

Pecyn Dogfen Gyhoeddus



Swyddog Cyswllt:
Sharon Thomas 01352 702324
sharon.b.thomas@flintshire.gov.uk

At: Cyng Chris Dolphin (Cadeirydd)

Y Cynghorwyr: Janet Axworthy, Geoff Collett, Andy Dunbobbin, Patrick Heesom,
Paul Johnson ac Arnold Woolley

Aelodau Cyfetholedig:

Sally Ellis ac Allan Rainford

21 Ionawr 2021

Annwyl Gynghorydd

HYSBYSIAD O GYFARFOD ANGHYSBELL
PWYLLGOR ARCHWILIO
DYDD MERCHER, 27AIN IONAWR, 2021 AM 10.00 AM

Yn gywir

Robert Robins
Rheolwr Gwasanaethau Democrataidd

Sylwch: Oherwydd y cyfyngiadau presennol ar deithio a'r gofyniad am gadw pellter corfforol, ni chynhelir y cyfarfod hwn yn y lleoliad arferol. Bydd hwn yn gyfarfod rhithiol a bydd 'presenoldeb' yn gyfyngedig i Aelodau'r Pwyllgor yn unig. Bydd y cyfarfod yn cael ei recordio.

Os oes gennych unrhyw ymholiadau, cysylltwch ag aelod o'r Tîm Gwasanaethau Democrataidd ar 01352 702345.

R H A G L E N

1 YMDDIHEURIADAU

Pwrpas: I dderbyn unrhyw ymddiheuriadau.

2 DATGAN CYSYLLTIAD (GAN GYNNWYS DATGANIADAU CHWIPIO)

Pwrpas: I dderbyn unrhyw ddatganiad o gysylltiad a chynghori'r Aelodau yn unol a hynny.

3 COFNODION (Tudalennau 5 - 12)

Pwrpas: I gadarnhau, fel cofnod cywir gofnodion y cyfarfod ar 18 Tachwedd 2020.

4 CRYNODEB O ARCHWILIAD BLYNYDDOL CYNGOR SIR Y FFLINT 2019/20 (Tudalennau 13 - 24)

Adroddiad Prif Weithredwr - Aelod Cabinet dros Reolaeth Gorfforaethol ac Asedau

Pwrpas: I dderbyn Crynodeb o'r Archwiliad Blynyddol gan Archwilydd Cyffredinol Cymru a nodi ymateb y Cyngor.

5 STRATEGAETH RHEOLI TRYSORLYS 2021/22 A DIWEDDARIAD CHWARTER 3 2020/21 (Tudalennau 25 - 68)

Adroddiad Rheolwr Cyllid Corfforaethol - Aelod Cabinet dros Gyllid

Pwrpas: Argymhell Strategaeth Rheoli Trysorlys 2021/22 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 2020/21.

6 COD LLYWODRAETHU CORFFORAETHOL (Tudalennau 69 - 98)

Adroddiad Prif Weithredwr -

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

7 BIL LLYWODRAETH LEOL AC ETHOLIADAU (CYMRU) (Tudalennau 99 - 104)

Adroddiad Prif Weithredwr, Prif Swyddog (Llywodraethu) -

Pwrpas: Cyflwyno'r wybodaeth ddiweddaraf ar y Bil Llywodraeth Ledol ac Etholiadau.

8 **RECRIWTIO AELOD LLEYG AT GYFER Y PWYLLGOR ARCHWILIO**

(Tudalennau 105 - 108)

Adroddiad Prif Swyddog (Llywodraethu) -

Pwrpas: Cymeradwyo'r broses o recriwtio Aelod Lleyg ar gyfer y Pwyllgor Archwilio yn unol â gofynion Bil Llywodraeth Leol ac Etholiadau (Cymru).

9 **SIARTER ARCHWILIO MEWNOL** (Tudalennau 109 - 144)

Adroddiad Rheolwr Archwilio Mewnol -

Pwrpas: Amlinellu'r Siarter Archwilio Mewnol (sydd wedi ei ddiweddarau) i'r Aelodau.

10 **ADRODDIAD CYNNYDD ARCHWILIO MEWNOL** (Tudalennau 145 - 190)

Adroddiad Rheolwr Archwilio Mewnol -

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

11 **OLRHAIN GWEITHRED Y PWYLLGOR ARCHWILIO** (Tudalennau 191 - 194)

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 195 - 202)

Adroddiad Rheolwr Archwilio Mewnol -

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

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 3

AUDIT COMMITTEE **18 NOVEMBER 2020**

Minutes of the meeting of the Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 18 November 2020

PRESENT:

Councillors: Janet Axworthy, Geoff Collett, Chris Dolphin, Andy Dunbobbin, Patrick Heesom, Paul Johnson and Arnold Woolley
Co-opted members: Sally Ellis and Allan Rainford

IN ATTENDANCE:

Councillor Ian Roberts (Leader of the Council and Cabinet Member for Education), Councillor Glyn Banks (Cabinet Member for Finance), Billy Mullin (Cabinet Member for Corporate Management and Assets), Chief Executive, Chief Officer (Governance), Corporate Finance Manager, Internal Audit Manager, Strategic Performance Advisor, Civic & Member Services Officer and Democratic Services Officer

Chief Officer (Education & Youth) and Finance Manager - for minute number 6

Chief Officer (Housing and Assets) - for minute number 7

Interim Finance Manager (Technical Accounting) and Principal Accountant - for minute number 8

Gwilym Bury and Matthew Edwards of Audit Wales

1. APPOINTMENT OF CHAIR

Councillor Dunbobbin proposed that Councillor Dolphin be re-appointed as Chairman of the Committee. This was seconded by Councillor Johnson and on being put to the vote, was carried. No further nominations were received.

RESOLVED:

That Councillor Chris Dolphin be appointed as Chairman of the Committee.

(From this point, Councillor Dolphin chaired the remainder of the meeting)

2. APPOINTMENT OF VICE-CHAIR

Councillor Johnson's nomination for Sally Ellis as Vice-Chair was seconded by Councillor Woolley and on being put to the vote, was carried.

RESOLVED:

That Sally Ellis be appointed Vice-Chair of the Committee.

3. DECLARATIONS OF INTEREST

The following personal interests were declared on agenda item 7 - School Reserve Balances:

- Councillors Janet Axworthy, Geoff Collett, Andy Dunbobbin, Patrick Heesom and Arnold Woolley - as school governors.
- Sally Ellis - son employed at Mold Alun School.

4. MINUTES

The minutes of the meeting held on 9 September 2020 were approved, as moved and seconded by Councillors Woolley and Dunbobbin, subject to an amendment in the attendance list.

RESOLVED:

That subject to the amendment, the minutes be approved as a correct record.

5. EMERGENCY SITUATION BRIEFING (VERBAL)

The Chief Executive provided an overview of the current situation on which detailed information had been circulated. The update included the latest local and regional figures in the context of national figures, as well as the impact on the care sector.

RESOLVED:

That the verbal update be received.

6. SCHOOL RESERVE BALANCES YEAR ENDING 31 MARCH 2020

The Chief Officer (Education & Youth) presented the annual report on reserves held by Flintshire schools and the risks and internal processes associated with schools in deficit. The report had also been considered by the Education, Youth and Culture Overview & Scrutiny Committee.

The position at the end of March 2020 showed a significant decrease in the level of reserves compared with the previous year, with a 44% increase in the net deficit position for secondary schools and a 26% reduction in primary school balances. There were a number of factors contributing to significant risks on the financial resilience of school budgets, with secondary schools a particular concern and emerging risks in the primary sector. In recognising the difficulty for schools to manage these continuing pressures - in addition to the uncertainty around Covid-19 - the report summarised the balanced approach taken by the portfolio to robustly challenge and target support as appropriate, using the revised 'Protocol for Schools in Financial Difficulty'. Recommendations from an Internal Audit advisory review of the Protocol were in the process of being implemented.

Councillor Ian Roberts highlighted the significant impact from continued austerity measures and said that the key concern was for schools to maintain standards of education and curriculum which required appropriate funding. He and the Chief Executive would continue to make representations to Welsh Government (WG) for an uplift in the Settlement and the end of year position on school reserve balances would be closely monitored.

The Chief Executive said that there were examples of some secondary schools with stable or deteriorating deficit budgets with no remaining local solutions for recovery, other than a budget intervention. The Council's Medium Term Financial Strategy had identified that a specific uplift in the funding formula was necessary for secondary schools to address the deficit position. The Council had continued its case to WG as amongst the lowest funded in Wales on the need for an increased Settlement to re-balance the deficit budgets of secondary schools.

In response to a question from Allan Rainford, officers provided clarification on the stages within the Protocol and stressed that the position of two schools highlighted in the report was due to the lack of funding and that all available options for recovery had been exhausted in those cases.

In praising the level of challenge given by the Education, Youth & Culture Overview & Scrutiny Committee on the report, Sally Ellis suggested that more regular updates be given to that Committee to help monitor progress. She asked about the impact of a specific uplift applied to support school budgets previously and ensuring that any future uplift would help to resolve the situation.

The Chief Executive clarified that the additional levy on Council Tax in 2018/19 was to maintain a cash flat position and assist with inflationary pressures in school budgets as a temporary measure at that time. No such investment was planned for next year beyond pay and inflation and a longer term funding strategy was required from WG.

Officers explained that schools were continuing to bear some inflationary costs with no capacity to invest in increased demand and costs for services (such as those for children with additional learning needs) and the range of curriculum options. This ongoing cumulative impact had not been resolved and the teachers' pay award for this year had only been part-funded by WG.

Councillor Johnson acknowledged that this was a long-standing issue that was mainly beyond the control of schools. On levels of reserves, officers explained the role of the School Accountancy Team in working with schools to plan for future budget requirements. A rigorous process was in place for the approval of spending plans for schools. Councillor Johnson's request that future reports show data over a three year period was noted by officers.

Councillor Dunbobbin recognised that the reasons for the deficit position included the impact of national agreements that were not fully funded. He paid tribute to the Chief Officer and her team for their support to schools going through the process.

In recognising the scale of the pressure, Councillor Axworthy spoke about the impact of parental preferences and the need to consider the sustainability of schools.

Following her earlier suggestion, Sally Ellis acknowledged that whilst more frequent updates to Overview & Scrutiny would not change the position, they would help to assure the Audit Committee that any potential future uplift in school budgets was being monitored to achieve the right outcome. She asked that officers consider how best the situation could be monitored.

The recommendations were moved and seconded by Councillors Dunbobbin and Johnson.

RESOLVED:

- (a) That the school reserve balances as at 31 March 2020 be noted; and
- (b) That the changes to the Protocol for Schools in Financial Difficulty be noted.

7. ASSET DISPOSAL AND CAPITAL RECEIPTS GENERATED 2019/20

The Chief Officer (Housing & Assets) presented the annual report summarising land disposals and realisation of capital receipts during 2019/20. Capital receipts were aligned to contribute towards the Council's programme of capital schemes across all portfolios. The revenue implications from capital expenditure were highlighted, along with the continued reduction in Welsh Government (WG) support for capital expenditure.

In response to questions from Allan Rainford, the Chief Officer explained the approach to dealing with surplus assets including options to mitigate other pressures. He also spoke about the importance of WG grants to support the Capital Programme due to the decreasing number of capital receipts.

The recommendation was moved and seconded by Councillors Dunbobbin and Johnson.

RESOLVED:

That the report be noted.

8. TREASURY MANAGEMENT MID-YEAR REVIEW 2020/21 AND QUARTER 2 UPDATE

The Interim Finance Manager (Technical Accountancy) presented the draft Treasury Management mid-year report for 2020/21 to recommend to Cabinet, together with an update on Quarter 2 activities received for information.

Amongst the key points were the impact of the emergency situation, the continuation of low interest rates and ongoing use of short-term borrowing. As

part of the update on Quarter 2, it was noted that the outcome of consultation on the future of Public Works Loans Board (PWLB) was awaited, on which the Council had made representations.

In response to questions from Allan Rainford, the Interim Finance Manager described the effectiveness of regular communications and information sharing between the teams during the pandemic. He provided information on interest-free loans from the Government which were subject to criteria and the approach to borrowing due to uncertainty on the current situation.

On the investment portfolio, Councillor Johnson was informed that investments with the Debt Management Office reflected the cautious approach being taken during the emergency situation and that differences in interest rates for short-term borrowing were due to timings.

In welcoming the report, Councillor Banks took the opportunity to encourage all Members to attend one of the two Treasury Management training sessions in December.

The recommendation was moved and seconded by Councillors Johnson and Dunbobbin.

RESOLVED:

That the Committee notes the draft Treasury Management Mid-Year Report 2020/21 and confirms that there are no matters to be drawn to the attention of Cabinet on 15 December 2020.

9. RISK MANAGEMENT FRAMEWORK

The Chief Executive presented a report on progress with implementing the updated risk management framework, shared with the Committee earlier in the year, which had been impacted by the emergency situation.

The updated framework was to introduce a more systematic approach to identifying and escalating risk which was viewed as best practice. The robust approach to risk reporting during the emergency situation had been supported by Members and regulators. As part of regular reviews, corporate governance arrangements in the document would be strengthened to more clearly reflect the escalation of high level risks to Members.

The Strategic Performance Advisor said that the range of consultation on the framework had helped to ensure a clearer understanding of the system for escalating risks. The new risk registers, which had been accelerated during the emergency situation, were subject to regular scrutiny.

The Internal Audit Manager provided an overview of advisory work carried out by her team which helped to give assurance on the robustness of risk management arrangements.

Sally Ellis spoke about the importance of ensuring that risk processes and escalation formed part of Overview & Scrutiny reports. As mentioned, the Chief Executive said that these areas would be highlighted in the document. He cited school reserve balances as an example where Members and officers should be proactive about the risks and that effective forward work programming was key to risk management.

In response to a question from Allan Rainford, officers clarified the process to capture and monitor risks to ensure that mitigation and controls were updated. Whilst the Chief Officer detailed the process for the review, challenge and publication of risk registers, the Chief Executive spoke of the importance of prompt escalation of risks from operational to corporate.

When asked by Councillor Johnson about applying the framework during the emergency situation, the Chief Executive praised the level of ownership on risks and joint work on mitigating actions.

The recommendation was moved and seconded by Councillors Dunbobbin and Johnson.

RESOLVED:

That the Committee is assured by the renewed risk management framework and the progress of its implementation.

10. APPROACH TO THE 2020/21 ANNUAL GOVERNANCE STATEMENT

The Chief Officer (Governance) presented the report to set out the process for Member involvement on the Annual Governance Statement for 2020/21 which had been delayed due to the emergency situation. The report proposed that Members of the Committee be invited to participate in a 'Member Challenge' workshop in March or April 2021 following development of the draft AGS by officers.

In supporting the proposed arrangements, Sally Ellis was assured that processes were in place to encourage public feedback on services during the pandemic.

The five Committee Members who volunteered to participate in the workshop were the Chair, Councillor Heesom, Councillor Johnson, Sally Ellis and Allan Rainford. Arrangements would be made with those individuals nearer the time.

Councillor Heesom thanked officers for the report and asked that any supporting documents be provided in advance of the workshop.

The recommendation was moved and seconded by Councillor Heesom and Sally Ellis.

RESOLVED:

That the proposed approach for the involvement of Audit Committee Members in the Annual Governance Statement process be endorsed.

11. AUDIT COMMITTEE ANNUAL REPORT

The Chairman introduced the Audit Committee Annual Report 2019/20 for endorsement prior to its submission for approval at County Council in December. In summarising the key areas, he said that no areas of concern had been identified and that the Committee's self-assessment exercise had been deferred due to the emergency situation.

Sally Ellis said that whilst resolving to 'note' reports was often appropriate, the Committee could add value by considering additional recommendations where necessary. The Chief Officer said that officers could assist by putting forward more proactive recommendations.

The recommendation was moved and seconded by Councillors Dunbobbin and Johnson.

RESOLVED:

That the annual report for 2019/20 be endorsed prior to its submission to Council for approval on 8 December 2020.

12. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit Manager presented the regular report showing progress against the Plan, final reports issued, action tracking, performance indicators and current investigations.

Since the last report in January, no Red (limited assurance) reports had been issued. Progress on reports with an Amber Red (some assurance) status showed that most actions had been implemented. On Action Tracking, progress in completing overdue actions was being monitored, recognising the impact from the emergency situation. An update was also given on Internal Audit resources as set out in the report.

The recommendation was moved and seconded by Councillors Dunbobbin and Axworthy.

RESOLVED:

That the report be accepted.

13. ACTION TRACKING

The Internal Audit Manager presented an update on actions arising from previous meetings, which were either completed or in progress.

The recommendation was moved and seconded by Sally Ellis and Allan Rainford.

RESOLVED:

That the report be accepted.

14. FORWARD WORK PROGRAMME

The Internal Audit Manager presented the current Forward Work Programme for consideration.

In response to comments from Councillor Heesom on school reserve balances, Councillor Roberts said that assurances had been given on the level of scrutiny and monitoring on the matter.

Allan Rainford asked if there was potential for the Committee to request a briefing following the outcome of the budget-setting process for 2021/22 to understand the risks and challenges faced by the Council.

Councillor Roberts suggested that a report to the Committee may be more appropriate to prevent any duplication of roles.

During discussion, the Chief Officer (Governance) said that the budget was subject to approval by County Council in February 2020 and that sharing the process to manage risks identified may help the Committee to fulfil its role.

The recommendations in the report were moved and seconded by Councillor Heesom and Sally Ellis.

RESOLVED:

- (a) That the Forward Work Programme 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.

82. ATTENDANCE BY MEMBERS OF THE PRESS

There were no members of the press in attendance.

The meeting commenced at 10am and finished at 12.20pm

.....
Chairman

Eitem ar gyfer y Rhaglen 4



AUDIT COMMITTEE

Date of Meeting	Wednesday, 27 January 2021
Report Subject	Annual Audit Summary for Flintshire County Council 2019/20
Cabinet Member	Cabinet Member for Corporate Management and Assets
Report Author	Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

This Annual Audit Summary is in place of the Annual Improvement Report (AIR) and the Annual Audit Letter. The report summarises the audit and regulatory work undertaken at the Council by Audit Wales since the last report was published in July 2019.

Overall the Auditor General for Wales has reached a positive conclusion. *“The Auditor General certified that the Council has met its legal duties for improvement planning and reporting and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21.”*

No formal recommendations have been made during the year.

There are a number of new proposals for improvement and proposals of development arising from the reviews undertaken by Audit Wales.

The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 14 September 2020, in line with the statutory deadline.

RECOMMENDATIONS

1	To be assured by the Auditor General for Wales' Annual Audit Summary Report for 2019/20.
---	--

REPORT DETAILS

1.00	EXPLAINING THE ANNUAL IMPROVEMENT REPORT
1.01	The Auditor General under the Local Government (Wales) Measure 2009 (Measure) undertakes and publishes an annual summary report for all Welsh Councils, Fire and Rescue Authorities and National Park Authorities.
1.02	This is the first Annual Audit Summary Report for Flintshire, combining Annual Improvement Report and Annual Audit Letter. This year's report is a summary of the audit, regulatory and inspection work carried out in 2019/20.
1.03	Overall the Auditor General has concluded that: <i>"The Auditor General certified that the Council has met its legal duties for improvement planning and reporting and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21."</i>
1.04	The Auditor General has not made any statutory recommendations with which the Council must comply.
1.05	<p>There are a number of new proposals for improvement and/or proposals for development in three of the reviews undertaken, namely; "Well-being of Future Generations Act (Wales) 2015 (WFG Act) Examination - an examination of the well-being objective to protect and enhance the natural environment," "Household Recycling Centres" and "Digital Flintshire Review".</p> <p>As part of our established protocol, all proposals for improvement and development from regulatory reports (both local and national) are assessed to establish if further improvements or developments need to be undertaken.</p> <p>The Council's response to these proposals for improvement is to be shared at March's meeting detailing the reports and responses.</p>
1.06	The summary outlines the key findings from the audit of the Council's financial statements for 2019/20, reported in detail to the Committee in September 2019, and other audit work undertaken in 2019/20. The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 14 September 2020, in line with the statutory deadline
2.00	RESOURCE IMPLICATIONS
2.01	There are no specific resource implications as part of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>Cabinet will receive this report for endorsement. They will continue to receive future reports relating to external regulatory work as part of their Forward Work programme.</p> <p>Corporate Resources Overview and Scrutiny Committee will receive this report as part of their scrutiny role in February.</p>

4.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
-------------	--

4.01	<p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1"> <tr> <td>Long-term</td> <td rowspan="5">Audit Wales assess if Public bodies are complying with sustainable development principles and taking steps to meet their well-being objectives.</td> </tr> <tr> <td>Prevention</td> </tr> <tr> <td>Integration</td> </tr> <tr> <td>Collaboration</td> </tr> <tr> <td>Involvement</td> </tr> </table> <p>Well-being Goals Impact</p> <table border="1"> <tr> <td>Prosperous Wales</td> <td rowspan="7">Audit Wales assess if Public bodies are complying with sustainable development principles and taking steps to meet their well-being objectives.</td> </tr> <tr> <td>Resilient Wales</td> </tr> <tr> <td>Healthier Wales</td> </tr> <tr> <td>More equal Wales</td> </tr> <tr> <td>Cohesive Wales</td> </tr> <tr> <td>Vibrant Wales</td> </tr> <tr> <td>Globally responsible Wales</td> </tr> </table> <p>Council's Well-being Objectives</p> <p>Audit Wales assess if Public bodies are taking steps to meet their well-being objectives. These are under review as part of a refresh of Council Plan 2021/22.</p> <p>Risk Management</p> <p>Findings from the Audit Wales are risk managed as part of regular monitoring.</p>	Long-term	Audit Wales assess if Public bodies are complying with sustainable development principles and taking steps to meet their well-being objectives.	Prevention	Integration	Collaboration	Involvement	Prosperous Wales	Audit Wales assess if Public bodies are complying with sustainable development principles and taking steps to meet their well-being objectives.	Resilient Wales	Healthier Wales	More equal Wales	Cohesive Wales	Vibrant Wales	Globally responsible Wales
Long-term	Audit Wales assess if Public bodies are complying with sustainable development principles and taking steps to meet their well-being objectives.														
Prevention															
Integration															
Collaboration															
Involvement															
Prosperous Wales	Audit Wales assess if Public bodies are complying with sustainable development principles and taking steps to meet their well-being objectives.														
Resilient Wales															
Healthier Wales															
More equal Wales															
Cohesive Wales															
Vibrant Wales															
Globally responsible Wales															

5.00	APPENDICES
-------------	-------------------

5.01	Appendix 1: Annual Audit Summary 2019/20
------	---

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Jay Davies, Strategic Performance Advisor Telephone: 01352 702744 E-mail: jay.davies@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	<p>Annual Audit Summary: The Annual Audit Summary is publicised by Audit Wales (AW) on behalf of the Auditor General for Wales. It brings together, with the input of other inspectorates such as Estyn and the Care and Care Inspectorate Wales (CIW), a summary of the regulatory work of the past year.</p> <p>Audit Wales: 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>

Flintshire County Council

Annual audit summary 2020

This is our audit summary for Flintshire County Council. It shows the work completed since the last Annual Improvement Report, which was issued in July 2019. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the Services the Council provides



Key facts

The Council is made up of 70 councillors who represent the following political parties/groups:

- Welsh Labour 34
- Independent Alliance 16
- Welsh Liberal Democrats 6
- Welsh Conservative 6
- New Independents 4
- Independents 3
- Not a member of any political group within Flintshire County Council 1

The Council spent £315.8 million on providing services during 2019-20, the sixth highest spend of the 22 unitary councils in Wales.

As at 31 March 2020 the Council had £24.3 million of usable financial reserves. This is equivalent to 8% of the Council's annual spend on services, the second lowest percentage of the 22 unitary councils in Wales.

Key facts

Flintshire has three of its 92 areas deemed the most deprived 10% of areas in Wales, this is the fifth lowest of the 22 unitary councils in Wales¹.

The population of Flintshire is projected to increase by 3.1% between 2020 and 2040 from 156,444 to 161,258, including a 5.1% decrease in the number of children, a 2.9% decrease in the number of the working-age population and a 27% increase in the number of people aged 65 and over².

The Auditor General's duties

We complete work each year to meet the following duties

- **Audit of Accounts**
Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money**
The Council has to put in place arrangements to get value for money for the resources it uses, and the Auditor General has to be satisfied that it has done this.
- **Continuous improvement**
The Council also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.
- **Sustainable development principle**
Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

¹ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

² Source: Stats Wales



Since the Spring of 2020, the ongoing pandemic has affected our audit work. We recognise the huge strain on public services and have reshaped our work programme and found new ways of working to reduce its impact on public bodies' response to COVID-19, while still meeting our statutory duties.



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

What we found

Audit of Flintshire County Council's 2019-20 Accounts

Each year we audit the Council's financial statements.

For 2019-20:

- The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 14 September 2020, in line with the statutory deadline. The auditor's report also included an emphasis of matter describing material valuation uncertainty clauses in valuation reports on the Council's property and on Pooled Property Funds held by the Clwyd Pension Fund caused by the COVID-19 pandemic.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- The quality of the draft statements presented for audit on 12 June 2020 was good. This was a significant achievement given the unprecedented challenges posed by the COVID-19 pandemic.
- A number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report on 9 September 2020.
- The Auditor General issued the certificate confirming that the audit of accounts for 2019-20 had been completed on 14 September 2020.
- In addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work to date has not identified any significant issues.
- Key facts and figures from the 2019-20 financial statements can be accessed [here](#).

Well-being of Future Generations Examination – an examination of the well-being objective to protect and enhance the natural environment

The examination that we undertook in 2019-20 considered the extent to which the Council has acted in accordance with the sustainable development principle when protecting and enhancing the natural environment, a step the Council is taking to meet its well-being objectives. We concluded that the Council has applied the sustainable development principle in developing the step and in taking actions to deliver it, and it has further opportunities to embed the five ways of working as it moves forward. The report can be viewed [here](#).

Continuous Improvement

The Auditor General certified that the Council has met its legal duties for improvement planning and reporting and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21.

Financial Sustainability

During 2019-20 we examined the financial sustainability of each council in Wales. In March 2020, we concluded that the Council takes a high-risk approach to its financial strategy and is not prepared to compromise the range, quality or safety of services; the resulting use of reserves to balance the budget is not sustainable. The report can be viewed [here](#).

National Fraud Initiative

In October 2020, the Auditor General published his report on the findings of the latest National Fraud Initiative (NFI) data-matching exercise in Wales. The exercise helped public bodies in Wales, including the 22 unitary authorities, identify fraud and overpayments amounting to £8 million. The report can be accessed on our website [here](#). NFI continues to be developed and in the forthcoming NFI exercise (NFI 2020-2022), local authorities will have access to matches designed to help identify potential fraudulent applications for COVID-19 business support grants.

Household Recycling Centres

During 2019-20, we did a review to consider do the needs, experiences and aspirations of Flintshire service users inform the design and delivery of services to more closely meet their needs, considering in particular the Council's approach to household recycling centres. In December 2019, we concluded that the Council, following its clearly set out vision, continues to invest in Household Recycling Centres and has listened to service users to help it secure public satisfaction, but increasing public understanding of how to recycle more effectively has potential benefit. The report can be viewed [here](#).

Digital Strategy

During 2019-20, we did a diagnostic review to consider whether the Council is well placed to deliver on the ambitions in its Digital Strategy. In May 2020, we concluded that the Council has a clearly defined digital ambition and recognises the opportunities to improve it further. The report can be viewed [here](#).

Other Inspectorates

We also considered the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response. CIW undertook focused activity in Children's Services in October 2019 and Adult Services in February 2020 and published its findings in the [Flintshire Local Authority Performance Review April 2019 – March 2020](#).

There were no other Flintshire County Council inspections in this period, but as usual Estyn inspected local schools, and services that are registered with CIW in Flintshire were subject to regular review.

Local Government Studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report we have published the following reports:

The 'Front Door' to Social Care (September 2019)

We considered the effectiveness of the new 'front door' to social care, looking specifically at services for adults. We found that whilst councils are preventing social-care demand, information, advice and assistance are not consistently effective. The full report can be viewed [here](#).

Review of Public Services Boards (October 2019)

We inspected how Public Services Boards are operating; looking at their membership, terms of reference, frequency and focus of meetings, alignment with other partnerships, resources and scrutiny arrangements. We concluded that Public Services Boards are unlikely to realise their potential unless they are given freedom to work more flexibly and think and act differently. The full report can be viewed [here](#).

Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act (November 2019)

We examined how the new duties and responsibilities of the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act are being rolled out and delivered. We found that victims and survivors of domestic abuse and sexual violence are often let down by an inconsistent, complex and fragmented system. The full report can be viewed [here](#).

Rough Sleeping in Wales – Everyone’s Problem; No One’s Responsibility (July 2020)

We looked at how well public services are responding to the issue of rough sleeping. Overall, we found that responding to COVID-19 is an opportunity for public bodies to start addressing long standing weaknesses in partnership working which has stopped them from tackling rough sleeping in the past. The full report can be viewed [here](#).

Better Law Making (September 2020)

This report draws on five reports published between 2019 and today looking at how local authorities are responding to the challenge of implementing new legislation. Implementation is a complex task which needs to be fully thought through by the Welsh Government and the Senedd whenever they bring forward and make any new legislation. The paper highlights the difficulties faced by local authorities and their public sector partners in implementing their new responsibilities. The full report can be viewed [here](#).

Commercialisation in Local Government (October 2020)

Councils have conducted commercial activity for a long time, and many councils are exploring additional commercial opportunities to mitigate against the financial pressures they face. Our report is specifically targeted at helping elected members and senior officers to examine and judge the potential impact on their organisations when considering whether to undertake commercialisation. It will also help councils to demonstrate how well they are discharging their value for money responsibilities. The full report can be viewed [here](#).

Planned work for 2020-21

We also looked at the key challenges and opportunities facing the Council. These risks could have an effect on the Council’s ability to meet its legal obligations in relation to the sustainable development principle, the use of its resources and continuous improvement.

The most significant risk and issue facing councils and the wider public sector during 2020-21 is the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our work plan for 2020-21 includes:

- Recovery planning in response to the COVID-19 pandemic
- COVID-learning project – helping to identify and share learning from the way in which public bodies have responded to the pandemic
- Assurance and risk assessment
- A review of the Council’s financial sustainability
- A review of the Council’s Rent Arrears processes
- A review of the Council’s Cultural Services
- North Wales Economic Ambition Board
- Commissioning Older People’s Care Home Placements – North Wales Councils and Betsi Cadwaladr University Health Board

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 5



AUDIT COMMITTEE

Date of Meeting	Wednesday, 27 th January 2021
Report Subject	Treasury Management Strategy 2021/22 and Treasury Management Quarter 3 Update 2020/21
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report presents the draft Treasury Management Strategy 2021/22 for review and seeks the Committee's recommendation to Cabinet.

It also provides an update on Treasury Management activity during the third quarter, 1st October to 31st December 2020.

This report is supplemented by training provided to all Members of the Council on Treasury Management on 9th December 2020.

RECOMMENDATIONS

1	Members review the draft Treasury Management Strategy 2021/22 and identify any matters to be drawn to the attention of Cabinet on 16 th February 2021.
2	Members review the Treasury Management 2020/21 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 2019 the Council adopted the Chartered Institute of Public Finance and Accountancy's <i>Treasury Management in the Public Services: Code of Practice 2017 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 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 issues guidance on Local Authority investments that requires the Council to prepare an investment strategy before the start of each financial year. The guidance was updated in November 2019 and came into force from 1 st April 2020.
1.04	In preparation for approving the 2021/22 Treasury Management Strategy training for all Members was held on 9 th December 2020. The workshop, presented by Arlingclose, the Council's Treasury Management advisors, covered, the regulatory framework and the role of the elected Member in scrutinising the Treasury Management function, an overview of the Council's position and plans with regard to Treasury Management, a section on risk management, alongside in depth presentations on financing capital spending and investment management.
	<u>CONSIDERATIONS</u>
	2021/22 Treasury Management Policy Statement, Strategy and Practices
1.05	The Treasury Management Policy Statement was approved by Council in February 2019 and covers the 3 year period from 2019/20 to 2021/22. 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, it was agreed that the document only be reported to Members during its lifetime in the event of any significant changes. There is no change to this document.
1.06	<p>Similarly the Treasury Management Practices (TMPs) and accompanying schedules to cover the 3 year period from 2019/20 to 2021/22 were approved by Council in February 2019 and it was agreed that these operational documents will only be reported to Members during their lifetime in the event of any significant changes.</p> <p>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:-</p> <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

	Treasury Management Strategy 2021/22
1.07	<p>The 2021/22 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>
1.08	<p>The main body of the 2021/22 Strategy has not changed significantly from that of the 2020/21 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, highlights that the major external influence on the Strategy will be the ongoing impact of the COVID-19 pandemic. The Bank of England maintained bank rate at 0.1% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. Arlingclose forecasts that interest rates will be held at 0.1% until at least the end of 2023. Further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast. Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the Bank of England expressly rules out the chance of negative interest rates or growth/inflation prospects improve (the Council’s borrowing costs are linked to gilt yields). • Section 4 – Local context. This section summarises the anticipated Treasury position in 2021/22. Activity in 2020/21, 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 as services plan to spend reserves. • Section 5 – Investment strategy for treasury management investments. This section is largely a continuation of the Council’s 2020/21 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 2020/21 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.

1.09	<p>The Welsh Government introduced changes in investment guidance in 2019, and the majority of the changes required were made in the Treasury Management Strategy 2020/21. Changes that still remain outstanding are in respect of disclosures around skills, culture and climate change. These have not been addressed during 2020/21 as a result of staff turnover within the Finance Technical Team, and pressures arising from other priorities during 2020/21. It is anticipated that these will be addressed in 2021/22.</p>
<p>Treasury Management 2020/21 Quarter 3 Update</p>	
1.10	<p><u>Investments update</u></p> <p>A schedule setting out the Council's investments at 31st December 2020 is attached at Appendix 2. The investment balance at this time was £34.0m across 7 counterparties with an average interest rate of -0.01%</p> <p>Investments at this time were made with the Debt Management Office (DMO) despite the DMO offering negative interest rates. There was concern over the potential for disruption to financial systems and markets as the transitional Brexit arrangements ceased on 31st December 2020, particularly in the event of no future trade deal being agreed. . As a result a prudent decision was made, in conjunction with Arlingclose, that the Council would only hold investments with UK based institutions, ensuring the Council was able to access its funds when needed and maintain liquidity. This necessitated the use of the DMO at a negative rate for a brief period.</p>
1.11	<p><u>Borrowing update</u></p> <p>As previously reported to the Audit Committee, in March 2020 the government launched a consultation on revised PWLB lending terms and guidance with the aim of ending the practice of local authorities borrowing from the PWLB to buy investment property for the primary purpose of generating yield. In late November the government's response to the consultation was published. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield, and local authorities will be required in future to confirm that their three year capital programmes do not contain any expenditure on assets primarily for yield in order to continue to be able to access PWLB loans. The Finance Team has reviewed the Council's plans for the capital programme in 2020/21 and the recently approved 2021/22-2023/24 programme and in their judgement no schemes are currently included that qualify as assets held primarily for yield. The Council relies on PWLB as its primary source of borrowing and any move from this would require fundamental change to Treasury Management activity. Any future capital schemes approved by the Council will need to be assessed to ensure that they are not developed primarily for yield to ensure that the Council retains access to PWLB. With the new lending terms in place, PWLB rates have subsequently reduced by 1% for all new loans.</p> <p>Appendix 3 shows the Council's long term borrowing portfolio as at 31st December 2020, a total of £286.7m with a weighted average interest rate of 4.64%.</p>

	<p>The Council has taken two new long-term loans from the Public Works Loans Board (PWLB) during 2020/21 to date, a £1.4 million Annuity Loan over 37 years which is in respect of the New Homes programme and a £5m Equal Instalment of Principal loan to support its strategy of fixing a portion of its borrowing need whilst rates remain low. The reduced rates resulting from the changes in PWLB lending discussed above have enabled the fixing of borrowing need.</p> <p>Appendix 4 shows the Council's short-term borrowing portfolio as at 31st December 2020, a total of £38.0m with an average interest rate of 0.04%.</p> <p>The borrowing strategy in 2020/21 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 borrowing 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 position will be reviewed and monitored closely during the last few months of 2020/21 with support from Arlingclose.</p>
--	--

2.00	RESOURCE IMPLICATIONS
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.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Arlingclose Ltd, being the Council's treasury management advisors.

4.00	RISK MANAGEMENT
4.01	Risk Management directly addressed within the appendices including identification of risks and measures to mitigate likelihood and impact of risks identified.

5.00	APPENDICES
5.01	<ol style="list-style-type: none"> 1. Draft Treasury Management Strategy 2021/22 2. Investment Portfolio as at 31 December 2020 3. Long-term Borrowing Portfolio as at 31 December 2020 4. Short-term Borrowing Portfolio as at 31 December 2020

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Paul Vaughan – Interim Technical Finance Manager</p> <p>Telephone: 01352 702289</p> <p>E-mail: paul.vaughan@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<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> <p>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”.</p> <p>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.</p> <p>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.</p> <p>Capital Expenditure: Expenditure on the acquisition, creation or enhancement of capital assets.</p> <p>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.</p>

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

**DRAFT TREASURY MANAGEMENT
STRATEGY**

2021/22

CONTENTS

<u>Section</u>		<u>Page</u>
1.0	Introduction	1
2.0	Economic Context	1
3.0	Current Treasury Portfolio	4
4.0	Local Context	5
5.0	Investment Strategy	6
6.0	Borrowing Strategy	12
7.0	Policy on the use of Financial Derivatives	14
8.0	Policy on apportioning interest to Housing Revenue Account	15
9.0	Markets in Financial Instruments Directive	15
10.0	Treasury Management Indicators	15
11.0	Other Matters	16
APPENDIX A – Debt Maturity Profile		19
APPENDIX B – Additional Requirements of Welsh Government Guidance		20

Treasury Management Strategy Report 2021/22

The Council is recommended to:

- approve the Treasury Management Strategy for 2021/22
- approve the Treasury Management Indicators for 2021/22

1.0 Introduction

In April 2019 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year.

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. Welsh Government updated this guidance in November 2019.

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 the WG Guidance, the Council will be asked to approve a revised Treasury Management Strategy should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Council's capital programme or in the level of its investment balance.

2.0 Economic Context (including interest rate forecast – as provided by Arlingclose Ltd, January 2021)

Economic background: The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's Treasury Management Strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR)

forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook: After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast: The Authority's Treasury Management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

Table 1: Interest rate forecast

	Bank Rate	3 month Money Market Rate	5 year Gilt Yield	20 year Gilt Yield	50 year Gilt Yield
Q1 2021	0.10	0.10	0.00	0.70	0.60
Q2 2021	0.10	0.10	0.00	0.70	0.60
Q3 2021	0.10	0.15	0.05	0.75	0.65
Q4 2021	0.10	0.15	0.10	0.75	0.65
Q1 2022	0.10	0.20	0.15	0.75	0.65
Q2 2022	0.10	0.20	0.20	0.80	0.70
Q3 2022	0.10	0.20	0.20	0.80	0.70
Q4 2022	0.10	0.20	0.25	0.85	0.75
Q1 2023	0.10	0.20	0.25	0.85	0.75
Q2 2023	0.10	0.20	0.25	0.85	0.75
Q3 2023	0.10	0.20	0.25	0.90	0.80
Q4 2023	0.10	0.20	0.25	0.90	0.80

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.10%, and that new long-term loans will be borrowed at an average rate of 2.1%.

3.0 Current Treasury Portfolio

The Council's treasury portfolio as at 31st December 2020 was as follows:

Table 2: Current Treasury Portfolio

	Principal £m	Interest rate %
Investments:		
Call accounts	4.0	0.01
Money market funds	6.0	0.03
Short-term deposits	24.0	-0.03
Long-term deposits	0.0	n/a
Total Investments	34.0	
Borrowing:		
Short-term loans	38.0	0.04
Long-term PWLB loans (fixed)	262.6	4.73
Long-term PWLB loans (variable)	0.0	n/a
Long-term market loans (LOBOs)	18.9	4.53
Other Government loans	5.1	0.00
Total Borrowing	324.6	
Net Borrowing	290.6	

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

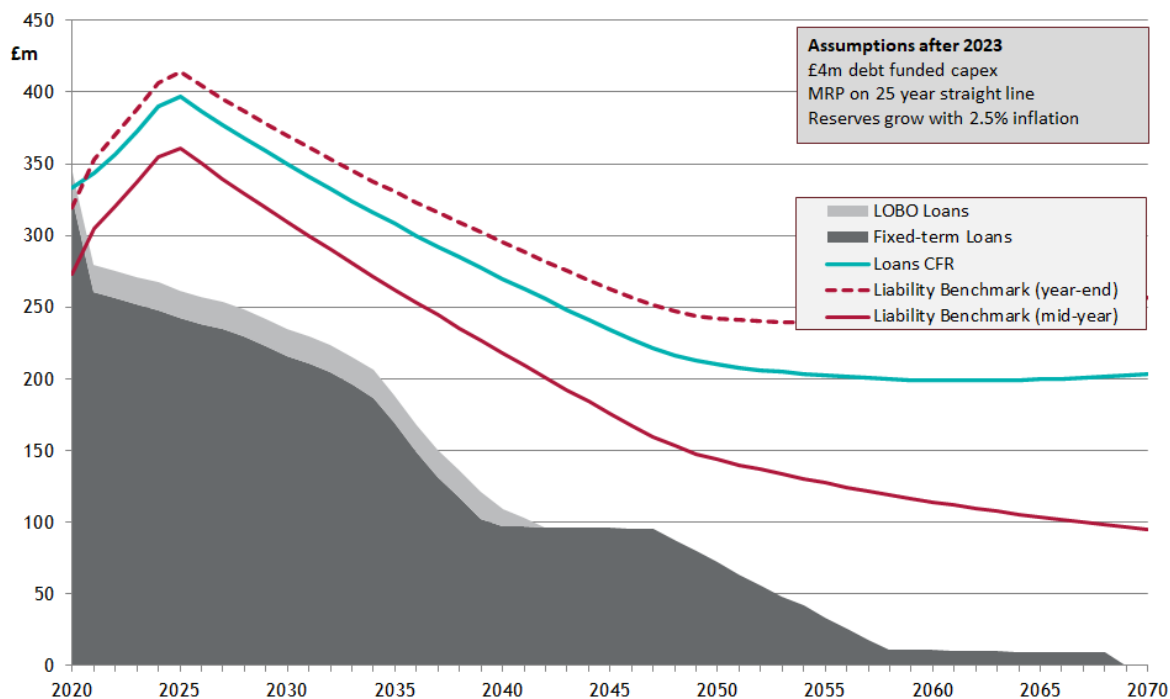
	31.3.20 Actual £m	31.3.21 Estimate £m	31.3.22 Estimate £m	31.3.23 Estimate £m	31.3.24 Estimate £m
Council Fund Capital Financing Requirement (Borrowing only)	211	223	231	244	256
Housing Revenue Account Capital Financing Requirement (Borrowing only)	135	137	139	147	157
Capital Financing Requirement (Borrowing only)	346	360	370	391	413
Less: Current ST borrowing	(53)	(280)	(275)	(271)	(267)
Less: Current LT borrowing	(291)				
Funding Required	2	80	95	120	146
Less: Usable reserves	(53)	(30)	(26)	(24)	(23)
Adj: Working capital	20	21	21	21	21
Investments / New borrowing	31	(71)	(90)	(117)	(144)

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 Council'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 Council's CFR increases during 2021/22, 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). The level of reserves the Council has is expected to fall in 2020/21 as funding earmarked for specific purposes falls due for payment. 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 2021/22, 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 2021)



Budget implications

The budget for investment income in 2021/22 is £10k, based on an average investment portfolio of £10m at an average interest rate of 0.1%. The total budget for loan interest paid in 2021/22 is £14.8m, based on a debt portfolio of £369m at an average interest rate of 4.06%. 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.

5.0 Treasury 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 treasury average investment balance was £35m, with similar or slightly lower levels expected to be maintained in the forthcoming year.

Non-treasury investments including loans to subsidiaries and purchases of investment property are not normally considered to be treasury investments, and these are therefore covered separately in Appendix B.

Both the CIPFA Code and the WG Guidance require the Council to invest its treasury 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 2021/22, so far as cash liquidity requirements allow. This is especially the case if any medium to longer-term investments are made. This represents a continuation of the strategy adopted in recent years.

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: Treasury investment counterparties and limits

This table must be read in conjunction with the notes below

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£3m	Unlimited
Secured investments *	25 years	£3m	Unlimited
Banks (unsecured) *	13 months	£2m	Unlimited
Building societies (unsecured) *	13 months	£2m	Unlimited
Registered providers (unsecured) *	5 years	£2m	Unlimited
Money market funds *	n/a	£3m	Unlimited
Strategic pooled funds	n/a	£1m	£5m
Real estate investment trusts	n/a	£1m	£1m
Other investments *	5 years	£2m	£10m

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. 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.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £100k per counterparty as part of a diversified pool.

Government: Loans to, and 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 Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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 higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (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. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that 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.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price

reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

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 balances will therefore be kept as low as 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.

Risk assessment and credit ratings

Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document.

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, which indicate a long-term direction of travel rather than an imminent change of rating.

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 2020, 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 investment returns to fall 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 unless the counterparty is a local authority,
- 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 financial 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. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in the table below. The Authority confirms that its current non-specified investments remain within these limits.

Table 6: Non-Specified Investment Limits

	Cash Limit
Total invested in pooled funds without credit rating	£5m
Shares in real estate investment trusts	£1m
Shares in local organisations	£1m
Total non-specified investments	£7m

Foreign countries

Investments in foreign countries will be limited 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.

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

The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Business models

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

6.0 Borrowing Strategy

The Council currently holds £286.7m of long-term loans, as part of its strategy for funding previous years' capital programmes, which includes £6.87m of new long-term borrowing undertaken to date during 2020/21. The balance sheet forecast in section 4 shows that the Council expects to undertake new borrowing during the remainder of 2020/21 and 2021/22.

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 2021/22 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 use internal resources, and 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 and 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 2021/22 with a view to keeping future interest costs low, even if this causes additional costs in the short-term.

The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, 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:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see above)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Clwyd Pension Fund)
- Insurance companies
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable 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:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- WG Mutual Investment Model

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council

LOBOs

The Council 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 at set dates, following which the Council 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 2021/22, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council 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 2020, the Council held £38m of short term (temporary) loans with an average rate of 0.044% and no variable rate loans. These loans leave the Council 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 10.

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 Council 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 2021/22

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, 2020.
- Effect any borrowing that may be required in 2021/22 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.

7.0 Policy on Use of Financial Derivatives

In the absence of any explicit legal power to do so, the Council 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 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 Council 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 Council'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:

	2021/22	2022/23	2023/24
Upper limit on fixed interest rate exposures	£390m	£411m	£433m
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:

	2021/22	2022/23	2023/24
Limit on total principal invested beyond year end	£5m	£5m	£5m

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.

	2021/22	2022/23	2023/24
Operational boundary – borrowing	£370m	£391m	£413m
Operational boundary – other long-term liabilities	<u>£20m</u>	<u>£20m</u>	<u>£20m</u>
Operational boundary – TOTAL	£390m	£411m	£433m
Authorised limit – borrowing	£390m	£411m	£433m
Authorised limit – other long-term liabilities	<u>£35m</u>	<u>£35m</u>	<u>£35m</u>
Authorised limit – TOTAL	£425m	£446m	£468m

11.0 Other Matters

The WG Investment Guidance requires the Council to note the following 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 and Contract Procedure Rules.

Capacity and skills training

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

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

Training for elected Members is provided by Arlingclose on an annual basis and by the treasury management team on an ongoing basis.

Training ensures that those elected members and statutory officers involved in the investments decision-making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to assess individual investments in the context of the strategic objectives and risk profile of the Council; and 3. understand how the quantum of these decisions have changed the overall risk exposure of the Council.

The Council is reviewing steps taken to ensure that those negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.

Investment of Money Borrowed in Advance of Need

Welsh Government guidance states that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

The Council will not borrow more than or in advance of their needs to profit from the investment but may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money for example in a climate of rising interest rates. Since amounts borrowed will be invested until spent, the Council 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 Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £425million. The maximum period between borrowing and expenditure is

expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

Climate change

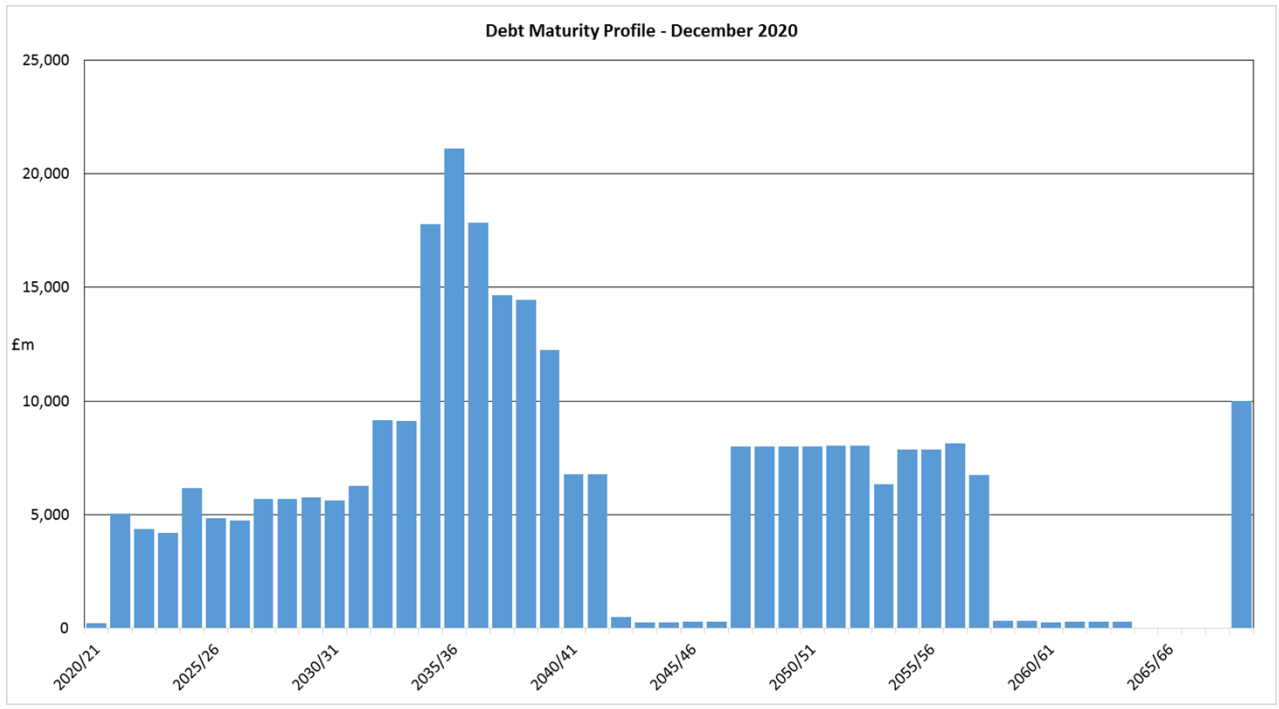
The Council is reviewing its approach to investment decisions to consider long-term climate risks to support a low carbon economy.

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 expenditure	Impact on risk 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, but any such losses may be greater
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, but any such losses may be smaller
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	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



APPENDIX B: Additional requirements of Welsh Government

Investment Guidance – Non-Treasury Investments

The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local authorities and covers investments that are not part of treasury management. In this appendix the Council sets out the information required to comply with the WG guidance for Non-Treasury Investments.

The Council has given loans to wholly owned companies for service purposes and has historical non-financial investments in property defined as Investment Properties within the Council's Statement of Accounts. The Council considers both to be non-treasury investments.

Loans to Wholly Owned Subsidiaries

The WG Guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority.

Contribution:

The Council's investments in the form of loans to wholly owned companies contribute to its service delivery objectives and/or to promote wellbeing as follows:

The Council has embarked on an ambitious house building programme as part of its Strategic Housing and Regeneration Programme (SHARP). Over a 5 year period 500 new homes will be built at a range of sites across the county, a mixture of new council houses and affordable homes, alongside commissioning a range of linked regeneration initiatives and community benefits.

Affordable homes are being developed through the Council's wholly owned subsidiary North East Wales Homes (NEW Homes) in partnership with the Council. Affordable homes for rent are built or purchased by NEW Homes funded by loans from the Council. New affordable homes for rent have been built in Flint, Penyffordd (Holywell), Dobshell and are under construction in Gronant, and Mold.

Controls and Limits:

The Council considers that its financial exposure to loans to wholly owned companies is proportionate and has set the limits in table B1. The Council's loan book is currently within these self-assessed limits.

NEW Homes was established on 3rd April 2014 to own, lease and manage properties with the aim of increasing the quantity and quality of affordable housing across the county.

NEW Homes is a company limited by shares, wholly owned by the Council (1 at £1 par value), established under section 95 of the Local Government Act 2003. The Council has a high level of control over NEW Homes as the single shareholder, approving:

- the issue of share capital
- the distribution of trading surplus
- the annual business plan
- any asset disposals
- any borrowing against assets
- appointment of directors to the board

Table B1: Loan limits

Borrower	Cash Limit
Wholly owned companies	£40m
Treasury management investments meeting the definition of a loan	Unlimited

The Council, as required, has considered allowing for an ‘expected credit loss’ model for loans and receivables as set out in International Financial Reporting Standard 9: *Financial Instruments* as adopted by proper practices to measure the credit risk of its loan portfolio. When calculated the expected credit loss was very small. Given the high level of control the Council has over NEW Homes and the security arrangements, the Council decided against setting up a provision for expected credit loss from the loans to NEW Homes.

Appropriate consideration is given to state aid rules and competition law. The Council sought specific legal and finance advice to ensure existing and future loans are compliant with State Aid regulations. The rates applied are below what NEW Homes would receive on the open market, and therefore are granted to NEW Homes under the Services of General Economic Interest Decision (a State Aid exemption). Arrangements are in place to monitor and ensure that the amount of aid granted through the loan does not exceed the net cost of providing the Service of General Economic Interest. A deed of entrustment is in place to clearly set out the requirements of both parties.

Liquidity

The Council has borrowed from the PWLB to on-lend at a small margin to NEW Homes on the same terms and conditions, therefore the impact on the Council’s Treasury Management activities is limited.

The length of the loans has been determined by assessing the cash flow of each housing development scheme to ensure over the long term affordable rents are sufficient to repay borrowing, interest, management costs, cyclical maintenance costs and reasonable allowances for voids and bad debts. Most schemes require an annuity loan commitment of 45 years, the maximum the Council would commit to is 50 years.

Agreements are in place ensuring that the Council has security on all NEW Homes properties which includes properties built using the loan funding and also other properties that NEW Homes owns outright (acquired from developers as part of Section 106 Planning Act agreements to provide affordable housing). In the event of a default, the Council could either sell the properties to repay its borrowing, or include within the Housing Revenue Account and continue to rent at social housing rent levels.

Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market

conditions. The Council accepts that the invested funds have been invested in NEW Homes for the length of the loans – approx. 45 years – and cannot readily be accessed for other purposes.

Yield (net profit)

The loans generate a small income for the Council as there is a margin of approx. 0.25% charged to NEW Homes on the Council’s borrowing rate from the PWLB. The income makes a very small contribution to achieving a balanced revenue budget. The yield as a proportion of net revenue budget is less than 0.01%.

Investment Properties

The Welsh Government guidance includes an investment category covering non-financial assets held primarily or partially to generate a profit, primarily investment property. Proper accounting practice defines an investment property as those that are held solely to earn rent and / or for capital appreciation.

The Council has a portfolio of investment properties, in the form of agricultural property and industrial units. Although these are classified as investment properties, they are legacy assets and the council is managing down its agricultural portfolio and is reviewing its position in regard to industrial units.

Contribution:

The Council’s investments, in the form of investment properties, contribute to its service delivery objectives and/or to promote wellbeing by providing a net financial surplus that is reinvested into local public services.

Security:

The Welsh Government guidance requires that security is determined by comparing each asset’s purchase price to its fair value using the model in International Accounting Standard 40: *Investment Property*, as adapted by proper practices.

As the Council’s Investment Portfolio is of a historic nature, built up over many years, property purchase prices are not readily available to compare with current fair values. The table below shows the fair values of the current portfolio over the last 5 years demonstrating that the historic capital invested has remained stable over the past 5 years.

Table B2: Fair Value of Investment Properties

	31.3.2020 £m	31.3.2019 £m	31.3.2018 £m	31.3.2017 £m	31.3.2016 £m
Fair Value Inv. Properties	25.0	25.2	25.2	24.8	25.0

Liquidity

The Council's investment properties are historical investment decisions and therefore will have limited impact on the Council's liquidity. No recent investment has taken place in investment properties, and therefore there is no recent borrowing associated.

Yield (net profit)

The profit generated by investment activity makes a small contribution to achieving a balanced revenue budget. Table B3 below details the extent to which funding expenditure to meet the service delivery objectives and or promote wellbeing in the Council is dependent on achieving the expected yield over the life cycle of the Medium Term Financial Plan.

Table B3: Proportionality of Investment Properties

	2019/20 Actual £m	2020/21 Budget £m	2021/22 Budget £m
Net Revenue Budget	271,350	271.350	286.986
Net Investment income	1.72	1.73	1.50
Proportion	0.63%	0.64%	0.52

Mae'r dudalen hon yn wag yn bwrpasol

FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

At 31st December 2020

APPENDIX 2

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
DEBT MANAGEMENT OFFICE (DMO)	7.0	18/12/20	18/05/21	0.00%	0	UK Government	1 month or less
DEBT MANAGEMENT OFFICE (DMO)	3.0	18/12/20	18/05/21	0.00%	0	UK Government	1 month or less
DEBT MANAGEMENT OFFICE (DMO)	7.0	31/12/20	04/01/21	-0.08%	-61	UK Government	1 month or less
DEBT MANAGEMENT OFFICE (DMO)	2.0	31/12/20	04/01/21	-0.08%	-18	UK Government	1 month or less
DEBT MANAGEMENT OFFICE (DMO)	19.0						
CCLA PUBLIC SECTOR DEPOSIT	3.0	06/07/20	31/01/21	0.05%	876	MMF	1 month or less
CCLA PUBLIC SECTOR DEPOSIT	3.0						
FEDERATED INVESTORS (UK)	3.0	03/07/20	31/01/21	0.01%	174	MMF	1 month or less
FEDERATED INVESTORS (UK)	3.0						
LLOYDS BANK	2.0	16/10/20	31/01/21	0.01%	59	UK BANK	1 month or less
LLOYDS BANK	2.0						
NATIONAL WESTMINSTER BANK	2.0	05/10/20	31/01/21	0.01%	65	UK BANK	1 month or less
NATIONAL WESTMINSTER BANK	2.0						
UTTLESFORD DISTRICT COUNCIL	2.0	21/12/20	04/01/21	0.01%	8	LA	1 month or less
UTTLESFORD DISTRICT COUNCIL	2.0						
WIRRAL BOROUGH COUNCIL	3.0	18/12/20	13/01/21	0.01%	21	LA	1 month or less
WIRRAL BOROUGH COUNCIL	3.0						
TOTAL	34.0			-0.01%	1,124		
PREVIOUS REPORTS TOTALS (30th Sept 2020)	24.5			0.09%			

Tudalen 63

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

At 31st December 2020

APPENDIX 2

Tudalen 64

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)	19.0	56%	19.0			
UK Bank	4.0	12%	4.0			
UK Building Society (UK BS)	0.0	0%				
Overseas	0.0	0%				
Local Authorities	5.0	15%	5.0			
CD's	0.0	0%				
T-Bills	0.0	0%				
Money Market Funds (MMF)	6.0	18%	6.0			
Total (£)	34.0		34.0	0.0	0.0	0.0
Total (%)		100%	100%	0%	0%	0%

FLINTSHIRE COUNTY COUNCIL - LONG TERM BORROWING ANALYSIS

At 31st December 2020

APPENDIX 3

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
10/08/99	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	31/03/48
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	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
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
06/12/18	10,000,000	2.64	264,000	06/12/68
Total	230,810,621	5.13	11,840,018	

PWLB Fixed Rate Annuity Loans				
06/12/18	7,356,946	2.79	205,259	06/01/63
07/01/20	580,261	3.06	17,756	07/01/60
30/03/20	292,313	2.65	7,746	30/03/60
30/03/20	1,063,165	2.65	28,174	30/03/60
02/11/20	1,406,388	2.55	35,905	02/11/57
Total	10,699,073	2.76	294,840	

PWLB Fixed Rate Equal Installment of Principal Loans				
01/04/19	9,000,000	1.65	162,250	01/04/34
13/08/19	7,083,333	1.28	90,667	13/08/37
16/12/20	5,000,000	1.16	58,000	16/12/42
Total	21,083,333	1.41	310,917	

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	

Other Government Loans				
08/06/17	74,174	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	61,500	0.00	0.00	01/10/22
27/03/19	1,257,121	0.00	0.00	01/04/29
05/05/20	461,500	0.00	0.00	31/03/26
Total	5,143,423	0	0	

Totals				
Fixed Rate	262,593,027		12,445,774	
Variable Rate	0		0	
LOBOS	18,950,000		858,095	
Other	5,143,423		0	
Grand Total	286,686,450	4.64	13,303,869	

Mae'r dudalen hon yn wag yn bwrpasol

FLINTSHIRE COUNTY COUNCIL - SHORT TERM BORROWING

At 31st December 2020

APPENDIX 4

Counterparty Name	Amount Borrowed £m	Start Date	Maturity Date	Interest Rate	Interest due £	Brokerage due £	Period to Maturity
BATH & N E SOMERSET COUNCIL	5.0	22/10/20	22/01/21	0.05%	630	1,008	less than 1 month
BATH & N E SOMERSET COUNCIL	5.0						
CORBY BOROUGH COUNCIL	5.0	18/12/20	18/03/21	0.03%	370	986	1-3 months
CORBY BOROUGH COUNCIL	5.0						
CUMBRIA COUNTY COUNCIL	5.0	22/10/20	22/01/21	0.05%	630	1,008	less than 1 month
CUMBRIA COUNTY COUNCIL	5.0						
EREWASH BOROUGH COUNCIL	2.0	18/12/20	18/03/21	0.02%	99	395	1-3 months
EREWASH BOROUGH COUNCIL	2.0						
EXETER CITY COUNCIL	5.0	30/09/20	05/01/21	0.06%	797	1,063	less than 1 month
EXETER CITY COUNCIL	5.0						
GWYNEDD COUNTY COUNCIL	5.0	18/12/20	18/03/21	0.03%	370	986	1-3 months
GWYNEDD COUNTY COUNCIL	5.0						
NORTH SOMERSET DISTRICT COUNCIL	3.0	18/12/20	18/03/21	0.03%	222	592	1-3 months
NORTH SOMERSET DISTRICT COUNCIL	3.0						
SPELTHORNE BOROUGH COUNCIL	5.0	30/09/20	05/01/21	0.06%	797	1,063	less than 1 month
SPELTHORNE BOROUGH COUNCIL	5.0						
WEALDEN DISTRICT COUNCIL	3.0	22/10/20	22/01/21	0.05%	378	605	less than 1 month
WEALDEN DISTRICT COUNCIL	3.0						
TOTAL	38.0			0.04%	4,293	7,706	

SHORT TERM BORROWING SUMMARISED BY TYPE & MATURITY

At 31st December 2020

APPENDIX 4

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	38.0	100%	23.0	15.0	0	
Total (£)	38.0		23.0	15.0	0.0	0.0
Total (%)		100%	61%	39%	0%	0%

Eitem ar gyfer y Rhaglen 6



AUDIT COMMITTEE

Date of Meeting	Wednesday, 27 th January 2021
Report Subject	Code of Corporate Governance
Report Author	Chief Executive
Category	Advisory

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.

As the Code of Corporate Governance forms part of the Council's Constitution it will 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.
---	---

REPORT DETAILS

1.00	EXPLAINING THE CODE OF CORPORATE GOVERNANCE
1.01	<p>The Corporate Governance Working Group (CGWG) has two main roles: To annually review 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 detailed within Appendix A, Section 4 attached.</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 '<i>Delivering Good Governance in Local Government: Guidance Notes for Welsh Authorities 2016</i>'.</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 2018/19.</p> <p>The updating and formatting review of the code was initially carried out by the Corporate Governance Working Group followed by consultation with</p>

	the Chief Executive, Monitoring Officer and Section 151 Officer. The revised code can be seen at Appendix A.
1.05	<p>The seven principles for the code (taken from the Framework) are as follows:</p> <ul style="list-style-type: none"> A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law; B Ensuring openness and comprehensive stakeholder engagement; C Defining outcomes in terms of sustainable economic, social and environmental benefits; D Determining the interventions necessary to optimise the achievement of the intended outcomes; E Developing the Council's capacity, including the capability of its leadership and the individuals within it; F Managing risks and performance through robust internal control and strong public financial management; G Implementing good practices in transparency, reporting and audit to deliver effective accountability.
1.06	The principles of the Code are to be used by the Corporate Governance Working Group, Chief Officers and Overview and Scrutiny Committee chairs to help inform the preparation of the Annual Governance Statement.
1.07	<p>As the Council moved into the financial year 2020/21 the global pandemic had just started to hold. Whilst there was no change to the internal controls and how we delivered the seven principals of the code, the Council needed to adapt its governance and risk management arrangements in order to respond to the pandemic. This is covered in section within Appendix A, section 2 attached.</p> <p>All changes to the Code of Corporate Governance since 2019/20 are noted in red.</p>

2.00	RESOURCE IMPLICATIONS
2.01	None as a 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	The main risk is in not updating the Code, meaning it does not reflect the systems in place or meet the requirements.

	<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> <p>Both these risks are addressed through the adopted processes and approach each year, which reflect new or additional best practice and guidance.</p>
--	---

5.00	APPENDICES
5.01	Appendix A: Code of Corporate Governance

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Officer: Lisa Brownbill, Internal Audit Manager Telephone: 01352 702231 E-mail: lisa.brownbill@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>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>

Flintshire County Council's

DRAFT Code of Corporate Governance

2020-2021



Tudalen 73

Content

Tudalen 74

Section	Page
1. Introduction and Purpose	1
2. The Council’s Governance Arrangements during the Pandemic	3
3. How the Council achieves the Code	6
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law...	6
Principle B: Ensuring openness and comprehensive stakeholder engagement.....	9
Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.....	12
Principle D: Determining the interventions necessary to optimise the achievements of the intended outcomes	14
Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it	16
Principle F: Managing risks and performance through robust internal control and strong financial management	18
Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.....	21
4. Review and Monitoring	23
5. Assurance Statement.....	24

Whilst the Council is the Administering Authority for the Clwyd Pension Fund (the Pension Fund), the Clwyd Pension Fund produce their own Annual Governance Statement.

1. Introduction and Purpose

In accordance with the *Delivering Good Governance Framework* there is an expectation that there is a formally set local structure of governance, often referred to as the Local Code, within each local authority although in practice it may consist of a number of documents. Each authority should be able to demonstrate that the governance structure in place complies with the principles and sub principles contained within the *Delivering Good Governance Framework*.

“Governance is at the heart of public services. It underpins how resources are managed, how decisions are made, how services are delivered and the impact they have, now and in the future. It also infuses how organisations are led and how they interact with the public. Governance needs to be robust but it must also be proportionate. Well-governed organisations are dynamic and take well-managed risks; they are not stagnant and bureaucratic.”¹

Flintshire County Council acknowledges its responsibility for ensuring that there is a sound system of governance. The Council has developed a Local Code (structure) of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code forms part of the Council Constitution and can be accessed on the Council’s website. A summary of the principles upon which it is based can be found in section 2 of this document.

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes. At the heart of our effective corporate governance is our adherence to the seven Nolan principles derived from *Striking the Balance - Upholding the Seven Principles of Public Life in Regulation* as listed within the table across and the five ways of working of the Well-being of Future Generations Act.

The diagram below is based on the International Framework: *Good Governance in the Public Sector*

Seven Principles of Public Life	
Selflessness	Holders of public office should act solely in terms of the public interest.
Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful
Leadership	Seven Principles of Good Governance behaviour.

¹ Wales Audit Office: “Discussion Paper: The governance challenges posed by indirectly provided, publicly funded services in Wales” 2017

(CIPFA/IFAC, 2014) (the 'International Framework'), and illustrates the various principles of good governance in the public sector and how they relate to each other.

Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

The update to our Code of Corporate Governance reflects the changes made since the start of the Council's response to the global pandemic in March 2020.

Tudalen 76



2. The Council's Governance Arrangements during the Pandemic:

As the Council started the financial period 2020/21, we were already responding to the global Pandemic. Whilst all internal controls arrangements remained in place, some governance and risk management arrangements needed to change in order to respond to the pandemic. These arrangements are detailed below.

- Internal Emergency Management Response Team (EMRT) led by Chief Executive set-up and meeting twice-weekly from 17/03/2020 reverted to weekly meetings in June and met through to the end of July. EMRT weekly meetings resumed 15/01/2021.
- Business Continuity Plans were invoked for all corporate services and service portfolios
- HR Business Continuity Plan invoked
- Service closure or restricted access decisions were made based on Government guidelines, national trends and public behaviour
- Critical services were maintained - classed as those which protect life, protect the vulnerable, ensure public safety, and/or keep the transport infrastructure open and help workers to do their job
- Key workers were supported to provide these services
- Remote and home working was maximised
- Additional technologies procured, and implemented to facilitate secure remote meetings and increased demands for remote working
- Secure and compliant regional and national data sharing to support customer engagement e.g. Shielding, Test Trace and Protect
- Additional digital services developed to record, track and manage additional support for residents and businesses
- Monthly Democracy Business Planning meeting morphed into a weekly Democracy Bronze meeting to lead the restoration of democratic decision making.

Command Structure - Hierarchy

Emergency Management Response Team (EMRT) - Gold

- Directing strategy and making principal decisions
- Co-ordination of tactical groups and any inter-dependent activities
- Risk evaluation and management
- Escalation to regional and national decision-makers as required

Tactical Groups and Leads - Silver

- Direct strategy and decision-making in areas of specialism/delegation
- Risk evaluation and management
- Escalation of decisions/risks to EMRT as required

Operational Groups and Leads - Bronze

- Implement strategy and make operational decisions within delegations

Decision-Making and Risk Management

- All key decisions risk-assessed and logged with their rationales recorded
- Some key decisions made under emergency delegations by EMRT or senior command officers, all key decisions involved at least informal consultation with senior members e.g. Leader and Cabinet Members, and the most significant decisions were made under formal delegations with the Cabinet Member being a joint signatory (specifically major financial decisions)
- Having ceased formal meetings in mid-March, we subsequently restored elements of democratic decision making through the following:
 - individual Cabinet Members (ICM) decision making in April;
 - virtual Planning Committee in commencing April;
 - Remote Attendance meetings using Webex technology commenced for Cabinet in June and for Audit and Overview & Scrutiny committees in July;
 - Annual Meeting of Council held as a Remote Attendance Meeting on 9th September;
 - Members kept informed in a series of 'All Member communications' commencing in mid-March until the end of July;
 - 23 editions of member FAQs issued to elected members, the two co-opted Members on Audit committee and our four constituency MS and MPs
- Full democratic governance has been restored
- Internal Audit have been central in advising on the control environment
- Recovery business plans and risk registers were produced for the corporate organisation and all five service portfolios
- Became the regional lead employer for the Test Trace Protect service which is supported by an Inter Authority Agreement
- Direct management assurance review on internal controls and associated risks. This was reviewed in 'real time' independently by Internal Audit.
- Internal Audit examined the key financial management decisions to ensure transparency and appropriate governance arrangements existed

Financial Risk Management

- A detailed tracker of all revenue and capital risks is updated weekly
- A cash-flow tracker – to ensure that the Council is in good liquidity – is updated weekly
- All financial decisions are managed within the command hierarchy
- Financial risks are being mitigated through (1) controls of non-essential expenditure (2) use of *Furlough* scheme for trading services and (3) access to special national funds and grants in full
- Emergency support has been given to some Alternative Delivery Models (ADMs) / Community Asset Transfers (CATs) on request
- An emergency holding fund has been set-up from reserves (£3.0m)

- We work closely with the Welsh Local Government Association (WLGA) and Welsh Governance (WG) on financial risk profiling, and in lobbying for and accessing national emergency financial support
- Specific reports were made to CROSC in both December and January relating to the WG Hardship Fund and the Income Loss position

Recovery Planning

- A cross-party Member Recovery Board operated from the end of May to September (advisory to the Cabinet with all Group Leaders as members)
- The recovery business plans, risk registers and mitigation action plans, and financial tracker documents were reported to the Board. These are reviewed and updated at either weekly or two-weekly intervals
- A full organisational and community strategy was compiled by September (with a joint Public Services Board (PSB) with Wrexham for community recovery)
- The full democratic governance arrangements were resumed through remote attendance meetings, via Webex video technology software.
- Audit Wales is reviewing our operating model and communications strategy for the response phase, and our recovery strategy, for assurance and good practice sharing
- Since September the agreed Recovery Strategy has been reported to the relevant overview and scrutiny committees with an updates of progress against recovery objectives and the oversight of risk and risk mitigations.
- Audit Wales undertook specific review of how the Council was responding to the impact of Covid-19 with particular consideration of the governance and internal and external communications. A positive review with some findings shared with other Local Authorities as best practice. Some of these findings include:
 - The Council's Operating Model has been an effective tool for achieving quick and transparent decision making during the Covid-19 pandemic
 - There has been good innovative team working by the senior leadership and many projects have been successfully delivered during the pandemic
 - The Council's communications with the residents of Flintshire has been innovative and quick to respond to a fast-moving crisis

3. How the Council Achieves Good Governance overall:

With this section we demonstrate how good governance is achieved and maintained against the Core Principles and Sub Principles of the Delivering Good Governance Framework.

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

Tudalen 80

Behaving with integrity	How the Council achieves this
<ol style="list-style-type: none"> 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 which are reviewed on a regular basis to ensure that they are operating effectively. 	<ul style="list-style-type: none"> • Our Constitution has the Codes of Conduct and Protocols which Members and Officers (employees) have agreed to comply with. • The Council requires our Members, whether they are elected or co-opted, to sign and to be bound by our Code. • 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) • We operate an effective elections protocol, ensuring high standards are upheld during election periods. (1) • Our list of ‘politically restricted posts is reviewed regularly and post holders reminded of statutory restrictions on their political activities.(1,2,3,& 4)

Tudalen 81

	<ul style="list-style-type: none"> We have Diversity and Equality ; Dignity at Work, and Whistleblowing policies; an Anti-fraud and Corruption Strategy and a Fraud Response Plan (1,2,3 & 4). Guidance has been provided to members on conduct of Remote Attendance Meetings
<p>Demonstrating strong commitment to ethical values</p>	<p>How the Council achieves this:</p>
<ol style="list-style-type: none"> Seeking to establish, monitor and maintain the organisation's ethical standards and performance. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's operation. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values. 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. 	<ul style="list-style-type: none"> The Council's commitment to the Nolan principles is shown in the codes and policies below which are found in the Constitution: <ul style="list-style-type: none"> <i>Code of Conduct for Members</i> (5,6) The <i>Flintshire Standard</i> which contains a <i>Local Resolution Procedure for complaints about Member behaviour</i> (5,6) <i>Protocol for Members in their dealings with contractors, developers and other third parties.</i> (5,6) <i>Protocol on Member/ Officer relations</i> (5,6) <i>Officers' Code of Conduct</i> (5,6) Contract Procedure Rules (7) Financial Procedure Rules (7) Procurement Strategy (7) Whistle blowing policy (7) Compliance with the Equality Act 2010 and Wellbeing of Future Generations (Wales) Act 2015 (8)
<p>Respecting the rule of law</p>	<p>How the Council achieves this:</p>
<ol style="list-style-type: none"> Ensuring Members and employees demonstrate a strong commitment to the rule of law as well as adhering to the relevant laws and regulations. 	<ul style="list-style-type: none"> Our Chief Officer (Governance) is the Monitoring Officer and Senior Information Risk Officer (SIRO) (9,10,11,12,13)

Tudalen 82

<p>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.</p> <p>11. Striving to optimise the use of the Council's full powers available for the benefit of its citizens, its communities and other stakeholders.</p> <p>12. Dealing with breaches of legal and regulatory provisions effectively.</p> <p>13. Ensuring corruption and misuse of power are dealt with effectively.</p>	<ul style="list-style-type: none"> • The Internal Audit function within the Governance Portfolio reports regularly to the Audit Committee which includes two independent lay Members. (9,11,12,13) • We have a Standards committee which promotes and maintains high standards of conduct by elected and co-opted Members. It comprises five independent, lay Members, three county councillors and one representative of community and town councils. (9,10,11) • Our relationship with the Wales Audit office and other regulatory bodies (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) is strong. (9, 11,12) • We have a robust Overview & Scrutiny function of five committees which together cover all of the Council's functions and our external partnerships. (9,10,11) • 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) • Unresolved or unsatisfied customer complaints can be considered by Public Services Ombudsman for Wales, whose contact details are published on our website. (9,10,12,13)
--	---

Principle B: Ensuring openness and comprehensive stakeholder engagement

Tudalen 83

Openness	How the Council achieves this
<p>14. Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.</p> <p>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.</p> <p>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.</p> <p>17. Using formal and informal consultation and engagement to inform the most appropriate and effective interventions / courses of action.</p>	<ul style="list-style-type: none"> • Council's website, intranet and partners networks to continually demonstrate our commitment to openness (14,15) • Most committee reports are considered in public unless there is demonstrable legal basis for confidentiality (15) • Annual Reports for the Overview and Scrutiny Committees and Audit Committee (14,15) • County Council and Planning Committee meetings are streamed via live webcast prior to March 2020. During the pandemic all Remote attendance meetings are recorded and subsequently available on our website.(15) • Committee Papers published on the Council's website (16) • County Forum (17) • Surveys & Feedback (17) • Customer Services Strategy (17) • Various channels of communication <ul style="list-style-type: none"> - e-magazine updates - Website - Social Media - Publications and leaflets - Events - Established links and regular meetings with local interest groups/forums

Tudalen 84

	<ul style="list-style-type: none"> - 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)
<p>Engaging comprehensively with institutional stakeholders</p>	<p>How the Council achieves this:</p>
<p>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.</p> <p>19. Developing formal and informal partnerships to allow for resources to be used more effectively and outcomes achieved more effectively.</p> <p>20. Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit.</p>	<ul style="list-style-type: none"> • Strategic Partnerships. (18,19) • Public Services Board (Well-being Plan). (19) • Partnerships with NEWydd & Aura Leisure & Libraries. 19) • Agreed protocol over the governance of Partnerships. (20) • Partnership self-assessments. (20)
<p>Engaging stakeholders effectively, including individual citizens and service users</p>	<p>How the Council achieves this:</p>
<p>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.</p>	<ul style="list-style-type: none"> • Consultation and engagement framework and guideline/policy document. (21,23,24) • Surveys, Impact and Evidence gathering. (22) • Effective methods of Communication. (22) • Integrated Impact Assessments. (25)

<p>22. Ensuring communication methods are effective and that Members and employees are clear about their roles with regard to community engagement.</p> <p>23. Encouraging, collecting and evaluating the views and experiences of citizens, service users and organisations of different backgrounds including reference to future needs.</p> <p>24. Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.</p> <p>25. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</p> <p>26. Taking account of the interests of future generations of tax payers and services users.</p>	<ul style="list-style-type: none"> • Strategic Reports. (26) • Medium Term Financial Strategy. (26) • Wellbeing of Future Generations Policy. (26) • Armed Forces Covenant/Armed Forces Forum (23,25)
--	--

Tudalen 85

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

Defining outcomes	How the Council achieves this:
<p>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.</p> <p>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.</p> <p>29. Delivering defined outcomes on a sustainable basis within the resources that will be available.</p> <p>30. Identifying and managing risks to the achievement of outcomes.</p> <p>31. Managing expectations effectively with regard to determining priorities and making the best use of the resources available.</p>	<ul style="list-style-type: none"> • Draft Council Plan 2020-21. (27,28) • Recovery Strategy 2020/21 (27,28) • Flintshire County Council Reporting Measures 2020/21 (27/28) • Business Recovery Plans. (29, 31) • Medium Term Financial Strategy. (29,31) • Capital Strategy and Asset Management Plan. (29,31) • Resilience Statements. (29,31) • Risk Management Framework and User Guide. (30) • Digital Strategy. (31) • Customer Services Strategy. (31) • People Strategy. (31) • HR Business Continuity Plan (31)
Sustainable economic, social and environmental benefits	How the Council achieves this:
<p>32. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.</p> <p>33. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints.</p>	<ul style="list-style-type: none"> • Committee Reports. (32,33,34) • Budget Setting Policy. (32,33) • Capital Strategy and Asset Management Plan. (32,33) • Equality and Welsh Language Impact Assessments which also integrates with the requirements of the Well-being of Future Generations Act (WCFG). (34,35) • Armed Forces Covenant (35)

- | | |
|--|--|
| <p>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 optimal solutions for stakeholders.</p> <p>35. Ensuring fair access to services.</p> | |
|--|--|

Principle D: Determine the interventions necessary to optimise the achievements of the intended outcomes

Tudalen 88

Determining interventions	How the Council achieves this:
<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • Committee System. (36) • Committee Meetings, workshops & briefings. (36) • Committee Minutes. (36) • Committee Reports. (37) • Updated Guidance Notes for the completion of Committee Reports. (37)
Planning interventions	How the Council achieves this:
<p>38. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</p> <p>39. Engaging with internal and external stakeholders in determining how services and other interventions can best be delivered.</p> <p>40. Considering and monitoring risks facing each partner when working collaboratively including shared risks.</p> <p>41. Ensuring arrangements are flexible/agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.</p> <p>42. Establishing appropriate local performance indicators (as well as statutory or other national performance indicators) as part of</p>	<ul style="list-style-type: none"> • Council's Schedule of Meetings approved by the annual meeting of Council. (38,39) • Business and Financial Planning Cycle. (38) • Cabinet receives the combined forward work programme on a monthly basis. (38,39) • Each of the five Overview & Scrutiny Committees reviews its own Forward work programme at each meeting. (38,39) • Flintshire County Council Reporting Measure 2020/21. (38,42) • Engagement framework and guidelines/policy document policy. (39) • Strategic Partnerships - Self Assessment (40). • Business Recovery Plans (40)

<p>the planning process in order to assess how the performance of services is to be measured.</p> <p>43. Ensuring capacity exists to generate the information required to review service quality regularly.</p> <p>44. Preparing budgets in accordance with organisational objectives, strategies and the Medium Term Financial Strategy.</p> <p>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.</p>	<ul style="list-style-type: none"> • Business Recovery Plan and Efficiency Plan Monitoring Reviews. (41,43) • Medium Financial Term Strategy. (44,45)
<p>Optimising achievement of intended outcomes</p>	<p>How the Council achieves this:</p>
<p>46. Ensuring the Medium Term Financial Strategy integrates and balances off service priorities, affordability and other resource constraints.</p> <p>47. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</p> <p>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.</p> <p>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"</p>	<ul style="list-style-type: none"> • Medium Term Financial Strategy. (46,47) • Annual Budget Setting process. (46,47) • Procurement Strategy. (49) • Contract Procedure Rules. (49) • Redesign of Social Value management (49).

Principle E: Developing the Council's capacity, including the capability of its leaderships and the individuals within it

Tudalen 90

Developing the entity's capacity	How the Council achieves this:
<p>50. Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</p> <p>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.</p> <p>52. Recognising the benefits of partnerships and collaborative working where added value can be achieved.</p> <p>53. Developing and maintaining an effective workforce plan to enhance strategic allocation of resources.</p>	<ul style="list-style-type: none"> • Annual Performance Report. (50,51) • Recovery Strategy. (50,51) • Agreed Council's Capital Strategy & Asset Management Plan. (50,51) • Review of the Council's People, Digital and Customer Strategy. (50) • Audit Wales Audit Summary. (51,52) • Sustainability of services through collaborative working with partners. (52) • Endorsed and approved People Strategy and associated action plan. (53) • Transition plan management, workforce succession plans and service resilience and efficiency statements. (53)
Developing the capability of the entity's leadership and other individuals	How the Council achieves this:
<p>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.</p> <p>55. Publishing a statement that specifies the types of decisions delegated to the Cabinet and those reserved for the collective decision making of the Council.</p>	<ul style="list-style-type: none"> • Our Constitution and Scheme of Delegation are under regular review and set out the arrangements for our governance (54, 55, 56 and 57) • Ability to respond to change demands through flexibilities within the Senior Management structure (57) • Individual corporate and services specific induction and support for all employees in new jobs. Bespoke induction and support for elected Members. (58)

<p>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.</p> <p>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.</p> <p>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.</p> <p>59. Ensuring Members and employees 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.</p> <p>60. Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from both internal and external governance weaknesses.</p> <p>61. Ensuring that there are structures in place to encourage public participation.</p> <p>62. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.</p> <p>63. Holding employees to account through regular performance reviews which take account of training and development needs.</p> <p>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.</p>	<ul style="list-style-type: none"> • After whole council elections, there is a comprehensive induction programme for new and returning Members. (57) • Performance appraisals, are one of a number of performance management tools used, including 1-2-1 meetings, day to day supervision and team meetings, that aim to ensure employees' performance contributes to business objectives, and is used as part of a holistic approach to managing performance. (58,63) • Knowledge and skills and built and maintained through regular briefings and workshops. (59 and 60) • Action plans following external regulator inspection. (60) • A range of public consultation methods, a compliments and complaints scheme and statutory protocols for public engagement in Overview & Scrutiny. (61) • Welcome peer reviews of both governance arrangements and service delivery to improve the effectiveness of leadership. (62) • Career structures are in place for all employees and encourage participation in development and training. (62,63) • All HR policies and procedures, including Health and Wellbeing, Alcohol and Substance Misuse and Domestic Abuse are available on our Intranet. (64) • Provision of and promotion of our Employee Assistance Programme (EAP) which provides emotional and practical support for issues at home or in work and supplements the support available from Occupational Health. (64) • Dedicated Health & Wellbeing section on the infonet which provides access to support on an individual, management and team level, including the useful numbers and links to external support networks e.g. MIND, Samaritans (64).
---	---

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

Managing risk	How the Council achieves this:
<p>65. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.</p> <p>66. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.</p> <p>67. Ensuring that responsibilities for managing individual risks are clearly allocated.</p>	<ul style="list-style-type: none"> • Risk Management Framework and User Guide. (65) • Corporate & Portfolio Risk Registers. (65,66,67) • Business Recovery Plan. (65) • Service Plans. (65) • Reporting of Corporate and Portfolio Risks to Overview and Scrutiny Committees (66,67)
Managing Performance	How the Council achieves this:
<p>68. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.</p> <p>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.</p> <p>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 responsible.</p> <p>71. Providing Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.</p>	<ul style="list-style-type: none"> • Portfolio Business Efficiency Plans. (68) • Performance Monitoring. (68) • Post Implementation Reviews. (68) • Integrated Impact Assessments. (69) • Financial Procedural Rules. (69) • Contract Procedural Rules. (69) • Five Overview & Scrutiny Committees. (70) • Chair & Vice Chairs Liaison Group. (70) • Calling in Process. (70) • Cabinet. (70,71) • Council's Constitution. (70) • Council Policies. (70) • Flintshire County Council Reporting Measures 2020/21. (71) • Annual Improvement Review. (71) • Publicly published Agenda and minutes. (71)

Tudalen 92

<p>72. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).</p>	<ul style="list-style-type: none"> Publicly reported Overview & Scrutiny Annual Report. (71) Publicly Report Internal Audit Annual Report. (71) Budget Monitoring Process. (72) Budget Monitoring Reports. (72) Corporate Resources Overview & Scrutiny. (72)
<p>Robust internal control</p>	<p>How the Council achieves this:</p>
<p>73. Aligning the risk management strategy and policies on internal control with achieving the Council's objectives.</p> <p>74. Evaluating and monitoring the Council's risk management and internal control on a regular basis.</p> <p>75. Ensuring effective counter-fraud and anti-corruption arrangements are in place.</p> <p>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.</p> <p>77. Ensuring an Audit Committee or equivalent group or function which is independent of the Cabinet 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.</p>	<ul style="list-style-type: none"> Risk Management Framework and User Guide. (73,74) Business Recovery Plans. (73) Service Plans. (73) Audit Committees endorsement of strategy and biannual performance reports. (74,76) Corporate Anti-Fraud and Corruption Strategy. (75) Fraud Response Plan. (75) Whistleblowing Policy. (75) Internal Audit and Compliance with Public Sector Internal Audit Standard (PSIAS). (76) Independence of the Internal Audit Service within the Council. (76) Delivery of the Annual Internal Audit Risk Based Plan. (74,76) Direct Management Assurance Real time auditing during the pandemic Audit Committee comprising of seven Members and two lay Members. (77) Audit Committee Charter and Terms of Reference. (77) Audit Committee's Annual Report. (77)
<p>Managing Data</p>	<p>How the Council achieves this:</p>
	<ul style="list-style-type: none"> Information Security Management System. (78,79)

<p>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.</p> <p>79. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.</p> <p>80. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.</p>	<ul style="list-style-type: none"> • Data Protection Policies, Guidance and Training. (78,79) • Cyber Security Training. (78) • Public Sector Network Accreditation. (78) • Wales Accord for Sharing Personal Information (WASPI). (79) • GDPR Phase 2 Action Plan. (78,79,80) • Corporate Information Asset Register. (78,80) • Cyber Essentials Accreditation. (78) • Data Processing Agreements. (78) • Corporate reporting and monitoring of security breaches. (78,80) • Data Protection Audit. (80) • IT Technical Specification. (78, 79, 80) • Central recording of corporate performance data (CAMMS). (80) • External data quality audits. (80)
<p>Strong public financial management</p>	<p>How the Council achieves this:</p>
<p>81. Ensuring the Council's financial management supports both long term achievement of outcomes and short-term financial and operational performance.</p> <p>82. Ensuring well-developed financial management is integrated at all organisational levels of planning and control, including management of financial risks and controls.</p>	<ul style="list-style-type: none"> • Medium Term Financial Strategy (MTFS.) (81) • Business Efficiency Plans. (82) • Part 4 of the Constitution – Budget and Policy Framework Procedure Rules. (82) • Monthly revenue monitoring reports to Cabinet and Corporate Resources Overview and Scrutiny Committee. (82) • Quarterly capital monitoring reports to Cabinet and Corporate Resources Overview and Scrutiny Committee. (82) • Treasury Management and Policy Statement. (82) • Scheme of Delegation. (82) • Financial Procedural Rules. (82) • Council's Constitution. (82) • Internal Performance Indicators for the MTFS, monitored with the Council Plan. (82)

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

Implementing good practice in transparency	How the Council achieves this:
<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • Council Website. (83,84) • Council's publication scheme. (83,84) • Annual Report. (83,84) • Updated Report Format and Writing Guidance. (83,84) • Easy read and use of infographics of strategies and public documents. (83,84)
Implementing good practices in reporting	How the Council achieves this:
<p>85. Reporting at least annually on performance, value for money and the stewardship of its resources.</p> <p>86. Ensuring Members and senior management own the results.</p> <p>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).</p> <p>88. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.</p> <p>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.</p>	<ul style="list-style-type: none"> • Annual Performance Report. (85) • Flintshire County Council Reporting Measures 2020/21 (85) • Audited and Signed Statement of Accounts. (85,86,89) • Monitoring and reporting of Council improvement. (87) • Code of Corporate Governance. (87,88) • Annual Governance Statement. (87,88)

Tudalen 96

Assurance and effective accountability	How is the Council achieves this:
<p>90. Ensuring that recommendations for corrective action made by external audit are acted upon.</p> <p>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.</p> <p>92. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.</p> <p>93. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</p> <p>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.</p>	<ul style="list-style-type: none"> • Committee Papers (90) • Independent position of Internal Audit within the Council with direct access to Senior Officers and Members (91) • Annual Self-Assessment and external assessment for compliance with the Internal Audit Public Sector Standards (PSIAS) (91) • Regular Self-Assessment of Services (92) • External validation via benchmarking and commissioned assessments (92) • External Regulatory Reports (Committee Minutes) (92) • Annual Summary of External Regulatory reports to Audit Committee (92) • Peer Reviews (92) • Risk Assessment and Governance Arrangements for Partnerships (alternative delivery models) (93) • Partnership Board Minutes - ADMs (94)

4. Monitoring and Review

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

The membership of the Corporate Governance Group is:

Lisa Brownbill (Chair)	Internal Audit Manager
Jay Davies	Strategic Performance Advisor
Andrew Elford	Principal Accountant
Robert Robins	Head of Democratic Services
Mandy Humphries	ICT Services Business Manager
Sharon Carney	Senior Manager, Human Resources & Organisational Development
Margaret Parry-Jones	Overview & Scrutiny Facilitator

5 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 2019 and that this is ongoing.

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

Tudalen 98

Eitem ar gyfer y Rhaglen 7



AUDIT COMMITTEE

Date of Meeting	Wednesday, 27 th January 2021
Report Subject	Local Government & Elections (Wales) Bill
Report Author	Chief Executive & Chief Officer (Governance)

EXECUTIVE SUMMARY

The Local Government and Elections (Wales) Bill was passed by the Senedd on 18th November 2020. Council last considered this Bill, and made a response to it, at the meeting on 28th January 2020. The attached briefing paper, prepared for the Welsh Local Government Association Council (WLGA) meeting on 27th November 2020 sets out the history of the Bill, its main provisions and provides commentary on elements of it.

Whilst largely supportive of the Bill, the WLGA, on behalf of Local Government community, had expressed reservations at some aspects. These are identified within the briefing paper. Flintshire's own response to the Bill echoed that of the WLGA.

It should be noted that whilst the Bill has been passed by the Senedd, it has not yet received Royal Assent, which is why it is not referred to as an Act. However, there can be no further changes to it. The Local Government community may not be supportive of all that it contains, but as with all legislation, we must comply with those parts that are "commenced" (brought into force).

It is a big piece of legislation, which reflects its lengthy gestation period. It has 170 sections and 14 schedules. Some aspects of it reflect what Flintshire, as a best practice authority, is already doing and that your officers will do the necessary work to implement it. The key elements that will require specific Member approval, and so will be taken through the appropriate channels in due course, are as follows:

- Change of the franchise for "Welsh" elections;
- The option to change the method of election from first past post to single transferrable vote;
- Public engagement and participation in councils (accessibility);
- Self-assessment and peer assessment of our performance as a Council;
- Changes to the Audit Committee.

There are concerns at the lack of clarity on commencement, which is staggered , with some provisions, such as some of the changes to the Audit Committee and the introduction of Corporate Joint Committees coming into force immediately, with others two months after Royal Assent (so possibly April 2021), others in May 2022 and others on dates to be decided by Welsh Ministers.

RECOMMENDATIONS

1	That Committee receives the briefing report, notes the constitutional and other implications of the Bill, and supports internal plans for their implementation.
---	---

REPORT DETAILS

1.00	BRIEFING ON THE LOCAL GOVERNMENT & ELECTIONS (WALES) BILL
1.01	<p>The Bill is the culmination of many years of discussion on a range of issues which included reorganisation, performance and the electoral franchise. The report submitted to Council on 28th January 2020 provided details of the history:</p> <ul style="list-style-type: none"> • Draft Local Government (Wales) Bill – November 2015 • Consultation on Electoral Reform – October 2017 • Reforming Local Government: Resilient and Renewed - Welsh Government White Paper - January 2017 • Consultation on Powers and Flexibilities – January 2018 • Strengthening Local Government: Delivering for People Welsh Government Green Paper - June 2018.
1.02	<p>When Council considered the Bill at an early stage (28th January 2020), it contained a number of significant elements. Following the consultative process, not all of those have been included within the Bill which was passed by the Senedd on 18th November 2020.</p> <p>The key points of the Bill, which will have the greatest impact on the work of the Council are:</p> <ul style="list-style-type: none"> • Changes to the electoral franchise (see paragraph 1.03 and 1.04 below); • Public accessibility (see paragraph 1.05 below); • Corporate Joint Committees (as previously considered by Cabinet on 15th December) • Council performance and accountability and the Audit Committee (see paragraph 1.06 below) <p>To assist the Committee in considering the Bill, we have provided the Flintshire context, and some comments, in italics, where necessary. An implementation schedule is also attached for information.</p>

1.03	<p>Electoral reform (sections 2- 23)</p> <ul style="list-style-type: none"> • Extension of the franchise to 16 year olds and foreign citizens. <p><i>Our Electoral Registration team is already working on this. We recognise the inherent difficulties in running dual elections in May based on two different franchises. For example, 16 and 17 year olds will be able to vote in the National Assembly elections, but not for the Police & Crime Commissioner elections. The county and community/town council elections which are scheduled for May 2022 will have 16 and 17 year olds participating.</i></p> <ul style="list-style-type: none"> • Changing Council electoral cycles from the current four to five years (applies to county and community/town councils); <p><i>We had supported this previously and continue to do so. A five year lifecycle is more appropriate for strategic planning.</i></p> <ul style="list-style-type: none"> • Allowing non-politically restricted Council employees to stand for election to their own Council (they would resign if elected) <p><i>Whilst we have recognised Welsh Government’s attempts to widen representation in local government, we were unable to support this at consultation stage. We are disappointed that it remains, as it has the potential to cause problems with ongoing working relationships between Members and officers but, as it is now in the legislation, we will have to implement it.</i></p>
1.04	<p>Two Voting Methods (sections 5 -12).</p> <p>The Bill provides a choice between two voting systems. These are first past the post – simple majority – which is what we use now and an alternative, the Single Transferable Voting system (STV). The simple majority system will apply unless and until Council changes the voting system, for the first time. The discretionary power for Councils to introduce STV for their own elections if there is a two-thirds majority of the Council membership in favour was not supported when we considered the draft Bill in January 2020.</p> <p>Under our present simple majority system, there are a number of Council wards which are represented by one, or in some cases two candidates. (Members will recall that we have reiterated our opposition to multi-member wards on many occasions, most recently during consultation on the Electoral Ward Review in 2020) With STV, instead of one or two people representing everyone in an area, larger areas elect a small team of representatives, such as 4 or 5. These representatives reflect the diversity of opinions in the area.</p> <p>On election day, voters number a list of candidates. Their favourite as number one, their second favourite number two, and so on. Voters can put numbers next to as many or as few candidates as they like. Parties will often stand more than one candidate in each area.</p>

	<p>We had reiterated our previous stance that we do not support the conferment of the power to Councils to introduce STV for local elections. We maintain that there should be a uniform voting system in Wales which is commonly understood and practiced consistently. In previous consultation on electoral reform, we had said that there should be a national referendum on the introduction of STV if Welsh Government is to pursue its introduction.</p> <p>The Bill indicates that this provision would come into force on 6th May 2022 – after the next Local Government elections.</p> <p>Section 12 of the Bill says that where STV is applied, the number of Councillors for each ward is to be no less than three but no more than six.</p>
1.05	<p>Reforming public participation in Local Government (sections 38 – 51)</p> <ul style="list-style-type: none"> • Duty to encourage local people to participate in Local Government (section 40); <p><i>This aim of this part of the Bill is to make it easier for people to become a member of a principal Council.</i></p> <ul style="list-style-type: none"> • Requirement to produce a public engagement strategy; (section 41) <p><i>We have a good track record in providing opportunities for the public to engage with us.</i></p> <ul style="list-style-type: none"> • Duty to make a petition scheme (section 42) <p><i>We have previously supported this. WLGA is to work with council Heads of Democratic Services to produce a national approach to this and a draft scheme will go to the Constitution & Democratic Services Committee before being brought to Council for approval.</i></p> <ul style="list-style-type: none"> • Duty on principal Councils to publish official addresses (section 43), <p><i>We already do this and have done so for many years.</i></p> <ul style="list-style-type: none"> • Duty to publish the Constitution and a Constitution guide (section 45); <p><i>We have published our Constitution on our website for several years. Your officers will produce a plain language guide to our Constitution which will also go onto the website</i></p> <ul style="list-style-type: none"> • Duty to broadcast certain meetings (section 46); <p><i>We are currently publishing recordings of all our Remote Access meetings and intend to livestream them early in 2021.</i></p> <ul style="list-style-type: none"> • Greater flexibility around Remote Attendance of members; (Section 47)

	<p><i>We are now all familiar with the conducting Remote Attendance Meetings, and made appropriate changes to our procedures to accommodate them.</i></p> <ul style="list-style-type: none"> • Giving notice of meetings (section 49) <p><i>This makes permanent the current emergency provisions, allowing for electronic publication of agendas.</i></p> <ul style="list-style-type: none"> • Regulations about the conduct of meetings (section 50) <p><i>This section enables Welsh Ministers to make associated regulations, which the officers will review when they are made available, reporting back to Members as appropriate.</i></p>
1.06	<p>Creation of a Governance & Audit Committee, (sections 116 to118)</p> <p><i>This will replace the current Audit Committee, but is not indicative of local dissatisfaction with the role and conduct of the current Flintshire Committee. The new Committee must assess and report on: the Council's arrangements for self –assessment; peer review and ability to handle complaints effectively. It must also review the draft self –assessment performance report and draft responses to any panel reports. Whilst the name and remit of the committee will change from 1st April 2021, the other changes are due to come into effect from May 2022</i></p> <p><i>From next year, the Governance & Audit Committee must appoint a lay person as its Chair. The vice chair must not be a Cabinet member. One third of the membership of the Committee must be lay members. Flintshire has previously recognised the benefits and different perspectives that can be contributed by lay members. We currently have two on the Audit committee. To comply will mean recruiting a third lay member. This can take place in the late autumn of 2021, ready for the change in May of 2022.</i></p> <p><i>Your officers will draft terms of reference for the new Committee.</i></p>

2.00	RESOURCE IMPLICATIONS
2.01	Whilst there will be resource implications of several elements of the Bill, these have not yet been quantified.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Not applicable.

4.00	RISK MANAGEMENT
4.01	Not applicable at this stage.

--	--

5.00	APPENDICES
5.01	None

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Report to WLGA Council, 27.11.20 on the Local Government & Elections (Wales) Bill. Link attached</p> <p>file:///C:/Users/cscsrjr/Downloads/WLGA%20LG&E(W)%20report%20Nov%202020.pdf</p> <p>Report of the Chief Executive and Chief Officer (Governance) on the Local Government & Elections (Wales) Bill. Council, 28.01.20 and resultant minute.</p> <p>Council Contact Officer: Robert Robins, Head of Democratic Services Telephone: (01352) 702320 E-mail: robert.robins@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>First past the post – traditional form of election where the person with the highest number of votes wins and is thus elected.</p> <p>Single transferable vote systems (STV) – proportional representation so that instead of one person representing everyone in a small area, bigger areas elect a small team of representatives. These representatives may then reflect the diversity of opinions in the area. On election day, voters number a list of candidates. They put their favourite as number one, their second favourite number two, and so on. Voters can put numbers next to as many or as few candidates as they like. Parties will often stand more than one candidate in each area.</p> <p>Principal Councils: the twenty two unitary County and County Borough Councils in Wales.</p>

Eitem ar gyfer y Rhaglen 8



AUDIT COMMITTEE

Date of Meeting	Wednesday 27 th January 2021
Report Subject	Recruitment of a Lay Member to the Audit Committee
Report Author	Chief Officer Governance

EXECUTIVE SUMMARY

Under the Local Government and Elections (Wales) Bill, at least 1/3 of the membership of the Audit Committee must be lay members. The current Audit Committee consists of 7 elected Councillors and 2 lay members. An additional lay member will be needed to meet the new requirements.

Council already has approved criteria for the appointment of lay members. It is recommended that a member panel consisting of the Chair of Council, Chair of the Audit Committee, the Cabinet Member for Finance plus 2 other members of the Audit Committee should interview candidates and make a recommendation to Council for appointment.

RECOMMENDATIONS

1	That one additional lay member be recruited to the Audit Committee in place of an elected member with effect from May 2022.
2	That the recruitment panel consisting of the Chair of Council, Chair of the Audit Committee plus the Cabinet Member for Finance makes a recommendation to Council for appointment.

REPORT DETAILS

1.00	EXPLAINING THE RECRUITMENT OF A LAY MEMBER
1.01	<p>The Committee will have seen from an earlier report on this agenda that the Local Government and Elections (Wales) Bill (“the Bill”) requires that 1/3 of the membership of the Audit Committee must be co-opted members. On the Audit Committee these are called lay members. The Committee currently consists of 7 elected Councillors and 2 lay members. Council therefore has the following options:</p> <ol style="list-style-type: none"> 1) reduce the size of the Committee to 6 (4 elected Councillors plus the existing 2 lay members); 2) maintain the Committee’s current size of 9, and replace one elected member with an additional lay member; <p>The Audit Committee works well because of its relatively compact size, which enables members to develop lines of questioning on complex issues without excluding other members who wish to speak. The Audit Committee considered its own requirements in 2019 and recommended the current size, and it is suggested that the current membership of 9 should therefore be maintained.</p>
1.02	<p>The Bill defines a lay person as follows - “lay person” (“lleygwr”) means a person who— (a) is not a member or an officer of any local authority, (b) has not at any time in the period of twelve months ending with the date of that person’s appointment been a member or an officer of any local authority, and (c) is not the spouse or civil partner of a member or an officer of any local authority;”</p> <p>For the purposes of this section “local authority” means a principal Council (i.e. a County or County Borough Council), a Community Council and either a Fire and Rescue or National Park Authority in Wales.</p>
1.03	<p>The Bill does not prescribe the skills, qualifications or experience required of a lay person. In 2012, when it first recruited a lay member, the Council agreed the criteria below which were drawn up, in part, by analogy with the Independent Member role on the Standards Committee:</p> <ul style="list-style-type: none"> • Experience and/or understanding of audit, accounting practice and/or financial procedures; • Knowledge and/or experience of Local Government; • Perceived political and operational independence; • Has not been a Councillor or officer of Flintshire County Council (or its predecessors); and • Has not been an officer or member of another Council for at least 12 months. <p>These criteria are entirely compatible with the legislative requirements and should ensure that any candidate is capable of understanding and undertaking the complex technical work of the Committee.</p>

1.04	<p>It is proposed that advertisements be placed in the press (as required by the legislation) but also online and on social media. The applicants will be shortlisted by the s.151 Officer and Monitoring Officer prior to interview by a panel. I would recommend that the panel consist of:</p> <ul style="list-style-type: none"> • The Chair of Council; • The Cabinet Member with responsibility for Finance; • The Chair of the Audit Committee; • Plus 2 other Councillors (based on political balance).
1.05	<p>Only County Council can appoint a lay person and so the recruitment panel will need to make a recommendation back to Full Council. It was initially thought that these changes would come into effect from 1 April 2021 but it appears that they may come into force May 2022. The recruitment should therefore take place late autumn 2021 in time for the lay person to be appointed in February or March 2022.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>Statutory guidance to the Local Government Measure 2011 requires that the position of lay person is advertised in the local press. The cost of doing this will be in the order of £6267.</p>
2.02	<p>It is proposed that the advert should advertise the vacancies for 2 Independent Members on the Standards Committee as well in order to reduce cost. Unfortunately, the prescriptive legislative requirements for recruiting Independent Members make it very difficult to also combine the recruitment and selection process.</p>
2.03	<p>The recruitment and selection process can be managed within existing resources.</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None.

4.00	RISK MANAGEMENT
4.01	<p>Adverts will be placed bilingually in order to attract applications from Welsh speakers, and would be sent to local community groups representing people with disabilities to ensure that no potential candidate is accidentally excluded by the medium through which the vacancies are advertised.</p>

5.00	APPENDICES
5.01	None

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Gareth Owens, Chief Officer Governance</p> <p>Telephone: 01352 702344</p> <p>E-mail: gareth.legal@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Co-opted Member/Independent Member/Lay Person - the Council consists of a Chairman and 69 Members who are all elected. By contrast, legislation sometimes provides for a person to be appointed to a Committee without being elected through a process called co-option i.e. recruitment and appointment by councillors. Lay persons on the Audit Committee and Independent Members on the Standards Committee are co-opted members</p>

Eitem ar gyfer y Rhaglen 9



AUDIT COMMITTEE

Date of Meeting	Wednesday, 27 th January 2021
Report Subject	Internal Audit Charter
Report Author	Internal Audit Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

Public Sector Internal Audit Standards (PSIAS) require that the role, scope, independence, authority and responsibility of Internal Audit be formally defined in a charter. The charter must be reviewed periodically and approved by the Audit Committee. The current charter has been reviewed to ensure the charter continues to meet all legal and regulatory requirements. This paper shows the results of that review.

RECOMMENDATIONS

1	The Committee is requested to consider and approve the updated Internal Audit Charter.
---	--

REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
1.01	<p>The Internal Audit Charter has been in place since 2002. It was last updated in 2019 to reflect the Accounts and Audit (Wales) (Amendment) Regulations 2018 and the external assessment of service compliance with the PSIAS.</p> <p>The current review takes into account best practice recommendations around the content of Internal Audit Charter issued by the Institute of Internal Auditors (IIA) specifically around objectivity and independence and the scope of Internal Audit activities. The Charter has also been updated to reflect the arrangements to limit the impairment of independence and objectivity due to the Audit Managers line management of other services within the Council.</p>

1.02	<p>Few changes have been made to the Charter apart from reflecting arrangements to ensure continued independence and objectivity of the Internal Audit team, enhancing the content around the scope of Internal Audit activities and reflecting current ways of working, terminology and positions within the Council.</p> <p>To aid review the new areas within the Charter are detailed below:</p> <table border="0"> <thead> <tr> <th data-bbox="316 409 432 443">Section</th> <th data-bbox="507 409 799 443">New to the Charter</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 461 432 495">Para 3.1</td> <td data-bbox="507 461 1283 533">Updated to provide clarity around the CIPFA guidance supplementing the PSIAS.</td> </tr> <tr> <td data-bbox="316 562 432 595">Para 4.9</td> <td data-bbox="507 562 1362 703">This paragraph has been added to reflect the arrangements in place to ensure the continued independence and objectivity of the Internal Audit team in line with IIA requirements.</td> </tr> <tr> <td data-bbox="316 723 456 757">Para 4.10</td> <td data-bbox="507 723 1378 902">This paragraph has been added to reflect the arrangements in place to limit the impairment of independence and objectivity due to the Audit Managers line management of other services within the Council. This content replaces para 4.13 in the 2019 Charter.</td> </tr> <tr> <td data-bbox="316 922 448 956">Section 5</td> <td data-bbox="507 922 1294 994">Enhanced to reflect IIA best practice recommendations around the scope of Internal Audit activities.</td> </tr> <tr> <td data-bbox="316 1014 432 1048">Para 7.3</td> <td data-bbox="507 1014 1378 1122">Reflects the Audit Managers responsibility to communicate the impact of resource limitations to Senior Management and the Audit Committee, supplementing the content in Section 8.</td> </tr> <tr> <td data-bbox="316 1142 432 1176">Para 7.3</td> <td data-bbox="507 1142 1353 1214">Provides enhanced clarity around the content of the annual audit report to Audit Committee.</td> </tr> <tr> <td data-bbox="316 1234 456 1267">Para 10.6</td> <td data-bbox="507 1234 1378 1305">Enhanced content around the reporting responsibilities of the Audit Manager.</td> </tr> </tbody> </table>	Section	New to the Charter	Para 3.1	Updated to provide clarity around the CIPFA guidance supplementing the PSIAS.	Para 4.9	This paragraph has been added to reflect the arrangements in place to ensure the continued independence and objectivity of the Internal Audit team in line with IIA requirements.	Para 4.10	This paragraph has been added to reflect the arrangements in place to limit the impairment of independence and objectivity due to the Audit Managers line management of other services within the Council. This content replaces para 4.13 in the 2019 Charter.	Section 5	Enhanced to reflect IIA best practice recommendations around the scope of Internal Audit activities.	Para 7.3	Reflects the Audit Managers responsibility to communicate the impact of resource limitations to Senior Management and the Audit Committee, supplementing the content in Section 8.	Para 7.3	Provides enhanced clarity around the content of the annual audit report to Audit Committee.	Para 10.6	Enhanced content around the reporting responsibilities of the Audit Manager.
Section	New to the Charter																
Para 3.1	Updated to provide clarity around the CIPFA guidance supplementing the PSIAS.																
Para 4.9	This paragraph has been added to reflect the arrangements in place to ensure the continued independence and objectivity of the Internal Audit team in line with IIA requirements.																
Para 4.10	This paragraph has been added to reflect the arrangements in place to limit the impairment of independence and objectivity due to the Audit Managers line management of other services within the Council. This content replaces para 4.13 in the 2019 Charter.																
Section 5	Enhanced to reflect IIA best practice recommendations around the scope of Internal Audit activities.																
Para 7.3	Reflects the Audit Managers responsibility to communicate the impact of resource limitations to Senior Management and the Audit Committee, supplementing the content in Section 8.																
Para 7.3	Provides enhanced clarity around the content of the annual audit report to Audit Committee.																
Para 10.6	Enhanced content around the reporting responsibilities of the Audit Manager.																
1.03	<p>The Charter meets the requirements of the PSIAS standards. It gives the mission, definition and legal background to Internal Audit. It shows the code of ethics that auditors must comply with. It includes the independence and authority of internal audit; the role, scope and responsibility of the activity including fraud-related work. It also outlines the resources of the team, training requirements and reporting requirements.</p>																
1.04	<p>Within Flintshire, the Charter is part section 26 of the Constitution. After approval by the Audit Committee it is intended to submit the Charter to the Constitution and Democratic Services Committee for approval.</p>																
1.05	<p>To aid clarity and transparency two copies of the Internal Audit Charter are included. Appendix A shows where the changes have occurred, using tracked changes, whilst Appendix B shows the revised Charter without tracked changes.</p>																

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

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The draft Charter has been shared with the Chief Executive, Monitoring Officer and Corporate Finance Officer (s151 Officer) for consideration.

4.00	RISK MANAGEMENT
4.01	Internal Audit provides an independent, objective assurance to the Council by evaluating the effectiveness of risk management, control and governance processes. To do so it needs to be independent and have the necessary authority to fulfil that role, which helps reduce the overall risk to the Council. The Charter ensures that the internal audit service has sufficient independence and authority within the Council.

5.00	APPENDICES
5.01	Appendix A – Internal Audit Charter including tracked changes. Appendix B – Internal Audit Charter without tracked changes.

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	PSIAS, Public Sector Internal Audit Standards: a set of standards that all Internal Audit teams working in the public sector must comply with. 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>Risk Management: the process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences 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>



2021

Section	Content	Page
1.	Introduction	2
2.	Purpose and Missions Statement	2
3.	Standard for Professional Practice of Internal Auditing	3
4.	Authority, Independence and Objectivity	3
5.	Scope of Internal Audit	6
6.	Fraud and Irregularity	7
7.	Audit Responsibility	8
8.	Resources	9
9.	Training	9
10.	Reporting	10
11.	Performance	11
12.	Quality Assurance and Improvement Programme	11
13.	Third Party Auditing	11
14.	Related Documents	11
15.	Signatures	12
	Appendix A - Code of Ethics	13

Date	Approved By	Version
27/01/2021	Audit Committee	V1.4
	Constitution and Democratic Services Committee	
	Flintshire County Council (planned)	

Introduction

- 1.1 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The Internal Audit Charter establishes the internal audit activity's position within the organisation, including the nature of the Internal Audit Manager's functional reporting relationship with the 'board'; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the 'board'.
- 1.2 Internal Audit is a statutory requirement for local authorities. The two pieces of legislation that impact upon internal audit in local authorities are:
- Section 5 of the Accounts and Audit (Wales) (Amendment) Regulations 2018 states that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".
 - Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs. CIPFA has defined 'proper administration' in that it should include 'compliance with the statutory requirements for accounting and internal audit'.

2. Purpose and Mission

- 2.1 The purpose of Flintshire County Council's (the Council's) Internal Audit service is to provide independent, objective assurance and consulting services designed to add value and improve the Council's operations. This mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The internal audit service helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.
- 2.2 Internal Audit 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. It may also undertake consulting services at the request of the Council, subject to there being no impact on the core assurance work and the availability of skills and resources within the team.

3. Standards for the Professional Practice of Internal Auditing

3.1 [The Public Sector Internal Audit Standards \(PSIAS\) were published in 2013 and updated in 2016, 2017 and 2018. To supplement the PSIAS and provide specific guidance surrounding its application within a local government setting, the Chartered Institute of Public Finance and Accountancy \(CIPFA\) compiled a Local Government Application Note, which was last updated in 2019. PSIAS provide a definition, mission and core principles for internal audit and the activity and standards that must be met. They include a Code of Ethics which Internal Auditors must conform to, covering integrity, objectivity, confidentiality and competency. They are mandatory for all internal audit departments-service providers in the UK public sector. The Internal Audit Manager will report periodically to Chief Officers and the Audit Committee regarding the internal audit service's conformance to the Code of Ethics and Standards.](#)

3.2 PSIAS state that the charter must:

- Define the terms 'board' and 'senior management' for the purposes of internal audit activity. For the purpose of this Charter the board will be known as the Audit Committee.
- Cover the arrangements for appropriate resourcing;
- Define the role of internal audit in any fraud related work; and
- Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.

4. Authority, Independence and Objectivity

4.1 PSIAS state that 'Organisational independence is effectively achieved when the Internal Audit Manager reports functionally to the 'board.' Within Flintshire the Audit Committee is equivalent to the 'Board' and the Chief Officers' Team constitutes 'Senior Management'. The **Audit Committee** fulfils most of the roles of the 'board'. It is responsible for:

- approving the [Internal Audit Charter](#);
- approving the [risk based](#) internal audit Strategic and Operational plans;
- receiving reports from the Internal Audit Manager on the departments performance relative to its plan and other matters; and
- making appropriate enquiries of management and the Internal Audit Manager to determine whether there are inappropriate scope or resource limitations.

4.2 The Internal Audit budget is approved annually as part of the Council's overall budget. Remuneration and arrangements for the appointment and removal of the Internal Audit Manager are managed in accordance with the Council's adopted HR

policies.

- 4.3 The Internal Audit department is part of the Governance Portfolio. The Internal Audit Manager reports administratively to the Chief Officer Governance (the Monitoring Officer).
- 4.4 To further ensure the independence of the Internal Audit Manager, the Chief Executive and Chair of the Audit Committee provide feedback into her annual appraisal.
- 4.5 The Internal Audit Manager has direct access to the Chief Executive and the Leader of the Council and meets with the Chief Executive bimonthly.
- 4.6 Internal Audit is independent of the activities that it audits to ensure the unbiased judgements essential to its proper conduct and impartial advice to management.
- 4.7 To ensure independence, Internal Audit operates within a framework that gives it the authority to:
- have unrestricted access to all activities undertaken in the Council;
 - have full and unrestricted access to all functions, records and property, including those of partner organisations. In very exceptional circumstances if the “responsible officer” (Section 151 Officer) and Monitoring Officer believe this would constitute a breach of the laws of confidentiality, or the provisions of the Human Rights Act, or the Data Protection Act the matter will be referred to the Audit Committee for consideration;
 - have full and free access to the Audit Committee via the Internal Audit Manager, and an annual private meeting with the committee;
 - have full and free access to the Chief Executive, Corporate Finance Officer (S151 Officer), Monitoring Officer, Chair and Vice Chair of the Audit Committee and External Auditors via the Internal Audit Manager;
 - have unrestricted access to senior management, members and all employees;
 - require any employee or member to provide any information and explanation considered necessary concerning any matter under consideration;
 - require any employee or member to produce or account for cash, stores or any other Council asset or asset of a third party under his or her control;
 - allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall audit objectives; and
 - issue audit reports in its own name.
- 4.8 The Internal Auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties;
 - Exhibit professional objectivity in gathering, evaluating and communicating information about the activity or process being examined;
 - Make balanced assessments of all available and relevant facts and circumstances; and
 - Take the necessary precautions to avoid being unduly influenced by their own interests or by others' informing judgements.
- 4.9 Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:
- Assessing specific operations for which they had responsibility within the previous year.
 - Performing any operational duties for the council.
 - Initiating or approving transactions external to the internal audit service.
 - Directing the activities of any council employee not employed by the internal audit service, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.
- 4.10 Appropriate arrangements are in place to limit the impairment of independence and objectivity due to the Audit Managers line management of the Central Despatch and Test, Trace, Protect (TTP) services. The Audit Manager will not scope or review internal audit activity relating to these service areas. The Chief Officer Governance (Monitoring Officer) will oversee any internal audit work in these areas and will approve final audit reports.
- 4.11 The Internal Audit Manager will confirm to the Audit Committee, at least annually, the organisational independence of the Internal Audit service.
- 4.12 ~~9~~ 0 ~~—~~ The Internal Audit Manager will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and / or communicating results.
- 4.13 ~~4~~ However, in strict emergency / crisis management situations only, audit personnel may be called upon to carry out non-audit work on a temporary basis. If a request is made the decision to allocate resources will be the Internal Audit Manager's, who will agree clear terms of reference. The Audit Committee Chair or Vice Chair, the Chief Officer Governance and the s.151 officer will be advised.
- 4.14 ~~2~~ In order to further enhance independence and objectivity a regular rotation of work is usually adhered to. It should be acknowledged that ensuring independence and

objectivity is a priority within the team; however, in some instances a conscious decision has been made to use the same auditor for key system reviews to develop expertise and specialism within the team as this adds value to the audit and allows effective management of ~~reduces~~ resources.

~~4.13 Where the Internal Audit Manager has or is expected to have roles and / or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity of these operations.~~

5. Scope of Internal Audit Activities

5.1 Internal Audit must provide the Council, through the Audit Committee, with an annual independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements which supports the Councils Annual Governance Statement.

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the council. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of Council officers and contractors are in compliance with policies, procedures, and applicable laws and regulations, including reporting requirements of regulatory bodies.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.

~~Internal Audit must provide the Authority, through the Audit Committee, with an annual independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements. To that end, the department reviews, appraises and reports on:~~

- ~~• The adequacy and effectiveness of the systems of financial, operational and management control and their operation in relation to the business risks to be addressed;~~
- ~~• The extent of compliance with and relevance of, policies, standards, plans and procedures established by the Council and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies;~~

- The extent to which the assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause, and that adequate business continuity plans exist;
- The suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, clarify and report such information;
- The integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the Council's strategic goals;
- The follow-up action taken to remedy weaknesses identified by Internal Audit review, ensuring that good practice is identified and communicated widely;
- The operation of the Council's corporate governance arrangements; and
- The potential within the Council for fraud and other violations through the analysis of systems of control in high-risk operations.

5.2 The Internal Audit service completes advisory / consultancy work in agreement with Chief Officers and Senior Accountable Officers by responding to requests for audit reviews and by contributing to projects and working groups throughout the [AuthorityCouncil](#).

5.3 Where the [AuthorityCouncil](#) has entered into a partnership with other organisations the partnership arrangement will be subject to review. In addition, where the Council is the lead authority of a partnership or collaboration, the work undertaken will be subject to review by Flintshire Internal Audit.

5.4 The Internal Audit Manager also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. This reliance ~~and~~ can be used to form the annual audit opinion.

6. Fraud and Irregularity

6.1 All managers are responsible for applying controls to reasonably prevent and detect fraud. Furthermore, internal audit is not responsible for identifying fraud, instead it will assess and be aware of the risk of fraud when planning and undertaking any internal audit work. All actual or suspected incidents of fraud, corruption or impropriety should be reported without delay to Internal Audit. The [Internal aAudit](#) department investigates fraud and irregularity in terms of:

- The undertaking of investigations into reports of violations of the Council's regulations or criminal activities i.e. fraud against the Council; and
- The undertaking of investigations of reports from staff, and third party

individuals (partners, consultants, suppliers, volunteers, contractor and employees of Council suppliers and contractors, who are employed to deliver a service / goods to the Council), reporting perceived cases of possible violations of rules or regulations, mismanagement, misconduct, or fraudulent abuse of authority.

- 6.2 Referrals to the police are made if there is suspected criminal activity, in accordance with the Anti-Fraud and Corruption Strategy and the Fraud and Irregularity Response Plan, following consultation with the Monitoring Officer or Human Resources where appropriate.
- 6.3 Internal Audit is responsible for maintaining the Anti-Fraud and Corruption Strategy, the Fraud and Irregularity Response Plan and the Whistleblowing Policy. They also administer the National Fraud Initiative. The Internal Audit Manager is a named contact within the Whistleblowing Policy.

7. Audit Responsibility

- 7.1 The presence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.
- 7.2 The primary task of Internal Audit is to review the systems of internal control operating throughout the authority, and in doing this it will adopt a predominantly risk-based approach to audit.
- 7.3 The Internal Audit Manager is required to manage the provision of a complete audit service to the Council that will include systems, regularity, computer and advisory audit in addition to the investigation of potential fraud and irregularity. In discharge of this duty, the Internal Audit Manager has a responsibility to:
- prepare a rolling strategic risk-based audit plan after consultation with senior management and the Chief Officer Team, for formal approval by the Audit Committee. This strategic plan is regarded as flexible rather than as an immutable expression of audit policy;
 - translate the strategic plan into annual plans for Chief Officers and the Audit Committee;
 - [implement the audit plan as approved, including any additional work requested by management and the Audit Committee;](#)
 - [communicate to senior management and the Audit Committee the impact of resource limitations on the internal audit plan.](#)
 - ensure that the scopes of individual audit assignments are agreed with Chief Officers and Senior Management;
 - prepare and adhere to the service's own internal policies and procedures to

ensure standards are maintained;

- ensure the internal audit service collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter;
- ensure principles of integrity, objectivity, confidentiality and competency are applied and upheld;
- bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes;
- highlight control weaknesses and required associated improvements together with corrective action to management based on an acceptable and practicable timeframe;
- undertake follow up reviews and action tracking to ensure management has implemented agreed internal control improvements within specified and agreed timeframes;
- liaise with the external auditor for the purpose of providing optimal audit coverage to the [Authority Council](#);
- work with the external auditor to provide consistent advice to management and the Audit Committee; and
- prepare an annual audit report on—audit for consideration by the Audit Committee, including the audit managers opinion on the Councils governance, risk management and control environment, a summary of the work that supports the opinion and a statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme. special investigation activities for presentation to the Audit Committee, and such other reports on audit issues as may be required by the Chief Officer Governance or the Audit Committee.

8. Audit Resources

- 8.1 The staffing structure of the section comprises of qualified Internal Auditors, Accounting Technicians and part qualified Accountants with a mix of professional specialisms to reflect the varied functions of the section.
- 8.2 Each year the departmental resources are assessed against the needs of the plan, in order to ensure there is sufficient coverage to arrive at the annual audit opinion.
- 8.3 The Internal Audit Manager, Audit Committee and Corporate Finance Manager (s151 Officer) all have a responsibility to ensure Internal Audit has sufficient resources to enable it to fulfil its mandate. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Audit Committee.

- 8.4 Upon request from the Corporate Finance Manager (s151 Officer), appropriate specialists from other Portfolios and services should be made available to take part in any audit review requiring specialist knowledge.

9. Training

- 9.1 Internal auditors must enhance their knowledge, skills and other competencies through continuing professional development. The Internal Audit Manager carries out a continuous review of the development and training needs of all audit employees through the Authority's appraisal system and will arrange, within budget provision, in-service training covering both internal and external courses.
- 9.2 To comply with the qualification 'Certified Internal Auditor', those Internal Auditors holding this qualification are required to undertake ~~40~~ 30 hours of continued professional development each year.
- 9.3 Specific resources are devoted to specialised training in relation to computer audit, contract audit and fraud investigation to keep abreast of developments.

10. Reporting

- 10.1 All standard audit assignments are the subject of formal reports. Discussion draft reports are issued to the manager of the area under review. Debrief meetings are held for agreement of factual accuracy of the findings and the necessary actions. After agreement, final reports are issued. The Internal Audit Manager considers the release of special investigations audit reports for disciplinary purposes on a case-by-case basis. Access to audit files is restricted to the Internal Audit service, Chief Officer Governance (Monitoring Officer) and External Auditor.
- 10.2 The Internal Audit Manager issues progress reports to the Audit Committee and management summarising outcomes of audit activities, including follow up reviews and the tracking of audit actions. These are presented at every Audit Committee meeting.
- 10.3 The Internal Audit Manager reports to the Audit Committee on the progress of investigations into possible fraud and irregularity and also briefs the Audit Chair on any high profile investigations.
- 10.4 The assignment opinions that audit provides during the year are part of the framework of assurance that assists the Authority in preparing an informed Annual Governance Statement.
- 10.5 Internal Audit provides the Authority with an opinion on the adequacy and effectiveness of the Authority's governance, risk management and control arrangements in support of the Annual Governance Statement. In giving the opinion it should be noted that assurance can never be absolute; the most that can be provided is a reasonable assurance that there are no major weaknesses in governance, risk management and control processes. The annual opinion is

provided in the Annual Internal Audit Report after the year end.

10.6 Overall the Internal Audit Manager will report periodically to the Audit Committee and Senior Accountable Officers (where relevant [audit](#)) regarding:

- [The internal audit service's purpose, authority and responsibility;](#)
- [The Internal Audit service's plan and performance relative to its plan;](#)
- The internal audit service's conformance with The IIA's Code of Ethics (Appendix A) and Standards, and action plans to address any significant conformance issues;
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by the Audit Committee;
- Results of audit engagements or other activities;
- Resource requirements; and
- Any response to risk management that may be unacceptable to the Council.

11. Performance

11.1 Performance Indicators for Internal Audit are reported at each Audit Committee meeting.

11.2 The department participates in benchmarking within the Wales Chief Auditors Group. Results are reported to the Audit Committee.

12. Quality Assurance and Improvement Programme

12.1 The Internal Audit service will maintain a quality assurance [and](#) improvement programme. The programme will include an evaluation of the Internal Audit service's conformance with the Standards and an evaluation of whether internal auditors apply The Institute of Internal Auditor's Code of Ethics. The programme will also assess the efficiency and effectiveness of the internal audit service and identify opportunities for improvement.

12.2 The Internal Audit Manager will communicate to Chief Officers and the Audit Committee on the Internal Audit service's quality assurance and improvement programme, including the results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the Council.

13. Third Party Auditing

13.1 The Internal Audit Manager ensures Service Level Agreements are in place with third parties to whom internal audit provides a service-. The internal audit service ensures independence and objectively is maintained at all times.

14. Related Documents

14.1 This document is one of a series that, together, constitute the policies of the Council in relation to anti-fraud and corruption measures. The other documents are:

- Financial Procedure Rules and Contract Procedure Rules;
- Code of Conduct
- Corporate Anti-Fraud and Corruption Strategy;
- Fraud and Irregularity Response Plan;
- Whistleblowing Policy; and
- Disciplinary Procedure

15. Signatures

Internal Audit Manager

Date

Audit Committee Chair

Date

Chief Executive

Date

Code of Ethics

Anyone delivering internal audit work for the Council must comply with the PSIAS Code of Ethics. This covers:

<p>Integrity</p>	<p>The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.</p> <p>Internal Auditors:</p> <ul style="list-style-type: none"> • Shall perform their work with honesty, diligence and responsibility • Shall observe the law and make disclosures expected by the law and the profession • Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation • Shall respect and contribute to the legitimate and ethical objectives of the organisation
<p>Objectivity</p>	<p>Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.</p> <p>Internal Auditors:</p> <ul style="list-style-type: none"> • Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation • Shall not accept anything that may impair or be presumed to impair their professional judgement • Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review
<p>Confidentiality</p>	<p>Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.</p> <p>Internal Auditors:</p> <ul style="list-style-type: none"> • Shall be prudent in the use and protection of information acquired in the course of their duties • Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation

Competency	<p>Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.</p> <p>Internal Auditors:</p> <ul style="list-style-type: none">• Shall engage only in those services for which they have the necessary knowledge, skills and experience• Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing• Shall continually improve their proficiency and effectiveness and quality of their services
------------	--



2021

Section	Content	Page
1.	Introduction	2
2.	Purpose and Mission Statement	2
3.	Standard for Professional Practice of Internal Auditing	3
4.	Authority, Independence and Objectivity	3
5.	Scope of Internal Audit	6
6.	Fraud and Irregularity	6
7.	Audit Responsibility	8
8.	Resources	9
9.	Training	9
10.	Reporting	10
11.	Performance	11
12.	Quality Assurance and Improvement Programme	11
13.	Third Party Auditing	11
14.	Related Documents	11
15.	Signatures	12
	Appendix A - Code of Ethics	13

Date	Approved By	Version
27/01/2021	Audit Committee	V1.4
	Constitution and Democratic Services Committee	
	Flintshire County Council (planned)	

Introduction

- 1.1 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The Internal Audit Charter establishes the internal audit activity's position within the organisation, including the nature of the Internal Audit Manager's functional reporting relationship with the 'board'; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the 'board'.
- 1.2 Internal audit is a statutory requirement for local authorities. The two pieces of legislation that impact upon internal audit in local authorities are:
- Section 5 of the Accounts and Audit (Wales) (Amendment) Regulations 2018 states that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".
 - Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs. CIPFA has defined 'proper administration' in that it should include 'compliance with the statutory requirements for accounting and internal audit'.

2. Purpose and Mission

- 2.1 The purpose of Flintshire County Council's (the Council's) Internal Audit service is to provide independent, objective assurance and consulting services designed to add value and improve the Council's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The internal audit service helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.
- 2.2 Internal Audit 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. It may also undertake consulting services at the request of the Council, subject to there being no impact on the core assurance work and the availability of skills and resources within the team.

3. Standards for the Professional Practice of Internal Auditing

3.1 The Public Sector Internal Audit Standards (PSIAS) were published in 2013 and updated in 2017. To supplement the PSIAS and provide specific guidance surrounding its application within a local government setting, the Chartered Institute of Public Finance and Accountancy (CIPFA) compiled a Local Government Application Note, which was last updated in 2019. PSIAS provide a definition, mission and core principles for internal audit and the activity and standards that must be met. They include a Code of Ethics which Internal Auditors must conform to, covering integrity, objectivity, confidentiality and competency. They are mandatory for all internal audit service providers in the UK public sector. The Internal Audit Manager will report periodically to Chief Officers and the Audit Committee regarding the internal audit service's conformance to the Code of Ethics and Standards.

3.2 PSIAS state that the charter must:

- Define the terms 'board' and 'senior management' for the purposes of internal audit activity. For the purpose of this Charter the board will be known as the Audit Committee.
- Cover the arrangements for appropriate resourcing;
- Define the role of internal audit in any fraud related work; and
- Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.

4. Authority, Independence and Objectivity

4.1 PSIAS state that 'Organisational independence is effectively achieved when the Internal Audit Manager reports functionally to the 'board.' Within Flintshire the Audit Committee is equivalent to the 'Board' and the Chief Officers' Team constitutes 'Senior Management'. The **Audit Committee** fulfils most of the roles of the 'board'. It is responsible for:

- approving the Internal Audit Charter;
- approving the risk based internal audit Strategic and Operational plans;
- receiving reports from the Internal Audit Manager on the departments performance relative to its plan and other matters; and
- making appropriate enquiries of management and the Internal Audit Manager to determine whether there are inappropriate scope or resource limitations.

4.2 The Internal Audit budget is approved annually as part of the Council's overall budget. Remuneration and arrangements for the appointment and removal of the Internal Audit Manager are managed in accordance with the Council's adopted HR

policies.

- 4.3 The Internal Audit department is part of the Governance Portfolio. The Internal Audit Manager reports administratively to the Chief Officer Governance (the Monitoring Officer).
- 4.4 To further ensure the independence of the Internal Audit Manager, the Chief Executive and Chair of the Audit Committee provide feedback into her annual appraisal.
- 4.5 The Internal Audit Manager has direct access to the Chief Executive and the Leader of the Council and meets with the Chief Executive bimonthly.
- 4.6 Internal Audit is independent of the activities that it audits to ensure the unbiased judgements essential to its proper conduct and impartial advice to management.
- 4.7 To ensure independence, Internal Audit operates within a framework that gives it the authority to:
- have unrestricted access to all activities undertaken in the Council;
 - have full and unrestricted access to all functions, records and property, including those of partner organisations. In very exceptional circumstances if the “responsible officer” (Section 151 Officer) and Monitoring Officer believe this would constitute a breach of the laws of confidentiality, or the provisions of the Human Rights Act, or the Data Protection Act the matter will be referred to the Audit Committee for consideration;
 - have full and free access to the Audit Committee via the Internal Audit Manager, and an annual private meeting with the committee;
 - have full and free access to the Chief Executive, Corporate Finance Officer (S151 Officer), Monitoring Officer, Chair and Vice Chair of the Audit Committee and External Auditors via the Internal Audit Manager;
 - have unrestricted access to senior management, members and all employees;
 - require any employee or member to provide any information and explanation considered necessary concerning any matter under consideration;
 - require any employee or member to produce or account for cash, stores or any other Council asset or asset of a third party under his or her control;
 - allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall audit objectives; and
 - issue audit reports in its own name.
- 4.8 The Internal Auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties;
 - Exhibit professional objectivity in gathering, evaluating and communicating information about the activity or process being examined;
 - Make balanced assessments of all available and relevant facts and circumstances; and
 - Take the necessary precautions to avoid being unduly influenced by their own interests or by others' informing judgements.
- 4.9 Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:
- Assessing specific operations for which they had responsibility within the previous year.
 - Performing any operational duties for the council.
 - Initiating or approving transactions external to the internal audit service.
 - Directing the activities of any council employee not employed by the internal audit service, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.
- 4.10 Appropriate arrangements are in place to limit the impairment of independence and objectivity due to the Audit Managers line management of the Central Despatch and Test, Trace, Protect (TTP) services. The Audit Manager will not scope or review internal audit activity relating to these service areas. The Chief Officer Governance (Monitoring Officer) will oversee any internal audit work in these areas and will approve final audit reports.
- 4.11 The Internal Audit Manager will confirm to the Audit Committee, at least annually, the organisational independence of the Internal Audit service.
- 4.12 The Internal Audit Manager will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and / or communicating results.
- 4.13 However, in strict emergency / crisis management situations only, audit personnel may be called upon to carry out non-audit work on a temporary basis. If a request is made the decision to allocate resources will be the Internal Audit Manager's, who will agree clear terms of reference. The Audit Committee Chair or Vice Chair, the Chief Officer Governance and the s.151 officer will be advised.
- 4.14 In order to further enhance independence and objectivity a regular rotation of work is usually adhered to. It should be acknowledged that ensuring independence and

objectivity is a priority within the team; however, in some instances a conscious decision has been made to use the same auditor for key system reviews to develop expertise and specialism within the team as this adds value to the audit and allows effective management of resources.

5. Scope of Internal Audit Activities

5.1 Internal Audit must provide the Council, through the Audit Committee, with an annual independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements which supports the Council's Annual Governance Statement.

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the council. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of Council officers and contractors are in compliance with policies, procedures, and applicable laws and regulations, including reporting requirements of regulatory bodies.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.
- The extent to which the assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause, and that adequate business continuity plans exist;
- The suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, clarify and report such information;
- The integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the Council's strategic goals; The follow-up action taken to remedy weaknesses identified by Internal Audit review, ensuring that good practice is identified and communicated widely;
- The operation of the Council's corporate governance arrangements; and
- The potential within the Council for fraud and other violations through the

analysis of systems of control in high-risk operations.

- 5.2 The Internal Audit service completes advisory / consultancy work in agreement with Chief Officers and Senior Accountable Officers by responding to requests for audit reviews and by contributing to projects and working groups throughout the Council.
- 5.3 Where the Council has entered into a partnership with other organisations the partnership arrangement will be subject to review. In addition, where the Council is the lead authority of a partnership or collaboration, the work undertaken will be subject to review by Flintshire Internal Audit.
- 5.4 The Internal Audit Manager also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. This reliance can be used to form the annual audit opinion

6. Fraud and Irregularity

- 6.1 All managers are responsible for applying controls to reasonably prevent and detect fraud. Furthermore, internal audit is not responsible for identifying fraud, instead it will assess and be aware of the risk of fraud when planning and undertaking any internal audit work. All actual or suspected incidents of fraud, corruption or impropriety should be reported without delay to Internal Audit. The Internal Audit department investigates fraud and irregularity in terms of:
 - The undertaking of investigations into reports of violations of the Council's regulations or criminal activities i.e. fraud against the Council; and
 - The undertaking of investigations of reports from staff, and third party individuals (partners, consultants, suppliers, volunteers, contractor and employees of Council suppliers and contractors, who are employed to deliver a service / goods to the Council), reporting perceived cases of possible violations of rules or regulations, mismanagement, misconduct, or fraudulent abuse of authority.
- 6.2 Referrals to the police are made if there is suspected criminal activity, in accordance with the Anti-Fraud and Corruption Strategy and the Fraud and Irregularity Response Plan, following consultation with the Monitoring Officer or Human Resources where appropriate.
- 6.3 Internal Audit is responsible for maintaining the Anti-Fraud and Corruption Strategy, the Fraud and Irregularity Response Plan and the Whistleblowing Policy. They also administer the National Fraud Initiative. The Internal Audit Manager is a named contact within the Whistleblowing Policy.

7. Audit Responsibility

- 7.1 The presence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.
- 7.2 The primary task of Internal Audit is to review the systems of internal control operating throughout the authority, and in doing this it will adopt a predominantly risk-based approach to audit.
- 7.3 The Internal Audit Manager is required to manage the provision of a complete audit service to the Council that will include systems, regularity, computer and advisory audit in addition to the investigation of potential fraud and irregularity. In discharge of this duty, the Internal Audit Manager has a responsibility to:
- prepare a rolling strategic risk-based audit plan after consultation with senior management and the Chief Officer Team, for formal approval by the Audit Committee. This strategic plan is regarded as flexible rather than as an immutable expression of audit policy;
 - translate the strategic plan into annual plans for Chief Officers and the Audit Committee;
 - implement the audit plan as approved, including any additional work requested by management and the Audit Committee;
 - communicate to senior management and the Audit Committee the impact of resource limitations on the internal audit plan.
 - ensure that the scopes of individual audit assignments are agreed with Chief Officers and Senior Management;
 - prepare and adhere to the service's own internal policies and procedures to ensure standards are maintained;
 - ensure the internal audit service collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter;
 - ensure principles of integrity, objectivity, confidentiality and competency are applied and upheld;
 - bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes;
 - highlight control weaknesses and required associated improvements together with corrective action to management based on an acceptable and practicable timeframe;
 - undertake follow up reviews and action tracking to ensure management has

implemented agreed internal control improvements within specified and agreed timeframes;

- liaise with the external auditor for the purpose of providing optimal audit coverage to the Council;
- work with the external auditor to provide consistent advice to management and the Audit Committee; and
- prepare an annual audit report for consideration by the Audit Committee, including the audit managers opinion on the Councils governance, risk management and control environment, a summary of the work that supports the opinion and a statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme.

8. Audit Resources

- 8.1 The staffing structure of the section comprises of qualified Internal Auditors, Accounting Technicians and part qualified Accountants with a mix of professional specialisms to reflect the varied functions of the section.
- 8.2 Each year the departmental resources are assessed against the needs of the plan, in order to ensure there is sufficient coverage to arrive at the annual audit opinion.
- 8.3 The Internal Audit Manager, Audit Committee and Corporate Finance Manager (s151 Officer) all have a responsibility to ensure Internal Audit has sufficient resources to enable it to fulfil its mandate. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Audit Committee.
- 8.4 Upon request from the Corporate Finance Manager (s151 Officer), appropriate specialists from other Portfolios and services should be made available to take part in any audit review requiring specialist knowledge.

9. Training

- 9.1 Internal auditors must enhance their knowledge, skills and other competencies through continuing professional development. The Internal Audit Manager carries out a continuous review of the development and training needs of all audit employees through the Authority's appraisal system and will arrange, within budget provision, in-service training covering both internal and external courses.
- 9.2 To comply with the qualification 'Certified Internal Auditor', those Internal Auditors holding this qualification are required to undertake 30 hours of continued professional development each year.
- 9.3 Specific resources are devoted to specialised training in relation to computer audit, contract audit and fraud investigation to keep abreast of developments.

10. Reporting

- 10.1 All standard audit assignments are the subject of formal reports. Discussion draft reports are issued to the manager of the area under review. Debrief meetings are held for agreement of factual accuracy of the findings and the necessary actions. After agreement, final reports are issued. The Internal Audit Manager considers the release of special investigation audit reports for disciplinary purposes on a case-by-case basis. Access to audit files is restricted to the Internal Audit service, Chief Officer Governance (Monitoring Officer) and External Auditor.
- 10.2 The Internal Audit Manager issues progress reports to the Audit Committee and management summarising outcomes of audit activities, including follow up reviews and the tracking of audit actions. These are presented at every Audit Committee meeting.
- 10.3 The Internal Audit Manager reports to the Audit Committee on the progress of investigations into possible fraud and irregularity and also briefs the Audit Chair on any high profile investigations.
- 10.4 The assignment opinions that audit provides during the year are part of the framework of assurance that assists the Authority in preparing an informed Annual Governance Statement.
- 10.5 Internal Audit provides the Authority with an opinion on the adequacy and effectiveness of the Authority's governance, risk management and control arrangements in support of the Annual Governance Statement. In giving the opinion it should be noted that assurance can never be absolute; the most that can be provided is a reasonable assurance that there are no major weaknesses in governance, risk management and control processes. The annual opinion is provided in the Annual Internal Audit Report after the year end.
- 10.6 Overall the Internal Audit Manager will report periodically to the Audit Committee and Senior Accountable Officers (where relevant) regarding:
- The internal audit service's purpose, authority and responsibility;
 - The Internal Audit service's plan and performance relative to its plan;
 - The internal audit service's conformance with The IIA's Code of Ethics (Appendix A) and Standards, and action plans to address any significant conformance issues;
 - Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by the Audit Committee;
 - Results of audit engagements or other activities;
 - Resource requirements; and

- Any response to risk management that may be unacceptable to the Council.

11. Performance

- 11.1 Performance Indicators for Internal Audit are reported at each Audit Committee meeting.
- 11.2 The department participates in benchmarking within the Wales Chief Auditors Group. Results are reported to the Audit Committee.

12. Quality Assurance and Improvement Programme

- 12.1 The Internal Audit service will maintain a quality assurance and improvement programme. The programme will include an evaluation of the Internal Audit service's conformance with the Standards and an evaluation of whether internal auditors apply The Institute of Internal Auditor's Code of Ethics. The programme will also assess the efficiency and effectiveness of the internal audit service and identify opportunities for improvement.
- 12.2 The Internal Audit Manager will communicate to Chief Officers and the Audit Committee on the Internal Audit service's quality assurance and improvement programme, including the results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the Council.

13. Third Party Auditing

- 13.1 The Internal Audit Manager ensures Service Level Agreements are in place with third parties to whom internal audit provides a service. The internal audit service ensures independence and objectively is maintained at all times.

14. Related Documents

- 14.1 This document is one of a series that, together, constitute the policies of the Council in relation to anti-fraud and corruption measures. The other documents are:
- Financial Procedure Rules and Contract Procedure Rules;
 - Code of Conduct
 - Corporate Anti-Fraud and Corruption Strategy;
 - Fraud and Irregularity Response Plan;
 - Whistleblowing Policy; and
 - Disciplinary Procedure

15. Signatures

Internal Audit Manager

Date

Audit Committee Chair

Date

Chief Executive

Date

Appendix A

Code of Ethics

Anyone delivering internal audit work for the Council must comply with the PSIAS Code of Ethics. This covers:

<p>Integrity</p>	<p>The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.</p> <p>Internal Auditors:</p> <ul style="list-style-type: none"> • Shall perform their work with honesty, diligence and responsibility • Shall observe the law and make disclosures expected by the law and the profession • Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation • Shall respect and contribute to the legitimate and ethical objectives of the organisation
<p>Objectivity</p>	<p>Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.</p> <p>Internal Auditors:</p> <ul style="list-style-type: none"> • Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation • Shall not accept anything that may impair or be presumed to impair their professional judgement • Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review
<p>Confidentiality</p>	<p>Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.</p> <p>Internal Auditors:</p> <ul style="list-style-type: none"> • Shall be prudent in the use and protection of information acquired in the course of their duties • Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation

<p>Competency</p>	<p>Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.</p> <p>Internal Auditors:</p> <ul style="list-style-type: none"> • Shall engage only in those services for which they have the necessary knowledge, skills and experience • Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing • Shall continually improve their proficiency and effectiveness and quality of their services
-------------------	--

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 10



AUDIT COMMITTEE

Date of Meeting	Wednesday, 27 th January 2021
Report Subject	Internal Audit Progress Report
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 progress report is attached.

RECOMMENDATIONS

1	To consider and accept the report.
---	------------------------------------

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 usual 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	Appendix C provides an oversight to Audit Committee on the cumulative assurance throughout the year; however, it should be noted this will be fluid. A footnote has been included to list those reports issued with a Red / Amber Red assurance.

1.04	<p>Since the last report on progress to committee in November, there have been no Red / Limited assurance report issued. Appendix D shows one report with an Amber Red / Some assurance given. 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, a follow up e-mail is sent to the responsible officer, their manager and copied to Chief Officer for awareness. Monthly reports are also sent to Chief Officers informing them of outstanding actions for their teams. The monthly report to Chief Officers now identifies the date of the last update provided (if any) for each action. Each Chief Officer is requested to review this.</p> <p>Appendix E shows the current situation. Of 1,317 actions entered into the system, 1,137 have been implemented and 180 remain live. There are 118 actions overdue. You will see this is higher than previously report however services have needed to prioritise their response to the emergency of the pandemic.</p> <p>As agreed, only those High or Medium priority actions are to be reported to Committee, of which there are 55. These are listed in Appendix F. Appendix G lists those actions that are six months and older from the original due date and where valid reasons have not been provided on progress or how risks are being managed in the interim.</p>
1.06	<p>Appendix H shows the status of current investigations into alleged fraud or irregularities. The table includes the start date of the investigations.</p>
1.07	<p>Appendix I shows the range of performance indicators for the department. Overall performance remains good. Where there has been movement this has been marginal. Particularly:</p> <ul style="list-style-type: none"> • Audit completed within planned time, this only applies to two reviews. • Productive days, slightly below target due to a phased return to work to full time following a staff absence.
1.08	<p>Appendix J shows the current position of work on the 2020/21 audit plan. The plan will continue to be reviewed on a regular basis and reprioritised to accommodate any new requests for work, or to respond to emerging issues. Since the last committee in November, there have been no new requests for additional work.</p>

2.00	RESOURCE IMPLICATIONS
2.01	In November I reported to committee that it was planned to go out to agency to back fill a vacancy for a Senior Auditor. Shortly after this committee meeting the Senior Auditor who had left the service on a secondment basis requested to return to the service and started back on 6 January.

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 2020</p> <p>Appendix C Audit Assurance and Priority of Actions</p> <p>Appendix D Amber Red Assurance Provided</p> <p>Appendix E Action Tracking – Portfolio Statistics</p> <p>Appendix F High & Medium Overdue Actions (including actions older than 6 months if overdue)</p> <p>Appendix G Actions older than six months from original due date and not overdue</p> <p>Appendix H Investigation Update</p> <p>Appendix I Performance Indicators</p> <p>Appendix J Operational Plan 2020/21</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	Internal Audit:

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.

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.

Operational Plan: the annual plan of work for the Internal Audit team.

Flintshire Internal Audit

Progress Report



January
2021

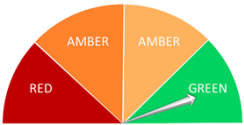
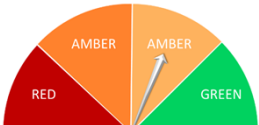
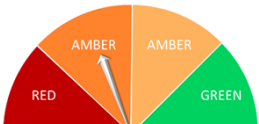

Contents

Levels of Audit Assurance – Standard Audit Reports.....	Appendix A
Final Reports Issued Since Last Committee.....	Appendix B
Audit Assurance Summary.....	Appendix C
Summary of Amber Red / Some Assurance Opinions Issued	Appendix D
Action Tracking – Portfolio Statistics.....	Appendix E
High & Medium Actions Over Due.....	Appendix F
Actions with a Revised Due Date Six Months Beyond Original Due Date....	Appendix G
Investigation Update.....	Appendix H
Internal Audit Performance Indicators.....	Appendix I
Internal Audit Operational Plan 2020/21.....	Appendix J

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 2020

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	New Actions		
					High	Med	Low
07-2020/21	Corp	Covid 19 - Income and Arrears Management	Risk Based	G	0	0	1
27-2020/21	SS	Quality Assurance	Risk Based	G	0	0	0
06-2020/21	Corp	Covid 19 - Costs and Income Losses	Risk Based	G	0	0	1
20-2020/21	P&R	Corporate Grants Database – Follow Up	Follow Up	AG	0	0	0
21-2020/21	P&R	Health & Safety and Wellbeing of Employees	Risk Based	AG	0	2	0
22-2020/21	P&R	Payroll	Risk Based	AG	0	2	1
29-2020/21	S&T	Parc Adfer – Contract Management and Associated Risk	Risk Based	AG	0	3	4
17-2020/21	P&R	Collaborative Planning	Risk Based	AR	0	3	0

Tudalen 152

Audit Assurance Summary for 2020/21

Appendix C

Portfolio	Number of Reports & Assurance						Priority & Number of Agreed Actions			
	Red	Amber Red	Amber Green	Green	Advisory / Grant - No Opinion Given	In Total	High	Medium	Low	In Total
Corporate				2	3	5			2	2
Education & Youth		3	2		3	8	6	9	12	27
Governance			2	1		3		3	2	5
Housing & Assets			1		1	2		3	1	4
People & Resources		1	5			6		10	4	14
Planning, Environment & Economy					2	2				
Social Services			1	1	2	4		1	2	3
Streetscene & Transportation			1		1	2		3		3
External										
Response to Covid 19					5	5				
Total		4	12	4	17	37	6	29	23	58

Tudalen 153

Footnote:	
Red Assurance:	-
Amber Red Assurance:	Risk Based Thematic Reviews: Maes Garmon High; Connah’s Quay High; Croes Atti Primary Schools and Collaborative Planning

Amber Red Assurance Opinions

Appendix D

Use of Self-Service Collaborative Planning System – 17-2020/21

Tudalen 154

Areas Managed Well	Areas Identified for Further Improvement
<ul style="list-style-type: none"> Consistency of data collection and reporting across accountancy teams - all accountants use the CP system to update data to produce budget reporting; creating consistency not only in approach but also in timings. All accountants are aware of the cut off dates by which the budgets they oversee have to be updated in the CP system. Administration of the CP system is effective, updates and upgrades are tested and users informed of changes. New users are added in a timely fashion. 	<p>Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The school has provided a comprehensive action plan which contains the agreed actions, responsible officer and individual due dates to address the areas listed below.</p> <ul style="list-style-type: none"> No formalised budget management procedure is in place to complement the CP user guide. Budget managers are unable to refer to this procedure when using CP as instructed to in the FPRs. Agreed Management Action: Management is confident that a robust budget monitoring process is in place delivered by Corporate Finance staff and there is no wider risk to the Council. In relation to this specific scope and review: Finance will produce a formal procedure to complement the already available CP user guide and advice from accounts. Roles and Responsibilities have previously been explained at tailored training sessions but this was some time ago. A reminder of roles and responsibilities will be communicated to budget holders and will be made available on the Finance infonet page. Due date for this action: June 2021 Lack of formalised CP system compliance monitoring reporting and escalation by Finance to COT Agreed Management Action: A Financial Systems User group has been set up, to allow those with responsibility for how financial systems are used to be able to recommend improvements of use and share concerns of lack of discipline of use. It is acknowledged that there may be a need to simplify the process to enable a wider roll out to budget managers. These will be shared with COT. Due date for this action: June 2021 The majority of budget managers do not use CP self-service with most reporting it is overly complicated and difficult to use; budgets are therefore monitored with relevant officers from the Finance team, at monthly meetings. Agreed Management Action: Management is confident that a robust budget monitoring process is in place delivered by Corporate Finance Staff and there is no wider risk to the Council. In relation to this specific scope and review. The roll out of the CP self-service was intended to continue to all but the most high risk budgets. Recently a System User Group has been set up to look at the use of financial systems across the Council and provide suggestions on improvements of use to Chief Officers and Chief Executive. As a result of this audit and feedback from accountants and budget managers, a review of the roll out plan will take place, and an action plan will be presented to Chief Officers. Due date for this action: June 2021

Action Tracking – Portfolio Performance Statistics

Appendix E

Tudalen 155

Portfolio	January 2021 Statistics			Live Actions – January 2021				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+)
					H	M	L		<i>See Appendix F & G</i>	
Chief Executives *	53	43	86%	10	-	1	4	6	7	1
Education & Youth	100	92		8	-	1	-	5	-	3
Governance *	159	142		17	1	1	-	13	-	11
Housing & Assets *	180	166		14	-	-	5	5	2	4
People & Resources	228	205		23	2	5	7	14	11	9
Planning, Environment & Economy *	85	69		16	3	11	1	7	5	11
Social Services	126	120		6	-	-	-	5	1	-
Streetscene & Transportation	118	107		11	1	4	3	6	1	7
External *	32	32		0	-	-	-	-	-	-
Individual Schools	236	161		75	1	24	43	9	10	15
Total	1317	1137		180	8	47	63	70	37	61
				118						

* 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

High and Medium Actions Overdue

Appendix F

Audit	Ref	Action	Priority	Original Due Date	Revised Due Date	Age of Action from Original Due Date (Months)	Last Update Provided	Reason for Revised Due Date and Current Position	How Risk is Being Managed
Chief Executives									
Voluntary Sector Grants - 2019/20	2807	Invoices or equivalent documentation will be requested to support the fees and charges levied by the CFIW. All fees and charges levied by the CFIW in respect of investing our fund monies and administering the grant scheme will be checked as being accurate.	M	31/03/2020	-	10	-	No update	No update
Education & Youth									
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	31/03/2019	31/12/2020	34	06/11/2020	A Business Case has been submitted to the Chief Officer for Education and Youth and the Chief Executive for consideration.	06.11.10 CH - Staff consultation completed, post has now been graded and is out to internal advert. Interviews 3.12.20. Expect to fill the post by 31.12.20
Governance									
Data Protection Act Compliance 2018/19	2595	The fact Open Housing is delivered by Citrix is not relevant to the application being non-compliant. As part of the GDPR project, workshops were held with System Administrators to test their systems. Test sheets were provided and the intention was the test sheets would be returned to demonstrate compliance. This information was then entered into the spreadsheet to provide assurances to the GDPR Project Board. This is a standing agenda item on all	H	31/03/2020	-	10	-	No update	No update

Tudalen 156

Tudalen 157

		GDPR Project Board minutes. The individual rights listed in GDPR are not absolute and certain individual rights only apply to certain law basis for processing. This means that not all systems will need the functionality for all individual rights. By far the Right of Access is the most frequently right exercised and there have been no issued to date with extracting the information from any of the systems. Further analysis of each system would be required to identify the applicable rights to allow further targeted testing to be completed.							
Deferred Charges on Properties 2018/19	2412	A spreadsheet will be set up which records all legal charges that relate to the Council.	M	31/07/2019	31/03/2020	15	13/01/2020	This needs to be prioritised.	In the meantime notification of completed charges are retained on the legal file and also client departments as notified.
People and Resources									
Main Accounting AP &P2P 2017/18	2620	A new system of management oversight will be introduced to review the duplicate process and the performance of the revised systems put in place.	H	30/09/2019	01/10/2019	16	03/10/2019	Discussion time required to ensure the response is attainable and manageable	
Main Accounting AP&P2P 2017/18	2621	Council no longer publish this data but it is available and from 2019/20 it will be included in the Key Performance Indicators reported as part of the MTFs.	M	30/09/2019	01/10/2019	16	03/10/2019	Needs to be discussed further with the Service Managers	
Payroll 2017/18	2218	Midland have advised functionality is in place to allow for the removal of all required information to comply with GDPR requirements. Internal testing will be completed to provide assurance over this anticipated functionality.	H	30/09/2018	31/01/2020	28	17/01/2020	The functionality still requires testing, further issues/defects may be found during testing and would need reporting to MHR for their investigation. I have requested 30.04.18	
AP & P2P	2660	Piece of work to be carried out to determine the approach to be taken to	M	29/02/2020	-	11	-	No update	No update

Tudalen 158

2018/19		<p>address the issues identified at paragraphs 1, 2 and 3, recognising that these issues are a consequence of poor practice within services around the implementation and management of purchase ordering processes.</p> <p>In determining the approach to be taken the Corporate Finance Manager will liaise with the Chief Officer Team to make them aware of the issues and to ensure Chief Officer support in the delivery of the agreed Action Plan (to be developed following agreement of the 'approach' to be taken).</p> <p>In developing the Action Plan it is recognised that a piece of work will need to be carried out to understand the extent of duplicate purchase ordering within P2P, and the impact on the accuracy of year end commitment accounting.</p>							
Annual Leave - 2018/19	2428	<p>"A review should be carried out to ascertain which officers are not using electronic systems to administer and record their annual leave with a view to ensuring that these officers, where possible, will do so in the future.</p> <p>For the remaining officers who use manual systems to administer and record their annual leave, scope out the guidance required to ensure that it is consistent with electronic systems and a consistent set of controls to include an annual return to HR."</p>	M	31/03/2020	-	10	-	No update	No update
Main Accounting AR & Debt Management 2018/19	2734	<p>Write offs will be recommended and actioned on a quarterly basis to ensure the Council can track BDP and adjust provision where necessary. To ensure there are adequate management controls and separation of duties, responsibility for recommending the write offs will remain in the Corporate Debt Team but carrying out the write off transactions will revert back to Corporate Finance.</p>	M	31/03/2020	-	10	31/01/2020	<p>Gary supports that the Write Off process should be transferred back to Finance and his thinking is that it is best suited in Accountancy. He was going to speak to Dave Ledsham. I will discuss again with Gary during me next 1 to 1 dated 28.01.20</p>	

								at 10 am	
Main Accounting AR & Debt Management 2018/19	2744	An officer within Corporate Finance needs to be elected to oversee the whole process of the provision for Bad Debt to ensure the accounts are not compromised due to there being a shortfall in the provision.	M	31/01/2020	30/04/2020	12	31/01/2020	The Quarter 3 Bad Debt Report has just been published on 30/01/20 so this will be reviewed by Principal Accountants and the latest bad debt provision updated for their own portfolio areas and adjusted accordingly within future monthly monitoring figures. The provision will be further adjusted in line with the recommended level as part of the year end financial position for 2019/20 by 30/04/20. The provisions will then be updated quarterly through 2020/21.	
Planning, Environment and Economy									
Minerals & Waste Planning 2018/19	2439	As this is a shared service it is important to be able to evidence time spent on specific projects, demonstrating transparency and the ability to reconcile to annual charges / fee charges under PAYG invoicing. This will be especially important where the service seeks to expand into other authorities. The time recording system was replaced in December 2018 due to the decommissioning of an old lotus notes system. Testing of the new system identified that only one out of the six officer is currently completing timesheets and using the new time recording system. There are recognised IT issues and complications with the two members of staff located in Gwynedd County Council who are not currently using the system,	H	31/05/2019	31/12/2019	20	25/06/2019	No Update	No Update

Tudalen 160

		<p>one being a Flintshire County Council member of employee and the other a seconded post from Gwynedd County Council to Flintshire County Council. The seconded post does not have access to Flintshire County Council IT systems.</p> <p>However, IT have confirmed that it is possible to raise a helpdesk request to enable collaborative access via the North Wales portal to log into Flintshire County Council IT applications. This will ensure that all team members have access to input the time spent against each project delivered to each partner authority.</p> <p>The Service Manager is unable to use the information within the time recording system to assist in generating invoices, as evidence of actual time spent is not recorded and therefore unavailable. The NWPOG used to receive management information relating to time and cost analysis but this has not been produced since 2012.</p> <p>If the intention of the service is to expand and offer the services to other councils, then an accurate time recording system which clearly identifies the amount of time spent and by whom is fundamental to ensure recharging is accurate and efficient and Flintshire County Council is at the minimum recouping its costs.</p>							
Minerals & Waste Planning 2018/19	2467	<p>There are two types of charge the fixed contributions and the Pay as you go (PAYG) service.</p> <p>The service is using two PAYG rates currently, these are £250 for PAYG Partners & £350 per day for non-PAYG Partners and more recently procured work and specialist planning appeal work.</p> <p>We are unable to provide assurance whether Flintshire County Council may be subsidising the service financially as there</p>	H	31/10/2019	-	15	09/03/2020	No Update	No Update

Tudalen 161

		is no meaningful data to be reconciled, to ensure the fees charged actually cover the cost of delivering the service. There is a risk that as there is no auditable evidence of how the team spend their time on individual work across the Partner Authorities, the current invoicing may be inaccurate and Partners may be under or over charged.							
Minerals & Waste Planning 2018/19	2488	<p>Currently there is no live Service Level Agreement or Contract in place which details the relationship between the partners, how service will be delivered and costs managed. In particular there is nothing in place to secure the level of contribution made by individual partners nor manage the consequences of these not being paid or reduced.</p> <p>There is a risk that without formal contractual arrangements in place and if partners fail to pay any contributions the service may collapse and Flintshire County Council would be left with staffing and financial issues to deal with.</p>	H	31/12/2019	-	13	09/03/2020	Draft SLA & BP circulated to partner members for comment with the intention that following and corrections, the SLA can be signed for the new financial year at a NWCO group meeting to be held on 27/03/2020.	No Update
Minerals & Waste Planning 2018/19	2489	<p>A new contract the "The North Wales Regional Minerals and Waste Service Contract" is currently being written which will include a Business Plan.</p> <p>If the foundations of the service are not detailed in writing then the service may fail and the collaboration may collapse. This would leave Flintshire County Council with staffing and financial burdens.</p> <p>A business plan detailing the objectives of the service, its costs and performance measures is useful to ensure strategic objectives are met. This is especially important where a service is seeking to amend or expand its offer. Current partners and potential new clients should be clear as to the services, charges and how the contractual relationship will be managed.</p>	M	31/12/2019	-	13	09/03/2020	Business plan circulated with draft SLA for consideration by the collaboration partners to be agreed at a meeting of the North Wales Chief Officers on 27th March 2020 for the new financial year.	No Update

Tudalen 162

		There is also a risk that when the partners are informed of the proposed changes, they may decide to leave the shared service.						
Minerals & Waste Planning 2018/19	2498	<p>Under the current informal arrangement two members of the team have been based in Gwynedd County Council offices since 2011 due to the geographical nature and distance between Gwynedd and Flintshire. Gwynedd County Council's financial contribution towards the shared service is that they cover the salary costs for their seconded member of staff.</p> <p>The Gwynedd member of staff works to Flintshire County Council's terms and conditions. Gwynedd charge Flintshire County Council for the use of the accommodation by the two members of the team which in 2017/18 cost £12,140.00. This charge has increased since 2011.</p>	M	31/07/2019	31/12/2019	18	25/06/2019	<p>A meeting was held between the Service Manager and Head of Planning, Gwynedd Council. The recharge was discussed. The salary uplift remains subject to the Job Evaluation "Single Status" outcome for the Shared Service and neither GCC or FCC has carried out a new job evaluation exercise since the recharge was first calculated. FCC has recently amended its Pay Scales, but is unaltered for the grade assigned to the Senior Planning Officer positions. Given the differential between the GCC and FCC pay rates, the recharge for the uplift from GCC to FCC pay rates is still required. The accommodation and IT hardware/support remains unaltered. Following an office rationalisation, the loss of a specific room for the two officers previously based in Bangor has been replaced by alternative office accommodation in Caernarfon, with two dedicated workstations and full GCC IT support. The rate paid was capped for 2018/19 and not uplift</p>

Tudalen 163

								was applied. The historic uplift rate by CPI inflation was discussed, given that the overall charge for the Service has not increased by CPI. This was accepted, and any salary uplift recharge moving forward will be by an agreed CPI or a fixed rate for the duration of the new SLA period, and the salary component should only be uplifted in light of nationally agreed pay settlements. This will be set out in the SLA documentation and communications between the Service Manager and GCC Head of Planning.
Section 106 2015/16	285	Some update is required to this LPGN to include references to other Supplementary Planning Guidance which has been put in place since the guidance note was adopted (in particular Supplementary Planning Guidance 23 - Developer Contributions to Education). Planning are aware of the need for update, but will need to wait for the outcome of the consultation on the updated Local and Supplementary Planning Guidance Notes and the adoption of this updated guidance before reviewing LPGN 23.	M	31/062016	30/06/2019	54	18/12/2018	<p>Clearly 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</p>

Tudalen 164

								therefore be a 'green' in terms of risk status.	
Section 106 2015/16	313	<p>The specifications for on-site play equipment are often challenged by developers, with developers sometimes keen to substitute cheaper equipment (which consequently has an impact on maintenance budgets once the site has been adopted by the Authority). The resulting negotiation of a position acceptable to both the Authority and the developer has an obvious impact on resources within Leisure services.</p> <p>This issue is caused by ambiguity around equipment specifications within LPGN 13, Open Space Requirements.</p>	M	31/07/2016	30/09/2019	54	13/03/2019	The revised SPG has not been completed whilst work on the production of the LDP is prioritised.	
Deferred Charges on Properties 2018/19	2459	<p>There was no formalised and evidenced reconciliation carried out by the Regeneration Programme Lead between the Civica System (or equivalent financial system), the Grants & Loans spreadsheet and Land Registry charge extracts to confirm a charge was in place for all relevant properties.</p> <p>Testing was undertaken to ensure that there was a charge in place for all 2018 grants and loans (this was verified via Internal Audit obtaining Land Registry extracts for all the properties detailed on the Grants and Loans spreadsheet.</p> <p>A formalised and evidenced reconciliation against Land Registry extracts would provide assurances that charges are in place against all relevant properties.</p> <p>This service has transferred over to Community and Business Protection (part of the Planning, Environment and Economy Portfolio) on 1st January 2019.</p> <p>Under these new arrangements the operational responsibilities have been assigned to the Health and Safety Team</p>	M	30/04/2019	-	21	25/10/2019	Following the recommendations of Internal Audit a monitoring spreadsheet was created to record Houses to Homes loan application documents. In addition, improved processes have been set up to record and monitor financial information. The monitoring spreadsheet was approved by colleagues from IA and is now being used as template to monitor other property assistance loans products that are provided by FCC.	

Tudalen 165

		Leader.							
Houses to Homes 2019	2810	A documented procedure will be developed in relation to the management of the Houses to Homes scheme and training should be provided to relevant staff.	M	29/02/2020	-	11	-	No update	No update
Houses to Homes 2019	2811	Information on the Council’s website to be updated to reflect current with Housing grants and loans and its criteria.	M	31/03/2020	-	10	-	No update	No update
Houses to Homes 2019	2815	A quarterly reconciliation to take place between service area Houses to Homes tracker, the information available on the CIVICA system for the Houses to Homes Loans and the finance budget information.	M	31/03/2020	-	10	-	No update	No update
Houses to Homes 2019	2816	Rationalisation of all budget codes utilised for Houses to Homes Loans to facilitate monthly budget reconciliation to include separate code for the loan and application fee.	M	31/03/2020	-	10	-	No update	No update
Houses to Homes 2019	2818	An annual review of the fee structure should be conducted to provide evidence of how the amount charged covers the administration costs.	M	31/03/2020	-	10	-	No update	No update
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	30/09/2020	27	13/03/2019	Business case for the new back office has been developed and procurement is underway with a view to implementing in September 2020.	
Streetscene & Transport									
ITU Procurement	2287	Submissions from new suppliers can be sent at any time during the six year DPS	M	30/06/2019	-	19		No update	No Update

Tudalen 166

of Contracts 2017/18		<p>project. There is an obligation to evaluate these responses within 10 working days. If a company is successful they are added into the contract and will automatically receive notifications of mini competitions or RFQ's going forward.</p> <p>The respective service area will be notified of all suppliers who have been approved and it will be their responsibility to ensure that the suppliers have been added to the contract.</p>							
ITU Procurement of Contracts 2017/18	2278	<p>This action is to be addressed by ITU in undertaking future DPS project and adequate timescales will be provided for the project.</p> <p>Whilst the existing DPS will end in 22/23 the contracts let under the current arrangement will have varying end dates. This will reduce the impact on the service and allow a staggered introduction of routes under the new DPS.</p> <p>The operators will also be more used to completed the necessary documentation prior to inclusion on the new DPS which will ensure this element of the next procurement will be completed more quickly.</p>	H	30/06/2019	29/02/2020	19	01/11/2019	<p>Planning meeting scheduled to discuss preparation & timescales of the renewal of the DPS Meeting scheduled 12.02.2020</p>	No update
Corporate Health and Safety-Use of Plant, Machinery and Equipment 2018/19	2468	<p>Job specific training requirements are clearly shown on the safe method of work document for each Streetscene task to ensure that operatives only undertake roles for which they are trained.</p> <p>HAV's awareness training attendance has now been recorded on the current skills matrix and documented on the individuals training file. Implement the migration of all training records to itrent to ensure data security and prompt reporting.</p>	M	21/12/2019	01/04/2020	13	23/01/2020	No Update	No Update
Highways Cost Recovery	2717	The schedule of rates will be updated on an annual basis to ensure that actual costs	M	31/12/2019	29/02/2020	13	04/02/2020	The schedule of rates used to identify costs	The schedule of rates used to identify costs

Tudalen 167

2019/20		can be recovered and are accurate.						incurred, and which is the basis for the rechargeable works has been simplified. Work is on-going to include this schedule in the Council's 'Fees and Charges' which will be reviewed annually going forward.	incurred, and which is the basis for the rechargeable works has been simplified. Work is on-going to include this schedule in the Council's 'Fees and Charges' which will be reviewed annually going forward.
Highways Cost Recovery 2019/20	2719	"The procedures will be updated to include the process for managing incidents where costs are non-recoverable, including the approval to write-off costs, and all costs incurred will be calculated and reported. Consideration will also be given to reviewing the costs incurred for incidents involving fatalities."	M	31/03/2020	-	10	04/02/2020	All costs are now recorded regardless of whether are recharge is ultimately made. Non-recoverable costs are reported within the Spreadsheet. Portfolio Finance Manager is informed of non-recoverable incidents due to lack of identifying information of the culpable party. A report is going to February 2020 Environment Overview and Scrutiny requesting their support of the approach taken to identify the County's response to incidents that result in fatalities as non-recoverable costs.	
Schools									
School Fund – Broughton Primary 2018/19	2682	School fund mandate to be reviewed and updated prior to personnel leaving the role/school. Only one cheque book to be used at a time and this should be kept in a locked safe.	H	30/09/2019	-	16	-	No update	No update
Risk Based Thematic Review	2524	The school will ensure that an appropriate person is appointed to the role of Data	M	31/07/2019	-	18	29/01/2020	The school is trying to contact a DP specialist	No DPO in place

Tudalen 168

2018/19 - Ysgol Merlyn		Protection Officer in line with the Act.							
Risk Based Thematic Review 2018/19	2548	The school will contact their Data Protection Officer and arrange for an Information Asset Register to be in place.	M	31/10/2019	-	15	-	No update	No update
School Fund – Ewloe Green 2018/19	2672	The lack of prescription in the Regulations and absence of procedural documents at the schools means there is a risk staff are not clear as to the key controls which need to be in place to ensure the school fund is being used appropriately particularly in the event a business manager/secretary were absent or due to leave the post.	M	31/12/2019	-	13	29/01/2020	This was a single oversight which was due to be reclaimed via budget. School is clear about what expenditure is permitted. New regulations for the school fund expenditure to be presented to Governors at the next Finance Meeting. This will be along with our own operational/procedural documents.	No Update
School Fund – Broughton Primary 2018/19	2683	There is a risk that the school fund is not being effectively scrutinised by the head teachers nor reported regularly to Governing Body or parents across the school year.	M	31/12/2019	-	13	-	No Update	No Update
School Fund – Broughton Primary 2018/19	2684	Broughton Primary school to document the procedures followed in relation to the management of the school fund. This should include actions completed, owners, reporting and reconciliation requirements as well as approval mandates.	M	30/09/2019	-	16	-	No update	No update
School Fund – Gwynedd School 2018/19	2689	The absence of procedural documents at the school means there is a risk that roles and responsibilities are not clearly understood and school staff are not clear as to the key controls which need to be in place to ensure the school fund is being used appropriately particularly in the event a business manager/secretary were absent	M	31/12/2019	-	13	-	No Update	No Update

		or due to leave the post.							
School Fund – Ewloe Green 2018/19	2671	The balance of the School Fund to be reported to the governing body regularly as well as parents. Head teachers to review the reconciliation of the funds accounts on a monthly basis and to sign and date the statements and income and expenditure forms reviewed.	M	31/10/2019	-	15	26/01/2020	Ongoing - due to long absence of HT in Autumn term. Process initiated this month (Jan 2020) 2. Governors presented with SF account and will continue to be a standing agenda item. 3. SF balance to be communicated to parents within annual report.	No update
Schools Audit 2019/20 – Croes Atti Primary School	2387	Appointment of a Data Protection Officer required.	M	31/12/2020	-	1	-	No update	No update
Schools Audit 2019/20 – Croes Atti Primary School	2388	Data Protection Training required.	M	31/12/2020	-	1	-	No update	No update
Schools Audit 2019/20 – Croes Atti Primary School	2389	Information Asset Register not in place.	M	31/12/2020	-	1	-	No update	No update
Schools Audit 2019/20 – St Winefrides Primary	2841	All governors and staff with financial responsibility will complete an annual declarations of interest form.	M	30/09/2020	-	4	28/09/2020	All governors and staff with financial responsibility have been given 2020-2021 declaration of interest forms. Staff forms are all completed and returned. Awaiting governors but all to be returned as soon as possible.	This will be monitored, and if required followed up over the next week or two until all are returned.
Schools Audit 2019/20 - Croes Atti	2847	The school fund account will be verified on a defined basis.	M	03/09/2020	-	4	-	No update	No update

Tudalen 170

Primary									
Schools Audit 2019/20 – St Winefrides Primary	2853	The controls for the management of all cash income will be reviewed to ensure that a clear separation of duties exists and that all risks are minimised.	M	30/09/2020	-	4	29/09/2020	A policy and collection of cash form has now been produced. This ensures that two members of staff or committee members are present to first count the money and complete the paying in bank slip. Both these documents will be formally adopted at the first finance meeting of the autumn term. This would have been adopted at the May meeting, however, this did not take place due to lockdown.	As explained at Audit, very little cash is brought into school now by children due to the implementation of School Gateway/Comms, an online system.
Schools Audit 2019/20 – St Winefrides Primary	2856	These lease agreements will be shared with the Governing Body and approval will be sought for any future leases prior to agreement being obtained.	M	30/09/2020	-	4	29/09/2020	Please note that the new Canda copying lease was discussed with governors over video during lockdown, but will be formally shared at the next Finance governors meeting.	Other companies etc were looked at and out ICT specialist made comparisons with other companies and what other Flintshire schools are paying to ensure we have the best deal financially.
Schools Audit 2019/20 – St Winefrides Primary	2858	The school will ensure that an Information Asset Register is created for the school in line with Data Protection regulations as soon as possible.	M	30/09/2020	-	4		No update	No update
Schools Audit 2019/20 – St Winefrides Primary	2865	The income and expenditure of the school fund account to be shared with the Governing Body on a regular basis.	M	30/09/2020	-	4	28/09/2020	The school fund is now included as part of each Headteacher report to governors (termly). This will also be an agenda item on each Finance governors meeting, detailing the balance and any large amounts of income and expenditure. The school fund	

Tudalen 171

								spreadsheet will also be shared with governors on the finance and personnel committee.	
Schools Audit 2019/20 - Castell Alun High	2915	The School will obtain the Councils Schools Financial Procedures and these will be adopted by the governing body.	M	30/04/2020	-	9	08/09/2020	The latest version of the Schools' Financial Procedures has been adopted by the Governors Finance Committee. This will now be ratified at Full Governors on Thursday 3rd December.	
Schools Audit 2019/20 - Castell Alun High	2918	The controls for the management of all cash income will be reviewed to ensure that a clear separation of duties exists and that all risks are minimised.	M	30/04/2020	-	9	31/05/2020	Due to WG guidance and Covid-19 restrictions, the next Finance Governors' meeting will now take place as a 'virtual' online meeting on 11th June.	The recently developed protocol for a separation of duties for managing school fund income will be presented at this meeting for discussion.
Schools Audit 2019/20 - Castell Alun High	2931	The school will finalise a comprehensive Information Asset Register and comply with the proximities detailed.	M	31/07/2020	-	6	25/09/2020	Due to Covid-19 there has been a delay in the Data Manager completing the IAR. This will be done by end of Sept 2020.	
Schools Audit 2019/20 - Castell Alun High	2936	Consideration will be given to changing the use of bank cards for the school fund account. Online access to the account will also be appropriately shared to allow for the account to be effectively monitored.	M	30/06/2020	-	7	23/09/2020	No update	No update
Schools Audit 2019/20 - Maes Garmon	2946	The school will ensure that a suitable Data Protection Officer is appointed as soon as possible to comply with the regulations.	M	30/09/2020	-	4	-	No update	No update
Schools Audit 2019/20 - Maes Garmon	2947	The school will arrange for an Information Asset Register to be in place as soon as possible.	M	30/09/2020	-	4	-	No update	No update
Schools Audit 2019/20 -	2951	The school will review the arrangements for auditing the school fund account and will ensure that the regulations are	M	30/09/2020	-	4	-	No update	No update

Maes Garmon		complied with.							
Schools Audit 2019/20 - Maes Garmon	2953	The school will review how fundraising events are managed and how the income is controlled.	M	30/11/2020	-	2	-	No Update	No Update

Actions with a Revised Due Date Six Months Beyond Original Due Date and Not Overdue

Appendix G

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Chief Executive									
Voluntary Sector Grants - 2019/20	2765	A formal signed agreement will be put in place between the Council and the relevant third party organisation which defines the roles and responsibilities of all parties in administering the individual grant schemes, including any fees and charges to be paid to the administrating organisation.	M	31/03/2020	31/03/2021	07/01/2021	This was delayed because of capacity issues created by Covid -19	This is in progress and Legal are finalising the draft Agreement	
Voluntary Sector Grants 2019/20	2806	Voluntary Sector Grants - 2019/20 - Community Chest - Evidenced reconciliation between FCC and FLVC data	M	31/03/2020	30/01/2021	07/01/2021	The Grants' Panel meetings were delayed because of Covid-19 and FLVC had a delay in paying some grants because of slow responses by applicants in returning grant acceptance forms		
Procurement Contract Management 2018/19	2771	Chief Officers to review contract management within their portfolios to ensure; Staff have appropriate skills and experience, and have received appropriate training where required. All contracts over £25k are recorded on the Proactis Contract Register / all contracts on Proactis e-sourcing have been closed down and 'pushed		31/12/2019	31/03/2021	18/11/2020	At the meeting with Colin and the Corporate Services management team on 20.12.19 it was recognised that due to the late date of the meeting the due date of 31.12.19 was unachievable. Colin has asked for the due date to be extended to the end of February 2020. Managers will be required to completed 'as is' spreadsheets by the end of January, with a full meeting		

Tudalen 173

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		through' to the Proactis Contract Register. Signed contracts are in place to support all contracts on the Proactis Contract Register. Contract Management activity is recorded in the Proactis Contract Management module where appropriate.					to be scheduled for early February to address issues arising and to pull together the required Action Plan. No impact on risk from a short extension to the due date.		
Procurement Contract Management 2018/19	2778	Contract Management outcomes around high / medium risk contracts to feed into Portfolio management reporting structures.		31/12/2019	31/03/2021	18/11/2020	No Update Provided		
Education & Youth									
Procurement Contract Management 2018/19	2773	Chief Officers to review contract management within their portfolios to ensure; Staff have appropriate skills and experience, and have received appropriate training where required. All contracts over £25k are recorded on the Proactis Contract Register / all contracts on Proactis e-sourcing have been closed down and 'pushed through' to the Proactis Contract Register. Signed contracts are in place to support all contracts on the Proactis Contract Register. Contract Management activity is		31/12/2019	31/03/2021	18/11/2020	No Update Provided		

Tudalen 174

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		recorded in the Proactis Contract Management module where appropriate.							
Procurement Contract Management 2018/19	2780	Contract Management outcomes around high / medium risk contracts to feed into Portfolio management reporting structures.		31/12/2019	31/03/2021	18/11/2020	No Update Provided		
Governance									
Joint Corporate Procurement Unit 2017/18	2253	<p>Our review of Governance arrangements identified;</p> <ul style="list-style-type: none"> There is inadequate scrutiny of JCPU objectives and outcomes by Joint Procurement Board (JPB) and by relevant Council committees to address lack of progress with achieving the primary objectives of the JCPU business case around Efficiency, Capacity and Markets (1.1). Delays in the alignment of procurement strategy and procurement activity across the two Councils. Recent changes, e.g. board membership and corporate priorities, means that the strategy contains out of date information (1.2). Limited processes in place for measuring and recording efficiency savings achieved through collaborative procurement. There is no 	M	31/10/2018	31/03/2021	9/03/2020	CPRs - these have been re drafted further following leaving with a deal. The current regulations stay in place until the UK government amends them, and there is a transition period for 6 months after 31 Dec 2020 to protect any on gong procurements eg EU regime will apply. I have not taken this any further due to lack of capacity and so this task is outstanding and is probably at risk of not meeting 30 June deadline.	CPRs have been re drafted and are being considered by Chief Officer Governance	Final draft of CPR's is done. I am waiting for the Brexit legislation to come out to confirm the position for the transitional 12 months. It was agreed that until the results of the election we would hold fire because we did not know whether we would even be leaving the EU or if we left would it be with a deal. It seems likely that we will have a transition of 12 months and then leave, and break away from the EYU rules on procurement, in which case the revised CPR's need some changes to reflect this and also to allow consequential

Judalen 175

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Tudalen 176		<p>evidence that efficiency savings and benefits have been reported to the JPB (1.3).</p> <ul style="list-style-type: none"> • Limited evidence of reporting of KPI's to the JPB / no robust targets in place for KPI's (1.4). • Insufficient systems for recording and monitoring the split of procurement staff time across the two Councils (1.5). • Meetings of the JPB not taking place on a regular basis, agendas for the JPB meetings not prepared and circulated in advance of meetings and JPB minutes not available for all meetings / minutes not circulated on a timely basis (1.6). • Limited monitoring and evaluation of expenditure by category and aggregated spend (across services and/or Councils) by the JCPU to ensure opportunities for efficiency savings through collaborative procurement exercises are identified (1.7). • Due to limited availability of data, monitoring of contract end dates by the JCPU cannot take place to ensure opportunities for efficiency savings through collaborative procurement or alternative procurement models are appropriately explored (1.8). 							<p>changes to be made by the Chief Officer for Governance upon the UK leaving the EU for good.</p>

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Joint Corporate Procurement Unit 17/18	2262	<p>Action (Ref) 2.2:</p> <p>CPU Business Partners will attend Service Senior Management Team meetings quarterly.</p> <p>The Legal and Procurement Operations Manager will attend Senior Leadership Team/Chief Officer Team six monthly.</p> <p>The Legal and Procurement Operations Manager will consider marketing options that are available at each of the Councils to promote the CPU.</p>	M	31/03/2019	31/03/2021	19/03/2020	<p>Due to the unprecedented events occurring as are result of CIOVID19 this will have to be put back as priority of future work is currently unknown.</p> <p>Follow up report has now been issued (October 2019) - MK needs to reflect the content of that report, so this agreed action (previously included as implemented) has had to be re-opened to reflect the 1 x o/s point re marketing.</p>	This has not been actioned to date due to availability of resources.	
Procurement Contract Management 2018/19	2726	<p>"In addition to delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1);</p> <p>Development of a formal training programme for contract managers to ensure;</p> <p>Appropriate awareness of the issues to be considered in ensuring effective delivery of Community Benefits / Social Value.</p> <p>Appropriate awareness of the risks around the use of sub-contractors in the delivery of contracts & understanding of the activity which should be carried out as part of the contract management process to ensure terms and conditions around the use of sub-contractors are being</p>	M	31/03/2020	31/03/2021	03/11/2020	<p>Sandy Burrows has been tasked with providing training and this was to commence in March but due to Covid has been delayed.</p>	<p>The COG has started to complete a training programme for the delivery of Contract Management trg across FCC.</p>	<p>Sally Gee and I met with Sandy Burrows in Sept and he went through in some detail the package or trg he wanted to deliver and this has altered somewhat as he will be delivering this over the internet, Web Ex currently.</p> <p>Sally and I provided some advice where we felt necessary and Sandy said he would alter the slides and incorporate them into the trg.</p>

Tudalen 177

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Tudalen 178		<p>complied with.</p> <p>Appropriate awareness of the use of performance indicators / performance data requirements within contract terms and conditions & the robustness of processes in place for the validation and monitoring of performance data.</p> <p>Appropriate awareness of the requirement to include all contracts on the Proactis Contract Register and to ensure a robust understanding of the processes for uploading signed contracts onto Proactis.</p> <p>Use of the Proactis Contract Management module."</p>							
	Legal Case Management 2017/18	2212	<p>Procedural guidance specific to the way the system operates for the Section in 2018 should be compiled and issued to the users of the system.</p> <p>These procedures should state which specific areas of the system officers are supposed to be using and which areas are mandatory i.e. all chargeable time should be recorded on the Iken system. Consideration should also be given to getting users to confirm that they have received the procedural guidance and agree to comply with it.</p>	M	31/03/2019	31/01/2021	12/01/2021	We need to perform a data-cleanse to “clean-up” existing data, and to include guidance in an in-house manual for moving forwards including what matter types we will use, how to open a matter, references, naming conventions, retention schedules etc. should all be included in this. At the moment, a list of recommendations regarding the data cleanse is being reviewed with a target date for completion by 31/01/21.	

Tudalen 179

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Legal Case Management 2017/18	2230	To document the objectives and purposes for the use of the Iken System. These objectives should be incorporated into the new procedure notes.	M	31/01/2019	31/03/2021	12/01/2021	The Iken case management system has recently been upgraded by the legal services collaboration. This however has created some user issues which has had to take priority.	I along with the project manager will question the objectives with the collaboration once the user issues have been resolved. Workflows are currently a WIP and are due to be delivered by March 31st 2021. The creation of workflows alone will not increase efficiencies by a large amount – there also needs to be changes to internal process, a reassessment of tasks associated and universal, consistent processes for utilisation of the system.	
Data Protection Act Compliance 2018/19	2594	Guidance on drafting a Privacy Notice is available to all staff via the Infonet. When requested and as part of the Data Protection Impact Assessment process, the Information Governance Team review Privacy Notices. The Phase 2 GDPR Action Plan includes the following task:	M	31/12/2019	31/12/2021	06/01/2021	Agreed at GDPR Project Board. All forms available for printing/downloading on the FCC website and Infonet to be identified and privacy notice reviewed. This review will be jointly conducted by web team to remove obsolete forms and develop electronic versions of the forms.	this is part of a wider programme of work looking at digital transformation. Before the privacy notices will be amended each service will need to confirm whether the form is still required.	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		<p>Update system to allow copies of privacy notices to be held against information assets.</p> <p>The Denbighshire privacy notice is a compliance issue for Denbighshire as the data controller and not Flintshire as the data processor.</p>						<p>Once confirmation has been received the form is still required, advice will be given on the adequacy of the privacy notice and it will be for each service to amend the form.</p>	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">TU 180 Data Protection Act Compliance 2018/19</p>	2596	<p>At the June 2019 Information Compliance Operational Group it was agreed that Data Protection training should be recorded against post and not person. Work has commenced with the following objectives set</p> <ol style="list-style-type: none"> 1. Review existing DP training and analyse posts to determine which level should be recorded. This needs to be by Portfolio and channelled through DPR's 2. Agree process with HR for changing once Portfolios have signed off correct training level for each Post 3. Review iTrent for DP training options 4. Review new post creation process to ensure DP training is mandatory <p>Data Protection training statistics are reported to COT on a monthly basis, along with the GDPR Project Board and every Information Compliance</p>	R	31/12/2019	31/03/2021	06/01/2021	<p>Agreed at GDPR Project Board. Work already well underway however not all Portfolios have provided the information back.</p>	<p>Housing & Assets still outstanding, raised at the December ICOG meeting and previous meetings.</p>	

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		<p>Operational Group. The need to complete Data Protection training and record in iTrent has been included in numerous Data Protection newsletters.</p> <p>Each Portfolio representative is provided with detailed lists of training status for each member of staff with their area.</p>							
<p>Procurement Contract Management 2018/19</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 181</p>	2772	<p>Chief Officers to review contract management within their portfolios to ensure;</p> <p>Staff have appropriate skills and experience, and have received appropriate training where required.</p> <p>All contracts over £25k are recorded on the Proactis Contract Register / all contracts on Proactis e-sourcing have been closed down and 'pushed through' to the Proactis Contract Register.</p> <p>Signed contracts are in place to support all contracts on the Proactis Contract Register.</p> <p>Contract Management activity is recorded in the Proactis Contract Management module where appropriate.</p> <p>The evidence retained to support contract management activity is appropriate and robust.</p> <p>Delivery of Community Benefits /</p>	M	31/12/20219	31/03/2021	18/11/2020	No Update Provided		

Tudalen 182

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		<p>Social Value is appropriately monitored.</p> <p>Compliance with contract clauses around the use of sub-contractors is appropriately monitored.</p> <p>Appropriate inclusion of performance indicators / performance data requirements within contract terms and conditions, and appropriate monitoring of contractor performance data.</p> <p>Chief Officers will develop Action Plans for each of their portfolios to ensure any issues identified in the reviews carried out (above) are appropriately addressed.</p>							
Procurement Contract Management 2018/19	2779	Contract Management outcomes around high / medium risk contracts to feed into Portfolio management reporting structures.	M	31/12/2019	31/03/2021	18/11/2020	No update provided		
Housing & Assets									
Procurement Contract Management 2018/19	2784	Contract Management outcomes around high / medium risk contracts to feed into Portfolio management reporting structures.	M	31/12/2019	31/03/2021	18/11/2020	No Update Provided		
People & Resources									
Corporate	2794	Separate arrangements are	R	30/06/2020	31/03/2021	12/01/2021	Impact of Covid-19. Grants are		

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Grants 19/20		currently in place for the recording of information in relation to grant management activity. The merits of continuing to use of the CGD will be reviewed by Management and with a view to developing an alternative solution for use from 2020/21.					still being managed by individual teams albeit, on their own electronic files, maintaining all the appropriate documentation and all teams will transition over to the new grants spreadsheets by financial year end.		
Corporate Grants 19/20	2803	<p>Separate arrangements are currently in place for the recording of information in relation to grant management activity. The merits of continuing to use of the CGD will be reviewed by Management and with a view to developing an alternative solution for use from 2020/21. The current CGD has too many system glitches and poor functionality, hence the reason to move to the new alternative solution as soon as possible.</p> <p>The excel spreadsheet has been created for all Capital Grants. Management Accounting officers are currently working with the Capital Team to progress rolling this out for Revenue Grants.</p> <p>Training for all users will be provided on the new system.</p>	R	30/06/2020	31/03/2021	12/01/2021	As above		
Corporate Grants 19/20	2862	Grant Checklists have been completed and signed prior to submission to Wales Audit Office as part of the external audit process. All grant checklists will	R	30/06/2020	31/03/2021	12/01/2021	As above		

Tudalen 183

Tudalen 184

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		<p>be retained by grants contacts for keeping on file.</p> <p>Separate arrangements are currently in place for the recording of information in relation to grant management activity. The merits of continuing to use of the CGD will be reviewed by Management and with a view to developing an alternative solution for use from 2020/21.</p> <p>The manual records provided with the grant claim to WAO currently provide them with sufficient information to substantiate the grant claim</p>							
Corporate Grants 19/20	2802	<p>The necessary training will be provided with the new alternative CGD solution. e.g. Manager Grants Database workshops.</p> <p>Communication and awareness to be provided to relevant officers in the Portfolios to ensure the requirements for grant funding/bids are known and shared with Finance. Consideration of grant funding streams already forms part of the normal budget monitoring process involving finance and the service lead.</p>	M	30/06/2020	31/03/2021	12/01/2021	As above		
Planning Environment & Economy									
Procurement Contract	2783	Contract Management outcomes around high / medium risk	M	31/12/2019	31/03/2021	18/11/2020	No Update Provided		

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Management 2018/19		contracts to feed into Portfolio management reporting structures.							
Social Services									
Child Protection - Performance 18/19	2868	Ongoing work around the review of referral processes and team structures within the Child Protection & Support Team to be completed (Duty Process Task Group - Lead Claire Clements).	M	30/09/2020	31/03/2021	07/01/2021	Progress has been delayed due to Covid but the model is now being built within the Paris Test system		
Child Protection - Performance 18/19	2961	Development of a smarter approach to risk assessment at CFCT triage. Decision makers to be clear as to the required timescales for the completion of s47 and care & support assessments (10 days or 42 days). (CFCT - process to be developed alongside completion of action URN 02962).	M	30/06/2020	28/02/2021		As above		

Judalen 185

Investigation Update

Appendix H

Ref	Date Referred	Investigation Details
1. New Referrals		
1.1		Nil received
2. Reported to Previous Committees and still being Investigated		
2.1	25/05/2019	Planning Application. The investigation is ongoing.
3. Investigation Completed		
3.1	A referral had been received in relation to a license agreement. Findings have been reported to management and agreed action in place.	

Tudalen 186

Internal Audit Performance Indicators

Appendix I

Performance Measure	19/20	Qtr 1 20/21	Qtr 2 20/21	Qtr 3 20/21 (Oct – 11 Nov)	Qtr 4 20/21 (Jan)	Target	RAG Rating	
Audits completed within planned time	84%	-	-	100%	75%	80%	A	↓
Average number of days from end of fieldwork to debrief meeting	8	-	-	3	9	20	G	↓
Average number of days from debrief meeting to the issue of draft report	7	-	-	1	1	5	G	→
Days for departments to return draft reports	7	-	-	3	0	7	G	↑
Average number of days from response to issue of final report	2	-	-	1	1	2	G	→
Total days from end of fieldwork to issue of final report	26	-	-	6	17	34	G	↓
Productive audit days	76%	-	-	71%	73%	75%	A	↑
Client questionnaires responses as satisfied	97%	-	-	100%	100%	95%	G	→
Return of Client Satisfaction Questionnaires to date	47%	-	-	100%	66%	80%	A	↓

Tudalen 187

-Key					
R	Target Not Achieved	A	With-in 20% of Target	G	Target Achieved
↑	Improving Trend	→	-No Change	↓	Worsening Trend

Internal Audit Operational Plan 2020/21

Appendix J

Audit – 2020/21	Priority	Status of Work	Supporting Narrative
Corporate			
COVID19 - Emergency Management Assurance	H	Complete	
COVID19 - 5 Key Financial Decisions review	H	Complete	
COVID19 - Risk Method Statement - challenge and improve	H	Complete	
Education & Youth			
Risk Based Thematic Reviews of Schools	H	In Progress	Quarter 4
Attendance, Exclusions and Disengagement of Young People	H	In Progress	Quarter 4
Schools Grant Funding / Budgeted Licence Deficit	H	Not Started	Quarter 4
Education Grants - Professional Development Grant (PDG)	Annual	Complete	
Governance			
COVID19 - Business Support Grants	H	Complete	
Procurement - Hardware and Software	H	In Progress	
Subject Access Requests (Now Access Requests)	M	In Progress	
Procurement - Contract Monitoring – Follow Up Audit	Follow Up	Complete	
Data Protection (GDPR)	Annual	Not Started	Quarter 4
Housing & Assets			
Rough Sleeping	M	Deferred	At the request of Management
Data Analysis – Cost of Homelessness	Advisory	In Progress	Quarter 4
Housing Benefits - Emerging Risks	Annual	In Progress	Quarter 4
Supporting People Grant	Annual	Complete	
People & Resources			
Cost and reclaim for COVID	H	Complete	
Business wide Income and Arrears from COVID	H	Complete	
Collaborative Planning	H	Complete	
Corporate Grants Database – Follow Up	Follow Up	Complete	
Corporate Grants (Replacement of WAO Work)	Annual	Not Started	Quarter 4
Main Accounting - Accounts Payable (AP) and P2P	Annual	Complete	
COVID19 – Test, Trace and Protect	H	Ongoing	
Health & Safety and Wellbeing of Employees	H	Complete	

Audit – 2020/21	Priority	Status of Work	Supporting Narrative
Payroll	Annual	Complete	
Organisational Ethics and Values	M	Deferred	Deferred from 2019/20 to 21/22
Planning, Environment & Economy			
Houses of Multiple Occupancy	H	Not Started	Quarter 4
Home Improvement Loans	M	Not Started	Quarter 4
Planning Enforcement - Ombudsman Report Compliance	Advisory	Complete	
Social Services			
COVID19 – Early Entitlement	H	Complete	
Adoption Services	H	In Progress	Quarter 4
Continuing Health Care	H	Draft Report	
Quality Assurance	M	Complete	
Social Services Complaints, Comments, Compliments	M	In Progress	Quarter 4
Direct Payment - Financial control	M	Not Started	Quarter 4
Streetscene & Transportation			
Bus Transport Operator supply chain risks	H	In progress	
Parc Adfer - Contract Management and Associated Risks	H	Complete	
Procurement & Contract Management / Monitoring	H	Not Started	Quarter 4
Loss of O Licence	M	In Progress	Quarter 4
Highways Structures and Bridges – Inspection and Maintenance	M	In Progress	Quarter 4
External			
Pensions Investment, Management & Accounting	H	In Progress	Quarter 4
SLA - Aura - 17 days	Annual	Not Started	Quarter 4
SLA - NEWydd - 19 days	Annual	Not Started	Quarter 4
Advisory / Project Groups			
COVID19 - TTP Regional Planning Group	Ongoing	Ongoing	
COVID19 – TTP Flintshire Project Group	Ongoing	Ongoing	Now FCC Oversight Group
COVID19 – TTP Workforce Workstream	Ongoing	Ongoing	Now HR / TTP Leads Group with the 6 LAs
COVID19 – Bronze Group - Postal	Ongoing	Complete	
COVID19 – Temporary Hospital Provision	Ongoing	Complete	
COVID19 – Emergency Management Response Team	Ongoing	Complete	
COVID19 – Emergency Response for Local Businesses Silver Tactical Group	Ongoing	Complete	

Audit – 2020/21	Priority	Status of Work	Supporting Narrative
COVID19 – Governance and Legal Silver Tactical Group	Ongoing	Complete	
COVID19 – Governance Recovery Group	Ongoing	Ongoing	
COVID19 – Organisational Recovery Group	Ongoing	Ongoing	
COVID19 – Business Compliance Group	Ongoing	Ongoing	
COVID19 – Logging at Tactical Group	Ongoing	Ongoing	
New Flare System Development Group	Ongoing	Ongoing	
GDPR Project Board	Ongoing	Ongoing	
Digital Strategy Board	Ongoing	Ongoing	
Corporate Governance Working Group	Ongoing	Ongoing	
Accounts Governance Group	Ongoing	Ongoing	
Wales Chief Internal Auditors Group	Ongoing	Ongoing	
Programme Coordinating Group	Ongoing	Ongoing	
Corporate Health & Safety Group	Ongoing	Ongoing	
Corporate Data Protection Group	Ongoing	Ongoing	
Financial System	Ongoing	Not Started	
Dementia Friendly Council Steering Group	Ongoing	Ongoing	

Tudalen 190

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.

Eitem ar gyfer y Rhaglen 11



AUDIT COMMITTEE

Date of Meeting	Wednesday, 27 th January 2021
Report Subject	Action Tracking
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.
---	--

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 Wednesday, 27th January 2021

29 th January 2020				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
52	Treasury Management Strategy 2020/21	To report back to the Committee later in the year on actions to meet the new requirements on non-treasury investments and compliance with disclosures on skills, culture and climate change.	L. Thomas	Discussions ongoing with Treasury Management Advisors. Update to be given later in this calendar year.

Tudalen 193

9 th September 2020				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
76.	PSIAS	To ensure that benchmarking data against other authorities is shown in future PSIAS reports.	L Brownbill	Benchmarking data to be included in future PSIAS reports.

18 th November 2020				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
6.	School Reserve Balances 31/3/2020 y/e	To include data over a three year period in future annual reports on school balances.	L Morris	Future report to include three year period.

9.	Risk Management Framework	To clarify the escalation of high level risks to Cabinet, Overview & Scrutiny committees and Audit Committee within the document.	C Everett / J Davies	The escalation process has been revised within the Risk Management User Guide.
10.	Approach to the 2020/21 AGS	To check availability of the Chair, Cllr Heesom, Cllr Johnson, Sally Ellis and Allan Rainford for the workshop in March/April 2021.	G Owens / L Brownbill	This workshop is in the process of being arranged.
11.	Audit Committee Annual Report	That the annual report for 2019/20 be endorsed prior to its submission to Council for approval on 08/12/20.	L Brownbill	The Audit Committee Annual report was approved by Council on 08 December 2020.
14.	Forward Work Programme	To consider how best to share the approach to managing risks identified during budget-setting to give assurance to the Committee.	G Owens / J Davies	This will be included within the Audit Committee Forward Work Programme

Eitem ar gyfer y Rhaglen 12



AUDIT COMMITTEE

Date of Meeting	Wednesday, 27 th January 2021
Report Subject	Forward Work Programme
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 two items, the Audit Letter and Annual Improvement Report, have now merged to become the Annual Audit Summary and there has been a need to move one item in the forward work programme due to the timing of the report. This is reflected below;</p>		
	Report	Reason for Movement	New Report Date
	Financial (FPRs)	Procedural Rules This was only reviewed and approved in October 2020. This is a Biennial review.	November 2022

2.00 RESOURCE IMPLICATIONS

2.01 None as a result of this report.

3.00 CONSULTATIONS REQUIRED / CARRIED OUT

3.01 Publication of this report constitutes consultation.

4.00 RISK MANAGEMENT

4.01 None as a result of this report.

5.00 APPENDICES

5.01 Appendix A - Draft Forward Work Programme.

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	<p>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>Risk Management - The process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences 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> <p>Internal Control - Appropriate procedures and processes are in place to mitigate any risk which may prevent the organisation from achieving its objectives and service delivery.</p> <p>Financial Management - The planning, organising, directing and control of the financial activities of the Council to ensure sufficient resources are available to delivery its intended outcomes.</p> <p>Audit Wales - 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>

Mae'r dudalen hon yn wag yn bwrpasol

AUDIT COMMITTEE - FORWARD WORK PROGRAMME 2020/21Presented to Committee – Wednesday, 27th January 2021

Meeting Date	Agenda Item	Author
27th January 2021	Annual Audit Summary (AW) (2019/20)	Jay Davies / Gary Ferguson
	Treasury Management 2020/21 Q3 Update and 2021/22 Strategy	Paul Vaughan
	Code of Corporate Governance	Robert Robins / Lisa Brownbill
	Internal Audit Charter	Lisa Brownbill
	Internal Audit Progress Report 2020/21	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill
24th March 2021	Treasury Management 2020/21 Q4 Update	Paul Vaughan
	Risk Management Update	Jay Davies
	Audit Plan (AW)	AW
	Annual Report on External Inspections 2019	Jay Davies

Meeting Date	Agenda Item	Author
	Certification of Grants and Returns Report (AW) Internal Audit Strategic Plan 2021/2024 Public Sector Internal Audit Standards Compliance 2020/21 Internal Audit Progress Report 2020/21 Audit Committee Action Tracking Forward Work Programme Private Meeting (AW and Internal Audit)	Gary Ferguson Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill
June 2021	Draft Annual Governance Statement Internal Audit Annual Report 2020/21 Internal Audit Progress Report 2021/22 Audit Committee Terms of Reference Audit Committee Action Tracking Forward Work Programme	Robert Robins / Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill
September 2021	Statement of Accounts 2020/21 Internal Audit Progress Report 2021/22 Audit Committee Action Tracking	Gary Ferguson Lisa Brownbill Lisa Brownbill

Meeting Date	Agenda Item	Author
	Forward Work Programme	Lisa Brownbill
November 2021	Treasury Management 2021/22 Q1 Update and Annual Report 2020/21 and Mid-Year report	Paul Vaughan
	Risk Management update 2021/22 and Mid-Year report	Jay Davies
	School Reserves – Annual Report on School Balances	Claire Homard / Lucy Morris
	Audit Committee Annual Report	Cllr Chris Dolphin / Lisa Brownbill
	Asset Disposals and Capital Receipts	Neal Cockerton
	Grant Claim Certification	Gary Ferguson
	Internal Audit Progress Report 2021/22	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill

Biennial Reviews

Meeting Date	Agenda Item	Author
January 2021	Anti-Fraud and Corruption Strategy & Fraud Response Plan	Lisa Brownbill
January 2021	Whistleblowing Policy	Lisa Brownbill

Meeting Date	Agenda Item	Author
November 2022	Financial Procedural Rules (Biennial)	Sara Dulson