31/08/18	We did have a view that we could hold documents on CAMMS and that is the case but once the asset is closed CAMMS cannot easily be reopened. In future to improve audit process we will hold the lease and the Community Benefits Agreement on Technology Forge (Tf), as it is property related information and probably sits well in this system. We will also keep formal record of review of Community Benefits on Tf.	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
People & Resources								
Compulsory and Voluntary Redundancies 2016/17 Tudalen 2016/17	1933	A new database will be formulated after Lotus Notes is closed down and this will have the involvement of HR, IT and Finance to ensure the necessary controls are inbuilt.	M	31/12/2017	31/01/2019	Yet to finalise ICT solution	Control measures remain in place while ICT are working on an alternative solution to the Lotus Notes Databases. These systems remain operational supplemented by email correspondence / authorisations until new solution identified.	Instruction issued to users of the system to ensure that fields are populated. Problems with the system itself still exist and we are waiting for ICT to provide an alternative solution
	1925	The Databases will be reviewed and improved to ensure all appropriate information is captured. Regular reviews will be undertaken to ensure all relevant fields are completed and due process is being adhered to.	M	31/07/2017	31/01/2019	Awaiting for IT to make necessary changes to system as per follow on notes	After a recent iTrent update the database was no longer accessible. It has been agreed as there is a new database which will be released in 6 weeks IT won't spend time trying to make the soon to be obsolete database work. Awaiting for IT to make necessary changes to system as per follow on notes.	The service are keeping paper records whilst awaiting the new database.
Planning and Environment								
DFG 2016/17	2024	The policy context remains unchanged. However, the details of each programme of work changes frequently as funding programmes	M	30/06/2018	20/04/2019	Due to all DFG activities having to be approved by the DFG oversight board, this action date has been extended to facilitate review of all	Policy to be reviewed and amended in line with the Welsh Government guidance. Revised policy to be taken to cabinet in April.	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		change. A simple programme summary with eligibility criteria will be created and approved to replace this section of the policy.				documentation by the board members.		
DFG 2016/17	2028	A process to be defined on how to deal with client cases which exceed the DFG grant (36K) amount but are below the Disabled Facilities Discretionary Top Up Loan (Minimum loan amount of £3K). Officers will have discretion to manage these cases within new guidelines.	M	30/06/2018	31/01/2019	Due to all DFG activities having to be approved by the DFG oversight board, this action date has been extended to facilitate review of all documentation by the board members.	Documented process provided to the chief officer of Housing and Assets for review and approval.	Management oversight of current practices and reporting to DFG oversight board.
DFG 2016/17	2058	Monthly reconciliation to be completed between DFG spreadsheet with the information provided by finance to ensure budget spend is accurately reported and managed as well as providing an accurate overview of all grants in process. Following the review of the current process in an	M	31/05/2018	31/03/2019	Due to all DFG activities having to be approved by the DFG oversight board, this action date has been extended to facilitate review of all documentation by the board members. Previous spreadsheet now replaced with 'DFG monitor for new framework' spreadsheet.	Target dates have been assigned to each step of the DFG process and this is being monitored. Further work being completed to assist with the streamline of current process.	Management oversight of current practices and reporting to DFG oversight board.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Tudalen 210		<p>attempt to streamline, target dates to be assigned to all process steps.</p> <p>Monthly reporting to be generated to review progress of delivery against agreed SLAs.</p> <p>Review of cases where SLAs have not been achieved to understand reasons for delay and opportunities for process improvements.</p> <p>Internal KPIs to be established to monitor DFG delivery.</p>				<p>Please note that the carry over work from 2017/18 has been recorded on the sheet and resulted in various anomalies regarding time scales being flagged as 'red' (ARF budget year 2017/18) Time frames for the individual steps towards delivery have now been input and are part of the DFG monitor sheet. Financial information is recorded on the spreadsheet and transferred to the Master tracker spreadsheet which is used to help predict potential under/over spend. The Master tracker will have figures input that are provided by finance as 'actuals' as well as commitments from the monitor sheet. Please note the current figures are an extract from P2P as finance do not produce monthly budget figures for the first two</p>		

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
						months of the year.		
DFG 2016/17	2060	A completed DFG application form to be required in all instances to evidence agreement by the service user to the terms and conditions of the grant.	M	31/05/2018	31/01/2019	Due to all DFG activities having to be approved by the DFG oversight board, this action date has been extended to facilitate review of all documentation by the board members.	Land charges will now be a two stage check, step 21a on the 'DFG monitor for new framework' spreadsheet and a second check to make sure this has been carried out at step 24. This is also recorded on the Civica check list	Management oversight of current cases including review an application form is available in all instances.
DFG 2016/17 Judalen 211	2078	A process review should be completed to identify areas where improvements can be made or the process could be streamlined. Documented procedures (desk instructions) for all DFG processes to be drafted.	M	31/05/2018	31/01/2019	Due to all DFG activities having to be approved by the DFG oversight board, this action date has been extended to facilitate review of all documentation by the board members.	Instruction process detail and process map has been initially formatted and have been seen and commented on by audit, as the 24 steps mentioned within the audit report. However a simple, none technical, description for the individual steps is proving difficult to slim down to a usable size	Risk is managed through the use of the DFG spreadsheet, Civica checklist and means testing via Benefits.
DFG 2016/17	2079	Management information to be developed to report on contractor performance. Management to investigate system requirements to eliminate the need for manual spreadsheets and the potential to use Proactis,	M	31/05/2018	31/03/2019	Due to all DFG activities having to be approved by the DFG oversight board, this action date has been extended to facilitate review of all documentation by the board members.	'Price Comparison' tab on the DFG monitor spreadsheet to be used to compare the codes used by the contractors on the framework and those that they have refused. The 'Delivery' tab records the budget approved cost, total paid and a projected cost. This will assist in a bench marking exercise	Management oversight through monitoring spreadsheet and reported to the DFG oversight board.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		the Councils' contracts management system.					that could be carried out after the new framework has been in operation for several months. Contractor performance is discussed as part of the delivery process (1-2-1's, team meetings, etc.).	
Section 106 - 10116 Tudalen 212	285	<p>The Local Planning Guidance Notes are currently being brought up to date to allow continued use of the Unitary Development Plan (UDP). Whilst the UDP has technically expired, the intention is to keep the plan 'alive' for as long as possible.</p> <p>The bulk of the 'comments' from the LPGN consultation process were reported to the Planning Strategy Group on 25th February 2016. LPGN 22 will be reviewed as required following the adoption of the updated LPGN's.</p> <p>The updated LPGN's</p>	M	31/07/2016	30/06/2019	<p>The LPG 22, as overarching guidance, can only be updated once all individual LPGs have been updated, and there is still work to be done to update LPG13 (see below).</p> <p>Lastly, as each individual LPG is up to date (except LPG 13) each can be applied to the consideration of planning applications and any developer obligations that arise.</p> <p>The risk in not updating LPG 22 is therefore very low and can be managed in due course once individual LPGs are updated. This must therefore be a 'green' in</p>	Follow up audit report 18.5.18: LPGN 22 Planning Obligations (adopted by the Council in February 2007) has not been updated. Discussion with Planning Strategy has suggested that as LPGN 22 acts as a signpost to other planning guidance around developer contributions, it can only be updated once the full suite of planning guidance is in place. LPGN 13, Outdoor Playing Space & New Development, is in the process of being revised. Once the revised planning guidance is adopted LPGN 22 can be updated. Following discussion of the Follow Up audit findings the due date for this Agreed Action has been revised to 31/12/18.	Monitoring progress with LPG13 via service manager and with reports to S106 working group.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Tudal Section 106 - 15/16 213		(which are still in the consultation period) will be adopted by 30th April 2016. If it is determined that further update to LPGN 22 is required (in particular to take account of the adoption of LPGN 23, Education Contributions - adopted July 2012) then we could expect the adoption of an updated LPGN 22 by 31st July 2016.				terms of risk status.		
	313	Leisure to discuss the inclusion of an upfront specification for play equipment in the LPGN with the Planning Policy team. This would allow specifications to be built into the planning application (as such any changes to specification would require an amended planning application).	M	31/10/2016	28/02/2019	Specification is still awaited from Leisure and will be included as part of updating LPG 13 (see below). Revised due date set was unrealistic and unachievable given circumstances reported below for LPG 13 update. Amended by SG following email conversation with Alan Roberts 26.5.16 Updated on behalf of Ian Bancroft: A working	Follow up report 18.5.18: SPGN 13, Outdoor Playing Space & New Development, is in the process of being revised. Specification is still awaited from Leisure and will be included as part of updating LPG 13 (see below). Revised due date set was unrealistic and unachievable given circumstances reported below for LPG 13 update.	Monitoring progress with LPG13 via service manager and with reports to S106 working group.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Tudalen 2016-17						group is now in place to complete the drafting of this guidance note and will finish the work by 31st March 2017. Amendment made to provide an accurate update in line with the Planning Strategy group meeting that will sign off the draft guidance.		
	1885	The service will review how enforcement referrals are investigated through process mapping and ensure that consistency exists within the team. Alternative software providers are also being sought to assist with the process with short, medium and long term digital aims to be agreed by July 2017.	H	31/08/2017	30/04/2019	The service firstly needs to be restructured and embedded with new policy in use. This may not be completed to late November. Time is then required to review mapping and reflect, plan change to process and implement.	Whilst the structure of the teams and the overall process has been reviewed and changes made, documented procedures have yet to be produced for the team. A process mapping exercise is planned which will further assist Officers in how this work is to be undertaken. Up to date procedures will help ensure compliance and consistency across the service.	Referrals continue to be recorded on the current system.
	1892	Process mapping to be commenced in July 2017 will form the basis of training notes in order for any officer to be able to use the Flare enforcement	L	30/11/2017	31/04/2019	Intended that the restructure will be complete by end of November 2017 then time required to complete lean process	Officers have been booked onto the waiting list for the Trevor Roberts Association Enforcement residential course since September 2017. The budget for this training is in	Training has been arranged for the new Enforcement Officers.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Tudalen 215		<p>system. Completion of training notes November 2017.</p>				<p>and set down in procedures for the service to rely on.</p> <p>Restructure completed 1st January 2018. The newly created teams need time to reflect on the processes recorded prior to the restructure and how to change and update these to reflect new and best practice.</p> <p>Following the restructure a Senior Officer has resigned and following interviews the existing Enforcement Officer has been promoted to that role. Further advertisement and interviews took place to appoint a new enforcement officer. This appointment commenced on 30th April 2018. During that time focus has been on dealing with other enforcement actions required.</p>	<p>place, and we are hoping to be advised of our attendance dates soon.</p>	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Pollution Control 2017/18 Tudalen 216	2048	A new computer system is being considered for Planning and Environment which should address or improve the issues. However IT have reported that this is still in its infancy and could take a long time to implement. In the interim 'smarter' ways of working should contribute to avoiding duplications.	L	31/03/2018	31/05/2019	Original date provided was incorrect.	Computer system will take a length of time to be agreed upon and implemented, and further impacted by move to Ewloe.	Smarter apps for efficient working practices are being considered in the meantime.
Social Services								
Flying Start Childcare Placements 2015/16	1608	Management have agreed the following actions: (a) To review the sessional rate offered to existing providers considering pricing across Wales and what elements the fee will cover. (b) To contact Corporate Procurement to discuss the undertaking of a	M	30/06/2017	01/04/2019	As advised by Procurement - In agreement with Flying Start Welsh Government Account Manager.	(a) Actioned. A review has been completed of the sessional rates across North Wales. A phased reduction was introduced June 2017 in alignment with the childcare offer too. (b) Actioned. Work is in progress with Procurement. A tender document has been produced. (c) Actioned. A review has been undertaken through	The Flintshire model is considered to be exemplar, as Flintshire Flying Start only pay for places booked. There are no block booking for FS childcare places, unlike many other Authorities. Attendance is closely monitored, alongside quality and staff qualification level. This is undertaken by specialist advisory

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Tudalen 217		<p>tender exercise to include support for smaller organisations</p> <p>(c) To review similar processes and paperwork undertaken by other local authorities in Wales and the viability for using best practice examples in Flintshire.</p> <p>(d) To ensure any tendering exercise is aligned with the Welsh Government 3-4 year old pilot for funded childcare to ensure consistency of rates, and sustainability for childcare settings.</p> <p>(e) Undertake tender exercise for the procurement of childcare placements, to include a briefing and support session with Settings.</p> <p>(f) Notify successful/unsuccessful settings</p>					<p>the Flying Start Network and best practice examples and lessons learnt are being applied in preparation for procurement.</p> <p>(d) Revised due date. Due to the implementation of the Childcare Offer and ensuring stability in the Sector and sufficiency of places for Early Entitlement, Childcare and Flying Start placements the procurement exercise is being delayed until the early implementation childcare offer is completed.</p> <p>(e) Part-actioned. The briefing and support session material is prepared in readiness for a procurement exercise.</p> <p>(f) Successful and unsuccessful settings will be notified within timescale.</p>	<p>teachers. The monthly payments to Settings is also closely monitored with the necessary audit trail. All Flying Start settings are approved by WG.</p>

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
External								
CPF Investment 2016/17 Tudalen 218	1943	An Operational Plan will be devised to assign roles and responsibilities for the core functions within the Clwyd Pension Fund team. This will assist with the identification of single points of failure within the team. Individuals to be trained outside of their core role in order to facilitate the delivery of service in the event of long term absence or attrition. Succession planning will also be considered given the relative age of individuals completing these functions relative to retirement age.	M	31/12/2017	31/03/2019	Work is continuing with HR for a revised structure to the section which will accommodate the ongoing needs of the section. The 2018/19 Business Plan includes a structure review of the Finance Team. Work is still ongoing with HR to finalise the structure and carry out recruitment. This should be substantially complete in Q1 2018 but full completion may take to Q3 2018.	Work is continuing with HR for a revised structure to the section which will accommodate the ongoing needs of the section.	The risks are being managed by outsourcing essential work to third parties.

Investigation Update

Appendix H

Ref	Date Referred	Investigation Details
1. New Referrals		
1.1	03/01/2019	A whistleblow has been received concerning a Council contract. A review is to be undertaken.
2. Reported to Previous Committees and still being Investigated		
2.1	20/08/2018	An allegation has been received concerning the awarding of work to a company being run by a former employee of the Authority. An investigation is ongoing.
2.2	16/10/2018	A complaint has been received concerning the awarding of contracts where there is a potential conflict of interest of a member of staff with a contractor. An investigation is ongoing.
3. Investigation has been Completed		
3.1	21/05/2018	A review has been completed of invoices submitted by a former Council contractor to ensure they were legitimate. An invoice has been raised for monies owed to the Authority.
3.2	16/10/2018	A referral was received concerning an additional payment made for a post (paid under additional payments policy). A review has been carried out and the correct procedure was followed when awarding the additional payment.

Tudalen 219

Internal Audit Performance Indicators

Appendix I

Performance Measure	Qtr 1 18/19 (as at 21/5)	Qtr 2 18/19 (as at 31/10)	Qtr 3 18/19 (as at 2/11)	Qtr 3 18/19 (restated)	Target	RAG Rating	
Audits completed within planned time	87%	86%	75%	83%	80%	G	↑
Average number of days from end of fieldwork to debrief meeting	7	11	9	9	20	G	→
Average number of days from debrief meeting to the issue of draft report	1	3	2	1	5	G	↑
Days for departments to return draft reports	3	16	7	5	7	G	↑
Average number of days from response to issue of final report	3	0	0	1	2	G	↓
Total days from end of fieldwork to issue of final report	19	33	22	21	34	G	↑
Productive audit days	80%	79%	88%	78%	75%	G	↓
Client questionnaires responses as satisfied	100%	100%	100%	100%	95%	G	→
Return of Client Satisfaction Questionnaires	40%	86%	100%	40%	80%	R	↓

Key					
R	Target Not Achieved	A	Within 20% of Target	G	Target Achieved
↑	Improving Trend	→	No Change	↓	Worsening Trend

Internal Audit Operational Plan 2017/18 (Carry Forward)

Appendix J

Audit	Internal Audit Priority Rating	Status of Work	Supporting Narrative
Corporate			
Income from Fees and Charges / Efficiency Savings	H	In progress	
Community & Enterprise			
Strategic Housing and Regeneration Project (SHARP)	H	Complete	
Organisational Change 2			
County Hall Campus Working Group	Advice & Consultancy	On going	Attendance at Working Group
People & Resources			
Main Accounting – Accounts Payable (AP) / P2P	Annual	Draft report with Service	
Streetscene & Transportation			
Integrated Transport Unit (ITU)	H	Draft report with Service	
Fleet Management	M	Draft report with Service	Additional work requested by the service

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Internal Audit Operational Plan 2018/19

Appendix K

Audit	Internal Audit Priority Rating	Status of Work	Supporting Narrative
Corporate			
Budget Planning Challenge	H	Not Started	Qtr 4
Business Planning, Risk and Performance Management	H	Not Started	Qtr 4
North Wales Residual Waste Project (FCC)	H	In Progress	Qtr 4
North Wales Residual Waste Project (Lead)	H	Combine	Combine both Lead and FCC audit
Declaration of Interests	H	In Progress	
Clwyd Theatre Cymru (CTC)	H	Complete	
Collaborative / Partnerships Arrangements (CC - Social Services)	M	In Progress	On hold until end of qtr 4
Integrated Impact Assessments	M	Defer	Defer until 2019/20
National Grant Funded Schemes	M	Defer	Defer until 2019/20
Use of Consultants	Annual	Complete	
NWRW - Validation of Local Labour Figures	Advice & Consultancy	Complete	Request to review CNIMs local labour figures
Education & Youth			
Risk Based Thematic Reviews	H	In Progress	
School Funds	H	In Progress	
School Funding Formula (CC - People & Resources)	M	Complete	
Pupil Statistics - Cross Cutting	M	Complete	
Early Entitlement	M	Defer	Defer until 2019/20
Education Grants - Including Education Improvement Grant (EIG) & Pupil Development Grant (PDG)	Annual	Complete	
Governance			
Digital Strategy	H	Combine	Combine with Online Transactions DS
Cloud Computing	H	Not Started	Qtr 4

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Audit	Internal Audit Priority Rating	Status of Work	Supporting Narrative
Procurement - Contract Monitoring (Joint Working - Denbighshire)	H	In Progress	Qtr 4
Deferred Charges on Properties (CC - Social Services & Planning, Environment & Economy)	H	In Progress	
Online Transactions (Digital Strategy) (CC – Strategic Programmes)	H	In Progress	Combine with Digital Strategy – now part of the working group (advisory)
Members Allowances	M	Complete	
Procurement of Hardware & Software	M	Defer	Defer until 2019/20
GDPR	Annual	In Progress	
Housing & Assets			
Welsh Housing Quality Standards (WHQS) Investment Plan	H	In Progress	
CAT – New	H	No longer relevant	No new CAT's
ADM – New	H	Not Started	No new ADM's presently
Property Valuations	H	In Progress	Qtr 4
Right to Buy (buyback) / Home Loans	M	Defer	Defer until 2019/20
Empty Property (Void) Mgt	M	In Progress	Scoped
Travellers	M	Complete	
New Homes - Contract Management	M	In Progress	
Property Maintenance	M	In Progress	
Technology Forge (TF)	M	In Progress	
Supporting People	Grant	Complete	
Council Tax and NNDR	Annual	In Progress	
Housing Benefits	Annual	In Progress	
Main Accounting - Accounts Receivable, including Corporate Debt Management (CC - People & Finance)	Annual	In Progress	
Homelessness	Follow Up	In Progress	
SARTH	Follow Up	In Progress	Interim report issued
People & Resources			
Financial Model, incorporating Collaborative Planning	H	In Progress	
P2P – Transfer of Process	H	In Progress	

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Audit	Internal Audit Priority Rating	Status of Work	Supporting Narrative
School Funding Formula (CC - Education & Youth)	M	Complete	
Corporate Grants	M	Defer	Defer until 2019/20
Main Accounting - Accounts Payable (AP) and P2P	Annual	In Progress	Qtr 4
Main Accounting - Accounts Receivable (AR), include Debt Management (Cross cutting with Community & Enterprise)	Annual	In Progress	Qtr 4
Main Accounting - General Ledger (GL)	Annual	Complete	Qtr 4
Budget Workforce Group	New	Complete	
Method Statements	New	Complete	
Appraisals	H	In Progress	
Pay Modelling 2018/19	New	Complete	
Exist Packages	New	In Progress	
Pay Deal 2019/20	H	In Progress	
Notification of Start, Leavers and Changes to Clwyd Pension Fund	M	Not Started	
Annual Leave	M	In Progress	
Occupational Health Unit	M	In Progress	
Payroll	Annual	In Progress	
Planning, Environment & Economy			
Minerals and Waste	H	In Progress	
Corporate Health & Safety – Near Misses, including Plant, Machinery and Work Equipment (CC - Social Services & Streetscene & Transportation)	H	In Progress	
Deferred Charges on Properties (CC - Governance & Social Services)	H	In Progress	
Community Safety Partnership	M	Defer	Defer until 2019/20
Bailey Hill	M	Complete	
Planning & Enforcement	Follow Up	Complete	
Disabled Facility Grants (DFGs)	Follow Up	In Progress	Oversight board
Carbon Reduction Scheme (CRC)	New	Complete	
Social Services			

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Audit	Internal Audit Priority Rating	Status of Work	Supporting Narrative
Children out of County Care & Education	H	In Progress	
Collaborative / Partnerships Arrangements (CC - Corporate)	H	In Progress	
Deferred Charges on Properties (CC - Governance & Community & Enterprise)	H	In Progress	
Corporate Health & Safety – Near Misses, including Plant, Machinery and Work Equipment (CC – Planning, Environment & Economy & Streetscene & Transportation)	H	In Progress	
Direct Payments	M	Complete	Nov
Flying Start - WG Funding	M	Defer	Defer until 2019/20
Safeguarding - Children's	M	In Progress	
Social Services Financial Processes	Follow Up	In Progress	
Streetscene & Transportation			
Highways - Cost Recovery	H	In Progress	
Service Efficiency and Income Targets	H	In Progress	
Corporate Health & Safety – Near Misses, including Plant, Machinery and Work Equipment (CC - Planning, Environment & Economy & Social Services)	H	In Progress	
Regional Transport	M	In Progress	
Alltami Stores	Follow Up	In Progress	
Public Burials	New	Complete	
External			
Aura	SLA (20 Days)	In Progress	Qtr 4
NEWydd	SLA (10 Days)	Complete	
Advisory / Project Groups			
Corporate Governance Working Group	Advice & Consultancy	Ongoing	
Accounts Governance Group	Advice & Consultancy	Ongoing	
Annual Governance Statement	Advice & Consultancy	Ongoing	
Council's Constitution	Advice & Consultancy	-	Not required to date
North Wales Residual Waste Project	Advice & Consultancy	Ongoing	

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Audit	Internal Audit Priority Rating	Status of Work	Supporting Narrative
E Procurement Working Group	Advice & Consultancy	Ongoing	
GDPR Working Group	Advice & Consultancy	Ongoing	
County Hall Campus / Relocation/ Working Group	Advice & Consultancy	Ongoing	
Programme Coordinating Group	Advice & Consultancy	Ongoing	
Financial System	Advice & Consultancy	-	No Longer Required
Anti-Fraud and Corruption			
National Fraud Initiative (NFI)	Proactive Fraud	Complete	
Review and Update the Counter Fraud Policies and Plans	Proactive Fraud	Complete	
Develop On-line Fraud Reporting Solution	Proactive Fraud	-	
Annual CIPFA Fraud & Corruption Survey	Proactive Fraud	-	
Fraud Risk Awareness	Proactive Fraud	Ongoing	
Audit Developments			
Continue to develop the use of Computer Assisted Audit Tools and Techniques	Development	Ongoing	
Continue to develop and refine the use of Control Risk Self-Assessments	Development	Ongoing	
Develop the use of Root Cause Analysis	Development	-	
Assurance Mapping Exercise	Development	Ongoing	

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Glossary

Risk Based Audits	Work based on strategic and operational risks identified by the organisation in the Improvement Plan and Service Plans. Risks are linked to the organisation’s objectives and represent the possibility that the objectives will not be achieved.
Annual (System Based) Audits	Work in which every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.
Advice & Consultancy	Participation in various projects and developments in order to ensure that controls are in place.
VFM (Value For Money)	Audits examining the efficiency, effectiveness and economy of the area under review.
Follow Up	Audits to follow up actions from previous reviews.
New to Plan	Audits added to the plan at the request of management. All new audits to the plan are highlighted in red.
Audits to be Deferred	Medium priority audits deferred. These audits are highlighted in green within the plan.

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Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 9



AUDIT COMMITTEE

Date of Meeting	Friday, 15 February 2019
Report Subject	Corporate Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan
Cabinet Member	Not Applicable
Report Author	Internal Audit Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

The Corporate Anti-Fraud & Corruption Strategy is written for the benefit of employees, members, the public, organisations and businesses dealing with the Council who are also expected to act with integrity. The strategy outlines the Council's commitment to the prevention and detection of fraud and its zero tolerance of such acts of fraud and corruption.

The Fraud and Irregularity Response Plan underpins the Corporate Anti-Fraud & Corruption Strategy to provide guidance and outline the actions that should be taken if an individual suspects a fraud or corrupt act, what will happen after they have passed on their suspicion and the action that may be taken.

RECOMMENDATIONS

1	For the Committee to agree or amend as appropriate the updated Corporate Anti-Fraud & Corruption Strategy.
2	For the Committee to agree or amend as appropriate the updated Fraud & Irregularity Response Plan.

REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
1.01	The Corporate Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan has been in use within the Council since 2002 and were last updated and approved by Audit Committee in 2014. There is a need to review them periodically to ensure they reflect any changes in working practice, legislation and other regulations. The two documents have been

	updated by Internal Audit and reviewed by Governance and People and Resources.
1.02	The Corporate Anti-Fraud & Corruption Strategy has been reviewed alongside CIPFA's Code of Practice on Managing the Risk of Fraud. Published strategies from other Councils have also been considered.
1.03	The Corporate Anti-Fraud & Corruption Strategy states the Council has a zero tolerance for fraud and corruption, defines them and outlines the culture within the Council to address this. It outlines prevention, deterrence, detection, and investigation measures in place and lists the roles and responsibilities of individuals and groups of both within and outside of the Council.
1.04	The Fraud and Irregularity Response Plan defines the responsibilities for action and provides guidance to the workforce, managers and third party individuals outside of the Council in the event a suspected fraud or other irregularity.
1.05	<p>The review of both the Corporate Anti-Fraud & Corruption Strategy and the Fraud and Irregularity Response Plan resulted in few changes being made apart from bringing both documents up to date to reflect current terminology and positions within the Council.</p> <p>Both the Corporate Anti-Fraud & Corruption Strategy and the Fraud and Irregularity Response Plan were expanded to reflect the Council's commitment to Welsh Government's Ethical Procurement Practices ensuring there is an appropriate route for individuals to have the ability to report any concerns they have. These changes can be found in:</p> <p>Corporate Anti-Fraud & Corruption Strategy</p> <ul style="list-style-type: none"> • Inclusion of third party individuals within the strategy (section 2.5). • Outlines the responsibilities of these individuals to report any concerns (section 7). <p>Fraud and Irregularity Response Plan</p> <ul style="list-style-type: none"> • Inclusion of third party individual's responsibilities to report any suspicions of fraud or corruption whether this is against the Council or the supplier / contractor (section 7).
1.06	Both the Corporate Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan refers to the Whistleblowing policy which has been updated alongside these policies.
1.07	<p>To aid clarity and transparency two copies of the Corporate Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan are included:</p> <ul style="list-style-type: none"> • Appendix A – shows where the changes have occurred, with the tracked changes to the Corporate Anti-Fraud & Corruption Strategy; • Appendix B – shows the revised Corporate Anti-Fraud & Corruption Strategy without the changes tracked; • Appendix C – shows where the changes have occurred, with the tracked changes to the Fraud & Irregularity Response Plan; and

	<ul style="list-style-type: none"> Appendix D – shows the revised Fraud & Irregularity Response Plan without the changes tracked.
1.08	The Corporate Anti-Fraud & Corruption Strategy and the Fraud and Irregularity Response Plan both form part of the Council's Constitution. Following approval by the Audit Committee they will be presented to the Constitution and Democratic Services Committee.
1.09	It is intended to publicise the Strategy and Response Plan to all employees, members. The Strategy and Response Plan will also be made available on both the Council's website and infonet and shared with suppliers and contractors as part of future procurement exercises.

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

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	None from the report itself.

5.00	APPENDICES
5.01	<p>Appendix A – Corporate Anti-Fraud & Corruption Strategy – with the tracked changes to the Strategy;</p> <p>Appendix B – Corporate Anti-Fraud & Corruption Strategy – without the changes tracked;</p> <p>Appendix C – Fraud & Irregularity Response Plan – with the tracked changes;</p> <p>Appendix D – Fraud & Irregularity Response Plan – without the changes tracked.</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Lisa Brownbill, Internal Audit Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: Lisa.brownbill@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Fraud: where an individual has undertaken, or intends to undertake, actions in order to obtain gain for him/herself or another, or cause loss to another, or expose another to risk of loss.</p> <p>Corruption: refers to an individual who has given or obtained advantage through means which are illegitimate, immoral, and/or inconsistent with their duty to the Authority or the rights of others.</p>

FLINTSHIRE COUNTY COUNCIL

Corporate Anti-Fraud and Corruption Strategy

DRAFT – Version 1.~~6~~7 – January 2019
(with Tracked Changes)

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Policy Owners	Internal Audit Manager
Date Implemented	April 2007
Date Last Reviewed	November 2014
Date of Last Amendment	January 2019
Date of Next Review	January 2020

CORPORATE ANTI-FRAUD AND CORRUPTION STRATEGY

1. Policy Statement

- Flintshire County Council (the Council) has a zero tolerance approach to fraud, bribery and corruption. This Policy outlines how the Council delivers an effective approach to managing the risk of fraud and corruption.
- The Council is committed to this policy and to maintaining high ethical standards.
- The Council is committed to the prevention, deterrence, detection and investigation of all forms of fraud or corruption within or against all its activities.
- The Council will support prosecutions or apply other relevant sanctions to those who commit acts of fraud or corruption.
- The Council encourages anyone who suspects fraud and corruption to report it, and the Council will support anyone who does this.

2. Introduction

- 2.1 Flintshire County Council has a workforce of around ~~7,000~~6,000 and spends in excess of ~~£400m~~£250 a year. The Council commissions and provides a wide range of services to individuals and households and works with many other private, public and voluntary sector organisations.
- 2.2 The size and nature of the Council's services means that there is an ongoing risk of loss due to fraud and corruption from both internal and external sources. The Council is continuously developing anti-fraud initiatives and remains committed to:
- The prevention, detection, deterring, investigation and correcting all forms of fraud and corruption, whether these are attempted from within or external to the organisation.
 - Minimising losses caused by fraud, corruption and breaches of regulations.
 - Embedding management of fraud risk throughout the organisation.
 - Increasing awareness of counter-fraud responsibilities at all levels within and outside the Council.

- 2.3 The Council's commitment to the protection of public funds against fraud and corruption is set out in this strategy and supporting policies.
- 2.4 The strategy is structured to reflect the CIPFA code of practice on Managing the Risk of Fraud and Corruption. The five key elements of the code are to:
- Acknowledge the responsibility of the governing body for countering fraud and corruption
 - Identify the fraud and corruption risks
 - Develop an appropriate counter fraud and corruption strategy
 - Provide resources to implement the strategy
 - Take action in response to fraud and corruption
- 2.5 The Strategy applies to:
- ~~Officers and to all employees (including centrally employed teachers) of Flintshire County Council (as defined by the Employment Rights Act) and is commended to School Governing Bodies and other associated employers as best practice.~~
 - Members of the Council
 - Partner Organisations, including Aura and NEWydd
 - ~~Third Party individuals such as Partners, Consultancy, Suppliers, Contractors and employees of Council Suppliers and Contractors who are employed to deliver goods / services to the Council.~~
 - ~~Council Suppliers, Contractors and Consultants~~
 - General Public
- 2.6 The Council requires all individuals and organisations, with whom it deals in any capacity to behave toward the Council with integrity and without intent or actions not involving fraud or corruption. Members of the public are encouraged to report any concerns which they may have.
- 2.7 The Strategy has the full support of Members and the Council's Senior Accountable Officers. It is approved by Audit Committee and The Cabinet.
- 2.8 This policy should be read in conjunction with the Council's Whistleblowing Policy and the Fraud & Irregularity Response Plan.

3. Definitions

- 3.1 **Fraud:** ~~For the purpose of this policy refers to where an individual has undertaken, or intends to undertake, actions in order to obtain gain for him/herself or another, or cause loss to another, or expose another to risk of loss. Fraud is when trickery is used to gain a dishonest advantage which is often financial over another person or organisation.~~

- 3.2 The Fraud Act 2006 came into force on 15th January 2007. It created a single offence of fraud which can be committed in three separate ways:
- Fraud by false representation;
 - Fraud by failing to disclose information where there is a legal duty to do so; and
 - Fraud by abuse of position.

~~Four new offences were also created:~~

- ~~• Possession of articles for use in fraud~~
- ~~• Making or supplying articles for use in fraud~~
- ~~• Obtaining services dishonestly~~
- ~~• Participating in fraudulent business~~

- 3.3 **Theft:** “A person shall be guilty of theft if he/she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it” (Theft Act 1968).

- 3.4 **Corruption:** For the purpose of this policy corruption refers to an individual who has given or obtained advantage through means which are illegitimate, immoral, and/or inconsistent with their duty to the Authority or the rights of others. Examples include accepting bribes or incentives during procurement processes, seeking to influence others ~~or through the~~ The Council has defined corruption as “The offering of, giving, soliciting or acceptance of an inducement or reward ~~to influence others,, which may influence the action of any person”.~~

~~_____~~ The Bribery Act 2010 ~~created~~ creates criminal offences for any individual who either offers or receives a financial or other advantage intending the advantage to be rewarded by the improper performance of a function or activity. The Act also ~~created~~ creates an offence of directly or indirectly offering, promising or giving a bribe to a foreign public official so as to influence the actions of the ~~foreign public~~ said official. Any individual found guilty of any of these offences is liable to imprisonment for up to a maximum period of 10 years.

~~3.5 **Cyber Crime:** this occurs where any criminal act dealing with computers, networks over the internet.~~

~~3.6 **Computer Fraud:** occurs where information technology equipment has been used to manipulate programmes or data dishonestly (for example, by altering, substituting or destroying records or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud. Detailed with the Computer Misuse Act 1990.~~

4. Adopting the Right Strategy

- 4.1 To reduce losses to fraud and corruption to an absolute minimum, a strategic approach is implemented encompassing a clear remit covering all areas of fraud and corruption affecting the ~~organisation~~Council.
- 4.2 The approach adopted by the ~~organisation~~Council involves a three stage process:
- 1) ~~Deter~~ by having a culture within the ~~organisation~~Council which deters the committing of fraud.
 - 2) ~~Prevent~~ by having measures in place to help prevent fraud occurring.
 - 3) ~~Detect~~ by having measures in place to detect fraud should it occur.
- The approach is covered in more detail in section 8 of this document.
- 4.3 The full range of ~~actions~~actions for each stage of the process integrated actions should be taken forward with the focus on outcomes (i.e. reduced losses) rather than activity (i.e. number of investigations).

5. **Accurately Identifying the Risk of Fraud and Corruption**

- 5.1 Fraud and corruption risks are considered as part of the Council's strategic risk management arrangements.
- 5.2 The nature and scale of losses to fraud and corruption are identified where they can be practically established. By measuring the scale of losses, and learning from where they are detected, knowledge is gained of where controls within systems should be strengthened or introduced to reduce the risk of fraud and corruption in the future.

6. **Creating and Maintaining a Strong Structure**

- 6.1 The Council is committed to the Nolan ~~P~~Pprinciples of ~~S~~Sstandards in ~~P~~Public ~~L~~Life, namely objectivity, openness, leadership, accountability, honesty, selflessness and integrity. High ethical standards should be adhered to and be demonstrated in all the Council's actions and decisions.
- 6.2 The Council's commitment to the highest standard of governance is supported by a strong framework including the Constitution, Code of Corporate Governance, Member and Officer's Codes of Conduct and specific counter fraud policies e.g. Whistleblowing Policy, and the Anti-

Money Laundering Policy. The Annual Governance Statement includes reference to the measures taken to counter fraud and corruption.

- 6.3 The Council expects elected members and all ~~officers-employees~~ to lead by example in demonstrating support for anti-fraud and corruption measures by adhering to rules and regulations, and that all practices and operating procedures are beyond reproach.
- 6.4 Within the ~~County~~-Council those charged with countering fraud and corruption have the appropriate authority to pursue their remit effectively. In order for the Council to effectively deal with allegations of fraud those charged with investigating matters must receive full support from all ~~officers-employees~~ and members.
- 6.5 It is the responsibility of Service Teams and Senior Accountable Officers ~~management's responsibility~~ to establish sound systems of internal controls in order to prevent and detect fraud, ~~and designed to~~ reduce the risk posed by fraud within service areas. The Authority has a zero tolerance to acts of fraud and corruption.
- 6.6 The Accounts and Audit (Wales) Regulations require every local authority to maintain adequate and effective Internal Audit Service.
- 6.7 One of the roles of Internal Audit is to promote anti-fraud and corruption, best practice and to ensure management has effective systems in place to detect and prevent corrupt practices. The Internal Audit team are properly trained to gain the appropriate knowledge and skills in respect of fraud awareness, prevention, detection and investigation. In Flintshire a clear mandate has been provided to Internal Audit to investigate potential fraud and irregularities and this is specified in the Audit Charter and the Financial Procedure Rules (4.3).
- 6.8 Where appropriate, ~~t~~The Council will co-operate with other local authorities and public sector bodies in the prevention, detection and investigation of fraud and corruption e.g. participation in the National Fraud Initiative and liaison with the Police.

7. Responsibilities

Individual / Group	Role / Responsibility
Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Chief Officer Governance (Monitoring Officer)	<ul style="list-style-type: none"> • Advise members and officers-employees on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice. • Prepare a report to Council where it appears that the authority has or is about to do anything which would be in contravention of the law or which would constitute

	maladministration.
Corporate Finance Manager (Section 151 Officer)	<ul style="list-style-type: none"> • Ensure proper arrangements are made for the Council's financial affairs. • Maintain an adequately resourced internal audit team.
Chief Officer Team	Overseeing the corporate approach to counter-fraud activity, setting the tone to embed a culture of high standards and integrity.
Senior Accountable Officers	<ul style="list-style-type: none"> • Notify Internal Audit of all suspected fraud or corruption incidents in their area – see Fraud and Irregularity Response Plan, para 65. • Ensuring that adequate systems of internal control exist within their areas of responsibility, and that such controls, checks and supervision operate in such a way as to prevent or detect fraudulent activity. • Regularly need to assess the types of risks and scope for potential fraud associated with the operations in their area. • Ensure that officers-employees receive fraud awareness training. The extent of this will depend on the work that individual officers carry out. • Remind officers-employees who are an integral part of the control framework of fraud and risk issues. • Ensure this Strategy and the Fraud Response Plan are available to all officersemployees.
Workforce	<ul style="list-style-type: none"> • A duty to act if they believe there is a possibility of fraud or corruption taking place or the rules are being breached – see Fraud and Irregularity Response Plan para 3. • Their own conduct and for contributing towards the safeguarding of corporate standards (including declaration of interest, private working, whistleblowing, etc.). • Acting with propriety in the use of official resources and in the handling and use of corporate funds. • Be alert to any financial transactions that may suggest money laundering.
Internal Audit	<ul style="list-style-type: none"> • Providing a pro-active corporate anti-fraud function to facilitate the identification and subsequent investigation of alleged acts of fraud or corruption. • Completion of any and all investigations of fraud and corruption that do not fall within the remit of other investigative bodies, such as Housing Benefit. • Receiving and reviewing notifications of all frauds reported within the Council and analysing fraud risk. • Making appropriate arrangements to co-ordinate the Council's work on the National Fraud Initiative. • Undertake internal data matching across Council systems. • Reporting to and liaising with the local police on individual cases. • Provide reports to the Audit Committee on incidents of fraud and corruption. • Issuing guidance to members and management in relation to fraud and corruption related legislation and procedures. • Provide advice and guidance on internal controls to prevent or detect fraud or corruption.

	<ul style="list-style-type: none"> Promoting fraud awareness and training. Acting as the Council's consultant on issues of fraud and corruption.
External Audit	Considering if the Council has adequate arrangements in place to prevent and detect fraud and corruption.
Trade Unions	<ul style="list-style-type: none"> Notifying Officers <u>the appropriate individuals</u> if they believe there is a possibility of fraud or corruption taking place or the rules are being breached, see Fraud and Irregularity Response Plan para 4. Support their members throughout the process.
Members	<ul style="list-style-type: none"> Notifying <u>the appropriate individuals</u> Officers if they believe there is a possibility of fraud or corruption taking place or the rules are being breached, see Fraud and Irregularity Response Plan para 5. Responsible for their own conduct. Contributing towards the safeguarding of corporate standards, as detailed in the Members Code of Conduct.
Audit Committee	<ul style="list-style-type: none"> Reviewing and monitoring policies for preventing and detecting fraud. Reviewing reports relating to fraud from internal and external auditors.
<u>Third Party Individuals</u> - Partners, Suppliers, Contractors <u>(and employees of)</u> , Consultants and the Public	To be aware of the possibility of fraud and corruption within their organisation or against the Council and report any genuine concerns / suspicions.

8. Taking Action to Tackle the Problem

Deterrence

- 8.1 The Council will publicise its counter fraud measures using all available means e.g. the press, newsletters, the Infonet and internet.
- 8.2 Publicised information makes ~~officers~~ the workforces aware that fraud and corruption are serious offences and that they may face disciplinary action if there is evidence that they have been involved in these activities.
- 8.3 The Authority has a suite of policies and procedures in place to manage the risk of fraud and corruption which are:
- Corporate Anti-Fraud and Corruption Strategy
 - Fraud and Irregularity Response Plan
 - Whistleblowing Policy
 - Anti-Bribery Policy
 - Anti-Money Laundering Policy

- 8.4 Where fraud and corruption is proved, and the Council has suffered a financial loss, the Council will seek to recover the full value of any loss. In some cases, this may involve civil proceedings being instigated through the courts. As a deterrent to others the Council will seek to publicise such cases.

Prevention

- 8.5 Managers at all levels within the ~~County~~ Council have a responsibility for the prevention of fraud and corruption (within their own remit) and for implementing appropriate strategies to minimise the risk effectively. Such strategies include promoting fraud awareness, assessing compliance with Council policies (e.g. Financial Regulations) and ensuring sufficient levels of internal control are maintained within systems and procedures.
- 8.6 The internal audit plan includes time for audit involvement in the development of new systems. Involvement at this stage should help to ensure that controls are designed into the systems to help prevent the risk of fraud and corruption. The risk based annual plan also reviews the internal control framework of the Authority, ~~this is risk based~~ and includes reviews of all high risk areas of operation, ~~where~~ the potential for fraud is included as part of the review.

Detection

- 8.7 Managers play a key role in ensuring that systems and processes are in place to detect fraudulent activity.
- 8.8 In many cases, the diligence of ~~officers~~ individuals and the alertness and good citizenship of the public at large detect acts of fraud or corruption. Fraud and corruption may also be discovered by Internal Audit during routine audits, pro-active fraud audits or through the use of data matching. Frauds are also detected as a result of the Council's participation in the National Fraud Initiative exercise.
- 8.9 ~~Officers~~ Employees, elected members and external stakeholders (including third party individuals) are expected to report suspected fraud or corruption in accordance with Council's Financial Regulations and the ~~Council's~~ Whistleblowing procedures ~~policy~~.

Investigation

- 8.10 Reporting suspected cases of fraud and corruption by the above means will ensure that all reported incidents are considered by Internal Audit in accordance with the Fraud and Irregularity Response Plan. All referrals are logged and assessed with timescales being agreed for completion of the investigation taking into account any future loss of evidence or funds.

- 8.11 Not all referrals are fraud related and the investigation may be undertaken by departmental management or appointed investigating officers for cases of misconduct.
- 8.12 During the investigation, the Investigating Officer will contact any other relevant parties e.g. the Monitoring Officer, People and Resources or the Police, to ensure all allegations and evidence are properly investigated and reported upon. When referrals are passed to the Police, the Crown Prosecution Service will determine whether a prosecution will be pursued.
- 8.13 Internal Audit investigation reports identify the specific control weaknesses which were present at the time of the fraud and allowed it to be committed. Actions required to address these weaknesses and strengthen the control environment are included within investigation reports. Actions are graded depending upon their severity and the manager responsible must complete an action plan detailing dates for implementation and officer responsible.
- 8.14 Where necessary, the Council's Disciplinary policy will be used to facilitate a thorough investigation of any allegations of improper behaviour by ~~officers~~employees. The decision to invoke the Disciplinary policy will be a consideration of Chief Officers and ~~People and Resources~~Senior Manager, Human Resources & Organisational Development.
- 8.15 To prevent misuse of the investigation process, someone who maliciously raises a matter they know is untrue may be subject to disciplinary action (where applicable).

Sanctions and Redress

- 8.16 Where fraud or corruption has been identified the Council will recover any losses (where applicable) and prosecute or apply other sanctions as detailed within the Fraud Response Plan. Sanctions will be applied in a comprehensive, consistent and proportionate manner. Examples of the type of sanctions that could be considered are; disciplinary action (against ~~officers~~employees) and/or civil and criminal action.
- 8.17 Redress will be applied in accordance with the Investigation Outcome (Recovery and Sanctions) Recovery of Losses section detailed in Fraud and Irregularity Response Plan. Rates of recovery will be monitored as part of the quality process.

9. Defining Success

- 9.1 ~~Annually -annual report will be presented to-~~ the Audit Committee will be informed on the performance against this strategy, this forms part of the Internal Audit annual report.

10. Awareness and Training

- 10.1 Training and guidance are vital to maintaining the effectiveness of the Anti-Fraud and Corruption Strategy. The Council supports induction and work related training and will ensure that fraud awareness training is provided to all Members, Senior Accountable Officers and the workforce and Senior Managers of the Council.
- 10.2 ~~Officers~~ The within Internal Audit team will receive specific training to ensure compliance with professional standards and relevant legislation.
- 10.3 In order to raise awareness of this strategy, and fraud and corruption in general, the Council will arrange periodic publicity campaigns and will issue advice encouraging fraud awareness.

11. Conclusion

- 11.1 Flintshire County Council has in place a clear framework of systems and procedures to deter, prevent, detect and investigate fraud and corruption.
- 11.2 The Council will monitor performance of the Anti-Fraud and Corruption Strategy through regular reports submitted to the Audit Committee. The Audit Manager will, in addition, keep this policy under review in order to take account of any changes in Council policy and government legislation.

FLINTSHIRE COUNTY COUNCIL

Corporate Anti-Fraud and Corruption Strategy

**DRAFT – Version 1.7 – January 2019
(without Tracked Changes)**

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Policy Owners	Internal Audit Manager
Date Implemented	April 2007
Date Last Reviewed	November 2014
Date of Last Amendment	January 2019
Date of Next Review	January 2020

CORPORATE ANTI-FRAUD AND CORRUPTION STRATEGY

1. Policy Statement

- Flintshire County Council (the Council) has a zero tolerance approach to fraud, bribery and corruption. This Policy outlines how the Council delivers an effective approach to managing the risk of fraud and corruption.
- The Council is committed to this policy and to maintaining high ethical standards.
- The Council is committed to the prevention, deterrence, detection and investigation of all forms of fraud or corruption within or against all its activities.
- The Council will support prosecutions or apply other relevant sanctions to those who commit acts of fraud or corruption.
- The Council encourages anyone who suspects fraud and corruption to report it, and the Council will support anyone who does this.

2. Introduction

- 2.1 Flintshire County Council has a workforce of around 6,000 and spends in excess of £400m a year. The Council commissions and provides a wide range of services to individuals and households and works with many other private, public and voluntary sector organisations.
- 2.2 The size and nature of the Council's services means that there is an ongoing risk of loss due to fraud and corruption from both internal and external sources. The Council is continuously developing anti-fraud initiatives and remains committed to:
- The prevention, detection, deterring, investigation and correcting all forms of fraud and corruption, whether these are attempted from within or external to the organisation.
 - Minimising losses caused by fraud, corruption and breaches of regulations.
 - Embedding management of fraud risk throughout the organisation.
 - Increasing awareness of counter-fraud responsibilities at all levels within and outside the Council.

- 2.3 The Council's commitment to the protection of public funds against fraud and corruption is set out in this strategy and supporting policies.
- 2.4 The strategy is structured to reflect the CIPFA code of practice on Managing the Risk of Fraud and Corruption. The five key elements of the code are to:
- Acknowledge the responsibility of the governing body for countering fraud and corruption
 - Identify the fraud and corruption risks
 - Develop an appropriate counter fraud and corruption strategy
 - Provide resources to implement the strategy
 - Take action in response to fraud and corruption
- 2.5 The Strategy applies to:
- To all employees (including centrally employed teachers) of Flintshire County Council (as defined by the Employment Rights Act) and is commended to School Governing Bodies and other associated employers as best practice;
 - Members of the Council;
 - Partner Organisations, including Aura and NEWydd;
 - Third Party individuals such as Partners, Consultancy, Suppliers, Contractors and employees of Council Suppliers and Contractors who are employed to deliver goods / services to the Council;
 - General Public.
- 2.6 The Council requires all individuals and organisations, with whom it deals in any capacity to behave toward the Council with integrity and without intent or actions not involving fraud or corruption. Members of the public are encouraged to report any concerns which they may have.
- 2.7 The Strategy has the full support of Members and the Council's Senior Accountable Officers. It is approved by Audit Committee and The Cabinet.
- 2.8 This policy should be read in conjunction with the Council's Whistleblowing Policy and the Fraud & Irregularity Response Plan.

3. Definitions

- 3.1 **Fraud:** For the purpose of this policy refers to where an individual has undertaken, or intends to undertake, actions in order to obtain gain for him/herself or another, or cause loss to another, or expose another to risk of loss.

- 3.2 The Fraud Act 2006 came into force on 15th January 2007. It created a single offence of fraud which can be committed in three separate ways:
- Fraud by false representation;
 - Fraud by failing to disclose information where there is a legal duty to do so; and
 - Fraud by abuse of position.
- 3.3 **Theft:** “A person shall be guilty of theft if he/she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it” (Theft Act 1968).
- 3.4 **Corruption:** For the purpose of this policy corruption refers to an individual who has given or obtained advantage through means which are illegitimate, immoral, and/or inconsistent with their duty to the Authority or the rights of others. Examples include accepting bribes or incentives during procurement processes, seeking to influence others through the offering of, giving, soliciting or acceptance of an inducement or reward.

The Bribery Act 2010 creates criminal offences for any individual who either offers or receives a financial or other advantage intending the advantage to be rewarded by the improper performance of a function or activity. The Act also creates an offence of directly or indirectly offering, promising or giving a bribe to a foreign public official so as to influence the actions of the said official. Any individual found guilty of any of these offences is liable to imprisonment for up to a maximum period of 10 years.

4. Adopting the Right Strategy

- 4.1 To reduce losses to fraud and corruption to an absolute minimum, a strategic approach is implemented encompassing a clear remit covering all areas of fraud and corruption affecting the Council.
- 4.2 The approach adopted by the Council involves a three stage process:
- 1) Deter** by having a culture within the Council which deters the committing of fraud.
 - 2) Prevent** by having measures in place to help prevent fraud occurring.
 - 3) Detect** by having measures in place to detect fraud should it occur.

The approach is covered in more detail in section 8 of this document.

- 4.3 The full range of actions for each stage of the process should be taken forward with the focus on outcomes (i.e. reduced losses) rather than activity (i.e. number of investigations).

5. Accurately Identifying the Risk of Fraud and Corruption

- 5.1 Fraud and corruption risks are considered as part of the Council's strategic risk management arrangements.
- 5.2 The nature and scale of losses to fraud and corruption are identified where they can be practically established. By measuring the scale of losses, and learning from where they are detected, knowledge is gained of where controls within systems should be strengthened or introduced to reduce the risk of fraud and corruption in the future.

6. Creating and Maintaining a Strong Structure

- 6.1 The Council is committed to the Nolan Principles of Standards in Public Life, namely objectivity, openness, leadership, accountability, honesty, selflessness and integrity. High ethical standards should be adhered to and be demonstrated in all the Council's actions and decisions.
- 6.2 The Council's commitment to the highest standard of governance is supported by a strong framework including the Constitution, Code of Corporate Governance, Member and Officer's Codes of Conduct and specific counter fraud policies e.g. Whistleblowing Policy and the Anti-Money Laundering Policy. The Annual Governance Statement includes reference to the measures taken to counter fraud and corruption.
- 6.3 The Council expects elected members and all employees to lead by example in demonstrating support for anti-fraud and corruption measures by adhering to rules and regulations, and that all practices and operating procedures are beyond reproach.
- 6.4 Within the Council those charged with countering fraud and corruption have the appropriate authority to pursue their remit effectively. In order for the Council to effectively deal with allegations of fraud those charged with investigating matters must receive full support from all employees and members.
- 6.5 It is the responsibility of Service Teams and Senior Accountable Officers to establish sound systems of internal controls in order to prevent and detect fraud, and reduce the risk posed by fraud within service areas. The Authority has a zero tolerance to acts of fraud and corruption.

- 6.6 The Accounts and Audit (Wales) Regulations require every local authority to maintain adequate and effective Internal Audit Service.
- 6.7 One of the roles of Internal Audit is to promote anti-fraud and corruption best practice and to ensure management has effective systems in place to detect and prevent corrupt practices. The Internal Audit team are properly trained to gain the appropriate knowledge and skills in respect of fraud awareness, prevention, detection and investigation. In Flintshire a clear mandate has been provided to Internal Audit to investigate potential fraud and irregularities and this is specified in the Audit Charter and the Financial Procedure Rules (4.3).
- 6.8 Where appropriate, the Council will co-operate with other local authorities and public sector bodies in the prevention, detection and investigation of fraud and corruption e.g. participation in the National Fraud Initiative and liaison with the Police.

7. Responsibilities

Individual / Group	Role / Responsibility
Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Chief Officer Governance (Monitoring Officer)	<ul style="list-style-type: none"> Advise members and employees on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice. Prepare a report to Council where it appears that the authority has or is about to do anything which would be in contravention of the law or which would constitute maladministration.
Corporate Finance Manager (Section 151 Officer)	<ul style="list-style-type: none"> Ensure proper arrangements are made for the Council's financial affairs. Maintain an adequately resourced internal audit team.
Chief Officer Team	Overseeing the corporate approach to counter-fraud activity, setting the tone to embed a culture of high standards and integrity.
Senior Accountable Officers	<ul style="list-style-type: none"> Notify Internal Audit of all suspected fraud or corruption incidents in their area – see Fraud and Irregularity Response Plan, para 6. Ensuring that adequate systems of internal control exist within their areas of responsibility, and that such controls, checks and supervision operate in such a way as to prevent or detect fraudulent activity. Regularly need to assess the types of risks and scope for potential fraud associated with the operations in their area. Ensure that employees receive fraud awareness training. The extent of this will depend on the work that individual carry out. Remind employees who are an integral part of the control

	<p>framework of fraud and risk issues.</p> <ul style="list-style-type: none"> • Ensure this Strategy and the Fraud Response Plan are available to all employees.
Workforce	<ul style="list-style-type: none"> • A duty to act if they believe there is a possibility of fraud or corruption taking place or the rules are being breached – see Fraud and Irregularity Response Plan para 3. • Their own conduct and for contributing towards the safeguarding of corporate standards (including declaration of interest, private working, whistleblowing, etc.). • Acting with propriety in the use of official resources and in the handling and use of corporate funds. • Be alert to any financial transactions that may suggest money laundering.
Internal Audit	<ul style="list-style-type: none"> • Providing a pro-active corporate anti-fraud function to facilitate the identification and subsequent investigation of alleged acts of fraud or corruption. • Completion of any and all investigations of fraud and corruption that do not fall within the remit of other investigative bodies, such as Housing Benefit. • Receiving and reviewing notifications of all frauds reported within the Council and analysing fraud risk. • Making appropriate arrangements to co-ordinate the Council's work on the National Fraud Initiative. • Undertake internal data matching across Council systems. • Reporting to and liaising with the local police on individual cases. • Provide reports to the Audit Committee on incidents of fraud and corruption. • Issuing guidance to members and management in relation to fraud and corruption related legislation and procedures. • Provide advice and guidance on internal controls to prevent or detect fraud or corruption. • Promoting fraud awareness and training. • Acting as the Council's consultant on issues of fraud and corruption.
External Audit	<p>Considering if the Council has adequate arrangements in place to prevent and detect fraud and corruption.</p>
Trade Unions	<ul style="list-style-type: none"> • Notifying the appropriate individuals if they believe there is a possibility of fraud or corruption taking place or the rules are being breached, see Fraud and Irregularity Response Plan para 4. • Support their members throughout the process.
Members	<ul style="list-style-type: none"> • Notifying the appropriate individuals if they believe there is a possibility of fraud or corruption taking place or the rules are being breached, see Fraud and Irregularity Response Plan para 5. • Responsible for their own conduct. • Contributing towards the safeguarding of corporate standards, as detailed in the Members Code of Conduct.

Audit Committee	<ul style="list-style-type: none"> • Reviewing and monitoring policies for preventing and detecting fraud. • Reviewing reports relating to fraud from internal and external auditors.
Third Party Individuals - Partners, Suppliers, Contractors (and employees of), Consultants and the Public	To be aware of the possibility of fraud and corruption within their organisation or against the Council and report any genuine concerns / suspicions.

8. Taking Action to Tackle the Problem

Deterrence

- 8.1 The Council will publicise its counter fraud measures using all available means e.g. the press, newsletters, the Infonet and internet.
- 8.2 Publicised information makes the workforces aware that fraud and corruption are serious offences and that they may face disciplinary action if there is evidence that they have been involved in these activities.
- 8.3 The Authority has a suite of policies and procedures in place to manage the risk of fraud and corruption which are:
- Corporate Anti-Fraud and Corruption Strategy
 - Fraud and Irregularity Response Plan
 - Whistleblowing Policy
 - Anti-Money Laundering Policy
- 8.4 Where fraud and corruption is proved, and the Council has suffered a financial loss, the Council will seek to recover the full value of any loss. In some cases, this may involve civil proceedings being instigated through the courts. As a deterrent to others the Council will seek to publicise such cases.

Prevention

- 8.5 Managers at all levels within the Council have a responsibility for the prevention of fraud and corruption (within their own remit) and for implementing appropriate strategies to minimise the risk effectively. Such strategies include promoting fraud awareness, assessing compliance with Council policies (e.g. Financial Regulations) and ensuring sufficient levels of internal control are maintained within systems and procedures.
- 8.6 The internal audit plan includes time for audit involvement in the development of new systems. Involvement at this stage should help to ensure that controls are designed into the systems to help prevent the

risk of fraud and corruption. The risk based annual plan also reviews the internal control framework of the Authority and includes reviews of all high risk areas of operation where the potential for fraud is included as part of the review.

Detection

- 8.7 Managers play a key role in ensuring that systems and processes are in place to detect fraudulent activity.
- 8.8 In many cases, the diligence of individuals and the alertness and good citizenship of the public at large detect acts of fraud or corruption. Fraud and corruption may also be discovered by Internal Audit during routine audits, pro-active fraud audits or through the use of data matching. Frauds are also detected as a result of the Council's participation in the National Fraud Initiative exercise.
- 8.9 Employees, elected members and external stakeholders (including third party individuals) are expected to report suspected fraud or corruption in accordance with Council's Financial Regulations and the Whistleblowing policy.

Investigation

- 8.10 Reporting suspected cases of fraud and corruption by the above means will ensure that all reported incidents are considered by Internal Audit in accordance with the Fraud and Irregularity Response Plan. All referrals are logged and assessed with timescales being agreed for completion of the investigation taking into account any future loss of evidence or funds.
- 8.11 Not all referrals are fraud related and the investigation may be undertaken by departmental management or appointed investigating officers for cases of misconduct.
- 8.12 During the investigation, the Investigating Officer will contact any other relevant parties e.g. the Monitoring Officer, People and Resources or the Police, to ensure all allegations and evidence are properly investigated and reported upon. When referrals are passed to the Police, the Crown Prosecution Service will determine whether a prosecution will be pursued.
- 8.13 Internal Audit investigation reports identify the specific control weaknesses which were present at the time of the fraud and allowed it to be committed. Actions required to address these weaknesses and strengthen the control environment are included within investigation reports. Actions are graded depending upon their severity and the manager responsible must complete an action plan detailing dates for implementation and officer responsible.
- 8.14 Where necessary, the Council's Disciplinary policy will be used to facilitate a thorough investigation of any allegations of improper behaviour
-

by employees. The decision to invoke the Disciplinary policy will be a consideration of Chief Officers and Senior Manager, Human Resources & Organisational Development.

- 8.15 To prevent misuse of the investigation process, someone who maliciously raises a matter they know is untrue may be subject to disciplinary action (where applicable).

Sanctions and Redress

- 8.16 Where fraud or corruption has been identified the Council will recover any losses (where applicable) and prosecute or apply other sanctions as detailed within the Fraud Response Plan. Sanctions will be applied in a comprehensive, consistent and proportionate manner. Examples of the type of sanctions that could be considered are disciplinary action (against employees) and/or civil and criminal action.
- 8.17 Redress will be applied in accordance with the Investigation Outcome (Recovery and Sanctions) section detailed in Fraud and Irregularity Response Plan. Rates of recovery will be monitored as part of the quality process.

9. Defining Success

- 9.1 Annually the Audit Committee will be informed on the performance against this strategy, this forms part of the Internal Audit annual report.

10. Awareness and Training

- 10.1 Training and guidance are vital to maintaining the effectiveness of the Anti-Fraud and Corruption Strategy. The Council supports induction and work related training and will ensure that fraud awareness training is provided to all Members, Senior Accountable Officers and the workforce of the Council.
- 10.2 The Internal Audit team will receive specific training to ensure compliance with professional standards and relevant legislation.
- 10.3 In order to raise awareness of this strategy, and fraud and corruption in general, the Council will arrange periodic publicity campaigns and will issue advice encouraging fraud awareness.

11. Conclusion

- 11.1 Flintshire County Council has in place a clear framework of systems and procedures to deter, prevent, detect and investigate fraud and corruption.
- 11.2 The Council will monitor performance of the Anti-Fraud and Corruption Strategy through regular reports submitted to the Audit Committee. The Audit Manager will, in addition, keep this policy under review in order to take account of any changes in Council policy and government legislation.

FLINTSHIRE COUNTY COUNCIL

Fraud and Irregularity Response Plan

DRAFT – V1.74 – January 2019

(with Tracked Changes)

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Policy Owner	Internal Audit Manager
Date Implemented	April 2007
Date Last Reviewed	November 2014
Date of Last Current Amendment	January 2019
Date of Next Review	January 2020

1. Introduction

- 1.1 ~~This document provides guidance to all employees (including centrally employed teachers) of Flintshire County Council (as defined by the Employment Rights Act) and is commended to School Governing Bodies and other associated employers as best practice e.g. NEWydd, Aura. The document also applies to Third Party individuals (Partners, Consultants, Suppliers, Contractor and employees of Council suppliers and contractors, who are employed to deliver a service / goods to the Council) This document provides guidance to , and employees staff and management in the event of their becoming aware of, or suspecting a fraud or corrupt act being committed in Flintshire by a Council Member, member of staff, contractor or a supplier.~~
- 1.2 A one page flowchart is also included at the end of this document, to provide an at-a-glance summary of the process.
- 1.3 The plan is not intended for use where there is suspicion of child abuse. Where concerns are noted in relation to child protection, these should be referred in the first instance to the Duty and Assessment Team, Social Services on 01352 701000 for a preliminary discussion. Additionally if concerns raised relate to modern slavery and trafficking issues please contact Social Services on 01352 701053 (Children) or 01352 702540 (Adults).~~contact Social Services on 01352 701053 (Children) or 01352 702540 (Adults).~~

2. Objectives

- 2.1 The objectives of ~~this a fraud~~ Fraud and ~~irregularity~~ Irregularity response ~~Response plan~~ Plan are to ensure that timely and effective action can be taken to:
- ~~ensure~~ establish there is a clear understanding over who will lead any investigation and to ensure local managers, Internal Audit and People and Resources are involved as appropriate;
 - prevent further losses of funds or other assets where fraud has occurred and maximise recovery of losses;
 - ~~ensure~~ demonstrate there is substance and evidence to support any allegation against an employee before that employee is subject to disciplinary action;
 - minimise the risk of inappropriate action or disclosure taking place which would compromise an investigation or recovery of losses;
 - secure evidence and ~~ensure~~ containment of any information or knowledge of any investigation into the matter reported;

- identify the perpetrators and maximise the success of any disciplinary / legal action taken. ~~;~~ ~~and~~

3. Whistleblowing Policy

3.1 If you prefer to raise your concerns confidentially the Council has a Whistleblowing Policy (available on the infonet) in accordance with the provisions of the Public Interest Disclosure Act 1998. The policy provides the individual with a method of raising concerns about any financial or other malpractice in the Council.

3.2 Under that policy, if you ask us to protect your identity by keeping your confidence, we will not disclose it without your consent apart from exceptional cases. For example this could be in cases when the person raising the concerns will need to provide a statement and potentially appear as a witness in subsequent legal proceedings, or may be required to give evidence in a disciplinary hearing. It is also possible that the investigation itself may serve to reveal the source of information, although this will be avoided where possible.

3.3 Subject to the constraints of Data Protection Legislation and the Council's duty of confidentiality to the workforce staff and Councillors, we will give you as much feedback as we properly can within an agreed timescale.

4. Employee Responsibilities

4.1 As an ~~employee~~ individual (employee or third party individual of the Council), there are a number of actions you may be required to take depending on who is involved in the fraud or ~~irregularity~~ corruption. You should remember, however, that when you know of or suspect a fraud or ~~irregular~~ corrupt act, you must not discuss it with other individuals or work colleagues either before or after reporting it to the appropriate person so that the investigation is not compromised.

4.2 You should never confront the suspected individual or act in a manner which might draw their attention to your suspicions.

4.3 At the earliest opportunity you should clearly record all the activities you have witnessed and information you have received or are aware of. It is important to record as much information as possible to inform any subsequent management assessment or investigation, including dates, times and sequences of events.

Suspected Fraud by another Council Employee

4.4 As an employee if a work colleague is giving rise to suspicions that she / he is committing a fraudulent or corrupt act within the Authority, then under normal circumstances you should report it to your **line manager**. However, you may not wish to report to your line manager, particularly if you suspect them of committing a fraud or corrupt act, or having an involvement in what you have

observed. Therefore, the option exists to report your concerns to any of the following officers:

- **Your line Manager's Manager;**
- **Your Chief Officer;**
- **The Internal Audit Manager**

In addition, suspicions can be reported to your Trade Union, see Para 4.

Suspected Fraud by an ~~elected~~ Elected Member

4.5 If you need to report a suspicion, ~~or~~ an actual fraud or corrupt act by a Councillor, you should report this to one of the following officers in the Council:

- **The Chief Officer Governance, who is the Council's Monitoring Officer;**
- **The Internal Audit Manager**

Suspected Fraud by a ~~contractor~~ Contractor, ~~supplier~~ Supplier or a ~~member~~ Member of the ~~public~~ Public

4.6 If the fraud or corrupt act is being committed in your Service area, then under normal circumstances you should report your concerns to your **line manager**. If your suspicions do not relate directly to your area, then you should not ignore the information you have, but should report the matter directly to the **Internal Audit Manager**. This could include information that comes into your possession through your profession or social life.

~~Whistleblowing policy~~

~~3.1 If you prefer to raise your concerns confidentially the Council has a Whistleblowing policy (available on the intranet) in accordance with the provisions of the Public Interest Disclosure Act 1998. The policy provides employees~~staff~~ with a method of raising concerns about any financial or other malpractice in the Council.~~

~~3.2 Under that policy, if you ask us to protect your identity by keeping your confidence, we will not disclose it without your consent apart from exceptional cases. For example this could be in cases when the person raising the concerns will need to provide a statement and potentially appear as a witness in subsequent legal proceedings, or may be required to give evidence in a disciplinary hearing. It is also possible that the investigation itself may serve to reveal the source of information, although this will be avoided where possible.~~

~~3.3 Subject to the constraints of Data Protection legislation and the Council's duty of confidentiality to employees~~staff~~ and Councillors, we will give you as much feedback as we properly can within an agreed timescale.~~

5. Trade Union ~~Role~~ Responsibilities

- 5.1 Should any employee who is a member of a recognised Trade Union have any concerns regarding their own behaviour, or that of others, in relation to any potential fraudulent activity then they can seek advice and assistance from their Trade Union.
- 5.2 Whilst discussions between the Trade Union members and their Trade Union are confidential, the disclosure of any potential fraudulent activity to a Trade Union Official will result in it being disclosed to the Organisation for them to investigate it fully. Disclosure of information to the Trade Unions will protect the identity of the individual making the disclosure and they will ~~of course~~ receive the full support of their Trade Union throughout the ensuing process.

6. Members Responsibilities

- 6.1 Where Members come into possession of information which may indicate that a fraudulent or corrupt act is being perpetrated against Flintshire County Council, they must report this to either the **Chief Executive, the Internal Audit Manager, the relevant Chief Officer, or the Council's Monitoring Officer (Chief Officer Governance)**. The officer in receipt of the report should ensure that any subsequent investigation follows the requirements of this fraud response plan.
- 6.2 Under no circumstances should a Member discuss a suspected fraud with other Members or the press.

7. Third Party Responsibilities (Partners, Consultants, Suppliers, Contractors and employees of these)

- 7.1 Where a Third Party comes into possession of information which may indicate that a fraudulent or corrupt act is being perpetrated against Flintshire County Council, they must report this to either the Chief Executive, the Internal Audit Manager, the relevant Chief Officer, or the Council's Monitoring Officer (Chief Officer Governance).

8. Management's Senior Accountable Officers Role Responsibilities

- 68.1 As soon as a complaint or an allegation is received by a manager (including referrals made by Members as in 4.1), it is their responsibility to inform the **Internal Audit Manager** in accordance with Finance Procedure Rule [4.311.17\(e\)](#) and **People and Resources** (where the allegation relates to an employee member of staff) to undertake an initial risk assessment of the facts. This enquiry should be carried out as quickly as possible, with the objectives of either substantiating or repudiating the allegation that has been made.
- 68.2 At no time during the preliminary investigation should the manager confront the alleged suspect, nor put evidence at risk. Under no circumstances should a manager discuss a suspected employee fraud with other staff members or peer managers.

68.3 If there are suspicions that similar frauds are or could be being committed the situation should be discussed with the **Internal Audit Manager**.

79. What will ~~H~~happen ~~next~~Next?

79.1 After the initial assessment has been carried out and where evidence suggests there is a potential fraud or irregularity, a detailed investigation will need to be undertaken. Depending on the nature of the allegation the options for this will be:

- Appoint an Investigating Officer; this will usually be a senior officer in the relevant service and will be ~~appointed~~ ~~actioned~~ by People and Resources. He/she will carry out the investigation (for investigations under the disciplinary policy) in conjunction with People and Resources;
- Internal Audit carry out the investigation (for all fraud related investigations) in conjunction with the Investigating Officer;
- The matter is referred to the Police (in conjunction with Internal Audit where required);
- The matter is referred to an external agency for investigation ~~eg.e.g.~~ Housing Benefit fraud ~~or National Anti-Fraud Network (NAFN)~~.

10. How will the ~~investigation~~ Investigation ~~proceed~~ Proceed?

10.1 Every case is unique. The Internal Audit Manager will work with the appointed Investigating Officer and People and Resources to ensure the most appropriate course of action is taken.

Considerations will include:

- The preparation of an investigation plan;
- The potential requirement to suspend a member of staff, in accordance with the Council's Disciplinary Procedure, while the investigation is undertaken;
- The need to secure evidence (including documents, computer records, CCTV ~~recording~~ ~~tapes~~, ~~etc~~ etc.);
- The commissioning of specialist services from both within and outside the Council (e.g. surveillance experts, forensic IT specialists, specific service areas or subject matter experts);
- Carrying out interviews to gather information and witness statements (any interviews must be conducted fairly and will, where possible, be ~~tape~~ recorded);

- Potential referral to other internal or external agencies, e.g. Housing Benefit Fraud team, the Department for Work & Pensions, the Police, Standards Committee, ~~National Anti-Fraud Network~~;
- Consider whether RIPA (Regulation of Investigatory Powers Act) approval is required. This is usually where surveillance needs to be undertaken; and
- Advise and assist management in implementing new procedures and internal controls where necessary.

11. ~~Investigation~~ ~~outcomes~~ Outcomes (Recovery and Sanctions)

Allegations against an Employee

- 11.1 If an allegation is substantiated following an investigation, the disciplinary process will be instigated.
- 11.2 At the same time, if there is evidence that fraud has been committed against the Council, the Internal Audit Manager will formally consider referring the matter to the Police (if not already done so at initial assessment stage), and liaise with them over whether formal charges will be brought and an investigation taken forward to possible prosecution. A referral to the Police will be carried out, normally following consultation with the ~~Head of Senior Manager, Human Resources and Organisational~~ Chief Officers for People & Resources, and the Development, the ~~Chief Officer~~ Governance and the Chief Executive.
- 11.3 In appropriate circumstances the Council will consider taking civil action against the accused employee to recover any debt caused as a result of their actions.

Allegation against a Councillor

- 11.4 Any allegations which are substantiated against a Councillor will be considered under their ~~code~~ Code of ~~conduct~~ Conduct by the Council's Monitoring Officer and could result in a referral to the standards committee, Public Service Ombudsman for Wales or the Police.

Allegation against a Contractor or Supplier

- 11.5 If an allegation of fraud against the Council by a contractor or supplier is substantiated, it will be referred to the police and may result in prosecution.
- 11.6 In addition to the criminal route, wherever applicable, the action taken by the Council will also follow a civil route, in order to recover assets or monies obtained by the potential offender.

External Audit

- 11.7 In some cases it may be necessary to immediately inform the Council's External Auditor of the fraud or corruption. This will be the responsibility of the Internal Audit Manager.

Audit Committee

- 11.8 Except in special circumstances, after taking into consideration issues of confidentiality, fraud investigations will normally be reported in outline to the Audit Committee every quarter. Where it would be proper to do so, the Chair of the Audit Committee will be briefed immediately with any sensitive/serious matters.
- 11.9 Any variation from the approved ~~F~~fraud ~~and i~~rrregularity ~~response~~ ~~Response~~ ~~plan~~Plan, together with reasons for the variation, will be reported to the Audit Committee where it would be appropriate to do so.

Press and Publicity

- 11.10 The ~~Business and Corporate~~ Communications Team will deal with the press and publicity in all matters regarding fraud and corruption. Where appropriate, the details of all successful prosecutions for fraud will be released to the media through the ~~Business and Corporate~~ Communications Team. Such disclosures will maintain the confidentiality of the initial referral. Staff, ~~and~~ Managers ~~or~~ ~~Members~~ must not directly disclose to the press the details of any cases suspected or under investigation.
- 11.11 Disclosure of details to the media without the express authority of the ~~Business and Corporate~~ Communications Team could be regarded as a disciplinary matter. The aim is to publicise the Council's intolerance of fraud or corruption both within the Council and by users of its services. It also serves to publicise our successes against those who would perpetrate such fraud or corruption against the Council.

12. Conclusion

- 12.1 The Fraud and Irregularity Response Plan for ~~the Council's Workforce, Service Teams and Senior Accountable Officers~~ ~~Employees~~ ~~Staff~~ and Management, ~~is part of a number of policies listed below (see appendix a) which in conjunction with the Anti-Fraud and Corruption Strategy, the Whistleblowing Policy, the Codes of Conduct (Employees and Members), the Prosecution Policy and the Employee Disciplinary Policy will support~~s the Council's objectives in countering and investigating corporate fraud and corruption.

- Anti-Fraud and Corruption Strategy
- Whistleblowing Policy
- Codes of Conduct (~~Staff Officers~~ and Members)
- Prosecution Policy

- Employee Disciplinary Policy
- Code of Corporate Governance
- Financial Procedure Rules
- Contract Procedure Rules
- ~~Members Code of Conduct~~
- ~~Employees Code of Conduct~~

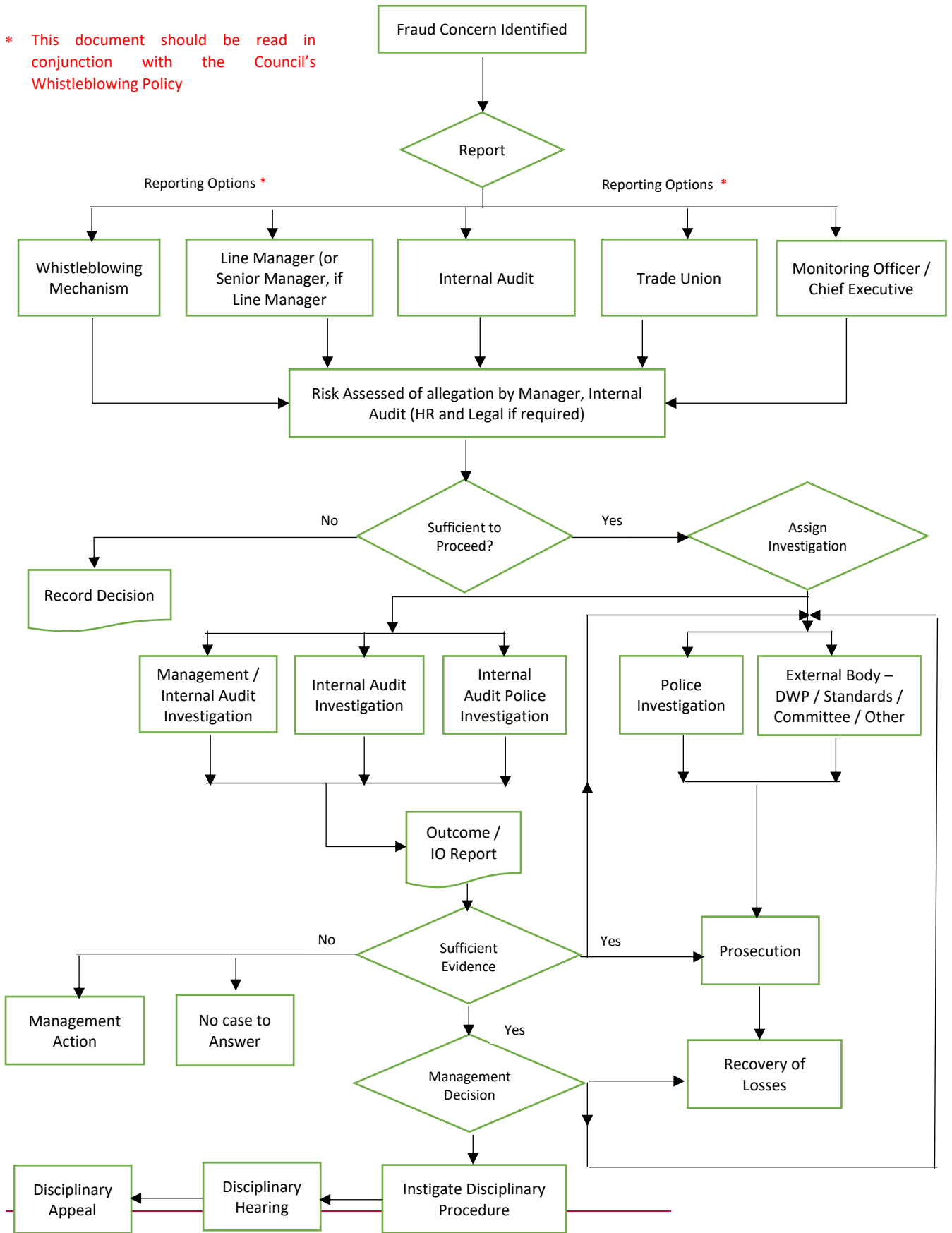
However no guidance such as this can be expected to cover all eventualities and, therefore, if you have any issues or are unsure of the action to take in a given situation you should immediately contact the Internal Audit Manager.

13. ~~Review of Fraud and Irregularity Response Plan~~Monitoring

- 13.1 The Fraud and Irregularity Response Plan will be subject to annual review and update.

Response Plan

* This document should be read in conjunction with the Council's Whistleblowing Policy



Mae'r dudalen hon yn wag yn bwrpasol

FLINTSHIRE COUNTY COUNCIL

Fraud and Irregularity Response Plan

DRAFT – V1.7 – January 2019

(without Tracked Changes)

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Policy Owner	Internal Audit Manager
Date Implemented	April 2007
Date Last Reviewed	November 2014
Date of Current Amendment	January 2019
Date of Next Review	January 2020

1. Introduction

- 1.1 This document provides guidance to all employees (including centrally employed teachers) of Flintshire County Council (as defined by the Employment Rights Act) and is commended to School Governing Bodies and other associated employers as best practice e.g. NEWydd, Aura. The document also applies to Third Party individuals (Partners, Consultants, Suppliers, Contractor and employees of Council suppliers and contractors, who are employed to deliver a service / goods to the Council).
- 1.2 A one page flowchart is also included at the end of this document, to provide an at-a-glance summary of the process.
- 1.3 The plan is not intended for use where there is suspicion of child abuse. Where concerns are noted in relation to child protection, these should be referred in the first instance to the Duty and Assessment Team, Social Services on 01352 701000 for a preliminary discussion. Additionally if concerns raised relate to modern slavery and trafficking issues please contact Social Services on 01352 701053 (Children) or 01352 702540 (Adults).

2. Objectives

- 2.1 The objectives of this Fraud and Irregularity Response Plan are to ensure that timely and effective action can be taken to:
 - establish there is a clear understanding over who will lead any investigation and to ensure local managers, Internal Audit and People and Resources are involved as appropriate;
 - prevent further losses of funds or other assets where fraud has occurred and maximise recovery of losses;
 - demonstrate there is substance and evidence to support any allegation against an employee before that employee is subject to disciplinary action;
 - minimise the risk of inappropriate action or disclosure taking place which would compromise an investigation or recovery of losses;
 - secure evidence and containment of any information or knowledge of any investigation into the matter reported;
 - identify the perpetrators and maximise the success of any disciplinary / legal action taken.

3. Whistleblowing Policy

- 3.1 If you prefer to raise your concerns confidentially the Council has a Whistleblowing Policy (available on the infonet) in accordance with the

provisions of the Public Interest Disclosure Act 1998. The policy provides the individual with a method of raising concerns about any financial or other malpractice in the Council.

- 3.2 Under that policy, if you ask us to protect your identity by keeping your confidence, we will not disclose it without your consent apart from exceptional cases. For example this could be in cases when the person raising the concerns will need to provide a statement and potentially appear as a witness in subsequent legal proceedings, or may be required to give evidence in a disciplinary hearing. It is also possible that the investigation itself may serve to reveal the source of information, although this will be avoided where possible.
- 3.3 Subject to the constraints of Data Protection Legislation and the Council's duty of confidentiality to the workforce staff and Councillors, we will give you as much feedback as we properly can within an agreed timescale.

4. Responsibilities

- 4.1 As an individual (employee or third party individual of the Council), there are a number of actions you may be required to take depending on who is involved in the fraud or irregularity. You should remember, however, that when you know of or suspect a fraud or irregular act, you must not discuss it with other individuals or work colleagues either before or after reporting it to the appropriate person so that the investigation is not compromised.
- 4.2 You should never confront the suspected individual or act in a manner which might draw their attention to your suspicions.
- 4.3 At the earliest opportunity you should clearly record all the activities you have witnessed and information you have received or are aware of. It is important to record as much information as possible to inform any subsequent management assessment or investigation, including dates, times and sequences of events.

Suspected Fraud by another Council Employee

- 4.4 As an employee if a work colleague is giving rise to suspicions that she / he is committing a fraudulent or corrupt act within the Authority, then under normal circumstances you should report it to your **line manager**. However, you may not wish to report to your line manager, particularly if you suspect them of committing a fraud or corrupt act, or having an involvement in what you have observed. Therefore, the option exists to report your concerns to any of the following officers:

- **Your line Manager's Manager**
- **Your Chief Officer**
- **The Internal Audit Manager**

In addition, suspicions can be reported to your Trade Union, see Para 4.

Suspected Fraud by an Elected Member

- 4.5 If you need to report a suspicion, an actual fraud or corrupt act by a Councillor, you should report this to one of the following officers in the Council:
- **The Chief Officer Governance, who is the Council's Monitoring Officer**
 - **The Internal Audit Manager**

Suspected Fraud by a Contractor, Supplier or a Member of the Public

- 4.6 If the fraud or corrupt act is being committed in your Service area, then under normal circumstances you should report your concerns to your **line manager**. If your suspicions do not relate directly to your area, then you should not ignore the information you have, but should report the matter directly to the **Internal Audit Manager**. This could include information that comes into your possession through your profession or social life.

5. Trade Union Responsibilities

- 5.1 Should any employee who is a member of a recognised Trade Union have any concerns regarding their own behaviour, or that of others, in relation to any potential fraudulent activity then they can seek advice and assistance from their Trade Union.
- 5.2 Whilst discussions between the Trade Union member and their Trade Union are confidential, the disclosure of any potential fraudulent activity to a Trade Union Official will result in it being disclosed to the Organisation for them to investigate it fully. Disclosure of information to the Trade Unions will protect the identity of the individual making the disclosure and they will receive the full support of their Trade Union throughout the ensuing process.

6. Members Responsibilities

- 6.1 Where Members come into possession of information which may indicate that a fraudulent or corrupt act is being perpetrated against Flintshire County Council, they must report this to either the **Chief Executive, the Internal Audit Manager, the relevant Chief Officer, or the Council's Monitoring Officer (Chief Officer Governance)**. The officer in receipt of the report should ensure that any subsequent investigation follows the requirements of this fraud response plan.
- 6.2 Under no circumstances should a Member discuss a suspected fraud with other Members or the press.

7. Third Party Responsibilities (Partners, Consultants, Suppliers, Contractors and employees of these)

- 7.1 Where a Third Party comes into possession of information which may indicate that a fraudulent or corrupt act is being perpetrated against Flintshire County Council, they must report this to either the Chief Executive, the Internal Audit Manager, the relevant Chief Officer, or the Council's Monitoring Officer (Chief Officer Governance).

8. Senior Accountable Officers Responsibilities

- 8.1 As soon as a complaint or an allegation is received by a manager (including referrals made by Members as in 4.1), it is their responsibility to inform the **Internal Audit Manager** in accordance with Finance Procedure Rule 4.3 and **People and Resources** (where the allegation relates to an employee) to undertake an initial risk assessment of the facts. This enquiry should be carried out as quickly as possible, with the objectives of either substantiating or repudiating the allegation that has been made.
- 8.2 At no time during the preliminary investigation should the manager confront the alleged suspect, nor put evidence at risk. Under no circumstances should a manager discuss a suspected employee fraud with other staff members or peer managers.
- 8.3 If there are suspicions that similar frauds are or could be being committed the situation should be discussed with the **Internal Audit Manager**.

9. What will Happen Next?

- 9.1 After the initial assessment has been carried out and where evidence suggests there is a potential fraud or irregularity, a detailed investigation will need to be undertaken. Depending on the nature of the allegation the options for this will be:
- Appoint an Investigating Officer; this will usually be a senior officer in the relevant service and will be appointed by People and Resources. He/she will carry out the investigation (for investigations under the disciplinary policy) in conjunction with People and Resources;
 - Internal Audit carry out the investigation (for all fraud related investigations) in conjunction with the Investigating Officer;
 - The matter is referred to the Police (in conjunction with Internal Audit where required);
 - The matter is referred to an external agency for investigation e.g. Housing Benefit fraud or National Anti-Fraud Network (NAFN).

10. How will the Investigation Proceed?

10.1 Every case is unique. The Internal Audit Manager will work with the appointed Investigating Officer and People and Resources to ensure the most appropriate course of action is taken.

Considerations will include:

- The preparation of an investigation plan;
- The potential requirement to suspend a member of staff, in accordance with the Council's Disciplinary Procedure, while the investigation is undertaken;
- The need to secure evidence (including documents, computer records, CCTV recordings etc.);
- The commissioning of specialist services from both within and outside the Council (e.g. surveillance experts, forensic IT specialists, specific service areas or subject matter experts);
- Carrying out interviews to gather information and witness statements (any interviews must be conducted fairly and will, where possible, be recorded);
- Potential referral to other internal or external agencies, e.g. Housing Benefit Fraud team, the Department for Work & Pensions, the Police, Standards Committee, National Anti-Fraud Network;
- Consider whether RIPA (Regulation of Investigatory Powers Act) approval is required. This is usually where surveillance needs to be undertaken; and
- Advise and assist management in implementing new procedures and internal controls where necessary.

11. Investigation Outcomes (Recovery and Sanctions)

Allegations against an Employee

11.1 If an allegation is substantiated following an investigation, the disciplinary process will be instigated.

11.2 At the same time, if there is evidence that fraud has been committed against the Council, the Internal Audit Manager will formally consider referring the matter to the Police (if not already done so at initial assessment stage), and liaise with them over whether formal charges will be brought and an investigation taken forward to possible prosecution. A referral to the Police will be carried out, normally following consultation with the Senior Manager, Human Resources and Organisational Development, the Chief Officer Governance and the Chief Executive.

- 11.3 In appropriate circumstances the Council will consider taking civil action against the accused employee to recover any debt caused as a result of their actions.

Allegation against a Councillor

- 11.4 Any allegations which are substantiated against a Councillor will be considered under their Code of Conduct by the Council's Monitoring Officer and could result in a referral to the standards committee, Public Service Ombudsman for Wales or the Police.

Allegation against a Contractor or Supplier

- 11.5 If an allegation of fraud against the Council by a contractor or supplier is substantiated, it will be referred to the police and may result in prosecution.
- 11.6 In addition to the criminal route, wherever applicable, the action taken by the Council will also follow a civil route, in order to recover assets or monies obtained by the potential offender.

External Audit

- 11.7 In some cases it may be necessary to immediately inform the Council's External Auditor of the fraud or corruption. This will be the responsibility of the Internal Audit Manager.

Audit Committee

- 11.8 Except in special circumstances, after taking into consideration issues of confidentiality, fraud investigations will normally be reported in outline to the Audit Committee every quarter. Where it would be proper to do so, the Chair of the Audit Committee will be briefed immediately with any sensitive/serious matters.
- 11.9 Any variation from the approved Fraud and Irregularity Response Plan, together with reasons for the variation, will be reported to the Audit Committee where it would be appropriate to do so.

Press and Publicity

- 11.10 The Business and Communications Team will deal with the press and publicity in all matters regarding fraud and corruption. Where appropriate, the details of all successful prosecutions for fraud will be released to the media through the Business and Communications Team. Such disclosures will maintain the confidentiality of the initial referral. Staff, Managers or Members must not directly disclose to the press the details of any cases suspected or under investigation.
- 11.11 Disclosure of details to the media without the express authority of the Business and Communications Team could be regarded as a disciplinary matter. The aim is to publicise the Council's intolerance of fraud or corruption both within the Council and by users of its services. It also serves to publicise our successes

against those who would perpetrate such fraud or corruption against the Council.

12. Conclusion

12.1 The Fraud and Irregularity Response Plan for the Council's Workforce, Service Teams and Senior Accountable Officers, is part of a number of policies listed below which supports the Council's objectives in countering and investigating corporate fraud and corruption.

- Anti-Fraud and Corruption Strategy
- Whistleblowing Policy
- Codes of Conduct (Officers and Members)
- Prosecution Policy
- Employee Disciplinary Policy
- Code of Corporate Governance
- Financial Procedure Rules
- Contract Procedure Rules

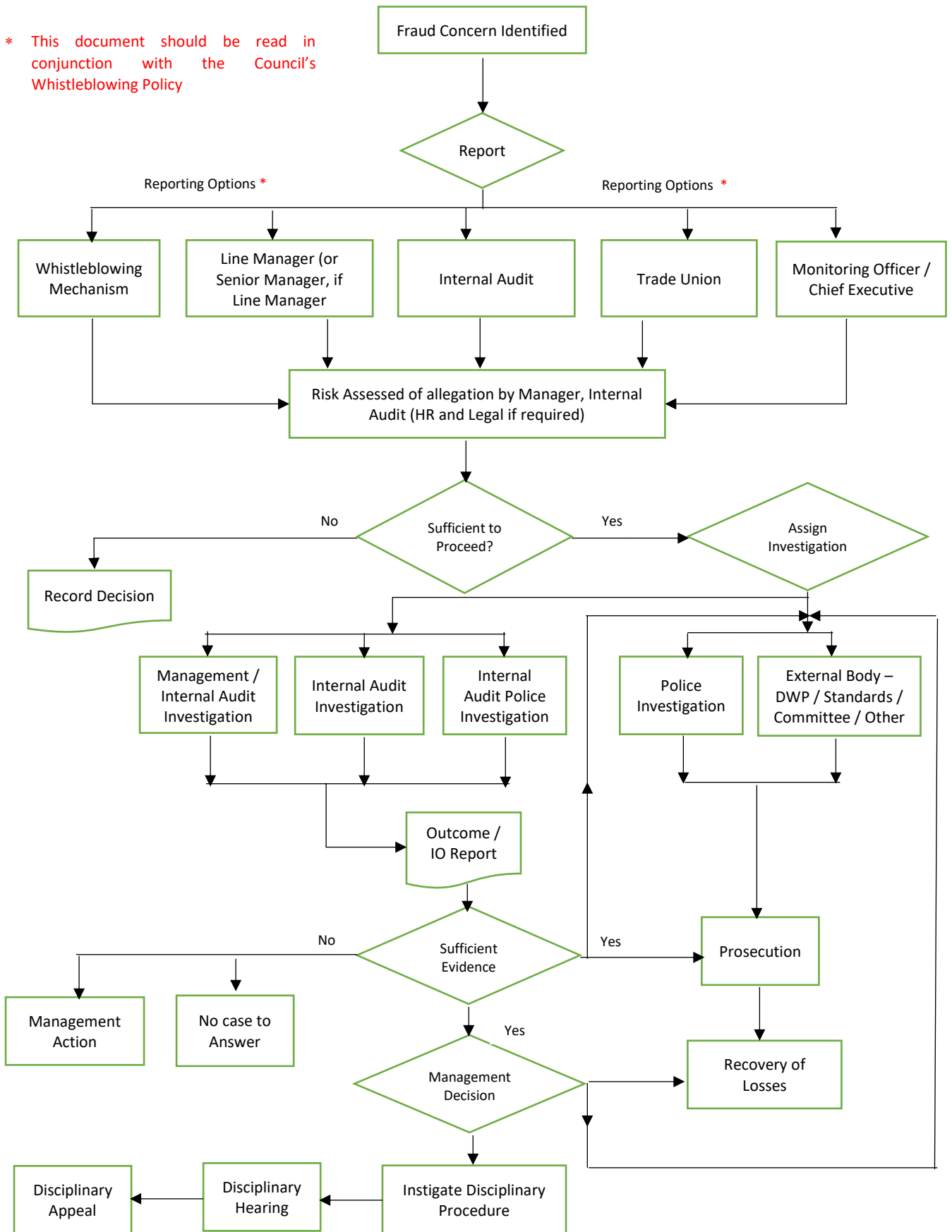
However no guidance such as this can be expected to cover all eventualities and, therefore, if you have any issues or are unsure of the action to take in a given situation you should immediately contact the Internal Audit Manager.

13. Monitoring

13.1 The Fraud and Irregularity Response Plan will be subject to annual review and update.

Response Plan

* This document should be read in conjunction with the Council's Whistleblowing Policy



Eitem ar gyfer y Rhaglen 10



AUDIT COMMITTEE

Date of Meeting	Friday, 15 February 2019
Report Subject	Whistleblowing Policy
Cabinet Member	Not Applicable
Report Author	Internal Audit Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

The Whistleblowing Policy enables employees, Members, and third party individuals (partners, consultants, suppliers, contractors, including their employees) of the Council to raise any concerns that they have and gives assurance about confidentiality and protection. It details the procedure to follow in raising a concern and details how the Council will respond. The policy provides examples of the types of concerns that can be raised.

RECOMMENDATIONS

1	The Committee is requested to consider and approve the updated Whistleblowing Policy.
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REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
1.01	Flintshire County Council has had a Whistleblowing Policy since 2002 and it was last reviewed and approved by Audit Committee in 2015. There is a need to review the policy periodically to ensure that it reflects any changes in working practices, legislations and other regulations.
1.02	This document has been reviewed and updated by Internal Audit in conjunction with Governance and Human Resources and Organisation Development.
1.03	As the review in 2015 of the Whistleblowing policy took place to bring it in line with the requirements of the Enterprise and Regulatory Reform Act 2013, there has been very few changes to the policy apart from bringing it

	<p>up to date with current terminology, contact details and the movement of some sections within the policy.</p> <p>One aspect of the policy that has been expanded on is to reflect the actions the Council has committed to regarding Welsh Government's Ethical Procurement Practices.</p> <p>The policy clearly informs third party individuals (partners, consultants, suppliers, contractors and employees of Council suppliers and contractors, who are employed to deliver a service / goods to the Council) of:</p> <ul style="list-style-type: none"> • their responsibilities to report any concerns whether this is against the Council or the supplier / contractor (sections 5.4, 5.6 and 13.2 of the policy); • the process to follow to raise any concerns (section 8.2 of the policy); • examples of the types of concerns that may be raised e.g. unethical employment practices. (Appendix A of the policy).
1.04	To aid clarity and transparency two copies of the Whistleblowing Policy are included. Appendix A shows where the changes have occurred, with the tracked changes, whilst Appendix B shows the revised Whistleblowing Policy without the changes tracked, which is an easier read.
1.05	The Whistleblowing policy has been shared with the Chief Executive, Chief Officer - Governance, Senior Officer – Human Resources & Organisational Development and is currently with the Trade Union for review. Given that there has been few changes to the policy, it was decided to continue to bring the policy to the Audit Committee for approval. Should changes be required following a review by the Trade Union, the policy will be brought back to the Committee for further consideration and approval.
1.06	This policy forms part of the Council's Constitution. Following approval by the Audit Committee it will be presented to the Constitution and Democratic Services Committee.
1.07	Following approval, it will also be re-launched on the Council's website, infonet, shared with members and new suppliers / contractors of the Council. The policy will be bilingual.

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

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Consultation of the revised Whistleblowing Policy has been undertaken with Audit Committee members, the Chief Executive, the Council's Monitoring Officer and Chief Officer, Governance, Trade Unions and the Senior Manager, Human Resources and Organisational Development.

4.00	RISK MANAGEMENT
4.01	None from the report itself.

5.00	APPENDICES
5.01	Appendix A – Draft 2019 Whistleblowing Policy – With Tracked Changes Appendix B – Draft 2019 Whistleblowing Policy – Without Tracked Changes

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Lisa Brownbill, Internal Audit Manager Telephone: 01352 702231 E-mail: Lisa.brownbill@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	Whistleblowing: the term used (and process to follow) when an individual passes on information concerning a wrongdoing.

Mae'r dudalen hon yn wag yn bwrpasol

FLINTSHIRE COUNTY COUNCIL

(Excluding staff employed by School Governing Bodies)

Whistleblowing Policy

Version 1.~~8~~⁴ - January 2019
(with tracked changes)

Policy owners	Internal Audit Manager and Chief Officer People and Resources
Date implemented	April 2007
Date last reviewed	April 2014 October 2010
Date of last amendment	December 2018 April 2014
Date of next review	

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<u>Policy Owners</u>	<u>Internal Audit Manager and Senior Manager, Human Resources & Organisational Development</u>
<u>Date Implemented</u>	<u>April 2007</u>
<u>Date Last Reviewed</u>	<u>April 2014</u>
<u>Date of Current Amendment</u>	January 2019
<u>Date of Next Review</u>	January 2020

1. Introduction

1.1 Flintshire County Council (the Council) encourages a free and open culture in dealings between its managers, employees and all people with whom it engages in business and legal relations. In particular, ~~FCG~~the Council recognises that effective and honest communication is essential if concerns about breaches or failures are to be effectively dealt with and the organisation's success ensured.

1.2 ~~FCG~~The Council aims to create an environment where an individual (employees) or a third party (supplier / contractor) ~~employees~~ feels able to share their concerns internally in confidence and ~~Employees~~ does not suffer any detriment or victimisation as a result of making a protected disclosure.

1.3 The Chief Executive and the County Council are committed to this policy and to maintaining high ethical standards. If you raise a genuine concern under this policy, your concerns will be taken seriously and you will not be at risk of losing your job or suffering any form of retribution as a result, even if the concern proves to be unfounded.

2. The Council's Commitment

- ~~1. Employees~~ Individuals who reasonably believe that the disclosure they are making is true will not face sanctions.
- ~~2. Anybody~~ attempting to deter ~~employees~~ individuals from raising concerns or victimising them for doing so may be subject to disciplinary action.
- ~~3. At the same time~~ someone who maliciously raises a matter they know is untrue may also be subject to disciplinary action (where applicable).

3. Aims of the Policy

3.1 This policy sets out how to make a disclosure under the Public Interest Disclosure Act 1998. This policy is designed to provide guidance to all those who work with or within Flintshire County Council, who may from time to time feel that they need to raise certain issues relating to the organisation with someone in confidence.

3.2 This Policy ensures that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied.

3.3 Procedures for raising concerns internally (within the Council) and externally are given. We would encourage you to follow the internal procedure but if you feel you cannot do so, please follow the external procedure rather than doing nothing.

3.4 This policy should be read in conjunction with the Council’s Anti-Fraud and Corruption Strategy and the Fraud and Irregularity Response Plan.

4. Definitions

4.1 Whistleblowing is the raising of concern, either within the workplace or externally, about a danger, risk, malpractice, ~~or wrongdoing~~ or unethical practices which affects others. It is primarily for concerns where the interests of others or the organisation itself are at risk.

4.2 **Fraud:** for the purpose of this policy fraud refers to where an individual has undertaken, or intends to undertake, actions in order to obtain gain for him/herself or another, or cause loss to another, or expose another to risk of loss. The term ‘fraud’ encompasses:

- Fraud by false representation;
- Fraud by failing to disclose information; and
- Fraud by abuse of position.

Descriptions of the above can be found within the Fraud Act 2006.

4.3 **Corruption:** for the purpose of this policy corruption refers to an individual who has given or obtained advantage through means which are illegitimate, immoral, and/or inconsistent with their duty to the Authority/CO or the rights of others. Examples include accepting bribes or incentives during procurement processes and/or seeking to influence others.

4.4 **Malpractice:** for the purpose of this policy malpractice refers to actions which may be:

- illegal, improper, negligent or unethical;
- in breach of a professional code and ethics;
- possible maladministration, fraud or misuse of public funds; or
- acts which are otherwise inconsistent with the Officers Code of Conduct.

4.5 It does not include grievances about your personal position. If you have a complaint that relates to personal disputes or your own terms and conditions of employment, this should be raised initially with your line

manager and if the issue is not resolved by your line manager, the Grievance Policy should be followed.

5. Scope of the Policy

- 5.1 This policy applies to all employees (including centrally employed teachers) of Flintshire County Council (As defined by the Employment Rights Act) and is commended to School Governing Bodies and other associated employers as best practice e.g. NEWydd, Aura. The policy also applies to Third Party individuals who works with the Council.
- 5.2 Workers are defined as employees, agency workers, people that are training with Flintshire County Council but are not employed and self-employed workers.
- 5.3 Third party individuals are defined as partners, consultants, suppliers, contractors and employees of Council suppliers and contractors (who are employed to deliver a service / goods to the Council).
- 5.4 The Public Interest Disclosure Act 1998 applies to all workers within the Council. The Council is also committed to ensuring that any third party or contractor who raises a concern under this Policy will not be harassed or victimised as a result.
- 5.5 Third party individuals should follow Step 3 of the Reporting Procedure detailed in Section 8 of this policy.
- 5.6 This procedure applies to, but is not limited to, allegations about any of the following:
- Conduct which is an offence or breach of the law;
 - Alleged miscarriage of justice;
 - Serious Health and Safety risks;
 - The unauthorised use of public funds;
 - Possible fraud, corruption or malpractice;
 - Sexual, physical or verbal abuse, or bullying or intimidation of employees, customers or service users. This includes concerns relating to modern day slavery and human trafficking;
 - Abuse of authority;
 - Other unethical conduct e.g. Criminal activity within supply chains, employment practices within the Council or of suppliers / contractors of the Council.

5.6. Independent Advice

6.1 If you are unsure whether to use this policy or you want independent advice at any stage you should contact

- The HR Department
- Your Trade Union representative.
- The independent charity Public Concern at Work on 020 7404 6609. Their lawyers can give you free confidential advice at any stage about how to raise a concern about serious malpractice at work.

6.7. Confidentiality

7.1 We recognise that you may want to raise a concern in confidence under this policy. If you ask us to protect your identity by keeping your confidence, we will not disclose it without your consent apart from exceptional cases. For example, this could be in cases when the person raising the concerns will need to provide a statement and potentially appear as a witness in subsequent legal proceedings, or may be required to give evidence in a disciplinary hearing. It is also possible that the investigation itself may serve to reveal the source of information, although this will be avoided where possible.

7.2 This policy encourages you to put your name to your allegation, as concerns expressed anonymously are often much more difficult to investigate. However we would prefer that you raised serious concerns anonymously than not at all. Anonymous allegations will be considered at the discretion of the Council.

7.8. Internal Reporting Procedure

8.1 As an employee or member of the Council, wWhen raising a concern about malpractice ~~at work*~~, you follow the steps below.

8.2 For third party individuals (and their employees) you go directly to Step 3 of the reporting procedure and contact any one of those listed in the first instance.

Step 1. Raise the issue first with your line manager in order for practices to be modified before they reach the point where problems are created or harm is caused. These issues will initially be dealt with informally where possible. This may be done orally or in writing.

Step 2. If you feel unable to raise the matter with your line manager, for whatever reason, please raise the matter with the next immediate line manager whom you trust, or with someone

outside line management within the DirectoratePortfolio. Please say if you want to raise the matter in confidence so that they can make appropriate arrangements.

Step 3. If these channels have been followed and you still have concerns, or if you feel that the matter is so serious that you cannot discuss it with any of the above, or you are a third party, please contact one of the following:

- the Internal Audit Manager;
- the Senior Manager, Human Resources & Organisational Development the Chief Officer (People and Resources);
- the Chief Officer (Governance) and Council's Monitoring Officer; and
- a Member of the Council, who will refer to the appropriate officer.

~~For third parties or contractors you should contact any one of the above in the first instance.~~

~~For third parties or contractors you should contact any one of the above in the first instance.~~

8.9. The Council's Response

9.1 The Council will assess the concern once it is raised, which may involve an internal inquiry or a more formal investigation. We will tell you who is handling the matter, how you can contact them and whether further assistance may be needed. If you request it, we will write to you summarising your concern and how we propose to handle it. Some concerns may be resolved by agreed action without the need for investigation.

9.2 While the purpose of this policy is to enable us to investigate possible malpractice and take appropriate steps to deal with it, we will give you as much feedback as we properly can within an agreed timescale. The length of time will depend on the nature of the concern. If requested, we will confirm our response to you in writing. Please note, however, that we may not be able to tell you the precise action we take where this would infringe upon a duty of confidence owed by us to someone else or being in breach of any statutory requirement.

9.3 The Council will ensure that an Officer with knowledge and experience of this procedure will be given the responsibility for obtaining initial information from the referrer. A trained and suitable Officer will also conduct any initial meetings that are required.

9.4 At an appropriate stage in any investigation due consideration will need to be given to informing the subject of the concerns raised. It will be

necessary to do this to comply with the Council's duties under the Human Rights legislation. However, all efforts will be made to ensure that the source of the concerns remains confidential where possible. The source of the concern will not be disclosed without their consent apart from exceptional cases. For example, this could be in cases when the person raising the concerns will need to provide a statement and potentially appear as a witness in subsequent legal proceedings, or may be required to give evidence in a disciplinary hearing.

9.10. Appeals

10.1 If you are unhappy with our response, remember you can go to the other levels and bodies detailed in this Policy.

10.2 Whilst we cannot guarantee that we will respond to all matters in the way that you might wish, we will try to handle the matter fairly and properly. By using this policy you will help us to achieve this.

10.11. External Alternative Reporting Procedure

11.1 If all internal reporting channels have been followed or you do not feel you can raise your concerns within the Council, you can contact a relevant prescribed body. Examples of prescribed bodies which are relevant to ~~FCG~~ the Council are shown at Appendix 2C.

11.2 You can also raise your concerns with other external persons such as a Minister of the Crown and the Press or Media.

11.12. Legal Protection

12.1 Providing that you reasonably believe the disclosure you are making is in the public interest and you follow the procedures outlined in this policy then whistleblowing legislation protects you from detriment.

12.2 As an employee, you have a right not to be demoted, suspended, unfairly dismissed or victimised and you will be protected from suffering a detriment, bullying or harassment. Disclosures will be protected if the employee or worker discloses:

- in the course of obtaining legal advice;
- to the employer
- to any Member of Parliament (a prescribed person)
- in certain circumstances to a Minister of the Crown
- to a prescribed body (see Appendix 2B for list of prescribed bodies)

Flintshire County Council – Whistleblowing Policy

- to another non prescribed person or body eg. the press or media

12.3 ~~–If you are a third party individual or contractor raising concerns with the Authority you will not suffer any detriment providing you reasonably believe the disclosure is being made in the public interest.~~

12.4 It should be noted that if disclosures are made to a non-prescribed external body then a number of detailed conditions need to be met. These include a requirement that you do not make the disclosure for personal gain and that it is reasonable to make the disclosure in the circumstances.

12.5 Where a concern is raised directly with Flintshire County Council by an employee of a third party or contractor, the employee should not suffer any detriment from the employing third party or contractor.

Scope

~~This policy applies to all workers within the Council with the exception of teachers and those employed by School Governing Bodies. This policy is commended to schools as good practice.~~

~~Workers are defined as; employees, agency workers, people that are training with Flintshire but are not employed and self-employed workers.~~

~~The Public Interest Disclosure Act 1998 applies to all workers within the Council, the Council is also committed to ensuring that any third party or contractor who raises a concern under this Policy will not be harassed or victimised as a result. Third parties/contractors should follow Step 3 of the internal procedure.~~

~~This procedure applies to, but is not limited to, allegations about any of the following:~~

- ~~— Conduct which is an offence or breach of the law~~
- ~~— Alleged miscarriage of justice~~
- ~~— Serious Health and Safety risks~~
- ~~— The unauthorised use of public funds~~
- ~~— Possible fraud, corruption or malpractice~~
- ~~— Sexual, physical or verbal abuse, or bullying or intimidation of employees, customers or service users~~
- ~~— Abuse of authority~~
- ~~— Other unethical conduct eg. Criminal activity within supply chains~~

Definitions

~~**Fraud;** for the purpose of this policy refers to where an individual has undertaken, or intends to undertake, actions in order to obtain gain for him/herself or another, or cause loss to another, or expose another to risk of loss. The term 'fraud' encompasses:~~

- ~~i) Fraud by false representation;~~
- ~~ii) Fraud by failing to disclose information; and~~
- ~~iii) Fraud by abuse of position.~~

~~Descriptions of the above can be found within the Fraud Act 2006.~~

~~**Corruption;** for the purpose of this policy refers to an individual who has given or obtained advantage through means which are illegitimate, immoral, and/or inconsistent with their duty to the ICO or the rights of others. Examples include accepting bribes or incentives during procurement processes, seeking to influence others~~

~~**Malpractice;** for the purpose of this policy refers to actions which may be:
i) illegal, improper, or unethical; ii) in breach of a professional code;
iii) possible maladministration, fraud or misuse of public funds; or
iv) acts which are otherwise inconsistent with the Staff Code of Conduct.~~

13 Responsibilities

13.1 Role of the Employee

- Employees are expected to raise concerns they become aware of.
- Employees must reasonably believe the disclosure of information is in the public interest.
- Employees must **not** act maliciously or make false allegations.
- Employees must **not** seek any personal gain.

13.2 Role of a Third Party Individuals (Partner, Consultant, Supplier, Contractor and employees of Council Suppliers and Contractors)

- ~~The Third Party is expected to raise concerns they become aware of.~~
- ~~The Third Party must reasonably believe the disclosure of information is in the public interest.~~
- ~~The Third Party must **not** act maliciously or make false allegations.~~
- ~~The Third Party must **not** seek any personal gain.~~

13.3 Role of the Manager

- To deal with and respond to any complaints raised under this policy if within their area of control.
- If necessary to escalate the concern to one of the contacts listed under the internal procedure Step 3.
- To ensure employees are protected from suffering a detriment as a result of raising an issue under this policy.

~~13.2~~ ~~Role of the Employee~~

- ~~Employees are expected to raise concerns they become aware of.~~
- ~~Employees must reasonably believe the disclosure of information is in the public interest.~~
- ~~Employees must **not** act maliciously or make false allegations.~~
- ~~Employees must **not** seek any personal gain.~~

13.4 Monitoring and Evaluation

- The policy will be reviewed regularly to ensure compliance with changes in employment legislation or recommended best practice. Any future amendments to the policy will be considered by the Audit Committee.
- A central log of concerns reported under this Policy will be kept by Internal Audit.
- An annual summary of the number and outcomes of whistleblowing cases will also be reported to the Audit Committee, whilst respecting confidentiality.

13.5 Training and Development

Training will be provided to ensure that those with management responsibility for employees are clear about the policy and the procedures contained within it.

Examples of concerns which could be raised-

This policy will apply in cases where employees reasonably believe that the disclosure they are making is in the public interest. Examples of this are:

- a criminal offence has been committed, is being committed or is likely to be committed.
- a person has failed, is failing or is likely to fail to comply with any legal obligation to which he or she is subject to.
- a miscarriage of justice has occurred, is occurring or is likely to occur.
- the health and safety of any individual has been, is being or is likely to be endangered.
- the environment has been, is being or is likely to be damaged.
- information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.
- the unauthorised use of public funds.
- possible fraud and corruption e.g. [Recent data hacking incidents to obtain payment card information](#).
- other unethical conduct e.g. [not acting with –honesty, fairness, equality, dignity and diversity](#).
- where a criminal act takes place dealing within computers, network or over the internet (Cyber Crime).
- computers are used to manipulate programmes or data dishonestly (e.g. by altering, substituting or destroying records or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud (Computer Fraud).
- where unlawful and or unethical employment practices exists [such as the unethical treatment of workers by a supplier or contractor of the Council as a result of undue cost and time pressures](#).
- undue cost and time pressures are not applied to any of our suppliers if this is likely to result in unethical treatment of workers.
- concerns relating to procurement can also be raised directly with Value Wales (supplier feedback service) online on the following websites listed in [Appendix 2B](#);

<https://gov.wales/topics/improving-services/better/vfm/supplier-feedback-service/?skip=1&lang=cy> – (Welsh version)

Where concerns may relate to modern slavery and trafficking issues. If this is the case, any concerns should be reported on the numbers listed in [Appendix 2B](#) – please contact one of the following phone numbers; Childrens 10352 701053 or Adults 01352 702540

Initial Contacts for Reporting a Concern

<p><u>Internal Audit Manager</u> Flintshire County Council, County Hall Mold, CH7 6NA Lisa.brownbill@flintshire.gov.uk</p> <p><u>Tel: 01352 702231</u></p>	<p><u>Council's Monitoring Officer</u> Flintshire County Council, County Hall Mold, CH7 6NA Gareth.legal@flintshire.gov.uk</p>
<p><u>Senior Manager, Human Resources & Organisational Development</u> Flintshire County Council, County Hall Mold, CH7 6NA Sharon.carney@flintshire.gov.uk</p>	
<p><u>Modern Day Slavery & Human Trafficking</u></p> <p><u>Children - 01352 701053</u> <u>Adults 01352 702540</u></p>	<p><u>Value you Wales</u> (Procurement)</p> <p>https://gov.wales/topics/improvingservices/bettervfm/supplier-feedback-service/?lang=en</p> <p>https://gov.wales/topics/improvingservices/bettervfm/supplier-feedback-service/?skip=1&lang=cy (Welsh version)</p>

Alternative Relevant Organisations

Relevant organisations (prescribed regulators) you can contact to make a protected disclosure.

Auditor General Wales 24 Cathedral Road Cardiff, CF11 9LJ Tel: 01244 525980 whistleblowing@wao.gov.uk	Health & Safety Executive Rose Court 2 Southwark Bridge London SE1 9HS Tel: 0300 0031647 www.hse.gov.uk (online form)
Information Commissioner Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF Tel: 01625 545745 mail@ico.gsi.gov.uk	The Director of the Serious Fraud Office 2-4 Cockspur Street London SW1Y 5BS Tel: 020 7239 7272 confidential@sfo.gsi.gov.uk
The Environmental Agency Horizon House Deanery Road Bristol BS1 5AH Tel: 03708 506506	Any Member of Parliament. Local Members are: David Hanson 01352 763159 David.hanson.mp@parliament.uk Mark Tami 01244 819854 tamim@parliament.uk

There are many other prescribed regulators who can be contacted to raise a concern, they can be found at <http://www.direct.gov.uk/>.

FLINTSHIRE COUNTY COUNCIL

**(Excluding staff employed by School Governing
Bodies)**

Whistleblowing Policy

Version 1.8 - January 2019
(without tracked changes)

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Policy Owners	Internal Audit Manager and Senior Manager, Human Resources & Organisational Development
Date Implemented	April 2007
Date Last Reviewed	April 2014
Date of Current Amendment	January 2019
Date of Next Review	January 2020

1. Introduction

- 1.1 Flintshire County Council (the Council) encourages a free and open culture in dealings between its managers, employees and all people with whom it engages in business and legal relations. In particular, the Council recognises that effective and honest communication is essential if concerns about breaches or failures are to be effectively dealt with and the organisation's success ensured.
- 1.2 The Council aims to create an environment where an individual (employees) or a third party (supplier / contractor) feels able to share their concerns internally in confidence and does not suffer any detriment or victimisation as a result of making a protected disclosure.
- 1.3 The Chief Executive and the County Council are committed to this policy and to maintaining high ethical standards. If you raise a genuine concern under this policy, your concern will be taken seriously and you will not be at risk of losing your job or suffering any form of retribution as a result, even if the concern proves to be unfounded.

2. The Council's Commitment

- Individuals who reasonably believe that the disclosure they are making is true will not face sanctions.
- Anybody attempting to deter individuals from raising concerns or victimising them for doing so may be subject to disciplinary action.
- At the same time someone who maliciously raises a matter they know is untrue may also be subject to disciplinary action (where applicable).

3. Aims of the Policy

- 3.1 This policy sets out how to make a disclosure under the Public Interest Disclosure Act 1998. This policy is designed to provide guidance to all those who work with or within Flintshire County Council, who may from time to time feel that they need to raise certain issues relating to the organisation with someone in confidence.
- 3.2 This Policy ensures that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied.
- 3.3 Procedures for raising concerns internally (within the Council) and externally are given. We would encourage you to follow the internal

procedure but if you feel you cannot do so, please follow the external procedure rather than doing nothing.

- 3.4 This policy should be read in conjunction with the Council’s Anti-Fraud and Corruption Strategy and the Fraud and Irregularity Response Plan.

4. Definitions

4.1 Whistleblowing is the raising of concern, either within the workplace or externally, about a danger, risk, malpractice, wrongdoing or unethical practices which affects others. It is primarily for concerns where the interests of others or the organisation itself are at risk.

4.2 **Fraud:** for the purpose of this policy fraud refers to where an individual has undertaken, or intends to undertake, actions in order to obtain gain for him/herself or another, or cause loss to another, or expose another to risk of loss. The term ‘fraud’ encompasses:

- Fraud by false representation;
- Fraud by failing to disclose information; and
- Fraud by abuse of position.

Descriptions of the above can be found within the Fraud Act 2006.

4.3 **Corruption:** for the purpose of this policy corruption refers to an individual who has given or obtained advantage through means which are illegitimate, immoral, and/or inconsistent with their duty to the Authority or the rights of others. Examples include accepting bribes or incentives during procurement processes and/or seeking to influence others.

4.4 **Malpractice:** for the purpose of this policy malpractice refers to actions which may be:

- illegal, improper, negligent or unethical;
- in breach of a professional code and ethics;
- possible maladministration, fraud or misuse of public funds; or
- acts which are otherwise inconsistent with the Officers Code of Conduct.

4.5 It does not include grievances about your personal position. If you have a complaint that relates to personal disputes or your own terms and conditions of employment, this should be raised initially with your line manager and if the issue is not resolved by your line manager, the Grievance Policy should be followed.

5. Scope of the Policy

- 5.1 This policy applies to all employees (including centrally employed teachers) of Flintshire County Council (As defined by the Employment Rights Act) and is commended to School Governing Bodies and other associated employers as best practice e.g. NEWydd, Aura. The policy also applies to Third Party individuals who works with the Council.
- 5.2 Workers are defined as employees, agency workers, people that are training with Flintshire County Council but are not employed and self-employed workers.
- 5.3 Third party individuals are defined as partners, consultants, suppliers, contractors and employees of Council suppliers and contractors (who are employed to deliver a service / goods to the Council).
- 5.4 The Public Interest Disclosure Act 1998 applies to all workers within the Council. The Council is also committed to ensuring that any third party or contractor who raises a concern under this Policy will not be harassed or victimised as a result.
- 5.5 **Third party individuals should follow Step 3 of the Reporting Procedure detailed in Section 8 of this policy.**
- 5.6 This procedure applies to, but is not limited to, allegations about any of the following:
- Conduct which is an offence or breach of the law;
 - Alleged miscarriage of justice;
 - Serious Health and Safety risks;
 - The unauthorised use of public funds;
 - Possible fraud, corruption or malpractice;
 - Sexual, physical or verbal abuse, or bullying or intimidation of employees, customers or service users. This includes concerns relating to modern day slavery and human trafficking;
 - Abuse of authority;
 - Other unethical conduct e.g. Criminal activity within supply chains, employment practices within the Council or of suppliers / contractors of the Council.

6. Independent Advice

- 6.1 If you are unsure whether to use this policy or you want independent advice at any stage you should contact
- The HR Department
 - Your Trade Union representative.

- The independent charity Public Concern at Work on 020 7404 6609. Their lawyers can give you free confidential advice at any stage about how to raise a concern about serious malpractice at work.

7. Confidentiality

- 7.1 We recognise that you may want to raise a concern in confidence under this policy. If you ask us to protect your identity by keeping your confidence, we will not disclose it without your consent apart from exceptional cases. For example, this could be in cases when the person raising the concerns will need to provide a statement and potentially appear as a witness in subsequent legal proceedings, or may be required to give evidence in a disciplinary hearing. It is also possible that the investigation itself may serve to reveal the source of information, although this will be avoided where possible.
- 7.2 This policy encourages you to put your name to your allegation, as concerns expressed anonymously are often much more difficult to investigate. However we would prefer that you raised serious concerns anonymously than not at all. Anonymous allegations will be considered at the discretion of the Council.

8. Reporting Procedure

- 8.1 As an employee or member of the Council, when raising a concern about malpractice you follow the steps below.
- 8.2 **For third party individuals (and their employees) you go directly to Step 3 of the reporting procedure and contact any one of those listed in the first instance.**

Step 1. Raise the issue first with your line manager in order for practices to be modified before they reach the point where problems are created or harm is caused. These issues will initially be dealt with informally where possible. This may be done orally or in writing.

Step 2. If you feel unable to raise the matter with your line manager, for whatever reason, please raise the matter with the next immediate line manager whom you trust, or with someone outside line management within the Portfolio. Please say if you want to raise the matter in confidence so that they can make appropriate arrangements.

Step 3. If these channels have been followed and you still have concerns, or if you feel that the matter is so serious that you

cannot discuss it with any of the above, or you are a third party, please contact one of the following:

- the Internal Audit Manager;
- the Senior Manager, Human Resources & Organisational Development ;
- the Chief Officer (Governance) and Council's Monitoring Officer; and
- a Member of the Council, who will refer to the appropriate officer.

9. The Council's Response

- 9.1 The Council will assess the concern once it is raised, which may involve an internal inquiry or a more formal investigation. We will tell you who is handling the matter, how you can contact them and whether further assistance may be needed. If you request it, we will write to you summarising your concern and how we propose to handle it. Some concerns may be resolved by agreed action without the need for investigation.
- 9.2 While the purpose of this policy is to enable us to investigate possible malpractice and take appropriate steps to deal with it, we will give you as much feedback as we properly can within an agreed timescale. The length of time will depend on the nature of the concern. If requested, we will confirm our response to you in writing. Please note, however, that we may not be able to tell you the precise action we take where this would infringe upon a duty of confidence owed by us to someone else or being in breach of any statutory requirement.
- 9.3 The Council will ensure that an Officer with knowledge and experience of this procedure will be given the responsibility for obtaining initial information from the referrer. A trained and suitable Officer will also conduct any initial meetings that are required.
- 9.4 At an appropriate stage in any investigation due consideration will need to be given to informing the subject of the concerns raised. It will be necessary to do this to comply with the Council's duties under the Human Rights legislation. However, all efforts will be made to ensure that the source of the concerns remains confidential where possible. The source of the concern will not be disclosed without their consent apart from exceptional cases. For example, this could be in cases when the person raising the concerns will need to provide a statement and potentially appear as a witness in subsequent legal proceedings, or may be required to give evidence in a disciplinary hearing.

10. Appeals

- 10.1 If you are unhappy with our response, remember you can go to the other levels and bodies detailed in this Policy.
- 10.2 Whilst we cannot guarantee that we will respond to all matters in the way that you might wish, we will try to handle the matter fairly and properly. By using this policy you will help us to achieve this.

11. Alternative Reporting Procedure

- 11.1 If all reporting channels have been followed or you do not feel you can raise your concerns within the Council, you can contact a relevant prescribed body. Examples of prescribed bodies which are relevant to the Council are shown at Appendix C.
- 11.2 You can also raise your concerns with other external persons such as a Minister of the Crown and the Press or Media.

12. Legal Protection

- 12.1 Providing that you reasonably believe the disclosure you are making is in the public interest and you follow the procedures outlined in this policy then whistleblowing legislation protects you from detriment.
- 12.2 As an employee, you have a right not to be demoted, suspended, unfairly dismissed or victimised and you will be protected from suffering a detriment, bullying or harassment. Disclosures will be protected if the employee or worker discloses:
- in the course of obtaining legal advice
 - to the employer
 - to any Member of Parliament (a prescribed person)
 - in certain circumstances to a Minister of the Crown
 - to a prescribed body (see Appendix B for list of prescribed bodies)
 - to another non prescribed person or body eg. the press or media
- 12.3 If you are a third party individual raising concerns with the Authority you will not suffer any detriment providing you reasonably believe the disclosure is being made in the public interest.
- 12.4 It should be noted that if disclosures are made to a non-prescribed external body then a number of detailed conditions need to be met. These include a requirement that you do not make the disclosure for personal gain and that it is reasonable to make the disclosure in the circumstances.

- 12.5 Where a concern is raised directly with Flintshire County Council by an employee of a third party or contractor, the employee should not suffer any detriment from the employing third party or contractor.

13. Responsibilities

13.1 Role of the Employee

- Employees are expected to raise concerns they become aware of.
- Employees must reasonably believe the disclosure of information is in the public interest.
- Employees must **not** act maliciously or make false allegations.
- Employees must **not** seek any personal gain.

13.2 Role of a Third Party Individual (Partner, Consultant, Supplier, Contractor and employees of Council Suppliers and Contractors)

- The Third Party is expected to raise concerns they become aware of.
- The Third Party must reasonably believe the disclosure of information is in the public interest.
- The Third Party must **not** act maliciously or make false allegations.
- The Third Party must **not** seek any personal gain.

13.3 Role of the Manager

- To deal with and respond to any complaints raised under this policy if within their area of control.
- If necessary to escalate the concern to one of the contacts listed under the internal procedure Step 3.
- To ensure employees are protected from suffering a detriment as a result of raising an issue under this policy.

13.4 Monitoring and Evaluation

- The policy will be reviewed regularly to ensure compliance with changes in employment legislation or recommended best practice. Any future amendments to the policy will be considered by the Audit Committee.
- A central log of concerns reported under this Policy will be kept by Internal Audit.
- An annual summary of the number and outcomes of whistleblowing cases will also be reported to the Audit Committee, whilst respecting confidentiality.

13.5 Training and Development

Training will be provided to ensure that those with management responsibility for employees are clear about the policy and the procedures contained within it.

Examples of concerns which could be raised

This policy will apply in cases where employees reasonably believe that the disclosure they are making is in the public interest. Examples of this are:

- a criminal offence has been committed, is being committed or is likely to be committed.
- a person has failed, is failing or is likely to fail to comply with any legal obligation to which he or she is subject to.
- a miscarriage of justice has occurred, is occurring or is likely to occur.
- the health and safety of any individual has been, is being or is likely to be endangered.
- the environment has been, is being or is likely to be damaged.
- information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.
- the unauthorised use of public funds.
- possible fraud and corruption e.g. Recent data hacking incidents to obtain payment card information.
- other unethical conduct e.g. not acting with honesty, fairness, equality, dignity and diversity.
- where a criminal act takes place dealing within computers, network or over the internet (Cyber Crime).
- computers are used to manipulate programmes or data dishonestly (e.g. by altering, substituting or destroying records or creating spurious records), or where the use of an IT system was a material factor in the perpetration of fraud (Computer Fraud).
- where unlawful and or unethical employment practices exists such as the unethical treatment of workers by a supplier or contractor of the Council as a result of undue cost and time pressures.
- undue cost and time pressures are not applied to any of our suppliers if this is likely to result in unethical treatment of workers.
- concerns relating to procurement can also be raised directly with Value Wales (supplier feedback service) online on the following websites listed in **Appendix B**

Concerns may relate to modern slavery and trafficking issues. If this is the case, any concerns should be reported on the numbers listed in **Appendix B**

Initial Contacts for Reporting a Concern

<p>Internal Audit Manager Flintshire County Council, County Hall Mold, CH7 6NA Lisa.brownbill@flintshire.gov.uk Tel: 01352 702231</p>	<p>Council’s Monitoring Officer Flintshire County Council, County Hall Mold, CH7 6NA Gareth.legal@flintshire.gov.uk</p>
<p>Senior Manager, Human Resources & Organisational Development Flintshire County Council, County Hall Mold, CH7 6NA Sharon.carney@flintshire.gov.uk</p>	
<p>Modern Day Slavery & Human Trafficking Children - 01352 701053 Adults 01352 702540</p>	<p>Value you Wales (Procurement) https://gov.wales/topics/improvingservices/bettervfm/supplier-feedback-service/?lang=en https://gov.wales/topics/improvingservices/bettervfm/supplier-feedback-service/?skip=1&lang=cy (Welsh version)</p>

Alternative Relevant Organisations

Relevant organisations (prescribed regulators) you can contact to make a protected disclosure.

Auditor General Wales 24 Cathedral Road Cardiff, CF11 9LJ Tel: 01244 525980 whistleblowing@wao.gov.uk	Health & Safety Executive Rose Court 2 Southwark Bridge London SE1 9HS Tel: 0300 0031647 www.hse.gov.uk (online form)
Information Commissioner Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF Tel: 01625 545745 mail@ico.gsi.gov.uk	The Director of the Serious Fraud Office 2-4 Cockspur Street London SW1Y 5BS Tel: 020 7239 7272 confidential@sfo.gsi.gov.uk
The Environmental Agency Horizon House Deanery Road Bristol BS1 5AH Tel: 03708 506506	Any Member of Parliament. Local Members are: David Hanson 01352 763159 David.hanson.mp@parliament.uk Mark Tami 01244 819854 tamim@parliament.uk

There are many other prescribed regulators who can be contacted to raise a concern, they can be found at <http://www.direct.gov.uk/>.

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 11



AUDIT COMMITTEE

Date of Meeting	Friday, 15 February 2019
Report Subject	Action Tracking
Cabinet Member	Not Applicable
Report Author	Internal Audit Manager
Category	Advisory

EXECUTIVE SUMMARY

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

RECOMMENDATIONS

1	The Committee is requested to accept the report.
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REPORT DETAILS

1.00	EXPLAINING THE ACTION TRACKING REPORT
1.01	In previous meetings, requests for information, reports or actions have been made. These have been summarised as action points. This paper summarises those points and provides an update on the actions resulting from them. Full action tracking details within Appendix A.

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

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

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

5.00	APPENDICES
5.01	Appendix A – Action Points.

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

7.00	GLOSSARY OF TERMS
7.01	None.

AUDIT COMMITTEE - ACTION SHEETPresented Friday, 15th February 2019

21 st March 2018				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
61	PSIAS	To schedule the updated Anti-Fraud & Corruption Strategy to a future meeting.	Lisa Brownbill	Included within the January 2019 Audit Committee Papers.
63	Action Tracking	Report on control issues to be scheduled for a future meeting.	Lisa Brownbill	To be included as part of the annual report summarising areas of control issues for the year.

21 st November 2018				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
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.	Neal Cockerton	A briefing note has been circulated to all members of the Audit Committee on 17 th January 2019.
32	Asset Disposal and Capital Receipts	To remove the item on Asset Disposals & Capital Receipts from the January meeting.	Lisa Brownbill	This item has been removed from the forward 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.	Colin Everett	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.
32	Asset Disposal and Capital Receipts	The projected capital receipts supporting the Capital Programme to be reflected in the updated Capital Strategy.	Neal Cockerton	The statement above also applies to this action.
35	Clwyd Pension Fund Governance	That the report be noted and feedback provided to the Clwyd Pension Fund Committee.	Phil Latham Debbie Fielder	This was reported to the Pension Fund Committee in November 2018.
35	Clwyd Pension Fund Governance	That the Clwyd Pension Fund annual report be circulated to the Audit Committee.	Lisa Brownbill	Annual Report for the Clwyd Pension Fund was circulated to the Audit Committee members via email on 21 st November 2018.
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.	Colin Everett, Gareth Owens Lisa Brownbill Phil Latham Debbie Fielder	To be included as an item to at the February Clwyd Pension Fund Committee.
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.	Colin Everett Sharon Carney John Griffiths	The Chair and Vice Chair were notified on 14 th January that all actions for 16/17 Payroll audit have now been implemented.

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.	Colin Everett Gareth Owens	An update has been provided to Cllr Dolphin on Greenfield Valley Trust.
36	Internal Audit Progress Report incl. GDPR compliance	To schedule an update report on Planning Enforcement.	Colin Everett Lisa Brownbill	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.
36	Internal Audit Progress Report incl. GDPR compliance	To consider Planning Enforcement at the next meeting of the Audit and Overview & Scrutiny liaison group.	Gareth Owens Lisa Brownbill	It has been discussed and agreed that will be raised at the next Chairs and Vice Chairs Liaison Group meeting.

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 12



AUDIT COMMITTEE

Date of Meeting	Friday, 15 February 2019
Report Subject	Forward Work Programme
Cabinet Member	Not Applicable
Report Author	Internal Audit Manager
Category	Advisory

EXECUTIVE SUMMARY

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

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

RECOMMENDATION

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

REPORT DETAILS

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

1.02	<p>In identifying topics for future consideration, it is useful for a ‘test of significance’ to be applied. This can be achieved by asking a range of questions as follows:</p> <ol style="list-style-type: none"> 1. Will the review contribute to the Council’s priorities and/or objectives? 2. Is it an area of major change or risk? 3. Are there issues of concern in governance, risk management or internal control? 4. Is it relevant to the financial statements or financial affairs of the Council? 5. Is there new government guidance or legislation? 6. Is it prompted by the work carried out by Regulators/Internal Audit? 			
1.03	<p>Following the committee meeting in November and in consultation with the Chair and Vice Chair of the Committee, there has been some movement within the Forward Work Programme needed. This is detailed within 1.04 of the report. Appendix A details the draft Forward Work Programme.</p>			
1.04	Report	Original Report Date	Reason for Movement	New Report Date
	Contract Management	Jan 2019	To coincide with the joint audit with Denbighshire on Contract Management.	June 2019
	External Inspections 2018	January 2019	Not all responses have been received to date.	March 2019
	External Inspections 2019	June 2019	As a paper on External Inspection 2018 is being presented to committee in January 2019, this should be deferred until January 2020.	Jan 2020
	Risk Management 2019/20	Sept 2019	Suggested this is deferred until November where a Mid-Year Report can be provided.	Nov 2019

2.00	RESOURCE IMPLICATIONS
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2.01	None as a result of this report.
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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3.01	Publication of this report constitutes consultation.
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4.00	RISK MANAGEMENT
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4.01	None as a result of this report.
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5.00	APPENDICES
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5.01	Appendix A - Draft Forward Work Programme.
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Officer: Lisa Brownbill Internal Audit Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: lisa.brownbill@flintshire.gov.uk</p>

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

Mae'r dudalen hon yn wag yn bwrpasol

AUDIT COMMITTEE - FORWARD WORK PROGRAMME 2018/19Presented to Committee – Friday, 15th February 2019

Meeting Date	Agenda Item	Author
15th February 2019	Treasury Management 2018/19 Q3 Update and 2019/20 Strategy	Paul Vaughan
	Risk Management update	Karen Armstrong
	Code of Corporate Governance	Karen Armstrong
	Annual Audit Letter	Gary Ferguson / Paul Vaughan
	Internal Audit Progress Report 2018/19	Dave Stephens
	Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan	Dave Stephens
	Whistleblowing Policy	Dave Stephens
	Audit Committee Action Tracking	Dave Stephens
	Forward Work Programme	Dave Stephens
27th March 2019	Treasury Management 2018/19 Q4 Update	Paul Vaughan

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Meeting Date	Agenda Item	Author
	Audit Plan (WAO) Annual Report on External Inspections 2018 Certification of Grants and Returns Report (WAO) Internal Audit Strategic Plan 2019/2022 Public Sector Internal Audit Standards Compliance 2018/19 Internal Audit Progress Report 2018/19 Audit Committee Action Tracking Forward Work Programme Private Meeting (WAO and Internal Audit)	WAO Karen Armstrong Gary Ferguson Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill
5th June 2019	Draft Annual Governance Statement Annual Improvement Report (WAO) (2018/19) (last reported Nov 18) Contract Management Internal Audit Annual Report Internal Audit Progress Report 2019/20 Audit Committee Action Tracking Forward Work Programme	Karen Armstrong Karen Armstrong Gareth Owens Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill

Meeting Date	Agenda Item	Author
10th July 2019	Treasury Management 2019/20 Q1 Update and Annual Report 2018/19 Supplementary Financial Information to Draft Statement of Accounts 2018/19 Risk Management update 2019/20	Paul Vaughan Paul Vaughan Karen Armstrong
September 2019	School Reserves – Annual Report on School Balances Statement of Accounts 2018/19 Internal Audit Progress Report Audit Committee Action Tracking Forward Work Programme	Clare Homard / Lucy Morris Gary Ferguson Lisa Brownbill Lisa Brownbill Lisa Brownbill
November 2019	Asset Disposals and Capital Receipts 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	Neal Cockerton Paul Vaughan Karen Armstrong Sara Dulson Colin Everett Lisa Brownbill

Meeting Date	Agenda Item	Author
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill