

Pecyn Dogfen Gyhoeddus

Gareth Owens LL.B Barrister/Bargyfreithiwr
Chief Officer (Governance)
Prif Swyddog (Llywodraethu)



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

At: Cyng Chris Dolphin (Cadeirydd)

Y Cynghorwyr: Janet Axworthy, Geoff Collett, Patrick Heesom, Joe Johnson,
Martin White ac Arnold Woolley

Aelodau Cyfetholedig:
Sally Ellis a Allan Rainford

Dydd Iau, 20 Ionawr 2022

Annwyl Gynghorydd

HYSBYSIAD O GYFARFOD ANGHYSBELL
PWYLLGOR LLYWODRAETHU AC ARCHWILIO
DYDD MERCHER, 26AIN IONAWR, 2022 AM 10.00 AM

Yn gywir

Gareth Owens
Prif Swyddog (Llywodraethu)

Sylwch: Bydd hwn yn gyfarfod dros y we a bydd 'presenoldeb' wedi'i gyfyngu i Aelodau'r Pwyllgor a'r Aelodau hynny o'r Cyngor sydd wedi gofyn i Bennaeth y Gwasanaethau Democrataidd am wahoddiad. Y Cadeirydd fydd yn penderfynu a yw'r rhain yn cael siarad ai peidio.

Bydd y cyfarfod yn cael ei ffrydio'n fyw ar wefan y Cyngor. Bydd recordiad o'r cyfarfod ar gael yn fuan ar ôl y cyfarfod ar <https://flintshire.publici.tv/core/portal/home>

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 aron 17 Tachwedd 2021.

4 STRATEGAETH RHEOLI TRYSORLYS 2022/23 - DATGANIAD POLISI RHEOLI TRYSORLYS, ARFERION AC ATODLENNI 2022 I 2025 A DIWEDDARIAD CHWARTEROL 3 2021/22 (Tudalennau 13 - 94)

Adroddiad Rheolwr Cyllid Corfforaethol - Aelod Cabinet dros Gyllid, Gwerth Cymdeithasol a Chaffael

Pwrpas: (1) Cyflwyno Strategaeth Rheoli Trysorlys drafft 2022/23 i'r Aelodau er mwyn derbyn eu sylwadau a'u hargymhellion cyn ei chyflwyno i'r Cabinet ei chymeradwyo (2) Darparu'r wybodaeth ddiweddaraf am faterion yn ymwneud â Pholisi, Strategaeth ac Arferion Rheoli Trysorlys y Cyngor hyd at ddiwedd mis Rhagfyr 2021.

5 COD LLYWODRAETHU CORFFORAETHOL (Tudalennau 95 - 124)

Adroddiad Prif Weithredwr -

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

6 DATGANIAD LLYWODRAETHU BLYNYDDOL 2020/21 ADRODDIAD CYNNYDD CANOL BLWYDDYN (Tudalennau 125 - 146)

Adroddiad Prif Swyddog (Llywodraethu) -

Pwrpas: Darparu diweddariad i'r Pwyllgor Llywodraethu ac Archwilio o'r cynnydd a wnaed yn erbyn rheoli'r materion a nodwyd o fewn Datganiad Llywodraethu Blynyddol 2020/21.

7 SIARTER ARCHWILIO MEWNOL (Tudalennau 147 - 182)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

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

8 **ADRODDIAD CYNNYDD ARCHWILIO MEWNOL** (Tudalennau 183 - 224)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

Pwrpas: Cyflwyno Diweddariad i'r Pwyllgor am gynnydd yr Adran Archwilio Mewnol.

9 **OLRHAIN GWEITHREDU** (Tudalennau 225 - 230)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

Pwrpas: Hysbysu'r Pwyllgor o'r camau gweithredu sy'n deillio o bwyntiau a godwyd yng nghyfarfodydd blaenorol y Pwyllgor Archwilio.

10 **RHAGLEN GWAITH I'R DYFODOL** (Tudalennau 231 - 240)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

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

Sylwch, efallai y bydd egwyl o 10 munud os yw'r cyfarfod yn para'n hirach na dwy awr.

Nodyn Gweithdrefnol ar redeg cyfarfodydd

Bydd y Cadeirydd yn agor y cyfarfodydd ac yn cyflwyno eu hunain.

Bydd nifer o Gynghorwyr yn mynychu cyfarfodydd. Bydd swyddogion hefyd yn mynychu cyfarfodydd i gyflwyno adroddiadau, gyda swyddogion Gwasanaethau Democrataidd yn trefnu a chynnal y cyfarfodydd.

Gofynnir i bawb sy'n mynychu i sicrhau bod eu ffonau symudol wedi diffodd a bod unrhyw sain gefndirol yn cael ei gadw mor dawel â phosib.

Dylai'r holl feicroffonau gael eu rhoi "ar miwt" yn ystod y cyfarfod a dim ond pan fyddwch yn cael eich gwahodd i siarad gan y Cadeirydd y dylid eu rhoi ymlaen. Pan fydd gwahoddedigion wedi gorffen siarad dylen nhw roi eu hunain yn ôl "ar miwt".

Er mwyn mynegi eu bod nhw eisiau siarad bydd Cynghorwyr yn defnyddio'r cyfleuster 'chat' neu yn defnyddio'r swyddogaeth 'raise hand' sy'n dangos eicon codi llaw electronig. Mae'r swyddogaeth 'chat' hefyd yn gallu cael ei ddefnyddio i ofyn cwestiynau, i wneud sylwadau perthnasol ac yn gyfle i'r swyddog gynghori neu ddiweddarau'r cynghorwyr.

Bydd y Cadeirydd yn galw ar y siaradwyr, gan gyfeirio at aelod etholedig fel 'Cynghorydd' a swyddogion yn ôl eu teitl swydd h.y. Prif Weithredwr neu enw. O bryd i'w gilydd mae'r swyddog sy'n cynghori'r Cadeirydd yn egluro pwyntiau gweithdrefnol neu'n awgrymu geiriad arall ar gyfer cynigion er mwyn cynorthwyo'r Pwyllgor.

Os, a phan y cynhelir pleidlais, mi fydd y Cadeirydd yn egluro mai dim ond y rheiny sy'n gwrthwynebu'r cynnig/cynigion, neu sy'n dymuno ymatal a fydd angen mynegi hynny drwy ddefnyddio'r swyddogaeth 'chat'. Bydd y swyddog sy'n cynghori'r Cadeirydd yn mynegi os bydd y cynigion yn cael eu derbyn.

Os oes angen pleidlais fwy ffurfiol, bydd hynny yn ôl galwad enwau – lle gofynnir i bob Cynghorydd yn ei dro (yn nhrefn yr wyddor) sut mae ef / hi yn dymuno pleidleisio.

Yng nghyfarfodydd Pwyllgorau Cynllunio a Chyngor Sir mae amseroedd siaradwyr yn gyfyngedig. Bydd cloch yn cael ei chanu i roi gwybod i'r siaradwyr bod ganddyn nhw funud ar ôl.

Bydd y cyfarfod yn cael ei ffrydio'n fyw ar wefan y Cyngor. Bydd recordiad o'r cyfarfod ar gael yn fuan ar ôl y cyfarfod ar <https://flintshire.publici.tv/core/portal/home>

Eitem ar gyfer y Rhaglen 3

GOVERNANCE AND AUDIT COMMITTEE **17 NOVEMBER 2021**

Minutes of the Governance and Audit Committee of Flintshire County Council held remotely on Wednesday, 17 November 2021

PRESENT: Councillor Chris Dolphin (Chair)

Councillors: Janet Axworthy, Geoff Collett, Patrick Heesom, Joe Johnson, Martin White and Arnold Woolley

Co-opted members: Sally Ellis and Allan Rainford

APOLOGIES: Councillor Derek Butler (Cabinet Member for Economic Development) and Chief Executive

IN ATTENDANCE:

Councillor Ian Roberts - Leader of the Council and Cabinet Member for Education, Councillor Billy Mullin - Deputy Leader (Governance) and Cabinet Member for Corporate Management and Assets, Councillor Paul Johnson - Cabinet Member for Finance, Social Value and Procurement, Chief Officer (Governance), Internal Audit, Performance & Risk Manager, Corporate Finance Manager, Strategic Finance Manager, Principal Accountant, Enterprise and Regeneration Manager (minute 33), Revenues & Procurement Manager (minutes 33 and 34), Strategic Performance Advisor (minute 35), Housing Strategy & Development Manager and Senior Auditors (minute 44) and Democratic Services Officer

Gwilym Bury and Mike Whiteley from Audit Wales

31. DECLARATIONS OF INTEREST

As a Council house tenant, Councillor Martin White declared a personal interest on agenda item 4 (Housing Rent Income).

Councillor Janet Axworthy declared a personal interest on agenda item 14 (Maes Gwern contractual arrangements) as a Board member of NEW Homes.

32. MINUTES

The minutes of the meeting held on 27 September 2021 were approved, as moved and seconded by Councillors Arnold Woolley and Joe Johnson.

RESOLVED:

That the minutes be approved as a correct record.

33. HOUSING RENT INCOME - AUDIT WALES

The Revenues & Procurement Manager presented a report on the findings of an Audit Wales review on housing rent income which had been commissioned by the Council due to strategic risks around increasing rent arrears and changes to

Universal Credit. The report and its recommendations had been accepted by Cabinet and the Corporate Resources Overview & Scrutiny Committee as part of the agreed protocol for external regulatory reports.

The report acknowledged the level of work undertaken across the Council to stabilise the increase in rent arrears by March 2020 and made two minor recommendations to strengthen existing arrangements on supporting tenants and additional performance reporting on write-off levels and former tenant arrears. Progress was underway in implementing actions through the introduction of a review panel to manage complex cases and investment in new technology.

When asked by Sally Ellis about steps to improve support for tenants, the Revenues & Procurement Manager said that a more co-ordinated approach involving different teams was already proving effective in targeting interventions. On benchmarking, he spoke about the Council's involvement in national initiatives to compare performance with other authorities.

On comparison with the other Audit Wales report on the agenda, the Internal Audit, Performance & Risk Manager explained that details of actions were not included in this report due to the timing of the reporting cycle, however there was an expectation for an action plan to accompany future Audit Wales reports to give assurance of the response and associated actions.

Following Allan Rainford's comments on the use of meaningful data for benchmarking, officers said that the Council's systems would improve and simplify data collection.

The recommendation was moved and seconded by Councillors Janet Axworthy and Joe Johnson.

The Committee welcomed the findings of audit work on a data-matching exercise of Covid-19 grants distributed by the Revenues team during the pandemic which had identified no duplicate payments.

RESOLVED:

That the report be noted.

34. AUDIT WALES REVIEW OF TOWN CENTRE REGENERATION

The Enterprise and Regeneration Manager presented the report on the findings of the Audit Wales review on 'Regenerating Town Centres in Wales'. The report summarised the pressures and trends facing town centres in Wales and actions undertaken so far by the public sector to respond.

The Council's responses to each of the six recommendations (three for Welsh Government and three specifically for the Council) were summarised, as set out in the report. Having been considered by Cabinet and the Environment and Economy Overview & Scrutiny Committee, the report was shared with this Committee to consider the proposed response.

Councillor Geoff Collett welcomed the aim of supporting town centres. In response to comments about the re-distribution of national non-domestic rates (NNDR), the Chief Officer (Governance) explained that this was a long-standing national issue on which there was ongoing debate. He clarified the Council's role as a net contributor to NNDR and its position as a low-funded Council.

The Revenues & Procurement Manager confirmed that the current funding mechanism made no provision for re-distributing taxes to Town and Community Councils and would require a change in legislation to do so. He provided details of the 100% rate relief available to retailers through the Retail, Leisure & Hospitality Rate Relief Scheme by Welsh Government (WG).

Councillor Paul Johnson urged Members to take the opportunity to participate in forthcoming WG consultation on local tax reforms.

Following comments from the Chairman and Councillor Joe Johnson on support for markets, the Enterprise and Regeneration Manager spoke about ongoing engagement with key stakeholders during this challenging period and plans to review provision at a later stage.

In responding to the discussion, Councillor Ian Roberts reinforced the Council's commitment to support town centre markets and welcomed the review.

The recommendation was moved and seconded by Councillors Joe Johnson and Arnold Woolley.

RESOLVED:

That the Audit Wales recommendations to the Council are noted and the proposed response to Audit Wales is approved.

35. RISK MANAGEMENT UPDATE

The Chief Officer (Governance) presented a report to update the Committee on changes to the risk management framework to ensure the allocation of significant risks to the relevant Overview & Scrutiny Committee.

The Strategic Performance Advisor detailed the development of the framework which included a section on risk escalation previously shared with the Committee. Each of the 37 risks of significance reported to the Governance & Audit/Overview & Scrutiny liaison group had been incorporated into forward work programmes, with links to the Recovery Committee as appropriate. The framework was a live document to be kept updated and the new performance system would enable dashboard information to be shared at future meetings.

In thanking officers for their work, Sally Ellis suggested more clarity in the reporting mechanism to include the outcome of the most recent review of the risk to enable Overview & Scrutiny Committees to assess any movement and possible escalation.

The Chief Officer (Governance) said that corporate risks were reported to the Recovery Committee and that a more co-ordinated approach involving Overview & Scrutiny Facilitators would help to allocate risks accordingly.

The Strategic Performance Advisor spoke about his involvement with the Recovery Committee in allocating risks which mainly applied over the longer term. As requested by the Chair, he agreed to seek assurance from Overview & Scrutiny Facilitators on their role in the process.

In response to a question from Allan Rainford, the Strategic Performance Advisor said that the 'outcome' column of the document would be updated to clarify where risks were being reported.

Councillor Paul Johnson highlighted the collective responsibilities on risk management involving the Committee, elected Members, Overview & Scrutiny and senior officers.

The Internal Audit, Performance & Risk Manager advised that risk management would form part of the induction programme for the next Council term following the Elections.

The recommendation was moved and seconded by Councillors Geoff Collett and Janet Axworthy.

RESOLVED:

That the Committee is assured that the updated risk management framework is comprehensive and functional.

36. ASSET DISPOSAL AND CAPITAL RECEIPTS GENERATED 2020/21

The Corporate Finance Manager presented the annual report summarising land disposals and realisation of capital receipts during 2020/21 and comparison with previous years. 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 support for capital expenditure.

As requested by Allan Rainford, the Strategic Finance Manager provided clarification on the robust process for reviewing assets and approving disposals, and the engagement between Finance and Valuation & Estates to review capital receipts. He also advised that future projections on asset disposals formed part of work on the Asset Management Plan.

The recommendation was moved and seconded by Councillors Arnold Woolley and Patrick Heesom.

RESOLVED:

That the report be noted.

37. TREASURY MANAGEMENT MID-YEAR REVIEW 2021/22 AND QUARTER 2 UPDATE

The Strategic Finance Manager presented the draft Treasury Management mid-year report for 2021/22 for recommendation to Cabinet, together with an update on Quarter 2 activities for information.

A summary of the key points involved the continued economic recovery from the emergency situation, the continuation of low interest rates and ongoing use of short-term borrowing. The quarterly update included a reminder of forthcoming Treasury Management training sessions and confirmation that Arlingclose Ltd had been re-appointed as the Council's Treasury Management advisors following a competitive tendering exercise.

In endorsing the use of internal resources in lieu of borrowing, Allan Rainford asked about a shift in approach prior to interest rates rising. It was noted that officers would be discussing options for future borrowing requirements and that interest rate projections were being closely monitored.

The recommendation was moved by Allan Rainford and seconded by Councillor Patrick Heesom.

RESOLVED:

That the Committee notes the draft Treasury Management Mid-Year Report 2021/22 and confirms that there are no matters to be drawn to the attention of Cabinet at its meeting in December 2021.

38. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit, Performance & Risk Manager presented the regular update on progress against the Plan, final reports issued, action tracking, performance indicators and current investigations. Since the last report, there was one Red (limited assurance) report as included later on the agenda. On action tracking, there was a reduction in the number of overdue actions and alternative ways of managing these were being explored to make better use of officer time. Performance indicators for the service had been impacted by the number of audits undertaken during the period and focus given to the red assurance report.

As requested by Sally Ellis, the Amber/Green assurance report on Organisational Ethics and Values would be shared with the Committee. The high priority action on the notification of leavers to the Clwyd Pension Fund, which had been implemented after finalising the report, would be updated.

Following concerns raised by Allan Rainford on the overdue action on Payroll 2017/18 which had been delayed due to capacity issues, an update on progress would be shared with the Committee.

The Committee agreed with the Internal Audit, Performance & Risk Manager's suggestion that the progress report be omitted from November meetings to present a true reflection of quarterly statistics and given the proximity between the September and November dates.

On that basis, the recommendations were moved by Councillor Arnold Woolley and seconded by Sally Ellis.

RESOLVED:

- (a) That the report be accepted; and
- (b) That the Internal Audit Progress Report be received on a quarterly basis in June, September, January and March.

39. GOVERNANCE AND AUDIT COMMITTEE SELF-ASSESSMENT

The Internal Audit, Performance & Risk Manager presented the report on the results of the self-assessment undertaken by the Committee in October during an online workshop. The overall results were positive and would feed into preparations on the Annual Governance Statement for 2021/22.

Sally Ellis formally proposed that the actions identified from the workshop be taken forward to form the basis for further development of the Committee. On interaction with Overview & Scrutiny, she asked that outcomes of items referred for discussion be reported back to enable this Committee to identify any actions within its own remit. She also said that more clarity was needed on the process for escalating issues of poor performance identified in audit reports.

On the latter, the Chief Officer (Governance) would discuss options with the Internal Audit, Performance & Risk Manager who advised that service managers were expected to refer any limited assurance (red) reports to the relevant Overview & Scrutiny Committee. On the first point, she confirmed that outcomes from the self-assessment would be included in the Annual Report to be submitted for approval by Council in December.

It was further agreed that preparations for the Annual Report should incorporate a review of the Committee's Terms of Reference to ensure that the remit was being met in full.

The recommendation was moved and seconded by Councillors Arnold Woolley and Geoff Collett.

RESOLVED:

That the outcomes and training requirements identified in the action plan from the self-assessment be noted and progressed.

40. GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT

The Chairman introduced the Committee's Annual Report for 2020/21 for endorsement prior to submission for approval at Council. In summarising the key points, he thanked all those involved in supporting the work of the Committee and confirmed that there were no areas of concern.

The recommendation was moved by Councillor Martin White and seconded by Sally Ellis.

RESOLVED:

That the Annual Report for 2020/21 be endorsed prior to its submission to Council for approval on 7 December 2021.

41. ACTION TRACKING

The Internal Audit, Performance & Risk Manager presented an update on actions arising from previous meetings.

The recommendation was moved and seconded by Councillors Arnold Woolley and Martin White.

RESOLVED:

That the report be accepted.

42. FORWARD WORK PROGRAMME

In presenting the current Forward Work Programme, the Internal Audit, Performance & Risk Manager confirmed that the agreed change to the timing of the Progress Report would be included along with the report on complaints requested by Sally Ellis.

In response to a question from Allan Rainford on Committee oversight of preparations for the introduction of a new Financial Management Code, the Corporate Finance Manager would report back following discussions with colleagues across the region.

The recommendations in the report were moved and seconded by Councillors Martin White and Geoff Collett.

RESOLVED:

(a) That the Forward Work Programme be accepted; and

(b) That the Internal Audit, Performance & Risk 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.

43. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

The exclusion of the press and public was moved and seconded by Councillors Martin White and Arnold Woolley.

RESOLVED:

That the press and public be excluded from the meeting as the following item was considered to be exempt by virtue of paragraph 12 and 13 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

44. MAES GWERN CONTRACTUAL ARRANGEMENTS

The Chief Officer (Governance) introduced the report on the Internal Audit review of Maes Gwern contractual arrangements and detailed background information.

Whilst the Senior Auditor provided information on the key considerations and findings which had been discussed with relevant officers, the newly appointed Housing Strategy & Development Manager shared an update on progress with actions to address risks identified.

Sally Ellis said that the report demonstrated good use of the Internal Audit service and officers confirmed that action implementation would be reviewed at a later stage. In response to questions from Allan Rainford, officers gave assurance on the strengthening of monitoring arrangements.

The recommendation was moved and seconded by Councillors Geoff Collett and Arnold Woolley.

RESOLVED:

That the report be accepted.

45. ATTENDANCE BY MEMBERS OF THE PRESS

There were no members of the press in attendance.

The meeting started at 10am and finished at 12.45pm

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Chair

Eitem ar gyfer y Rhaglen 4



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday 26 th January 2022
Report Subject	Treasury Management Strategy 2022/23 Treasury Management Policy Statement, Practices and Schedules 2022 to 2025 Treasury Management Quarter 3 Update 2021/22
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report presents the draft Treasury Management Strategy 2022/23 for review and seeks the Committee's recommendation to Cabinet in conjunction with:

- Draft Treasury Management Policy Statement 2022 to 2025
- Draft Treasury Management Practices and Schedules 2022 to 2025

The report also provides an update on treasury management activity during the third quarter, 1st October to 31st December 2021.

This report is supplemented by treasury management training that was provided for Members of the Council on 8th December 2021.

RECOMMENDATIONS

1	Members review the draft documents listed and identify any matters to be drawn to the attention of Cabinet on 15 th February 2022: <ul style="list-style-type: none">• Draft Treasury Management Strategy 2022/23• Draft Treasury Management Policy Statement 2022 to 2025• Draft Treasury Management Practices and Schedules 2022 to 2025
2	Members review the treasury management 2021/22 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 Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management function. The Governance and 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 2022/23 Treasury Management Strategy, training for all Members was held on 8 th December 2021. The workshop, presented by Arlingclose, the Council's treasury management advisors, covered: 1) the regulatory framework and the role of the elected Member in scrutinising the treasury management function; 2) an overview of the Council's treasury position and future; 3) a section on risk management, and 4) in depth presentations on financing capital spending and investment management.
	<u>CONSIDERATIONS</u>
	2022/23 Treasury Management Policy Statement, Strategy and Practices
1.05	The previous Treasury Management Policy Statement was approved by Council in February 2019 and covered the 3 year period from 2019 to 2022. The updated Treasury Management Policy 2022 to 2025 is attached at Appendix 2. This document defines the Council's treasury management activities, sets out the Council's criteria to measure the effectiveness of treasury management activities and includes the Council's high level policies for borrowing and investments. Once approved, the document will only be reported to Members during its lifetime in the event of any significant changes. The document has not changed significantly from the 2019 version.
1.06	<p>The Treasury Management Practices (TMPs) and accompanying schedules to cover the 3 year period from 2019 to 2022 were approved by Council in February 2019. The updated TMPs for 2022 to 2025 are attached as Appendices 3 and 4.</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

	<p>It was agreed that these operational documents will only be reported to Members during their lifetime in the event of any significant changes. Some minor changes have been made to bring the practices and schedules in line with the draft 2022/23 Strategy.</p>
	<p>Treasury Management Strategy 2022/23</p>
1.07	<p>The 2022/23 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 and Welsh Government guidance.</p> <p>The Treasury Management Strategy details the approach 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 2022/23 Strategy has not changed significantly from that of the 2021/22 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 influences on the Strategy will be the ongoing impact of the COVID-19 pandemic, together with higher inflation, higher interest rates, and the country’s trade position post-Brexit. The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. Arlingclose forecasts that interest rates will continue to rise in early 2022. Gilt yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively (the Council’s borrowing costs are linked to gilt yields). • Section 4 – Local context. This section summarises the Council’s anticipated treasury position in 2022/23. Activity in 2022/23, 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. • Section 5 – Treasury Investment Strategy. This section is largely a continuation of the Council’s 2021/22 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. The counterparty limits for local authorities and other government entities and for money market funds have been increased from £3m to £4m, and for banks and building societies have been increased from £2m to £3m. This is considered necessary due to the higher levels of surplus cash held by the Council resulting from the receipt of additional COVID-19 funding in 2020/21 and 2021/22. Arlingclose were consulted and supported this change.

	<ul style="list-style-type: none"> Section 6 - Borrowing strategy. Again, this section is largely a continuation of the 2021/22 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	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 to be fully addressed are in respect of climate change. The Council is currently reviewing with Arlingclose and with fund managers, what options are available for investments that support a low carbon economy.
1.10	<p>In December 2021 CIPFA published a new version of its Treasury Management Code. The Code clarifies what constitutes prudential borrowing activities to help avoid authorities misinterpreting the Code's provisions. The Code includes clarification to better define commercial activity and investment, and a requirement to incorporate an assessment of risk against levels of resources.</p> <p>Changes are to be included in the 2023/24 financial year. However, the initial view of the Council is that we are largely compliant with the revised Code.</p>
	Treasury Management 2021/22 Quarter 3 Update
1.11	<p><u>Investments update</u></p> <p>A schedule setting out the Council's investments at 31st December 2021 is attached at Appendix 5. The investment balance at this time was £27.3m across 11 counterparties with an average interest rate of 0.07%</p>
1.12	<p><u>Borrowing update</u></p> <p>Appendix 6 shows the Council's long term borrowing portfolio as at 31st December 2021, a total of £286.2m with a weighted average interest rate of 4.60%. The Council has taken one new long-term loan from the Public Works Loans Board (PWLB) during 2021/22 to date, a £0.582 million annuity loan over 40 years, which has been on-lent to New Homes to support their programme of building affordable homes in Flintshire.</p> <p>Appendix 7 shows the Council's short-term borrowing portfolio as at 31st December 2021, a total of £20.0m with an average interest rate of 0.02%.</p> <p>The borrowing strategy in 2021/22 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. Short term borrowing continues to be used to assist with managing the Council's borrowing requirement, and is available at lower rates than long term. This is balanced against not compromising the long term stability of the debt portfolio by securing low long term interest rates when they are available.</p>

	The Council has a long-term borrowing requirement and therefore long term borrowing may possibly be undertaken before the end of this financial year taking advantage of the low interest rates currently available. This position will be reviewed and monitored closely during the last few months of 2021/22, with support from Arlingclose.
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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 2022/23 2. Draft Treasury Management Policy 2022 to 2025 3. Draft Treasury Management Practices and Schedules 2022 to 2025 – part 1 4. Draft Treasury Management Practices and Schedules 2022 to 2025 – part 2 5. Investment Portfolio as at 31 December 2021 6. Long-term Borrowing Portfolio as at 31 December 2021 7. Short-term Borrowing Portfolio as at 31 December 2021

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Chris Taylor – Strategic Finance Manager Telephone: 01352 703309 E-mail: Christopher.taylor@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Authorised Limit: A statutory limit that sets the maximum level of external debt for the Council.</p> <p>Balances and Reserves: Accumulated sums that are held, either for specific future costs or commitments (known as earmarked) or generally held to meet unforeseen or emergency expenditure.</p> <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> <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.</p> <p>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.</p> <p>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.</p> <p>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%.</p>

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

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.

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.

IFRS: International Financial Reporting Standards.

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.

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.

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.

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.

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.

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.

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

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.

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

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

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.

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.



FLINTSHIRE COUNTY COUNCIL

**DRAFT
TREASURY MANAGEMENT
STRATEGY**

2022/23

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Treasury Management Strategy Report 2022/23

The Council is recommended to:

- approve the Treasury Management Strategy for 2022/23
- approve the Treasury Management Indicators for 2022/23

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. WG 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 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 impact of changing interest rates.

In accordance with 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, December 2021

Economic background: The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however with the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

In October 2021, the headline 3-month average annual growth rates for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter, activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continued to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

Credit outlook: Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.

Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks for short and medium-term yields are initially to the upside but shift lower later, while for long-term yields the risk is to the upside. However, as ever 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 2022	0.25	0.25	0.60	1.00	0.70
Q2 2022	0.50	0.55	0.60	1.05	0.75
Q3 2022	0.50	0.55	0.60	1.10	0.80
Q4 2022	0.50	0.60	0.60	1.10	0.85
Q1 2023	0.50	0.60	0.60	1.10	0.90
Q2 2023	0.50	0.60	0.60	1.10	0.95
Q3 2023	0.50	0.60	0.60	1.15	1.00
Q4 2023	0.50	0.65	0.60	1.15	1.05
Q1 2024	0.50	0.65	0.60	1.15	1.05
Q2 2024	0.50	0.65	0.65	1.20	1.10
Q3 2024	0.50	0.65	0.70	1.20	1.10
Q4 2024	0.50	0.65	0.75	1.20	1.15

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 2.5%.

3.0 Current Treasury Portfolio

The Council's treasury portfolio as at 31st December 2021 was as follows:

Table 2: Current Treasury Portfolio

	Principal £m	Interest rate %
Investments:		
Call accounts	2.1	0.01
Money market funds	20.2	0.07
Short-term deposits	5.0	0.09
Long-term deposits	0.0	n/a
Total Investments	27.3	
Borrowing:		
Short-term loans	20.0	0.02
Long-term PWLB loans (fixed)	262.5	4.69
Long-term market loans (LOBOs)	18.9	4.53
Other Government loans	4.7	0.00
Total Borrowing	306.1	
Net Borrowing	278.8	

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

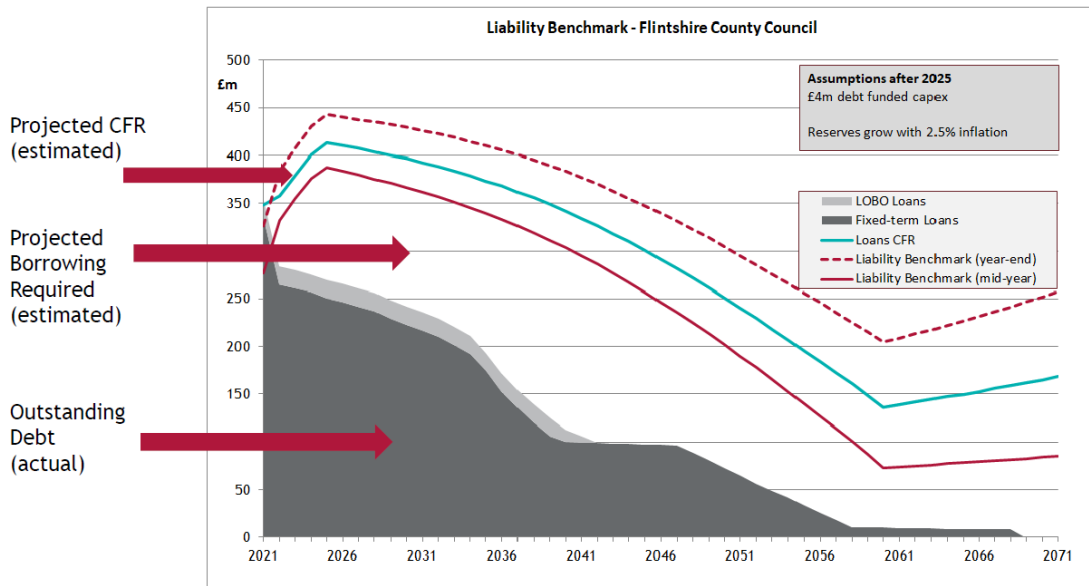
	31.3.21 Actual £m	31.3.22 Estimate £m	31.3.23 Estimate £m	31.3.24 Estimate £m	31.3.25 Estimate £m
Council Fund Capital Financing Requirement (Borrowing only)	216	222	230	253	263
Housing Revenue Account Capital Financing Requirement (Borrowing only)	132	131	139	150	159
Capital Financing Requirement (Borrowing only)	348	353	369	403	422
Less: Current ST borrowing	(63)	(285)	(280)	(276)	(270)
Less: Current LT borrowing	(284)				
Funding Required	1	68	89	127	152
Less: Usable reserves	(75)	(39)	(34)	(31)	(28)
Adj: Working capital	35	26	25	25	25
Investments / (New borrowing)	39	(55)	(80)	(121)	(149)

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 2022/23, 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 2021/22 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 2022/23, 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 (December 2021)



Budget implications

The budget for investment income in 2022/23 is £10k, based on an average investment portfolio of £10m at an average interest rate of 0.1%. The budget for interest on long-term loans in 2022/23 is £13.7m, based on long-term loans of £318m at an average interest rate of 4.46%. The budget for interest on short-term loans is £0.206m based on an average of the costs for the last 3 years. Interest paid 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 £42m 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 2022/23, 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	£4m	Unlimited
Secured investments *	25 years	£3m	Unlimited
Banks (unsecured) *	13 months	£3m	Unlimited
Building societies (unsecured) *	13 months	£3m	Unlimited
Registered providers (unsecured) *	5 years	£2m	Unlimited
Money market funds *	n/a	£4m	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 (REITs): 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 International Financial Reporting Standard (IFRS) 9, 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

As at 31st December 2021, the Council held £286.1m of long-term loans, as part of its strategy for funding previous years' capital programmes, which includes £0.582m of new long-term borrowing undertaken to date during 2021/22. The balance sheet forecast in section 4 shows that the Council expects to need to undertake new borrowing during the remainder of 2021/22 and 2022/23.

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 2022/23 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 2022/23 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 2022/23, 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 2021, the Council held £20m of short term (temporary) loans with an average rate of 0.02% 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 2022/23

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 2021.
- Effect any borrowing that may be required in 2022/23 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 Governance and 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:

	2022/23	2023/24	2024/25
Upper limit on fixed interest rate exposures	£411m	£433m	£448m
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:

	2022/23	2023/24	2024/25
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.

	2022/23	2023/24	2024/25
Operational boundary – borrowing	£391m	£413m	£428m
Operational boundary – other long-term liabilities	<u>£20m</u>	<u>£20m</u>	<u>£20m</u>
Operational boundary – TOTAL	£411m	£433m	£448m
Authorised limit – borrowing	£411m	£433m	£448m
Authorised limit – other long-term liabilities	<u>£35m</u>	<u>£35m</u>	<u>£35m</u>
Authorised limit – TOTAL	£446m	£468m	£483m

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. 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 £446 million. 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

WG has set out its legal commitment to achieve net zero emissions by 2050 and work towards a net zero public sector in Wales by 2030. One of the Council's key priorities within the Council Plan is to become a net zero carbon Council by 2030 and to support wider decarbonisation actions across the County.

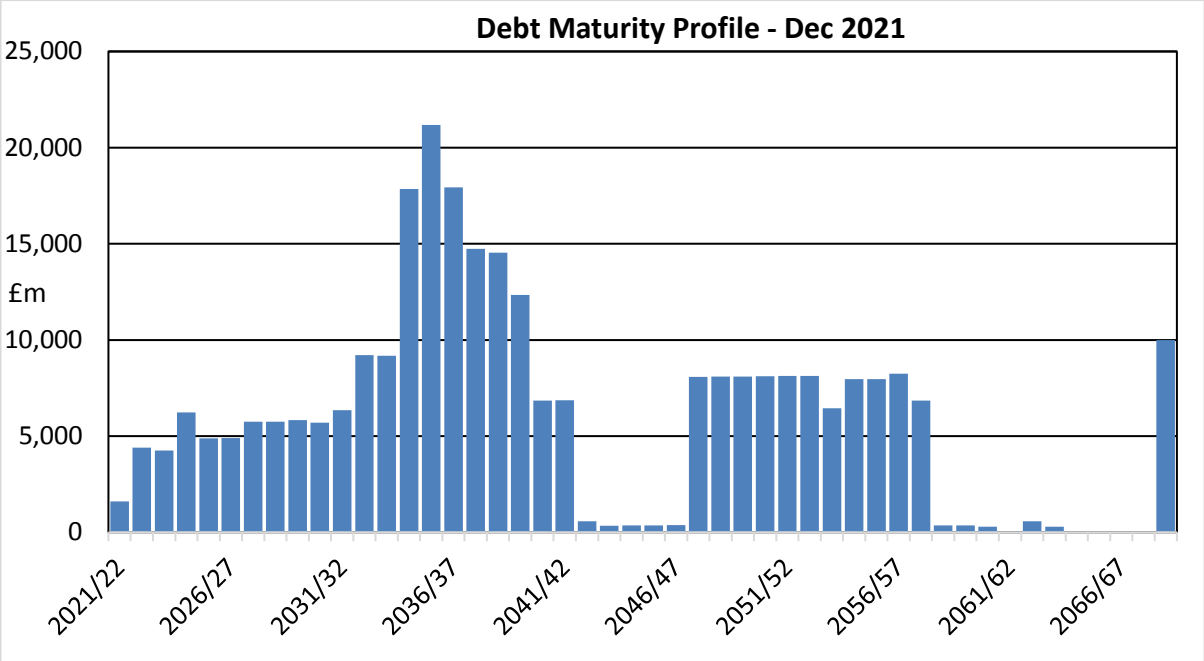
The Council is currently reviewing with Arlingclose and with fund managers how the money market funds the Council invests in take account of environmental, social and governance (ESG) factors, and what options are available for investments that support a low carbon economy.

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 Limited (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, Bryn-y-Baal, Northop, Saltney 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 IFRS 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 them 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

	31.3.2021 £m	31.3.2020 £m	31.3.2019 £m	31.3.2018 £m	31.3.2017 £m
Fair Value Inv. Properties	25.2	25.0	25.2	25.2	24.8

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

	2020/21 Actual £m	2021/22 Budget £m	2022/23 Budget £m
Net Revenue Budget	285.987	297.457	322.853
Net Investment income	1.31	1.50	1.50
Proportion	0.46%	0.50%	0.46%

Mae'r dudalen hon yn wag yn bwrpasol



DRAFT

FLINTSHIRE COUNTY COUNCIL

**TREASURY MANAGEMENT
POLICY STATEMENT**

2022 – 2025

1.0 TREASURY MANAGEMENT POLICY STATEMENT

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

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

2.0 CLAUSES FORMALLY ADOPTED

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

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

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

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

Mae'r dudalen hon yn wag yn bwrpasol

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TREASURY MANAGEMENT PRACTICES

Part 1: Main Principles

2022 - 2025

Flintshire County Council

TREASURY MANAGEMENT PRACTICES

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

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Treasury Management Practices 2022 - 2025

TMP1 TREASURY RISK MANAGEMENT

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

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

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

[1] Credit and counterparty risk management

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

[2] Liquidity risk management

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

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

[3] Interest rate risk management

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

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

Treasury Management Practices 2022 - 2025

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

[4] Exchange rate risk management

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

[5] Inflation risk management

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

[6] Refinancing risk management

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

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

[7] Legal and regulatory risk management

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

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

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

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

Treasury Management Practices 2022 - 2025

[9] Market risk management

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

TMP2 PERFORMANCE MEASUREMENT

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

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

TMP3 DECISION-MAKING AND ANALYSIS

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

TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

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

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

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

Treasury Management Practices 2022 - 2025

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

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

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

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

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

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

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

TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

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

As a minimum:

The County Council will receive:

Treasury Management Practices 2022 - 2025

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

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

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

TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

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

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

TMP8 CASH AND CASH FLOW MANAGEMENT

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

TMP9 MONEY LAUNDERING

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will

Treasury Management Practices 2022 - 2025

maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements are detailed in the schedule to this document.

TMP10 STAFF TRAINING AND QUALIFICATIONS

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

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

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

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

TMP11 USE OF EXTERNAL SERVICE PROVIDERS

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

TMP12 CORPORATE GOVERNANCE

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

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

Treasury Management Practices 2022 - 2025

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

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TREASURY MANAGEMENT PRACTICES

Part 2: Schedules

2022 - 2025

Flintshire County Council

Treasury Management Practice Schedules 2022 - 2025

TREASURY MANAGEMENT PRACTICES - SCHEDULES

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

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TMP1 RISK MANAGEMENT

1 Credit & Counterparty Policies

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

Treasury Management Practice Schedules 2022 - 2025

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£4m	Unlimited
Secured investments *	25 years	£3m	Unlimited
Banks (unsecured) *	13 months	£3m	Unlimited
Building societies (unsecured) *	13 months	£3m	Unlimited
Registered providers (unsecured) *	5 years	£2m	Unlimited
Money market funds *	n/a	£4m	Unlimited
Strategic pooled funds	n/a	£1m	£5m
Real estate investment trusts	n/a	£1m	£1m
Other investments *	5 years	£2m	£10m

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

* **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

Treasury Management Practice Schedules 2022 - 2025

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

Treasury Management Practice Schedules 2022 - 2025

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.

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.

	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.

Treasury Management Practice Schedules 2022 - 2025

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

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

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

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

1.2 Liquidity

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

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

2. Details of:

- Standby facilities - short-term borrowing undertaken.
- Short-term borrowing facilities - short term borrowing will be arranged for any overdrawn balance through the money market if no call money is

Treasury Management Practice Schedules 2022 - 2025

available.

- Insurance/guarantee facilities - not required.
- Other contingency arrangements - negotiations with the Council's bankers.
- Call accounts and money market funds (subject to ratings and sector limits).

1.3 Interest Rate

1. Details of approved interest rate exposure limits -

- The upper limit on fixed interest rate exposures is £411 million.
- The upper limit on variable interest rate exposures is £100 million.

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

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

1.4 Exchange Rate

Approved criteria for managing changes in exchange rate levels -

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

1.5 Inflation

Guidelines for managing changes to inflation rate levels

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

1.6 Refinancing

1. Debt/other capital financing maturity profiling, policies and practices.

- To manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing.

2. Projected capital investment requirements.

- The borrowing requirement is determined as part of the Capital Programme.

Treasury Management Practice Schedules 2022 - 2025

3. Policy concerning limits on revenue consequences of capital financing.
 - This is part of the ongoing budget monitoring process
4. Policy where the Council provides financial guarantees to third parties.
 - These are recorded and regularly reassessed as to the probability they will be called upon.

1.7 Legal & Regulatory

References to relevant statutes and regulations

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

Hard copies are available in Technical Accountancy.

1.8 Fraud, error and corruption, and contingency management

1. Details of systems and procedures to be followed, including internet services.
 - These are documented in the Treasury Management Operational Guidelines.
2. Emergency and contingency planning arrangements
 - The Council's treasury management processes are fully digital. Principal Accountants and Strategy Finance Managers have Council issued iPads allowing treasury management to be done anywhere with internet connection.

Treasury Management Practice Schedules 2022 - 2025

3. Fraud, Error & Corruption.

- There is a system of internal control in place to prevent and identify fraud and error.
- Any issue identified will be immediately reported to the Chief Finance Officer and Head of Internal Audit and subsequently to Governance and Audit Committee and Council.

1.9 Market Value of Investments

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

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

TMP2 PERFORMANCE MEASUREMENT

2.1 Performance Measurement

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

2.2 Value for Money

Frequency for reviewing and tendering for the following services:

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

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

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

Treasury Management Practice Schedules 2022 - 2025

TMP3 DECISION-MAKING AND ANALYSIS

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

1. Records to be kept:

- These are documented in the Treasury Management Operational Guidelines. All records are kept on-line to provide a full audit trail for all treasury decisions.

2. Processes to be pursued:

- All reports on treasury management issues are submitted to the Chief Finance Officer for decision making

3. Issues to be addressed:

- In respect of every decision made the Council will:
 - a. Above all be clear about the nature and extent of the risks to which the Council may become exposed
 - b. Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
 - c. Be content that the documentation is adequate both to deliver the Council's objectives and protect its interests, and to deliver good housekeeping
 - d. Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded
 - e. Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.
- In respect of borrowing and other funding decisions, the Council will:
 - a. Evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
 - b. Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships.
 - c. Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
 - d. Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.
- In respect of investment decisions, the Council will:
 - a. Consider the optimum period, in the light of cash flow availability and prevailing market conditions.
 - b. Consider the alternative investment products and techniques

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available, especially the implications of using any which may expose the Council to changes in the value of its capital.

4. Considerations to be made before each temporary borrowing and investment decision.
 - Borrowing
 - a. Are funds available in call accounts?
 - b. Arrange temporary borrowing through a broker for the shortest period of time at the lowest rate of interest available.
 - Investing
 - a. Establish funds available to be invested
 - b. Establish a maturity date using cash flow.
 - c. Using the Ratings spreadsheet – Headroom available with each counterparty
 - d. Check the credit ratings and other market information available for the chosen counterparty.
 - e. Use a broker to find the highest rate of interest for the requirements above
 - f. If after the above, funds still cannot be placed and call accounts and money market funds are full, then invest with Debt Management Office (DMO).

TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved activities of the treasury management operation

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

The approved activities are:

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

Treasury Management Practice Schedules 2022 - 2025

4.2 Approved Instruments for 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
- 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:

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

4.3 Approved Instruments for Investments

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

- Fixed term deposits
- Certificates of Deposit
- Bank accounts (Instant Access & Notice Accounts)
- Pooled Investment Vehicles (Such as money market funds)
- U.K. Treasury Bills
- Loans
- Bonds
- Reverse Repurchase Agreements
- Commercial Papers

4.4 Approved Techniques

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

Treasury Management Practice Schedules 2022 - 2025

4.5 Approved methods and sources of raising capital finance

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

On Balance Sheet

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

Off Balance Sheet

Deferred Purchase

Other Methods of Financing

Government and EC Capital Grants
Lottery monies
Private Finance Initiative (PFI)
WG Mutual Investment Model

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

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

Financial Institution:	Relationship with the Council:
Arlingclose Limited	Treasury management advisors
Martin Brokers Ltd	Broker
Tradition (UK) Ltd	Broker
ICAP plc	Broker
Tullet Prebon (UK) Ltd	Broker
Imperial Treasury Services	Broker
BGC Partners	Broker
King & Shaxson Limited	Broker & Custodians
Institutional Cash Distributors (ICD)	Money market funds
Federated Investors (UK) LLP	Money market funds
Aberdeen/Standard Life	Money market funds

Treasury Management Practice Schedules 2022 - 2025

Insight Investment	Money market funds
Coventry Building Society	Building society

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

5.1 Limits to responsibilities/discretion at committee/Cabinet levels

1. County Council

The Council is responsible for:-

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

2. Cabinet

The Cabinet is responsible for:

- Receiving reports from the Chief Finance Officer informed by the deliberations of the Governance and Audit Committee on the implementation and regular monitoring of its Treasury Management Policy, Strategy and Practices.
- Consideration of Treasury Policy and Strategy for approval by Council.

3. Governance and Audit Committee

The Governance and Audit Committee is responsible for –

- Reviewing the Treasury Management Policy and Practices and making recommendations to Cabinet.
- Receiving and reviewing regular monitoring reports.

Treasury Management Practice Schedules 2022 - 2025

5.2 Principles and practices concerning segregation of duties

Procedure	Regular	Trained in Absence
Cash balances	Accounting Technician	Accounting Technician/Technical Principal Accountant/FSO
Dealing and limit calculations	Accounting Technician	Accounting Technician/Technical Principal Accountant/FSO
Logotech	Accounting Technician	Accounting Technician/Technical Principal Accountant/FSO
Dealing check	Accounting Technician	Accounting Technician/Technical Principal Accountant/FSO
Dealing authorisation	6 Authorised Bank Signatories - Corporate Finance Manager, 5 Strategic Finance Managers	
Funds transfer operators	Finance Support Officer (FSO)	4 Accounting Technicians/Technical Principal Accountant
Funds transfer approval	6 Principal Accountants	
Bankline system administrators	Principal Accountant (Systems)	Accounting Technician

5.3 Statement of duties/responsibilities of each Treasury post

1. Chief Finance Officer

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

2. Strategic Finance Manager - Capital, Technical and Financial Systems

Treasury Management Practice Schedules 2022 - 2025

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

3. Technical Principal Accountant

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

4. Accounting Technician

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

5. Other Officers

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

5.4 Dealing Limits

As outlined in 1 - Credit and Counterparty Policies

5.5 List of Approved Brokers

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

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

Treasury Management Practice Schedules 2022 - 2025

5.6 Policy on Brokers' Services

Reviewed annually.

5.7 Policy on taping conversations

No conversations are currently taped

5.8 Direct Dealing Practices

This is undertaken as and when required to maximise investment return

5.9 Settlement transmission procedures

Standard Settlement Instructions

5.10 Documentation Requirements

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

5.11 Arrangements concerning the management of third-party funds.

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

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

Treasury Management Practice Schedules 2022 - 2025

TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 Annual Treasury Management Strategy Statement

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

6.2 Prudential Code for Capital Finance

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

Treasury Management Practice Schedules 2022 - 2025

The following are within the Treasury Management Code.

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

6.3 Annual Investment Strategy

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

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

6.4 Annual Report on Treasury Management Activity

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

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

The report will be subject to review by the Governance and Audit Committee

Treasury Management Practice Schedules 2022 - 2025

6.5 Mid-Year Review

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

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

The report will be subject to review by the Governance and Audit Committee

6.6 Management Information Reports

The Technical Principal Accountant will report management information to the Strategic Finance Manager - Capital, Technical and Financial Systems monthly for review. The Strategic Finance Manager will report monthly to the Chief Finance Officer.

6.7 Presentation of Reports

As a minimum:

The County Council will receive:

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

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

Treasury Management Indicators will be reported in the strategy.

TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory/ Regulatory Requirements

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

Treasury Management Practice Schedules 2022 - 2025

7.2 Accounting Practices and Standards

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

7.3 Budget Monitoring

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

TMP8 CASH AND CASH FLOW MANAGEMENT

8.1 Arrangements for preparing/submitting cash flow statements

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

8.2 Content and frequency of cash flow budgets

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

8.3 Listing of sources of information

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

External –

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

Internal –

- Payroll
- Pensions
- Council Tax
- Creditors

8.4 Bank statement procedures

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

8.5 Procedures for banking of funds

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

Treasury Management Practice Schedules 2022 - 2025

8.6 Cash Flow Management

Arrangements as detailed in section 3.1.4

8.7 Debtors and Creditors

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

TMP9 MONEY LAUNDERING

9.1 Procedures for establishing identity/authenticity of Lenders

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

TMP10 STAFF TRAINING AND QUALIFICATIONS

10.1 Details of approved training courses

1. Reviewed as part of the annual employee appraisal process. The Council's treasury advisers also provide training on treasury issues to staff when required.

10.2 Records of training received by Treasury staff

All training is recorded on a departmental database.

10.3 Approved qualifications for Treasury staff

All treasury officers are qualified to Association of Accounting Technicians level as a minimum.

10.4 Training of Members

Treasury Management Practice Schedules 2022 - 2025

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

10.5 Statement of Professional Practice (SOPP)

1. Where the Chief Finance Officer is a member of CIPFA, there is a professional need for the Chief Finance Officer to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.
2. Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

TMP11 USE OF EXTERNAL SERVICE PROVIDERS

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

1. Banking services:

- National Westminster Bank Plc
- Contract commenced January 2020 to run for 5 years
- Cost of core service - £33,000 p.a.
- Payments due on an ongoing basis throughout the year

2. Money-broking services:

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

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

3. Treasury Consultant services:

- Arlingclose Consultancy Services
- Contract commenced 10th September 2021 for 3 years, with the option to extend for a further 2 years.
- Cost of service - £11,750 plus VAT per annum, increasing by £750 each year
- Payments due annually

Treasury Management Practice Schedules 2022 - 2025

11.2 Procedures and frequency for tendering services

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

TMP12 CORPORATE GOVERNANCE

12.1 List of documents to be made available for public inspection

12.1.1 Treasury Management Policy Statement

12.1.2 Treasury Management Strategy

12.1.3 Treasury Management Practices

12.1.4 Treasury Management Mid-Year Report

12.1.5 Treasury Management Annual Outturn Report

APPENDIX A

Definition of Ratings

Fitch Long Term

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

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

Moody's Long Term

- **Aaa** - Judged to be one of the highest quality, with minimal credit risk
- **Aa** - Judged to be of high quality and are subject to very low credit risk

Treasury Management Practice Schedules 2022 - 2025

- **A** - Considered upper-medium grade and are subject to low credit risk
- **Baa** - Offers adequate credit quality. However, certain protective elements may be lacking or may be characteristically unreliable over any great length of time.

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

Standard & Poor's Long Term

- **AAA** - An obligor rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
- **AA** - An obligor rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.
- **A** - An obligor rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
- **BBB** - An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

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

FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

At 31st December 2021

APPENDIX 5

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
LLOYDS BANK	2.0	16/10/20	31/01/22	0.01%	259	UK BANK	1 month or less
LLOYDS BANK	2.0						
NATIONAL WESTMINSTER BANK	0.1	04/01/21	31/01/22	0.01%	11	UK BANK	1 month or less
NATIONAL WESTMINSTER BANK	0.1						
DEBT MANAGEMENT OFFICE	5.0	01/12/21	01/06/22	0.09%	2,244	MMF	3 months +
DEBT MANAGEMENT OFFICE	5.0						
ABERDEEN LIQUIDITY FUND	3.0	01/09/21	31/01/22	0.06%	750	MMF	1 month or less
ABERDEEN LIQUIDITY FUND	3.0						
AVIVA INVESTORS	1.6	01/09/21	31/01/22	0.04%	267	MMF	1 month or less
AVIVA INVESTORS	1.6						
BNP PARIBAS SECURITIES SVCS	3.0	01/09/21	31/01/22	0.09%	1,124	MMF	1 month or less
BNP PARIBAS SECURITIES SVCS	3.0						
CCLA PUBLIC SECTOR DEPOSIT	3.0	01/09/21	31/01/22	0.13%	1,624	MMF	1 month or less
CCLA PUBLIC SECTOR DEPOSIT	3.0						
FEDERATED INVESTORS (UK)	2.9	01/09/21	31/01/22	0.04%	483	MMF	1 month or less
FEDERATED INVESTORS (UK)	2.9						
INSIGHT	3.0	01/09/21	31/01/22	0.05%	625	MMF	1 month or less
INSIGHT	3.0						
MORGAN STANLEY	3.0	01/09/21	31/01/22	0.06%	750	MMF	1 month or less
MORGAN STANLEY	3.0						
SSGA	0.7	01/09/21	31/01/22	0.00%	0	MMF	1 month or less
SSGA	0.7						
TOTAL	27.3			0.07%	8,135		
PREVIOUS REPORTS TOTALS (30th September 2021)	16.5			0.02%	1,309		
PREVIOUS YEARS REPORTS TOTALS (31st December 2020)	34.0			-0.01%	1,124		

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

At 31st December 2021

APPENDIX 5

Tudalen 90

Type of Investment	Total Amount Invested £m	% of Total Portfolio	Period to Investment Maturity			
			1 month or less £m	1 - 3 months £m	3 months + £m	12 months + £m
Debt Management Office (DMO)	5.0	18%			5	
UK Bank	2.1	8%	2.1			
UK Building Society (UK BS)	0.0	0%				
Overseas	0.0	0%				
Local Authorities	0.0	0%				
CD's	0.0	0%				
T-Bills	0.0	0%				
Money Market Funds (MMF)	20.2	74%	20.2			
Total (£)	27.3		22.3	0.0	5.0	0.0
Total (%)		100%	82%	0%	18%	0%

FLINTSHIRE COUNTY COUNCIL - LONG TERM BORROWING ANALYSIS

At 31st December 2021

APPENDIX 6

Loan Start Date	Principal Loan Outstanding £	Interest Rate %	Annual Interest £	Loan Maturity Date
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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
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	696,090	8.25	57,427	30/09/24
28/09/95	1,740,226	8.25	143,569	30/09/26
28/09/95	1,000,282	8.63	86,274	30/09/22
18/04/97	2,000,000	7.75	155,000	18/10/27
18/04/97	2,000,000	7.75	155,000	18/10/28
18/04/97	2,000,000	7.75	155,000	18/10/29
18/04/97	2,000,000	7.75	155,000	18/10/30
17/07/97	4,000,000	7.13	285,000	31/03/55
17/07/97	4,000,000	7.13	285,000	31/03/56
17/07/97	4,492,873	7.13	320,117	31/03/57
17/07/97	3,500,000	7.00	245,000	31/03/55
17/07/97	3,500,000	7.00	245,000	31/03/56
17/07/97	3,278,252	7.00	229,478	31/03/57
20/05/98	1,333,332	5.75	76,667	18/04/31
20/05/98	1,050,000	6.00	63,000	18/04/26
09/06/98	2,000,000	5.75	115,000	30/09/32
09/06/98	3,000,000	5.75	172,500	30/09/33
09/06/98	4,000,000	5.75	230,000	30/09/34
17/09/98	3,850,000	5.25	202,125	31/03/58
08/12/98	1,200,000	4.75	57,000	31/03/54
08/12/98	2,500,000	4.75	118,750	31/03/58
08/12/98	4,800,000	4.50	216,000	31/03/54
01/04/99	6,000,000	4.63	277,500	31/03/53
22/04/99	4,000,000	4.50	180,000	31/03/52
10/08/99	1,700,000	4.50	76,500	31/03/53
10/08/99	3,700,000	4.50	166,500	31/03/52
10/08/99	7,700,000	4.50	346,500	31/03/51
10/08/99	7,700,000	4.50	346,500	31/03/50
10/08/99	7,700,000	4.50	346,500	31/03/49
10/08/99	7,700,000	4.50	346,500	31/03/48
05/04/01	2,500,000	4.75	118,750	31/03/25
15/11/01	1,400,000	4.50	63,000	31/03/23
15/11/01	1,350,000	4.50	60,750	31/03/22
02/08/05	1,700,000	4.45	75,650	18/04/31
02/08/05	4,900,000	4.45	218,650	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	229,070,395	5.10	11,685,790	

PWLB Fixed Rate Annuity Loans				
06/12/18	7,266,756	2.79	202,742	06/01/63
07/01/20	572,544	3.06	17,520	07/01/60
30/03/20	288,049	2.65	7,633	30/03/60
30/03/20	1,047,658	2.65	27,763	30/03/60
02/11/20	1,383,063	2.55	35,310	02/11/57
09/02/21	2,528,064	1.79	45,252	09/02/58
30/04/21	577,563	2.15	12,418	30/04/61
	13,663,696	2.55	348,638	

PWLB Fixed Rate Equal Instalment of Principal Loans				
01/04/19	8,333,333	1.65	162,250	01/04/34
13/08/19	6,666,667	1.28	85,333	13/08/37
16/12/20	4,772,727	1.16	55,364	16/12/42
	19,772,728	1.41	302,947	

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				
21/09/17	193,544	0.00	0.00	01/04/22
19/12/17	267,718	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	30,750	0.00	0.00	01/10/22
27/03/19	1,109,224	0.00	0.00	01/04/29
05/05/20	461,500	0.00	0.00	31/03/26
09/07/21	103,000	0.00	0.00	31/03/29
	4,754,864	0	0	

Totals				
Fixed Rate	262,506,819		12,337,375	
Variable Rate	0		0	
LOBOS	18,950,000		858,095	
Other	4,754,864		0	
Grand Total	286,211,683	4.60	13,195,470	

Mae'r dudalen hon yn wag yn bwrpasol

FLINTSHIRE COUNTY COUNCIL - SHORT TERM BORROWING

At 31st December 2021

APPENDIX 7

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Counterparty Name	Amount Borrowed £m	Start Date	Maturity Date	Interest Rate	Interest due £	Brokerage due £	Period to Maturity
CHESHIRE WEST & CHESTER COUNCIL	5.0	23/12/21	01/03/22	0.01%	93	652	1-3 months
CHESHIRE WEST & CHESTER COUNCIL	5.0						
HEREFORDSHIRE COUNTY COUNCIL	5.0	28/09/21	28/01/22	0.02%	334	1,170	1 month or less
HEREFORDSHIRE COUNTY COUNCIL	5.0						
MIDDLESBROUGH BOROUGH COUNCIL (TPS)	3.0	01/10/21	25/02/22	0.01%	121	967	1-3 months
MIDDLESBROUGH BOROUGH COUNCIL (TPS)	3.0						
NORTH SOMERSET DISTRICT COUNCIL	2.0	30/09/21	06/01/22	0.02%	107	376	1 month or less
NORTH SOMERSET DISTRICT COUNCIL	2.0						
SOLIHULL MB COUNCIL	5.0	28/09/21	28/01/22	0.03%	501	1,671	1 month or less
SOLIHULL MB COUNCIL	5.0						
TOTAL	20.0			0.02%	1,157	4,836	
PREVIOUS REPORTS TOTALS (30th September 2021)	17.0			0.02%	1,217	4,289	
PREVIOUS YEARS REPORTS TOTALS (31st December 2020)	38.0			0.04%	4,293	7,706	

SHORT TERM BORROWING SUMMARISED BY TYPE & MATURITY

At 31st December 2021

APPENDIX 7

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	20.0	100%	12.0	8.0	0	
Total (£)	20.0		12.0	8.0	0.0	0.0
Total (%)		100%	60%	40%	0%	0%

Eitem ar gyfer y Rhaglen 5



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 26 th January 2022
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 at the next Constitution and Democratic Services Committee in June 2022.

RECOMMENDATIONS

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

1.00	EXPLAINING THE 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 Governance and Audit Committee. The membership of this officer working group is detailed within Appendix A, Section 4 attached.</p>

<p>1.02</p>	<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>
<p>1.03</p>	<p>The relationship between the CIPFA /SOLACE guidance, the Code of Corporate Governance, the Annual Governance Statement, Council Plan and the Governance and Audit Committee's responsibilities for these and risk management, is shown in the diagram below.</p> <pre> graph TD CIPFA[CIPFA / SOLACE Framework and Guidance] --> Code[Code of Corporate Governance] CIPFA --> CGWG[CGWG, Chief Officers & Members Challenge] Code --> Constitution[Council's Constitution] Code --> AGS[Annual Governance Statement] CGWG --> AGS AGS --> AC[Audit Committee] AGS --> RM[Risk Management] AC --> AGS RM <--> CP[Council Plan] </pre>
<p>1.04</p>	<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 last significantly revised in 2018/19.</p>

	The updating and formatting review of the code was initially carried out by the Corporate Governance Working Group followed by consultation with the Chief Executive, Monitoring Officer and Section 151 Officer. 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	Whilst we continued to work through the pandemic there was no change to the internal controls and how we delivered the seven principals of the code, the Council in some parts 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.

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>
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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, Performance and Risk Manager</p> <p>Telephone: 01352 702231</p> <p>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

2021-2022



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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 3 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 (CIPFA/IFAC, 2014) (the ‘International Framework’)*,

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	Holders of public office should exhibit these principles in their own behaviour.

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

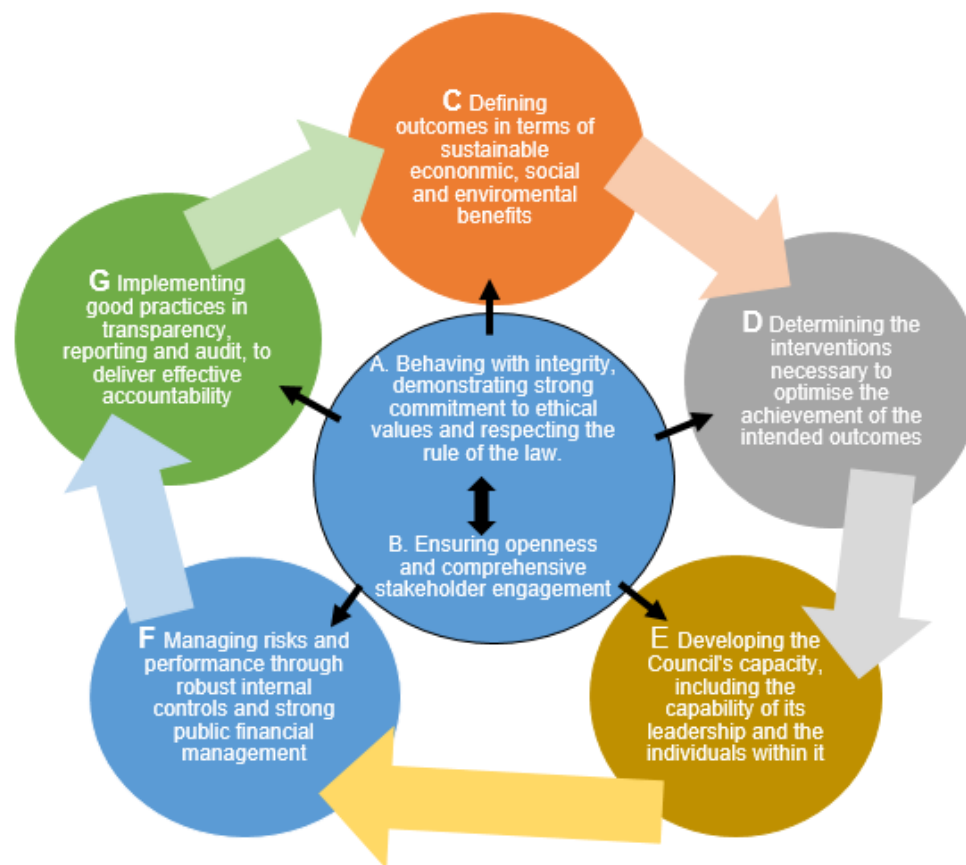
and illustrates the various principles of good governance in the public sector and how they relate to each other.

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 due to the ongoing global pandemic.

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Seven Principles of Good Governance



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

As the Council started the financial period 2021/22, the Council continues to respond to the global Pandemic. Whilst all internal controls arrangements continue to remain in place below details the additional measures need in order to function during the pandemic. These arrangements are:

- Internal Emergency Management Response Team (EMRT) led by Chief Executive continue to be held where necessary.
- Business Continuity Plans remain in place for all corporate services and service portfolios
- HR Business Continuity Plan continues to be invoked
- Where applicable 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 continues to be maximised
- Secure and compliant regional and national data sharing remains in place to support customer engagement e.g. Test Trace and Protect

Command Structure - Hierarchy

Emergency Management Response Team (EMRT) – Gold (as and when required to respond to the pandemic)

- Directing strategy and making principal decisions
- Where applicable 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 continued for workforce
- Risk evaluation and management
- Escalation of decisions/risks to EMRT as required

Decision-Making and Risk Management

- Full democratic governance has been restored and meetings are currently held remotely
- Recovery business plans and risk registers were produced for the corporate organisation and all five service portfolios
- Flintshire continues to be the regional lead employer for the Test Trace Protect service which is supported by an Inter Authority Agreement

Financial Risk Management

- Claims for additional costs and lost income continued to be made to the Welsh Government Hardship Fund.
- Cash Flow forecasting to ensure that the Council is in good liquidity continues to be undertaken on a regular basis
- All financial decisions are managed in line with normal Finance Procedure Rules
- Financial risks continued to be mitigated through (1) controls of non-essential expenditure and (2) access to special national funds and grants
- Emergency support has been given to some Alternative Delivery Models (ADMs) / Community Asset Transfers (CATs)
- The emergency reserve (£3.0m) continued to be utilised for ineligible additional costs
- We have continued to 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
- Monthly budget monitoring reports to Cabinet and CROSC provide updates on the WG Hardship Fund and the Income Loss position
- Finance risks and mitigations are reviewed and monitored on a regular basis and reported to the new Recovery Committee

Recovery Planning

- A cross-party Member Recovery Board continues to operate
- 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
- Arrangements were delivered through remote attendance meetings, via Webex video and subsequently Zoom software, with the first in person Council meeting held in October 2021.

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

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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) • 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

Demonstrating strong commitment to ethical values	How the Council achieves this:
<p>5. Seeking to establish, monitor and maintain the organisation's ethical standards and performance.</p> <p>6. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's operation.</p> <p>7. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</p> <p>8. Ensuring the external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.</p>	<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)
Respecting the rule of law	How the Council achieves this:
<p>9. Ensuring Members and employees demonstrate a strong commitment to the rule of law as well as adhering to the relevant laws and regulations.</p> <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>	<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) • The Internal Audit function within the Governance Portfolio reports regularly to the Governance and 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

<p>13. Ensuring corruption and misuse of power are dealt with effectively.</p>	<p>Welsh Language, Future Generations, Children and Older People) is strong. (9, 11,12)</p> <ul style="list-style-type: none"> • 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 Governance and 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)
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Principle B: Ensuring openness and comprehensive stakeholder engagement

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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 Governance and Audit Committee (14,15) • County Council and Planning Committee meetings are streamed via live webcast. 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) • Concerns and Complaints Policy (17) • Surveys (17) • Consultation events (17) • Customer Care Policy Statement & Standards (17) <ul style="list-style-type: none"> - Feedback from a variety of sources: Website - Social Media - Publications and leaflets - Established links and regular meetings with local interest groups/forums - Invitations to Members of the public to submit issues they consider should be considered by Overview and Scrutiny Committees - Consultation on the budget process with local stakeholders (residents and businesses) to help shape its budget proposals and encourage community involvement. (17)

Engaging comprehensively with institutional stakeholders	How the Council achieves this:
<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) • Flintshire Public Services Board (Well-being Plan) (19) • Partnerships with NEWydd and Aura Leisure and Libraries (19) • Agreed governance of Partnerships (20)
Engaging stakeholders effectively, including individual citizens and service users	How the Council achieves this:
<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> <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>	<ul style="list-style-type: none"> • Consultation and Engagement Policy (21, 22, 23,24) • Social Media Policy (21, 24) • Surveys, Impact and Evidence gathering (22) • Effective methods of Communication (22) • Integrated Impact Assessments (25) • Strategic Reports (26) • Medium Term Financial Strategy (26) • Wellbeing of Future Generations Policy (26) • Annual Performance Report (26) • Armed Forces Covenant/Armed Forces Forum (23,25)

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| <ul style="list-style-type: none">25. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.26. Taking account of the interests of future generations of tax payers and services users. | |
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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"> • Council Plan 2021-22 (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) • Concerns and Complaints Policy (31) • Customer Care Policy Statement & Standards (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 (WBFG) (34,35) • Well-being Assessment and Well-being Plan (34) • Armed Forces Covenant (35)

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|--|--|
| <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

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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) • 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) • Council Plan 2021/22 Performance Monitoring (38,42) • Consultation and Engagement Policy (39) • Business Recovery Plans (40) • Business Recovery Plan and Efficiency Plan Monitoring Reviews (41,43)

<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"> • 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) • Social Value Strategy (49) • Social Value Procurement Policy (49)

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

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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) • Council Plan Performance Monitoring (50,51) • Agreed Council's Capital Strategy & Asset Management Plan (50,51) • Review of the Council's People, Digital and Customer Care Policy Statement & Standards (50) • Audit Wales Audit Summary (51,52) • Sustainability of services through collaborative working with partners (52) • Strategic and/or regional partnerships/forums – for example, NWRIP, PSB Support Networks (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>	<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)

<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> <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>	<ul style="list-style-type: none"> • Individual corporate and services specific induction and support for all employees in new jobs. Bespoke induction and support for elected Members (58) • 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 concerns and complaints policy and statutory protocols for public engagement in Overview and Scrutiny (61) • Consultation and engagement policy (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) • Wellbeing appraisal introduced during 2020 which focuses on health and well-being of employees and immediate priorities as we continue to respond to challenges as a result of the COVID pandemic (63) • Provision of learning and development opportunities for all employees, details of available courses accessible on the Infonet and bookable via iTrent (63) • An increase in the use of e-learning to support employees working remotely (63) • A range of HR policies and procedures including, Health and Wellbeing, Alcohol and Substance Misuse and Violence against Women, Domestic Abuse and Sexual Violence (VAWDASV) Workplace Policies are available on the Infonet (64)
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<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"> • 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 and 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)
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Principle F: Managing risks and performance through robust internal control and strong financial management

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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 and Portfolio Risk Registers. (65,66,67) • Business Recovery Plans (65) • Service Plans (65) • Reporting of Corporate Recovery Risks to Recovery Committee (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"> • Performance Monitoring. (68) • Post Implementation Reviews. (68) • Integrated Impact Assessments. (69) • Financial Procedural Rules. (69) • Contract Procedural Rules. (69) • Five Overview and Scrutiny Committees. (70) • Chair & Vice Chairs Liaison Group. (70) • Calling in Process. (70) • Cabinet. (70,71) • Council's Constitution. (70) • Council Policies. (70) • Council Plan 2021/22 Performance Monitoring (71) • Annual Improvement Review. (71) • Publicly published Agenda and minutes. (71) • Publicly reported Overview & Scrutiny Annual Report. (71)

<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 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 Governance and 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) Governance and 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) Fraud Risk Assessment of the Council (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) Governance and Audit Committee comprising of seven Members and two lay Members. (77) Governance and Audit Committee Charter and Terms of Reference. (77) Governance and 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) Data Protection Policies, Guidance and Training. (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"> • 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 (InPhase) (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 Performance 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) • Council Plan 2021/22 Performance Monitoring (85) • Audited and Signed Statement of Accounts (85,86,89) • Monitoring and reporting of Council improvement (87) • Corporate Self-Assessment (86,87) • Code of Corporate Governance (87,88) • Annual Governance Statement (87,88)

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) • External Regulation Reporting and Monitoring Protocol (90) • Independent position of Internal Audit within the Council with direct access to Senior Officers and Members (91) • Quarterly meetings with the Leader of the Council (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 Governance and Audit Committee (92) • Peer Reviews (92) • Risk Assessment and Governance Arrangements for Partnerships (alternative delivery models) (93) • Partnership Board Minutes (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, Performance and Risk Manager
Jay Davies	Strategic Performance Advisor
Andrew Elford	Principal Accountant
Mandy Humphries	ICT Services Business Manager
Sharon Carney	Corporate Manager, People and Organisational Development
Margaret Parry-Jones	Overview & Scrutiny Facilitator
Rebecca Jones	Customer Contact Service Manager
Kelly Oldham-Jones	Strategic Executive Officer

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 and that this is ongoing.

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

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Eitem ar gyfer y Rhaglen 6



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 26 th January 2022
Report Subject	Annual Governance Statement Mid-Year Progress Update Report
Report Author	Chief Officer, Governance
Type of Report	Assurance

EXECUTIVE SUMMARY

Each financial year the Council is required to produce an Annual Governance Statement (AGS) as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance, in securing good governance and managing its risks.

The AGS for 2020/21 was presented to Governance and Audit committee in June 2021 with a commitment that the Governance & Audit Committee would receive a mid-year progress update report on the areas for improvement within the AGS.

RECOMMENDATIONS

1	To consider and accept the AGS mid-year progress update report.
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REPORT DETAILS

1.00	EXPLAINING THE MID-YEAR AGS REPORT
1.01	Under the Accounts and Audit (Wales) Regulations 2018 each local authority must ensure it has a sound system of internal control to ensure good governance and manage risks. Each year they must conduct a review of the effectiveness of the system and prepare an Annual Governance Statement (AGS). The review must be considered and the AGS approved by a Committee or Full Council.
1.02	This is the first mid-year progress update report (Appendix A) reported to Committee to provide an update on the areas for improvements made within the actions set out in the AGS.

1.03	The preparation of the AGS' Mid-Year progress update report has been coordinated by the Corporate Governance Working Group (CGWG) which has reported to the Chief Executive, the Monitoring Officer and the Section 151 Officer on its work.		
1.04	You will see the mid-year progress update report is split between Governance and Strategic issues. Detailed progress against these can be found in Sections 3.1 and 3.2 respectively of Appendix A.		
	Overall you will see positive progress has been made in addressing these issues. This being:		
	Areas for Improvement	Risks Closed	Risks Remaining Open
	Governance	2	1
	Strategic	6	15

2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications related to this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The mid-year report has been produced using information from all Statutory and Chief Officers and Service Managers.

4.00	RISK MANAGEMENT
4.01	The Annual Governance Statement lists all the significant governance issues arising from the self-assessment along with any outstanding 'red' (major) risks contained within the Council Plan end of year report. The Statement also describes actions taken against the governance issues reported in last year's Annual Governance Statement.

5.00	APPENDICES
5.01	Appendix A Mid-Year AGS Report

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Lisa Brownbill, Internal Audit, Performance and Risk Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: Lisa.brownbill@flintshire.gov.uk</p> <p>Contact Officer: Jay Davies, Strategic Performance Advisor</p> <p>Telephone: 01352 702744</p> <p>E-mail: Jay.davies@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. 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 or likelihood of risk events occurring (wherever this is possible) and minimise the consequences if they occur. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p> <p>Financial Accounts / Statements: The Council's annual finance report providing details of the Council's financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.</p> <p>Wales Audit Office: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p>

Mae'r dudalen hon yn wag yn bwrpasol

2020/21

Appendix A – Flintshire County Council
Annual Governance Statement
Mid-Year Progress Update

1.0 What is the purpose of this document?

This document details our progress made against the actions from the assessment of Council’s Corporate Governance Framework where areas of best practise and areas for further improvement were identified.

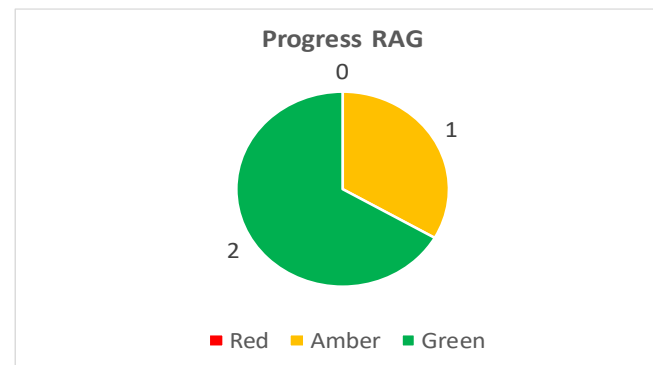
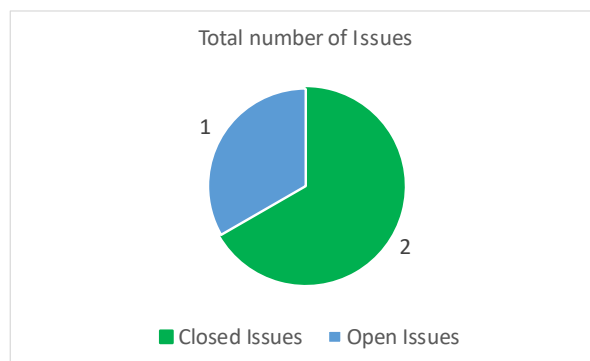
Areas for Improvement

	Area for Improvement	Progress Update
Principle B	Circumstances have curtailed our ability to consult and engage, but not the willingness so to do. Further planning required following the legislation on Local Government & Elections (Wales) Act 2021.	Local Government & Elections (Wales) Act 2021 to be assessed to determine our strategy for formal and informal consultation and engagement.
Principle C	Although the financial sustainability of the Council has largely remained unchanged, the long term financial impact on the Council from COVID19 is currently unknown.	The Welsh Government Hardship Fund for additional costs incurred and lost income has been confirmed for the full 2021/22 financial year, although some changes have been made to eligibility criteria from 1 st October. The position for 2022/23 and beyond remains uncertain and will become clearer when the Council receives its provisional grant settlement scheduled for 21 December.
Principle E	Structures for public participations have still been in place, but ability to deliver has been curtailed due to the pandemic.	Local Government & Elections (Wales) Act 2021 to be assessed to determine our strategy for formal and informal consultation and engagement going forward.

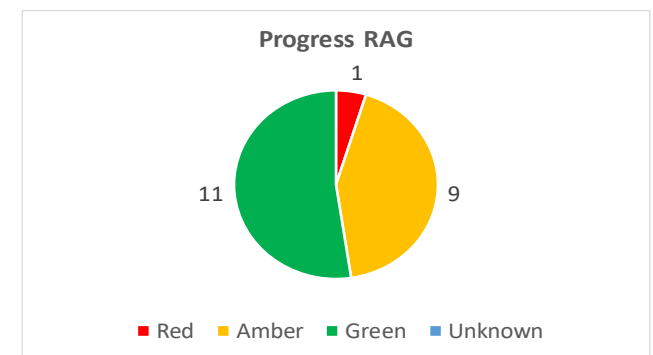
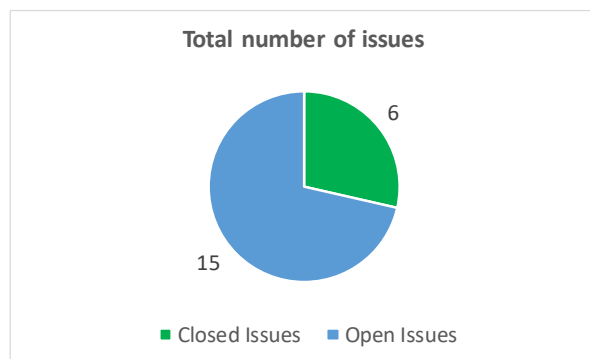
2.0 Dashboard overview for significant Governance and Strategic Issues for 2020/21

The charts below give a high level overview of the progress made for the areas identified of significance for Governance issues identified in the 2020/21 Annual Governance Statement and detailed in Section 3.1 and 3.2 of this report .

Governance Issues (detailed summary in section 3.1 below):



Strategic Issues (detailed summary in section 3.2 below):



3.1 Progress updates for significant Governance issues identified during 2020/21

The review of the effectiveness of the Council’s governance framework identified two significant internal governance issue during 2020/21. Progress updates of how the issue has been addressed and if it remains open is provided below:

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Internal Council Governance issues for 2020/21	Mitigation Actions	Current Status	Progress Update	Progress RAG
<p>Defining outcomes in terms of sustainable economic, social and environmental benefits. Also carried forward from 2019/20.</p>	<p>The financial sustainability of the Council has largely remained unchanged. Furthermore the financial impact on the Council from COVID19 is currently unknown.</p>	<p>Closed</p>	<p>Whilst a draft Council Plan for 2020/21 was produced due to the response phase to the pandemic, the report never reached the democratic process for sign off and adoption.</p> <p>All Strategic reports committee reports have a section to consider Integrated Impact Assessment and Risk Management to ensure that all considerations have been given fully.</p> <p>A list of some of the evidence we have can be found below:</p> <ul style="list-style-type: none"> - Council Plan Draft - Recovery Strategy - Portfolio Business Plans / recovery plans - MTFS – efficiency and resilience plans - All regularly monitored and reported - Member/employee workshops - Capital/asset planning <p>Suggested action:</p> <p>Issue be closed.</p>	<p>G</p>

Internal Council Governance issues for 2020/21	Mitigation Actions	Current Status	Progress Update	Progress RAG
Using formal and informal consultation and engagement to determine the most appropriate and effective interventions /courses of action.	Circumstances has curtailed the council's ability to consult and engage, but not the willingness so to do. Further planning required following the legislation on LG & Elections (Wales) Act.	Open	Local Government & Elections (Wales) Act 2021 to be assessed to determine our strategy for formal and informal consultation and engagement. An action plan is being developed to make improvements in the coming year. Suggested action: Issue be monitored and reviewed in 21/22 AGS.	A
Structures for public participations have still been in place, but ability to deliver has been curtailed due to the pandemic and could be strengthened.	As part of the digital strategy, exploring alternative ways to manage public participation digitally.	Closed	The recent transfer of Corporate Communications to Customer Contact is a step towards transforming the way we communicate using digital technology. Opportunities to use animations, video and media platforms will be explored with the assistance of newly appointed higher level trainees to strengthen participation by members of the public. Suggested action: Issue be closed.	G

3.2 Progress updates for significant Strategic issues identified during 2020/21?

The review of the effectiveness of the Council’s governance framework identified two significant internal governance issue during 2020/21. Progress updates of how the issue has been addressed and if it remains open is provided below:

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Strategic issues for 2020/21	Current Risk Rating	Mitigation Actions	Current Status	Progress Update	Progress RAG
PE03 - Unable to regenerate Town Centres through implementation of the Town Centre Strategy due to insufficient resources and the compound economic consequences of the emergency situation	R	A review is to be undertake of Town Centre Strategy	Open	<ul style="list-style-type: none"> The strategic approach to town centre regeneration was refreshed in May 2021. The Council has been supporting a number of investors to develop their Town Centre projects and has been successful in securing Welsh Government funding for 3 projects to date in Buckley, Mold and Shotton. An interest free loan scheme for investors in Town Centres has been launched with £840K available for Flintshire. The first applications for the scheme have been received. A review of the street environment in Buckley Town Centre has been commissioned. Funding has been secured for digital footfall monitoring equipment across all of the town centres in Flintshire. 	G
CF08 - A reduction in Council Tax collection impacts on (1) cash-flow and (2) annual budget	A	<ul style="list-style-type: none"> Regular monitoring of the financial impact by the revenues team to track in-year collection levels and compare to previous years Regular liaison with WLGA contacts re escalation with Welsh Government Incorporation of impact on 	Open	<p>The financial support of circa £1.05m from Welsh Government to mitigate the impacts of council tax income loss in 2020/21 has helped to reduce the risk levels. Debt Recovery processes have re-commenced to increase collection rates and ongoing risks are being taken into account in the review of the Medium-Term Financial Strategy (MTFS).</p> <p>84.6% of Council Tax has been collected to date and the outturn ‘in-year’ collection rate is expected to be around 97.6% by 31st March 2022.</p>	G

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		<p>monthly monitoring reports in 2021/22</p> <ul style="list-style-type: none"> • Full Return to full debt recovery activities and collection procedures, including court prosecutions at the Magistrates Court • Increase in resource levels by 1 fte to support collections 		<p>Collection levels are currently ahead of collection levels in 2020/21 but 0.5% below pre-pandemic 2019/20 levels.</p>	
<p>CF14 - Increase in rent arrears impacts on the stability of the Housing Revenue Account (HRA) Business Plan</p>	<p>R</p>	<ul style="list-style-type: none"> • Regular weekly monitoring of the financial impact by the Housing Rents team to track in-year rent collection levels and compare to previous year • Continued use of Mobyssoft 'Rent Sense' to identify early arrears cases to allow the team to engage with and support these tenants by signposting to the support that may be available for the payment of Housing Rents • Regular referral of cases to an officer led Case Review Panel to ensure all housing interventions are coordinated and cases at risk of homelessness are 	<p>Open</p>	<p>The continued deployment of the Mobyssoft 'Rent Sense' software, funded by the HRA, is necessary to control rent arrears and to ensure resources are targeted effectively. Legal action is being taken where it is appropriate to do so, especially in cases where tenants fail to engage.</p> <p>Resource levels are under review in the Housing Rent Income service and will need to be increased by 2 fte's to support the improvement of rent collections as part of the covid recovery strategy. In addition to this, two Accommodation Support Officers have been embedded into the Rent Income service to ensure tenants receive the right level of support at the very earliest opportunity.</p> <p>As part of the mitigation measures and to support tenants during the pandemic from March 2020, WG also introduced a package of measures to protect tenants from eviction. These measures have now been lifted but there remains, up to at least March 2022, a requirement to give an extended period of six months (instead of three months) when issuing 'Notices of Seeking Possession'. This is the statutory process we must follow before starting court proceedings for non-payment of rent.</p>	<p>A</p>

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		<p>tracked by all teams</p> <ul style="list-style-type: none"> • Increase of resource levels to support the work in rent income service 			
<p>CF19 - A reduction in Business Rates collection impacts on (1) cash-flow and (2) the stability of the National Collection Pool</p>	A	<ul style="list-style-type: none"> • Regular monthly tracking of the financial impact by the revenues team to track in-year collection levels and compare to previous years • Full Return to full debt recovery activities and collection procedures, including court prosecutions at the Magistrates Court • Increase in resource levels by 1 fte to support collections • Targeted approach to identify ratepayers at risk of not meeting payment obligations 	Open	<p>Legal action through the Magistrates Courts has re-commenced in cases where businesses ignore repeated request for payment.</p> <p>This risk of losses in collection continues to be tracked on a monthly basis by Welsh Government to 'stress-test' the resilience of the National Collection Pool as this forms a critical part of Aggregate External Finance (AEF) and the money distributed by WG through the settlement. This also includes redistributed non-domestic rates.</p>	A
<p>CF20 - Insufficient capacity to deliver grants and rate relief whilst also recovering lost income/debts may impact debt recovery capacity</p>	A	<ul style="list-style-type: none"> • Delivery of grants and rate relief to support businesses • Aim to recoup income lost during the response phase • Additional resource has been allocated to the service to compensate for the extra workload and 	Closed	<p>In July we reported to Recovery Committee the Corporate Risk Register and Mitigations Documents with a recommendation a number of risks were closed. CF20 was included in this list due to 'grant schemes ending and the Council no longer required to administer it'.</p>	G

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		<p>cover staff absences</p> <ul style="list-style-type: none"> Levels of grant delivery will be monitored weekly to ensure that local businesses maximize their entitlement to WG support and financial aid 			
<p>CG04 - Diversion of resource to emergency management delays implementation of key digital and infrastructure projects</p>	<p>A</p>	<ul style="list-style-type: none"> Realignment of resources to areas of high demand to support the change of the support model for the IT Service Desk Reprioritisation of activities in the IT Business plan to reflect the immediate needs of the organisation 	<p>Closed</p>	<p>Any demands from services are just normal day to day pressures for digital development rather than a response specifically to the pandemic.</p> <p>Although the risk is now closed, there are still pressures on previously scheduled projects.</p> <p>The service is working with colleagues from across the organisation through the Digital Strategy Board to challenge and prioritise projects and whilst this does not resolve the capacity issues within the service, it does develop a common understanding of the challenge and enables a meaningful discussion around reprioritisation of work.</p>	<p>G</p>
<p>CG20 - Council Tax Collections rate reduce and Impacts on cash-flow, annual budget and Medium Term Financial Strategy (MTFS) due to suspension of debt recovery</p>	<p>A</p>	<ul style="list-style-type: none"> Regular monitoring of the financial impact by the revenues team Interventions through advice regarding delaying payments, accessing support for residents through signposting to revenues and benefits team Reporting impact to Financial TCG on a weekly basis Regular liaison with WLGA 	<p>Closed</p>	<p>In September we reported to Recovery Committee the Risk allocations to OSC's and their FWP's. CG20 was identified within this as a duplicate of CF08 and was recommended for closure due to duplication.</p>	<p>G</p>

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		<p>contacts re escalation with Welsh Government</p> <ul style="list-style-type: none"> • Incorporation of impact on monthly monitoring reports in 20/21 • Revised collection rate applied to MTFS forecast 			
EY01 - Secondary schools are not financially viable due to insufficient base funding	R	<ul style="list-style-type: none"> • Licensed deficit policy revised and issued to schools • Challenge and support meetings with Headteacher/School Business Manager • Financial Performance Monitoring Group • Formula review • Local Authority approval mechanisms for recruitment 	Open	There will be on-going work with secondary head teachers to review the secondary schools funding formula with eventual consultation with the Schools' Budget Forum. The Council has already invested £1m in secondary school budgets in 21-22 and the ongoing risk associated with insufficient base budgets for secondary schools is included in the MTFS.	G
CF05 - An increase in the level of debt owed to the Council.	A	<ul style="list-style-type: none"> • Regular monthly tracking of the financial impact by the revenues team to track in-year collection levels and compare to previous years • Full Return to full debt recovery activities and collection procedures, 	Open	Income collection continues and we actively engaging with tax-payers, tenants, customers and businesses to offer flexible arrangements. We are also taking steps to enforce payment against residents and businesses who have not paid nor engaged with the Council over several months. This risk is being taken into account in the review of the Medium-Term Financial Strategy (MTFS) including a review of the adequacy of levels of bad debt provision across the Council. Additional funding (circa £1.05m) from WG to compensate for	A

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		<p>including court prosecutions at the Magistrates Court and County Courts</p> <ul style="list-style-type: none"> Increase in resource levels by 1 fte to support collections 		<p>losses of 2020/21 council tax collections is helping to provide financial resilience as we work through the recovery phase.</p>	
<p>HA04 - Increased financial risk due to business failures and ability to anticipate Council Tax Refund Scheme (CTRS) due to business closure, unemployment, reduced hours of work</p>	A	<ul style="list-style-type: none"> Regular monitoring of the number of claims and financial awards by the Benefits Team Reporting impact to Financial Tactical command group on a weekly basis Regular liaison with Welsh Local Government Association contacts re escalation with Welsh Government to raise awareness of potential budget impacts of rising levels of CTRS awards Incorporation of impact on monthly monitoring reports in 20/21 Revised Council Tax Reduction Scheme awards and potential budget pressures applied to MTFS forecast 	Open	<p>No current change, following the end of the furlough scheme we have not yet seen any increased demands. This will continued to be monitored and risk adjusted if required.</p>	A
<p>HA06 - Impacts on</p>	R	<ul style="list-style-type: none"> Financial monitoring – 	Open	<p>Income streams are still affected as recovery is below the pre-</p>	A

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<p>income stream based on delayed/non recovery of housing benefit overpayment</p>		<p>Budget and Income</p> <ul style="list-style-type: none"> • Contacting customers to arrange to repayment plans at a level which suits their new income • Offering customers support and advice to claim available benefits 		<p>pandemic levels.</p>	
<p>PE12 - The implications of Ash Die back on finances and reputation of the Council due to the scale of the problem and the ability to make safe Highways and Council amenity land</p>	A	<ul style="list-style-type: none"> • Revise the timetable for planned surveys that could not be carried out whilst in lockdown • Established sites that will require further investigation and this will be built into future work programmes • Prioritised surveys on Highway Routes and other FCC land with public access and school grounds as areas that have the highest risk rating for injury or damage • Engage with external Legal Counsel to advise on Ash Die Back plan, Risk Assessments and inspection regime, to test for appropriateness and reasonableness 	Open	<ul style="list-style-type: none"> • Two survey seasons carried out on ash adjacent to the highway to inform disease status and risk. • Internal Audit report (dark amber) carried out on risk and process. • Delivery plan to remove high risk FCC owned trees being developed. • Refined approach to deal with private landowner trees put in place. • Education & Countryside sites trees surveyed with high risk trees removed. • Resource gap analysis to be undertaken for delivery and admin support. 	A

<p>ST10 - Increased expenditure on contract, labour, plant, vehicles and materials due to changing work patterns in response to pandemic</p>	<p>A</p>	<ul style="list-style-type: none"> Regular SMT review for the most appropriate methods of delivering service in an effective and cost-effective manner following guidance Ensure that all government guidance is adhered to Monitoring and capturing all additional expenditure as a result of service changes related to COVID-19 in one place 	<p>Open</p>	<p>Continual review is being undertaken at fortnightly Portfolio Senior Management Team meetings on the most appropriate methods of delivering services in an effective and cost-effective manner whilst abiding by government guidance.</p> <p>Procedures are being adapted and risk assessments are being reviewed when alternative ways of working are being introduced.</p> <p>All operatives returned to substantive working patterns from 24th May 2021. Convoy vehicles were removed on a case by case basis from September 2021 reducing the demand on fleet.</p> <p>Welsh Government Covid hardship funding ended in September 2021, which had been funding convoy vehicle working and additional resources to cover sickness absence due to Covid.</p> <p>We are continuing to monitor national guidance and review business continuity plans (BCPs) on a daily basis.</p>	<p>A</p>
<p>ST17a - Increased risk of ill health due to mental health and well-being, personal and/or family issues</p>	<p>A</p>	<ul style="list-style-type: none"> All Managers / supervisors maintain contact with staff members who are off work on sick leave or have identified themselves as suffering with personal issues (bereavement; relationship separations; isolation) to ensure that appropriate support and reassurance is given through CareFirst and Occupational Health Managers have and continue to facilitate opportunities for employees who need to 	<p>Open</p>	<p>All mitigations are still in place and employed where necessary</p> <p>Individual cases are continuing to be managed closely with support through Occupational Health</p> <p>All risk assessments are being reviewed to include mental health and well-being and stress / mental health & well-being has been included as a standing agenda item on the portfolio's Health & Safety Committee</p> <p>We are not seeing a reduction in the number of employees off work due to stress / mental health and well-being or seeking support for such issues, hence why this risk has been kept at an amber status</p>	<p>A</p>

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		<p>work in the office environment to support their personal wellbeing</p> <ul style="list-style-type: none"> Occupational Health referrals are made by managers for employees who might need additional support. Employees can self-refer if they prefer 			
<p>ST28a - Unable to gain regulatory approval (planning; Drainage; environmental permitting) to progress key infrastructure projects in a timely manner due to delays in processing applications</p>	R	<ul style="list-style-type: none"> The project teams are working with regulatory bodies to ensure that all aspects are progressed within a timely manner External partners (WRAP) have been providing industry related expertise to assist with progress 	Open	<p>All mitigations are still in place and employed where necessary. A number of large infrastructure improvement projects are still being impacted by delays in the application process and difficulties in gaining regulatory approval.</p> <p>We are continuing to monitor progress through the relevant Project Boards; however the development of these schemes and projects does rely on regulatory approval to move forward, which is largely outside the portfolio's control (e.g. planning consent, drainage (SUDs), environmental permitting etc. The delays in the approval processes has led to significant delays for some projects, more costs and could impact on available grant funding, hence the reason for the RAG status as "red."</p>	R
<p>ST35 - Lack of preparedness to respond to multiple emergencies or major incidents during pandemic (severe weather event, fire, major transport accident) due to resource focused on delivering key services</p>	A	<ul style="list-style-type: none"> Ensure the availability of key personnel and equipment in the case of an emergency or major incident – measures are in place within key service areas e.g. Winter Maintenance crews being kept isolated away from the rest of the workforce to ensure resilience 	Open	<p>The service planned for the winter maintenance season by undertaking recruitment, training and developing duty manager cover during August and September.</p> <p>Winter maintenance covers all aspects of adverse weather (snow/ice/flooding/storms) for which the service is prepared to respond.</p> <p>We are continuing to monitor national guidance and review business continuity plans (BCPs) on a daily basis.</p>	A

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		<ul style="list-style-type: none"> Plan for adequate contingency within the operational teams and staffing structures Consider how resources could be redirected or services reprioritized in the event of an emergency or major incident through the Business Continuity Plan (BCP) 			
<p>SS01 - Expenditure on out of county placements increases as placement costs increase in a demand led market</p>	<p>R</p>	<ul style="list-style-type: none"> Implement Multiagency Support Team to work with families of young people on the edge of care and prevent placement breakdown Combat exploitation through the Strategic and Operational MET (Missing, Exploitation, Trafficking) group Develop policies and models to attract new foster carers and expand the type of placements offered Working with local providers to reshape the residential market Maximising local housing options 	<p>Open</p>	<p>The The Multi Systemic Therapy Team is now fully staffed including 4 therapists who provide intensive, 24/7 services to support identified families. The project has recently been evaluated and we await the final independent report. Positive outcomes are being achieved to support children to safely remain outside of the care system and attend school. A second MST Team will be established in 2022,</p> <p>The 'design' phase has developed a proposed model for an integrated approach to contextual safeguarding through a Hub. Progress in working with partners to scope the implementation phase has been impacted by COVID workforce pressures. A renewed focus will commence in 2022.</p> <p>Challenges in the recruitment for foster carers are being addressed through the Maethu Cymru / Foster Wales national and local media campaign.</p> <p>A North Wales Regional Market Position Statement has been developed identifying the needs of children requiring residential care and the skills/competencies of staff within care homes to support them. However, demand continues to exceed supply which impacts on availability and placement costs.</p> <p>Working with Housing we have identified housing solutions for</p>	<p>G</p>

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				specific young people through the small group homes programme. There are 2 provisions coming on stream to support the accommodation needs of young people aged 16-18. However, this is an area where we are seeing increasing complexity and need requiring intensive crisis response.	
PE07 - Impact on service delivery due to the resilience of staff and succession planning	A	<ul style="list-style-type: none"> Implement a robust communication plan that delivers timely and consistent messages and manages expectations of service performance/delivery during recovery Early Identification of the most impacted areas to allow robust monitoring and early intervention Minimise staff impact through various actions including the re-prioritisation of work streams enabling officers to concentrate on key tasks, workforce support, and absence management Redeployment of staff within the Portfolio to support those services most under pressure Supplement capacity as needed e.g. agency workers when required 	Open	<p>Mitigation actions have enabled the risk to be managed successfully however the risk remains open as the impacts of the pandemic are still impacting on service delivery.</p> <p>Additional funding has enabled recruitment into key service areas</p>	G

<p>Carried forward from 2019/20</p> <p>Funding will not be secured for priority flood alleviation schemes –</p>		<ul style="list-style-type: none"> At present Flintshire Council have no active schemes in the national programme. Several local sites have been identified with potential for viable flood alleviation schemes 	<p>Closed</p>	<p>Risk Closed - Replaced by Non-compliance with Sustainable Urban Drainage System legislation due to capacity of the team.</p>	<p>G</p>
<p>Carried forward from 2019/20</p> <p>The scale of the financial challenge –</p>		<ul style="list-style-type: none"> The COVID-19 Pandemic emerged towards the end of the financial year and will have a significant impact on public finances including local government Even prior to the pandemic, the medium term was forecast to be challenging with an initial high level forecast for 2021/22 of a gap of £10m 	<p>Closed</p>	<p>Risk Closed - Legacy risk from 2019/20 which are now superseded by other risks the Council has to manage.</p>	<p>G</p>
<p>Carried forward from 2019/20</p> <p>Fully funding demand led services and inflationary pressures –</p>		<ul style="list-style-type: none"> The Council successfully developed its case through a Cross Party Working Group of Members and supporting officers to align with the work the Welsh Local Government Association (WLGA) The Council will continue to press for fully funded demand led services and inflationary pressures as it progresses and updates its 	<p>Closed</p>	<p>Risk Closed - Legacy risk from 2019/20 which are now superseded by other risks the Council has to manage.</p>	<p>G</p>

		Medium Term Financial Strategy			
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Eitem ar gyfer y Rhaglen 7



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 26 th January 2022
Report Subject	Internal Audit Charter
Report Author	Internal Audit, Performance and Risk 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 Governance & Audit Committee. The current charter has been reviewed to ensure it 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.
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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 2020 taking into account best practice recommendations around the content of Internal Audit Charters issued by the Institute of Internal Auditors (IIA) specifically around objectivity and independence and the scope of Internal Audit activities. The Charter was also updated to reflect the arrangements to limit the impairment of independence and objectivity due to the Internal Audit, Performance & Risk Managers line management of other services within the Council.</p> <p>Following this current review, no major changes are required to the Charter however it has been updated to reflect the name changes to job and Committee titles. No other changes have been required apart from general formatting.</p>

1.02	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.
1.03	Within Flintshire, the Charter is part of Section 29 of the Constitution. After approval by the Governance & Audit Committee, the Charter will be submitted to the Constitution and Democratic Services Committee for approval.
1.04	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.

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, Council's 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	<p>None.</p> <p>Contact Officer: Lisa Brownbill, Internal Audit, Performance and Risk Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: Lisa.brownbill@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>PSIAS, Public Sector Internal Audit Standards: a set of standards that all Internal Audit teams working in the public sector must comply with.</p> <p>Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>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>

Mae'r dudalen hon yn wag yn bwrpasol



2024

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Date	Approved By	Version
<u>27/01/2024</u>	<u>Governance &</u> Audit Committee	V1.2 <u>V1.4</u>
<u>TBC</u>	Constitution <u>and</u> Democratic Services Committee	
<u>TBC</u>	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, Performance & Risk 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 2018⁸⁴ 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, Performance & Risk -Manager will report periodically to Chief Officers and the Governance & 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 Governance & 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, Performance & Risk Manager reports functionally to the 'board.' Within Flintshire the Governance & Audit Committee is equivalent to the 'Board' and the Chief Officers' Team constitutes 'Senior Management'. The Governance & 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 Sstrategic and Operational plans;
- receiving reports from the Internal Audit, Performance & Risk Manager on the internal audit departments performance relative to its plan and other matters; and
- making appropriate enquiries of management and the Internal Audit, Performance & Risk 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, Performance & Risk 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, Performance & Risk Manager reports administratively to the Chief Officer Governance (the Monitoring Officer).
- 4.4 To further ensure the independence of the Internal Audit, Performance & Risk Manager, the Chief Executive and Chair of the Governance & Audit Committee provide feedback into hertheir annual appraisal.
- 4.5 The Internal Audit, Performance & Risk 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 Governance & Audit Committee for consideration;
 - have full and free access to the Governance & Audit Committee via the Internal Audit, Performance & Risk 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 Governance & Audit Committee and External Auditors via the Internal Audit, Performance & Risk 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 hertheir 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 Internal Audit, Performance & Risk Managers line management of the Performance & Risk, Central Despatch and Test, Trace, Protect (TTP) services. The Internal Audit, Performance & Risk 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, Performance & Risk Manager will confirm to the Governance & Audit Committee, at least annually, the organisational independence of the Internal Audit service.
- 4.12 The Internal Audit, Performance & Risk Manager will disclose to the Governance & 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, internal 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 made by the Internal Audit, Performance & Risk Manager's, who will agree clear terms of reference. The Governance & 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 Governance & 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 Governance & Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the eCouncil. 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 is effective, ensuring that good practice is identified and communicated widely;.

- The ~~operation of the~~ Council's corporate governance arrangements are robust and are operating effectively; and
- The potential within the Council for fraud and other violations is appropriately managed through the analysis of systems of control in high-risk operations.

5.2 The ~~I~~nternal ~~A~~udit 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, Performance & Risk 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, I~~nternal 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 ~~I~~nternal ~~A~~udit. The ~~I~~nternal ~~A~~udit 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 ~~A~~udit 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, Performance & Risk 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, Performance & Risk Manager is required to manage the provision of a complete audit service to the Council that will include systems, regularity, computer and advisory audits in addition to the investigation of potential fraud and irregularity. In discharge of this duty, the Internal Audit, Performance & Risk 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 Governance & 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 Governance & Audit Committee;
 - implement the audit plan as approved, including any additional work requested by management and the Governance & Audit Committee;
 - communicate to senior management and the Governance & 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 Governance & Audit Committee; and
- prepare an annual audit report for consideration by the Governance & Audit Committee, including the Internal Audit, Performance & Risk 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, qualified fraud specialist and a Graduate Trainee 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, Performance & Risk Manager, Governance & Audit Committee and Corporate Finance Manager (s151 Officer) all have a responsibility to ensure ~~Internal A~~udit 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 Governance & 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, Performance & Risk Manager carries out a continuous review of the development and training needs of all audit employees through the Authority Council'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 ~~340~~ hours of continued professional development each year. Internal Auditors with the 'Chartered Internal Auditor' designation are required to undertake 20 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, Performance & Risk 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, Performance & Risk Manager issues progress reports to the Governance & Audit Committee and management summarising outcomes of audit activities, including follow up reviews and the tracking of audit actions. These are presented at every Governance & Audit Committee meeting.

10.3 The Internal Audit, Performance & Risk Manager reports to the Governance & Audit Committee on the progress of investigations into possible fraud and irregularity and also briefs the Audit Committee 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 Council in preparing an informed Annual Governance Statement.

10.5 Internal Audit provides the Authority Council with an opinion on the adequacy and effectiveness of the Authority Council'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, Performance & Risk Manager will report periodically to the Governance & 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 ~~T~~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 Governance & 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 ~~the~~ internal ~~A~~udit are reported at each Governance & Audit Committee meeting.
- 11.2 When the data is available ~~the~~ department participates in benchmarking within the Wales Chief Auditors Group. Results are reported to the Governance & 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 ~~the~~ internal ~~A~~udit 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, Performance & Risk Manager will communicate to Chief Officers and the Governance & Audit Committee on the ~~the~~ internal ~~A~~udit 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, Performance & Risk 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;
 - Employee Code of Conduct;
 - Members Code of Conduct;

- Corporate Anti-Fraud and Corruption Strategy;
- Fraud and Irregularity Response Plan;
- Whistleblowing Policy; and
- Disciplinary [Procedure Policy](#).

15. Signatures

Internal Audit, Performance & Risk Manager

_____Date

Governance & 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:

Integrity	<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
Objectivity	<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
Confidentiality	<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

Mae'r dudalen hon yn wag yn bwrpasol



2022

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Date	Approved By	Version
26/01/2022	Governance & Audit Committee	V1.2
TBC	Constitution & Democratic Services Committee	
TBC	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, Performance & Risk 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) Regulations 2014 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, Performance & Risk Manager will report periodically to Chief Officers and the Governance & 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 Governance & 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, Performance & Risk Manager reports functionally to the 'board.' Within Flintshire the Governance & Audit Committee is equivalent to the 'Board' and the Chief Officers' Team constitutes 'Senior Management'. The Governance & 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, Performance & Risk Manager on the internal audit departments performance relative to its plan and other matters; and
- making appropriate enquiries of management and the Internal Audit, Performance & Risk 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, Performance & Risk 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, Performance & Risk Manager reports administratively to the Chief Officer Governance (the Monitoring Officer).
- 4.4 To further ensure the independence of the Internal Audit, Performance & Risk Manager, the Chief Executive and Chair of the Governance & Audit Committee provide feedback into their annual appraisal.
- 4.5 The Internal Audit, Performance & Risk 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 Governance & Audit Committee for consideration;
 - have full and free access to the Governance & Audit Committee via the Internal Audit, Performance & Risk 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 Governance & Audit Committee and External Auditors via the Internal Audit, Performance & Risk 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 their 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 Internal Audit, Performance & Risk Managers line management of the Performance & Risk, Central Despatch and Test, Trace, Protect (TTP) services. The Internal Audit, Performance & Risk 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, Performance & Risk Manager will confirm to the Governance & Audit Committee, at least annually, the organisational independence of the internal audit service.

4.12 The Internal Audit, Performance & Risk Manager will disclose to the Governance & 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, internal 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 made by the Internal Audit, Performance & Risk Manager, who will agree clear terms of reference. The Governance & 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.

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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 Governance & 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 is effective, ensuring that good practice is identified and communicated widely.

- The Council's corporate governance arrangements are robust and are operating effectively.
 - The potential within the Council for fraud and other violations is appropriately managed 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, Performance & Risk 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. 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, Performance & Risk 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, Performance & Risk Manager is required to manage the provision of a complete audit service to the Council that will include systems, regularity, computer and advisory audits in addition to the investigation of potential fraud and irregularity. In discharge of this duty, the Internal Audit, Performance & Risk 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 Governance & 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 Governance & Audit Committee;
 - implement the audit plan as approved, including any additional work requested by management and the Governance & Audit Committee;
 - communicate to senior management and the Governance & 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 Governance & Audit Committee; and
- prepare an annual audit report for consideration by the Governance & Audit Committee, including the Internal Audit, Performance & Risk 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, part qualified Accountants, qualified fraud specialist and a Graduate Trainee 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, Performance & Risk Manager, Governance & 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 Governance & 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.

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- 9.1 Internal auditors must enhance their knowledge, skills and other competencies through continuing professional development. The Internal Audit, Performance & Risk Manager carries out a continuous review of the development and training needs of all audit employees through the Council'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 hours of continued professional development each year. Internal Auditors with the 'Chartered Internal Auditor' designation are required to undertake 20 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.

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- 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, Performance & Risk 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.
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- 10.3 The Internal Audit, Performance & Risk Manager reports to the Governance & Audit Committee on the progress of investigations into possible fraud and irregularity and also briefs the Committee 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 Council in preparing an informed Annual Governance Statement.
- 10.5 Internal audit provides the Council with an opinion on the adequacy and effectiveness of the Council'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, Performance & Risk Manager will report periodically to the Governance & 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 Governance & 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 Governance & Audit Committee meeting.
- 11.2 When the data is available the department participates in benchmarking within the Wales Chief Auditors Group. Results are reported to the Governance & 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, Performance & Risk Manager will communicate to Chief Officers and the Governance & 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 the Council.

13. Third Party Auditing

- 13.1 The Internal Audit, Performance & Risk 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;
 - Employee Code of Conduct;
 - Members Code of Conduct;

- Corporate Anti-Fraud and Corruption Strategy;
- Fraud and Irregularity Response Plan;
- Whistleblowing Policy; and
- Disciplinary Policy.

15. Signatures

Internal Audit, Performance & Risk Manager

Date

Governance & 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:

Integrity	<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
Objectivity	<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
Confidentiality	<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

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 8



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 26 th January 2022
Report Subject	Internal Audit Progress Report
Report Author	Internal Audit, Performance and Risk Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

Internal Audit produces a progress report for the Governance and 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.
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REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
1.01	Internal Audit gives a progress report to the Governance and 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 opinion.

1.04	<p>Since the last report on progress to committee in March, there have been no Red / Limited assurance reports issued. Appendix D shows three reports 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>At the last committee in November, 34 actions were overdue. This has increased to 51 for this reporting period. Overall 50% of live actions are overdue of which two are High priority actions and 32 Medium priority actions. Overall 102 actions are live.</p> <p>As agreed, only those High or Medium priority actions are to be reported to Committee, of which there are 34. Actions overdue are listed in Appendix F. Appendix G lists 4 high or medium actions that are older than six months from the original due date.</p>												
1.06	<p>Appendix H shows the status of current investigations into alleged fraud or irregularities. There are no ongoing investigations.</p>												
1.07	<p>Appendix I shows the range of performance indicators for the department.</p> <p>Overall performance remains good however there are three PIs where performance has reduced this being:</p> <ol style="list-style-type: none"> 1. Audit Completed within planned time 2. Days taken for departments to return draft reports 3. Return rate of client Satisfaction Questionnaires <p>Monitoring will continue to ensure where possible work is completed within time. The last two PIs are reliant on the business providing information to Internal Audit.</p>												
1.08	<p>Appendix J shows the current position of the 2021/22 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 has been some movement in the plan. This being:</p>												
	<table border="1"> <thead> <tr> <th data-bbox="805 1653 798 1686">Audit</th> <th data-bbox="805 1653 1393 1686">Reason</th> </tr> </thead> <tbody> <tr> <td data-bbox="292 1697 798 1731">Tenancy Enforcement</td> <td data-bbox="805 1697 1393 1731">Defer to 2022/23 due to staff restructure</td> </tr> <tr> <td data-bbox="292 1731 798 1765">House of Multiple Occupancy</td> <td data-bbox="805 1731 1393 1765">Defer to 2022/23 due service resources</td> </tr> <tr> <td data-bbox="292 1765 798 1798">Extra Care Facility – Llyn Eleanor</td> <td data-bbox="805 1765 1393 1798">Long longer required</td> </tr> <tr> <td data-bbox="292 1798 798 1832">Drury Primary School</td> <td data-bbox="805 1798 1393 1832">New request</td> </tr> <tr> <td data-bbox="292 1832 798 1863">School Transport Funding</td> <td data-bbox="805 1832 1393 1863">New request</td> </tr> </tbody> </table>	Audit	Reason	Tenancy Enforcement	Defer to 2022/23 due to staff restructure	House of Multiple Occupancy	Defer to 2022/23 due service resources	Extra Care Facility – Llyn Eleanor	Long longer required	Drury Primary School	New request	School Transport Funding	New request
Audit	Reason												
Tenancy Enforcement	Defer to 2022/23 due to staff restructure												
House of Multiple Occupancy	Defer to 2022/23 due service resources												
Extra Care Facility – Llyn Eleanor	Long longer required												
Drury Primary School	New request												
School Transport Funding	New request												

2.00	RESOURCE IMPLICATIONS
2.01	None

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 2021</p> <p>Appendix C Audit Assurance Summary</p> <p>Appendix D Amber Red / Some 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 2021/22</p>

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

7.00	GLOSSARY OF TERMS
7.01	<p>Internal Audit:</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> <p>Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the</p>

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
2022

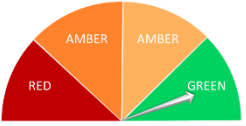
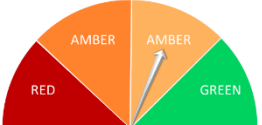
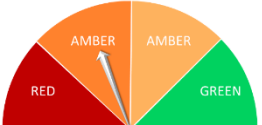
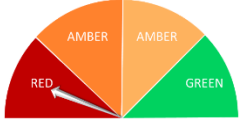
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Amber Red / Some Assurance Opinion Issued	Appendix D
Action Tracking – Portfolio Statistics.....	Appendix E
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Internal Audit Operational Plan 2021/22.....	Appendix J

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 Governance and Audit Committee.

Level of Assurance	Explanation
<p style="text-align: center;">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 style="text-align: center;">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 style="text-align: center;">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 style="text-align: center;">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 2021

Appendix B

The following reports and advisory work have been finalised since the last Governance and 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
30-2021/22	External	Pensions Administration and Contribution	Risk Based	AG	0	1	2
07-2021/22	S&T	North & Mid Wales Trunk Road Agency – Income Recovery	Risk Based	AG	0	1	2
34-2021/22	Corp	Income from Fees & Charges	Risk Based	AG	0	4	1
6-2021/22	H&A	Landlord Health & Safety Obligations	Risk Based	AR	0	5	1
19-2021/22	S&T	Statutory Training	Risk Based	AR	2	4	1
42-2021/22	PE&E	Ash Die Back	Risk Based	AR	2	2	0
AC 01-2021/22	E&Y	Education Improvement Grant (EIG)	Grant	-	-	-	-
24-2021/22	P&R	MTFS & supporting Method Statements / Budget Challenge	Risk Based	Advisory	-	-	-
AC 06-2021/22	E&Y	St Richard Gwyn School Transport	Advisory	Advisory	-	-	-

Audit Assurance Summary

Appendix C

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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			3			3		5	4	9
Education & Youth			1		2	1		3		3
Governance						0				0
Housing & Assets		1			1	2		5	1	6
People & Resources		1	1		1	3	2	4	4	10
Planning, Environment & Economy		1				0	2	2		4
Social Services			2			2	1	4	5	10
Streetscene & Transportation		1	1	1		3	2	5	3	10
Cross Cutting Portfolio's	1	1				2	3	8	1	12
External			1			1		1	2	3
Total	1	5	9	1	4	20	10	37	20	67

Footnote:	
Red Assurance:	Maes Gwern
Amber Red Assurance:	CCTV (cross cutting); Notification of Leavers to CPF; Landlord Health & Safety; Statutory Training and Ash Die Back

Planning and Environment: Ash Dieback – 42-2021/22

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Areas Managed Well	Areas Identified for Further Improvement
<ul style="list-style-type: none"> The Ash Dieback Action Plan 2019 is comprehensive and identifies the key expected risks to the Council. It also sets out the strategy to address the risks identified. Legal Counsel Advice was sought in July 2020 to assess the adequacy of the Ash Dieback Action Plan 2019. The review by Legal Counsel concluded the plan approach was sound provided it was properly implemented. A number of updates have been provided to Senior Management and Members on progress of the Ash Dieback Action Plan 2019. 	<p><i>Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The service area has provided a comprehensive action plan which contains the agreed actions, responsible officer and individual due dates to address the areas listed below.</i></p> <ul style="list-style-type: none"> <i>A detailed project delivery plan is not in place to support delivery of the strategic Ash Dieback Action Plan 2019, to define and oversee delivery of the removal of Flintshire owned trees and those on unregistered land within set timescales, identify interdependencies and set project milestones to ensure timely delivery in line with the severity of the risk and within agreed budget.</i> Agreed Management Action: A formal detailed delivery plan to be devised for the removal of Flintshire owned trees and those on unregistered land. Timescales/targets to be established for each phase of the delivery plan. Explore reporting capabilities from ARCGIS system and routinely generate management information to provide progress updates against newly established targets. Due date for this action: March 2022 <i>Letters to private landowner do not stipulate what action the landowners should take, the timescales for completion and the requirement for the landowner to advise the council of action completion. Without appropriate management information it is unclear how many land searches will need to be completed, how many letters need compiling and whether current resources are adequate to ensure completion within appropriate timescales.</i> Agreed Management Action: The outstanding work to identify the ownership of trees on private land and to send out first stage letters to those private landowners to be completed as quickly as possible. A review of all customer communication and effectiveness to be completed and management information to be introduced to oversee action plan deliverables. Due date for this action: February 2022 <i>Update reports to Senior Management and Members on the progress of the Ash Dieback Action Plan 2019 do not include performance targets to allow progress to be considered for adequacy, and to allow risks and adequacy of resources to be fully considered.</i> Agreed Management Action: Reports to senior management and members will be maintained at 6 monthly intervals. Reports will include performance targets and details of progress against these targets to ensure Senior Management and Members have a clear understanding of the success of the actions in mitigating risk. Due date for this action: March 2022 <i>There is no programme risk register in place to document and manage all risks associated with the delivery of the Ash Dieback plan. Risks relating to programme delivery such as finances, legal ownership of land, resource, and Covid pandemic impacts are not documented or analysed and mitigating actions with clear ownership and delivery dates have not been agreed. The method statement associated with the risk in the Planning, Environment & Economy Strategic Risk Register is out of date, and does not demonstrate the risks mentioned above have been considered and assessed.</i>

<i>Areas Managed Well</i>	<i>Areas Identified for Further Improvement</i>
	<p>Agreed Management Action: A project/plan risk register incorporating strategic and operational risks to be compiled and regularly reviewed (at least quarterly) to assess impact on project/plan deliverables. Project/plan risks which cannot be appropriately managed at an operational level to be escalated to the Corporate Planning and Environment Strategic Risk Register with detailed mitigating actions, action owners and delivery timescales. Risk Method Statements (supporting corporate risk PE12) to be update every 6 months in line with designated timescales.</p> <p>Due date for this action: March 2022</p>

Housing and Assets: Landlord Health and Safety Obligations – 06-2021/22

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Areas Managed Well	Areas Identified for Further Improvement
<ul style="list-style-type: none"> Regular monitoring of legislation across all health and safety areas is undertaken. The Open Housing system used for monitoring Gas Safety inspections provides a clear process to be followed and has suitable controls in place to progress each inspection through to completion. All Gas Safety Certificates (CP12) requested for testing were provided and maintained by the service. Training / qualification records for all Gas, Electrical and Fire Safety Engineers was in place. The quality assurance process for Gas safety work also includes additional verification following the production of a CP12. 	<p><i>Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The service area has provided a comprehensive action plan which contains the agreed actions, responsible officer and individual due dates to address the areas listed below.</i></p> <ul style="list-style-type: none"> Gas Safety - Compliance with CP12 legal target. <i>There is a risk that the current KPI does not fully highlight non-compliance / expiry of CP12 each month and does not present this risk as transparently as possible to senior management.</i> <p>Agreed Management Action: The HRA will produce monthly KPI reports which will 'break down' the stages and processes involved in this area of work. The HRA will also clearly identify the days for each stage along with tracking those components that were not serviced in time through to completion to identify any trends or risks/gaps etc.</p> <p>The Report will identify but not be limited to:</p> <p><u>Main KPI's</u></p> <ul style="list-style-type: none"> Number of properties in compliance Number of properties out of compliance Number of properties of capped Number of properties at No Access Stage(s) Number of properties completed within agreed targets Number of properties completed outside agreed targets <p><u>Sub KPI's</u></p> <ul style="list-style-type: none"> Stage of the job on the system Stage of the CP12 Stages of No Access (Housing Management or Legal) Days expired relating to the job Days expired relating to the CP12 Days allocated to No Access <p>HRA to liaise with the Business Performance Team and Business Support Team to produce a System driven report to capture the above.</p> <p>Due date for this action: March 2022</p> <ul style="list-style-type: none"> Gas Safety - Validating Gas Safety KPI's. <i>Reliance on Open Housing source data and complete and accurate reconciliation of all cases is important to prevent the risk that a case has been missed or is at an incorrect stage in the process, especially where the CP12 has expired.</i>

Areas Managed Well	Areas Identified for Further Improvement
	<p>Agreed Management Action: The HRA will follow the proposed actions in line with compliance with CP12 legal target. We will progress with the Open Housing System driven reporting along with completing an independent monthly review/ audit of the KPI reports through the Business Team.</p> <p>Due date for this action: March 2022</p> <ul style="list-style-type: none"> • Gas Safety - Compliance with No Access Procedure. <i>There is a risk that without logging gas event codes consistently the severity of the no access risk could be missed/ underplayed.</i> <p>Agreed Management Action: As per recommendation / action relating to Validating Gas Safety KPI's. The gas servicing process was impacted by the Covid19 pandemic. During this period a large number of vulnerable tenants were shielding or self-isolating in line with government advice and guidance which impacted on access to properties and recourse to legal processes.</p> <p>The HRA will implement new KPI's and ensure the GS8 code is being correctly used along with organising a monthly independent review / audit of all reports. Kevin Eccles to review No Access Procedure with Dawn Kent (Housing Manager) and Louise Davies (Legal) and ensure Open Housing can track all GS8 codes along with their durations. To be completed by 31st January 2022 to ensure it is robust and working correctly before the new financial year.</p> <p>Due date for this action: March 2022</p> <ul style="list-style-type: none"> • All Areas - Risk management – Risk Register & Method Statements. <i>Recording, monitoring and reviewing the risks specific to Fire, Electrical, Lifts, Asbestos and Water Hygiene itself, helps management to show the effectiveness of their controls.</i> <p>Agreed Management Action: These areas of compliance were initially recorded as 'no risk' in the Corporate Recovery Risk Register during the Covid19 pandemic. The service was asked to remove the items from this register as they continued to be delivered as normal. These areas will be included on the Housing & Assets Risk Register. Currently they are recorded and monitored on the Compliance Dashboard and have yet to be transferred over as the team were only allocated these risks in April 2020 from the Corporate Assets Team.</p> <p>Due date for this action: March 2022</p> <ul style="list-style-type: none"> • All areas – Landlord Health & Safety Key Performance indicators. <i>Having a consistent suite of key performance indicators specific to each health and safety area will help management provide assurance that these risks are being mitigated and effectively controlled.</i> <p>Agreed Management Action: These areas of compliance carried on and were completed during the Covid19 Pandemic, no risks were reported as there were none. These relates to Common Areas and not individual properties, thus the HRA was able to continue with all servicing and testing regimes. All method statements, recommendations for risks are identified through our procured consultants / specialists and those recommendations / actions are logged, tracked and actioned accordingly.</p> <p>KPI's will be introduced and formalised for each service area, as required and if applicable.</p> <p>Due date for this action: March 2022</p> <ul style="list-style-type: none"> • Gas Safety – Efficiency of process – internal /external target dates. <i>There is a risk the service is not consistently and formally using or sharing valuable management information which not only helps demonstrate where they are / are not achieving target, but also support future decision making on budgets, staffing and operational strategy across the Council; as well as provide evidence of effective risk management.</i>

<i>Areas Managed Well</i>	<i>Areas Identified for Further Improvement</i>
	<p>Agreed Management Action: The Business Manager to review the process along with the Open Housing reports through the business team to ensure the reports are correct and to ensure the Contractor (Repairs & Maintenance Dept.) are independently reviewed and monitored. From this, all data held within the Open Housing System will be utilised to identify any trends, anomalies and performance. From this a detailed report can be shared with Housing Management with regards to any GS8 trends and also with Senior Manger Team. To be completed by 31st March 2022 to ensure it is robust and working correctly before the new financial year.</p> <p>Due date for this action: March 2022</p>

Streetscene & Transport: Statutory Training – 19-2021/22

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<i>Areas Managed Well</i>	<i>Areas Identified for Further Improvement</i>
<ul style="list-style-type: none"> • The Training Team are diligent with updating and managing training for the workforce. • Training schedules developed using the master rotors are sent to managers and supervisors on a weekly basis. • Non-attendance at training is reported to Managers and Supervisors and analysis of causes for non-attendance carried out to help with continuous improvement of training. • The Training Team obtain management information from their systems and report numbers of trained/untrained to SMT. This data is also used in an annual by the Corporate H&S group. • Testing did not identify any instances of any operatives who had been asked to do work for which they were not trained. 	<p><i>Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The service area has provided a comprehensive action plan which contains the agreed actions, responsible officer and individual due dates to address the areas listed below.</i></p> <ul style="list-style-type: none"> • Clarity of mandatory and non-mandatory training requirement – the training spreadsheet holds all training and there is no identifier of statutory training, nor is statutory training numbers reported separately. Agreed Management Action: We are pleased the testing did not identify any instances of any operatives asked to do work for which they were not trained. A training matrix will be developed to identify mandatory training required for each role. This will be a project for all the supervisors and managers with the Streetscene Service Manager ensuring the action is implemented by the agreed due date. The training spreadsheet will be redesigned to ensure statutory and non-statutory training are easily identified and training reports can specify how much training has been completed in the mandatory areas. Senior Compliance & Training Officer will report progress to the Streetscene Service Manager to ensure Pentana is updated with either an implementation date or revised due date if necessary. Due date for this action: March 2022 • Reliance on manager awareness of training requirements for roles and jobs - There is no process or system to ensure the managers and supervisors are aware of the training needed for each role or job. Agreed Management Action: Once the training matrix has been developed (see 3254), the information will be used to help restructure the training spreadsheet (see also 3239). Data protection regulations will be observed in how the spreadsheet will be made available to all relevant managers and supervisors. With these two documents there will be a process for managers and supervisors to show which training is required and which operative has the relevant, up to date skills. Due date for this action: April 2022 • Risk management – There are no general risks for training stated on the portfolio's risk register, or risk method statements completed. Agreed Management Action: Portfolio risks are reviewed on a monthly basis. The team will expand the stated risks to specify the risk associated with training a large and varied work force. This can be completed at the next monthly review in December. Risk Method Statements for these newly stated risks will be completed by the end of January. Due date for this action: January 2022 • Lack of S&T Training Strategy or Policy - The service does not have a training strategy to reflect its very specific needs. Agreed Management Action: The Senior Management team are currently developing a People Management Strategy with HR and the Corporate Training team. A Training Strategy for S&T will be developed in conjunction with this strategy. Due date for this action: April 2022 • Lack of Training Recovery Plan - The increased training needs caused by Covid have not been included in the portfolio's recovery plan.

<i>Areas Managed Well</i>	<i>Areas Identified for Further Improvement</i>
	<p>Agreed Management Action: The issues to Statutory training caused by Covid and how the service will meet the increased need for training will be specified within the Recovery Plan. This will be done in conjunction with the updating of the Risk Register (see 3196)</p> <p>Due date for this action: January 2022</p> <ul style="list-style-type: none"> • Use of Spreadsheet & data quality - The training record is being kept on a spreadsheet rather than a database and has limitations of use. <p>Agreed Management Action: The service acknowledges the training spreadsheet has, due to its size, become a problematic system. Currently the spreadsheet is backed up weekly to ensure the safety of the data. The Compliance Manager is also concerned about the free entry on the spreadsheet which allows for errors to be more easily introduced.</p> <p>In the short term the training spreadsheet will be restructured in conjunction with the development of the training matrix to make it more stable and easier to use and to obtain management information from.</p> <p>In the longer term a business case will be produced and presented for the purchase and introduction of a staff training management database.</p> <p>Due date for this action: April 2022</p> <ul style="list-style-type: none"> • Job Description - personal responsibility for continuous improvement - The requirement for operatives to be responsible for attending training and highlighting any skill gaps is not included in the job descriptions. <p>Agreed Management Action: Changing the job descriptions requires a re-negotiation with the Unions. The risk can be addressed by including the requirement for operatives to be pro-active in taking part in training in both the induction and in letters of appointment. These changes can be made immediately so all future appointments can be advised of their responsibility to take part in the training provided by the Council. For current employees it will be highlighted in one-to-ones and supervisions.</p> <p>Due date for this action: December 2022</p>

Action Tracking – Portfolio Performance Statistics

Appendix E

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Portfolio	Live Actions – Nov 2021				Actions beyond <u>Original</u> due 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			
Chief Executives	7	0	2	3	3	1	2
Education & Youth	3	0	2	0	3	0	0
Governance	16	0	12	1	11	4	6
Housing & Assets	28	1	4	4	1	0	6
People & Resources	13	1	7	1	9	5	5
Planning, Environment & Economy	7	0	1	1	1	0	1
Social Services	8	0	3	2	6	2	0
Streetscene & Transportation	11	0	0	1	6	0	3
External	3	0	0	0	0	0	0
Individual Schools	6	0	1	4	6	0	4
Total	102	2	32	17	46	12	27
		51					

See Appendix F & G

High and Medium Actions Overdue

Appendix F

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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	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	M	31/03/2020	31/12/2021	21	11/11/2021	This has stalled again due to needing to discuss the agreement with legal. I will follow this up again now to try to arrange a discussion. Based on response the due date has been revised to 31.12.21.	Formal signed agreements to be put in place with CFIW re the Welsh Church Act Fund and Flintshire Endowment Fund.
Voluntary Sector Grants - 2019/20	2807	Invoices or equivalent documentation will be requested to support the fees and charges levied by the CFIW.	M	31/03/2020	31/12/2021	21	24/11/2021	This has stalled again due to needing to discuss the agreement with legal. I will follow this up again now to try to arrange a discussion. Based on response the due date has been revised to 31.12.21.	Formal signed agreements to be put in place with CFIW re the Welsh Church Act Fund and Flintshire Endowment Fund.
Education and Youth									

20/21 School Attendance & Exclusions	3101	<p>DP training to be updated on iTrent.</p> <p>ISPs to be put in place, with appropriate awareness sessions to ensure staff within the team are aware of, and comply with the protocols.</p> <p>Privacy notices will be reviewed and updated following changes to the service delivery model.</p>	M	31/08/2021	31/12/2021	4	13/10/2021	<p>The staff within my cohort receive regular supervision which includes reference to training updates and requirements. The Managers cascade these requirements and reminders to staff are repeated in supervision and appraisal. A standing item on Service Development Agenda is in relation to Audit and Estyn targets and these factors are cross checked with Business Support Records.</p> <p>Outline ISP has been completed and submitted for my Progression Service and a meeting with IT is booked to finalise EWO version. This will facilitate privacy notice requirements when completed.</p> <p>Revised date 31 12 21.</p>	<p>The staff within my cohort receive regular supervision which includes reference to training updates and requirements. The Managers cascade these requirements and reminders to staff are repeated in supervision and appraisal. A standing item on Service Development Agenda is in relation to Audit and Estyn targets and these factors are cross checked with Business Support Records.</p> <p>Outline ISP has been completed and submitted for my Progression Service and a meeting with IT is booked to finalise EWO version. This will facilitate privacy notice requirements when completed.</p>
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20/21 School Attendance & Exclusions	3110	Detailed action plan will be developed to support the roll out of the new service model.	M	31/08/2021	31/12/2021	4	13/10/2021	The Service Action Plan was due to be completed by 31 8 21 and was associated with the publication of a variety of policies that will underpin the new service model and inform its delivery. These processes have been impacted upon by limited capacity in partner services such as Legal Services and the protracted closure of schools during 20/21. However, the outline action plan will be available by 1 11 21 and the updated policies should be in place by 31 12 21. Revised date 31 12 21	The Service Action Plan was due to be completed by 31 8 21 and was associated with the publication of a variety of policies that will underpin the new service model and inform its delivery. The policy roll out has commenced and a revised LA School Attendance Policy is with a Secondary Headteacher to allow comment and feedback. This will be followed by a revised CME Document and FPN Administration process from 1 1 22.
Governance									
Contract Management Follow Up 2020/21	3022	The Chief Officer Governance, will raise the issues identified within the findings and implications and will consider enhanced controls in future processes at COT in 2021. These will include:- <ul style="list-style-type: none"> • Data from the P2P and Proactis systems to be analysed to provide a more detailed understanding of the extent to which contractors are used across services / portfolios (to understand the extent of the risk). • Alternative controls to enhance Contractor performance across the Council to be considered. • Performance expectations (and impact of failing to meet expectations) to be 	M	31/03/2021	30/06/2021	9	16/03/2021	GO confirmed acceptance of revised implementation date on 16.3.21	No update provided

		<p>clear in all contract documentation.</p> <ul style="list-style-type: none"> Contractor performance (and available remedies) to be highlighted in Contract Management training events. 							
20/21 Right of Access	3072	<p>Potentially there is a lack of resource within the Portfolios to deal with IRR. This will be discussed at COT and their potential lack of resource will be highlighted.</p>	M	30/06/2021	-	6	-	No update provided	No update provided
Legal Case Management System 2017/18 Procedural Guidance	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. 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	30/11/2021	33	01/10/2021	<p>Email from Matt Georgious 1.10.21 as follows ""I know I am past the due date to speak to you. The date needs revising for the same reasons contained in the notes on the attached spreadsheet (see earlier follow up notes). I have been working with Lisa (who has been helping me with the matter) to try and deal with some of these issues and we are hopefully getting there. I had a meeting with Lisa earlier this week but this issue had slipped my mind so I was not able to discuss a realistic revised date for the guidance. I will do so ASAP and revert back and if you need to discuss this with me please let me know"". Due date extended to 30/11/21 whilst awaiting further update from Matt.</p>	-
Joint Corporate Procurement Unit 17/18	2253	<p>Action (Ref) 1.3(ii) A review of Contract Procedure Rules relating to extensions, variations and direct awards to ensure markets are regularly tested and the most</p>	M	31/10/2018	31/12/2021	38	03/03/2021	<p>Email from Lee Evans 3.3.21: Myself and Sue are holding the fort as Interim Procurement Manager so UPN2253</p>	<p>Email from Lee Evans 3.3.21: Myself and Sue are holding the fort as Interim Procurement Manager so UPN2253</p>

		competitive price obtained. Staff to be reminded why extensions, variations and direct awards should only be taken up as a last alternative and should be for a minimum period of time while a tender is completed.						were part of the action agreed was updating CPR's will definitely need to be extended, I would say a sensible timescale would be end of this year by the time a new manager is appointed and the have opportunity to review CPR's.	were part of the action agreed was updating CPR's will definitely need to be extended, I would say a sensible timescale would be end of this year by the time a new manager is appointed and the have opportunity to review CPR's.
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	30/11/2021	29	17/05/2021	Discussion with Matt Georgiou 17.05.21: Matt has taken over the role from Sian and was not aware that this was an issue / an audit recommendation had been raised. Matt will look into this and determine the most appropriate way forward. Requested due date be extended to 30.11.21 recognising the current workload within the Legal team.	This needs to be prioritised. In the meantime notification of completed charges are retained on the legal file and also client departments as notified.
Data Protection Act Compliance 2018/19 Non electronic privacy notices are not compliant with the DP ACT 2018.	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: Update system to allow copies of privacy notices to be held against information assets. The Denbighshire privacy notice is a compliance issue for Denbighshire as the data controller and not Flintshire as the data processor.	M	31/12/2019	31/12/2021	24	12/05/2021	Alun Kime (12 May 2021 13:31): Project to review all PDF forms on website and Infonet continues. Reliant on service areas confirming that each form is still required and then updating the privacy notice to be compliant.	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. 06/01/2021 - 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. 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.
Procurement Contract Management 2018/19	2772	<p>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 recorded in the Proactis Contract Management module where appropriate. The evidence retained to support contract management activity is appropriate and robust. Delivery of Community Benefits / Social Value is appropriately monitored. Compliance with contract clauses around the use of sub-contractors is appropriately monitored. Appropriate inclusion of performance indicators / performance data requirements within contract terms and conditions, and appropriate monitoring of contractor performance data.</p>	M	31/12/2019	31/12/2021	24	04/11/2020	<p>Organisational capacity does not exist to complete this work across the council due to the ongoing response to the pandemic</p>	<p>Narrative from Follow Up report 4.11.20: Each portfolio agreed to review contract management arrangements across their services and develop an action plan to address issues identified (if any). Contract management action plans are now in place across a number of portfolios (Social Services; Housing & Assets; Planning, Environment & Economy; Streetscene & Transportation). It is unclear if these action plans are being actively monitored and updated within portfolios to drive implementation of the agreed actions / drive compliance with contract management best practice. This has been highlighted within</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.								New Audit Findings at Section 3 (URN 03028). Contract Management Action Plans are not yet in place for Education; Governance or Corporate Services (it is recognised however that work has recently recommenced on ascertaining the 'as is' position within these portfolios) with the intention that Action Plans will now be developed.
GDPR 2019/20	3011	Targeted training (using practical examples and scenarios) to be delivered to Information Asset Owners to ensure adequate understanding of roles and responsibilities.	M	30/06/2021	31/12/2021	6	02/07/2021	We haven't managed to start this - realistically need to push this to the end of the year. Revised due date 31.12.21.	No update provided	
GDPR 2019/20	3012	Changes in Information Asset Owners to be monitored by the Information Governance Team to enable the delivery of more timely and targeted training.	M	31/12/2021	-	0	02/07/2021	Links into action 3011 which we haven't managed to start as yet - realistically need to push this to the end of the year. Revised due date 31.12.21.	No update provided	
21/22 CCTV (Cross Cutting)	3201	Chief Officer, Housing & Assets to table a COT report to facilitate discussion around oversight and control of CCTV. Consideration to be given to: Overarching responsibility for CCTV camera systems; Development of a live asset register of all CCTV cameras to be used as a basis for ensuring Council wide regulatory compliance); Oversight and reporting of cross Council compliance with the Surveillance Camera Code; Oversight and reporting of cross Council completion of Data Protection Impact Assessments (DPIA);	M	30/09/2021	30/11/2021	3	04/10/2021	Need to obtain third party information relating to the Alltami CCTV system. Monitored remotely by Crime Prevention Ltd.	Need to obtain third party information relating to the Alltami CCTV system. Monitored remotely by Crime Prevention Ltd.	

		Appropriateness of protocols in place (contracts / SLA's, etc.) to support partnership arrangements with third parties. Control around the purchasing of CCTV cameras. the Public Realm CCTV Manager will continue to provide cross portfolio operational support to officers responsible for CCTV to ensure compliance with the Protection of Freedoms Act 2012.							
21/22 Organisational Ethics & Values	3241	The published version of the Constitution will be updated quickly after changes are approved by Council. Constitution to be reviewed and updated to ensure it contains the most recent versions of all key policies and protocols.	M	18/10/2021	30/11/2021	2	07/11/2021	Due date of 18.10.21 but Final report not issued until 7.11.21. To allow time to assess evidence to support implementation of this action the due date has been updated to 30.11.21.	No update provided
21/22 Organisational Ethics & Values	3262	Key ethical policies & guidance owned by the Governance Portfolio to be reviewed and refreshed in accordance with defined review dates, specifically; Declaration of Interest guidance notes on the Infonet (for officers) not updated since May 2003. Employee Privacy Policy & Statement 2018-2020. Email and Internet Usage Policy (not updated since July 2012).	M	31/12/2021	-	0	-	No update provided	No update provided
People and Resources									
Corporate Grants 19/20	2802	The necessary training will be provided with the new alternative CGD solution. e.g. Manager Grants Database workshops. 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.	M	30/06/2020	30/06/2021	18	25/10/2021	Training is still outstanding for the schools finance team and Social Services Finance Team. Hoping to schedule training dates before the end of May 2021 - on this basis (and allow for delay in the roll out of training) the due date has been revised to 30.06.21.	Aware of further training of the Grants System being held over the last few weeks. I'll get back to you with a more detailed update on these ASAP.

20/21 Health & Safety and Wellbeing of Employees	3026	<p>Quarterly reports to be tabled at COT highlighting excessive credit balances on Etarmis / average working hours exceeding Working Time Policy. Caveat to be included highlighting potential data inaccuracies within reports.</p> <p>Individual Chief Officers to determine action to be taken following consideration of reports.</p>	M	31/12/2021	-	0	04/11/2021	Not implemented as yet but this is something which can be put in place quite quickly with the caveat that huge pockets of the workforce are not on Etarmis so will not be picked up in this reporting. Due date to be revised to 31.12.21 to allow reports to be put in place.	Not implemented as yet but this is something which can be put in place quite quickly with the caveat that huge pockets of the workforce are not on Etarmis so will not be picked up in this reporting. Due date to be revised to 31.12.21 to allow reports to be put in place.
20/21 Collaborative Planning	3038	<p>Management is confident that other controls are in place and there is no wider risk to the Council's budget monitoring processes</p> <p>In relation to this specific scope and review:</p> <p>Finance will produced a formal procedure to compliment the already available CP user guide and advice from accounts.</p> <p>A reminder of roles and responsibilities will be communicated to budget holders and will be made available on the Finance infonet page</p>	M	30/06/2021	-	6	25/10/2021	For CP, the roles and responsibilities document is being developed and was discussed further in a recent Systems User Group meeting. I'll get back to you with a more detailed update on these ASAP.	For CP, the roles and responsibilities document is being developed and was discussed further in a recent Systems User Group meeting.
20/21 Collaborative Planning	3043	<p>Management is confident that other controls are in place and there is no wider risk to the Council's budget monitoring processes</p> <p>In relation to this specific scope and review</p> <p>The roll out of the CP self-service was intended to continue to all but the most high risk budgets.</p> <p>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.</p> <p>As a result of this audit and feedback from accountants and budget managers,</p>	M	30/06/2021	-	6	-	No update provided	No update provided

		a review of the roll out plan will take place, and an action plan will be presented to Chief Officers.							
20/21 Collaborative Planning	3061	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. These will be shared with COT.	M	30/06/2021	-	6	-	No update provided	No update provided
Main Accounting AP&P2P	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	30/09/2021	27	17/05/2021	Needs to be discussed further with for confirmation.	The Council has implemented its 'Fast Track' Programme from 1st April which provides available discounts for early payment to suppliers. The implementation has resulted in to changes in the way payment terms are calculated. Consideration will now be given to relevant Performance Indicators that will be incorporated into the current MTFS suite of indicators.
Main Accounting (AR)	2734	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. Debbie Griffiths will discuss with Gary Ferguson where the process for actioning Write Offs will be best suited.	M	31/03/2020	30/09/2021	21	05/11/2021	A review of roles and responsibilities has been undertaken with Revenues and Corporate Finance. Debt Recovery are responsible for recommending write-offs and the corporate finance manager is responsible for authorising write-offs in line with Finance Procedure Rules. The cashier team process the write offs and corporate finance will account for the bad debt provision.	A review of roles and responsibilities has been undertaken with Revenues and Corporate Finance. Debt Recovery are responsible for recommending write-offs and the corporate finance manager is responsible for authorising write-offs in line with Finance Procedure Rules. The cashier team process the write offs and corporate finance will

									account for the bad debt provision.
21/22 Notification of Leavers to CPF	3181	KPIs will be reviewed and agreed periodically between the parties and consideration should be given to introducing additional controls as part of the Employer Liaison Agreement to oversee and manage the accuracy of the work being delivered through the employer liaison team. Monthly/Quarterly reporting should also be provided by CPF and reviewed by the Council in line with contract management procedures.	H	30/07/2021	31/12/2021	5	04/11/2021	This still needs to be picked up with Karen Williams in Pensions. Revised due date to 31.12.21.	No update provided
Planning, Environment & Economy									
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	M	31/03/2020	30/06/2021	21	-	No updated provided	No updated provided
Social Services									
20/21 Adoption Services	3092	<ul style="list-style-type: none"> The performance management team have devised a system to capture key activities to ensure Measure 20a is compliant. The PARIS team will have designed a new PARIS information system to capture and produce key information. Relevant social work teams and managers will receive an internal communique (known as a Practice Directive) setting out the requirements and timeframes to meet Measure 20a. This measure will be complete by the time the child and their potential adopters are presented at the Matching Panel. 	M	30/04/2021	31/07/2021	8	30/09/2021	Practice Directive in place, information being collected in PARIS currently and will be available for first reporting at quarter end (July). Discussed lack of assurance currently that the development to PARIS sufficiently mitigates risk.	-
20/21 Adoption Services	3095	<ul style="list-style-type: none"> The performance management team have devised a system to capture key activities to ensure Measure 20 is compliant. The PARIS team will have designed 	M	30/04/2021	31/07/2021	8	30/09/2021	Discussed lack of assurance currently that the development to PARIS sufficiently mitigates risk.	-

		<p>a new PARIS information system to capture and produce key information.</p> <ul style="list-style-type: none"> • Relevant social work teams and managers will receive an internal communique (known as a Practice Directive) setting out the requirements and timeframes to Measure 20. • This measure will be complete by the time the child is subject to their second Looked After / Adoption Review, with the Independent Reviewing Officer ensure compliance has been achieved. 							
2020/21 Continuing Health Care	3099	The current process has allowed us to recover a significant amount of £2.4m from BCUHB. We accept the need for enhancements to the process and we will ensure that all CHC cases in dispute are appropriately managed and progressed through to completion within a timely manner.	M	31/07/2021	31/12/2021	5	31/12/2021	<p>The new CHC Coordinator Post will support the reconciliation of disputed claims. The Post has obtained corporate funding approval from Invest to Save. The post has now been approved by the Social Services Vacancy Panel and is currently being reviewed by the Corporate Vacancy Panel. Once all HR processes have been complete (inc. Job Evaluation) it will be advertised.</p> <p>In the meantime the teams continue to reconcile disputed claims and work closely with the FACT team and Finance colleagues to ensure these are followed up.</p>	A bid has been made for additional funding to support a new post. This post will continue the work of coordinating disputed claims and chasing progress with BCUHB to ensure timely resolution of disputes and clear record keeping. Feeding in to the Information Management process.
Housing & Assets									
21/22 Maes Gwern Contractual Arrangements	3159	A process and a process owner to be devised and introduced to identify any discrepancies in changes to property type and chase any remaining funds and	H	29/10/2021	31/12/2021	2	19/11/2021	Confirmed this action has now been completed and will forward the evidence for review. Due date has	Confirmed this action has now been completed and will forward the evidence for

		interest due to the Council since the completion date. Any risks to the achievement of the agreed capital receipts should be considered and escalated to Chief Officer.						been revised to 31.12.21 whilst awaiting receipt of supporting evidence. Evidence remains outstanding.	review. Due date has been revised to 31.12.21 whilst awaiting receipt of supporting evidence. Evidence remains outstanding.
Procurement Contract Management 2018/19	2771	<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 / 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>	M	31/12/2019	31/12/2021	24	04/11/2021	Due date revised to 31.12.21 to allow this meeting to take place and to reflect the new Chief Executive coming into post on 1.11.21.	Scheduled meeting between to discuss further

SARTH Follow Up 2019/20	3008	<p>Ensure that there is regional oversight for “overrides” through the SARTH Operational Panel, and that opportunities for service improvement are identified for action at the local level.</p> <p>Explore opportunities for improvements within the Open Housing System to reduce the number of overrides through changes or enhancements to the Allocations Module.</p> <p>Ensure all staff allocating properties via SARTH (FCC and Housing Partners), have regular training on the matching process. When overrides are necessary they should be recorded accurately with reason codes and detailed narrative for justification.</p>	M	31/07/2021	31/12/2021	5	07/09/2021	New manager re SARTH/Housing Register. Need to develop plan for Homelessness. SJ Revised due date on this basis. Have advised these are longstanding.	No update provided
SARTH Follow Up 2019/20	3009	<p>Embed the periodic review process within routine operational practice of the Housing Register Team.</p> <p>Explore opportunities to use technology such as text, and online engagement to assist with the applications and periodic review process.</p> <p>Ensure robust management oversight of periodic reviews through monthly monitoring reports and a clearly documented process.</p>	M	31/07/2021	31/12/2021	5	07/09/2021	New manager re SARTH/Housing Register. Need to develop plan for Homelessness. SJ Revised due date on this basis. have advised these are longstanding.	No update provided
SARTH Follow Up 2019/20	3010	<p>Review the pre tenancy approach with SARTH Partners to develop a consistent way of undertaking “pre tenancy checks”. Clearly document the outcome of any changes to practice and formalise through a documented procedure</p> <p>Develop an internal transfer’s procedure for FCC, which picks up on those applicants who are existing FCC tenants, in order to assess their suitability for a move (not housing need, but picking up on arrears and property condition) as well as helping tenants to prepare for a move.</p> <p>Develop a Tenancy Ready / Home</p>	M	31/07/2021	31/12/2021	5	07/09/2021	New manager re SARTH/Housing Register. Need to develop plan for Homelessness. SJ Revised due date on this basis. have advised these are longstanding.	No update provided

		Starter Support Matrix which will identify households who may require additional support with setting up home and managing the practicalities of a move in order to target support services at those with greatest support needs							
Schools									
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	31/12/2021	15	22/10/2021	No Information Asset Register in place whilst waiting for contractor to provide support.	No Information Asset Register in place whilst waiting for contractor to provide support.

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
		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. Use of the Proactis Contract Management module.							
Housing & Assets									
Travellers 2018/19 Tudalen 216	2352	Significant work is being undertaken by the Council to bring forward transit sites following the endorsement of this work by the Community and Housing Scrutiny Committee in December 2017. The Council has identified a number of sites for detailed appraisal and at the time of the audit, was awaiting comments from Arc4 who had been commissioned on their suitability. It should be noted that no local authority in Wales has a Transit Site.	M	30/09/2020	01/02/2022	25/11/2021	Delays caused by Covid, however the local development plan review is expected to be completed in October.	Any decision regarding the development of a transit site at Flint has been deferred until we receive the Planning Inspector's LDP report. It is envisaged that FCC will receive this in the new Year so can action be BF'd until 01/02/22	Any decision regarding the development of a transit site at Flint has been deferred until we receive the Planning Inspector's LDP report. It is envisaged that FCC will receive this in the new Year so can action be BF'd until 01/02/22
People & Resources									
20/21 Health & Safety and Wellbeing of Employees	3027	HR to be included in the working group for the roll out of a new time management system. Management to liaise with Social Services Business Support to establish timetable for roll out. Commitment to be sought for use of a single time recording system across the council.	M	30/06/2021	31/03/2022	04/11/2021	Implementation schedule is being developed with HFX however there is no capacity within Flintshire IT to begin work on this project until September 2022. Due date to be revised to 31.3.22 pending outcomes of further discussion with IT.	Verbal update from Sharon Carney 4.11.21: A business case has been submitted to the Digital Strategy Board for the purchase of Imperago as a replacement system for Etarmis. The business case was approved and funding is in place. IT managers meeting scheduled for 17.11.21 at which this will be discussed further.	A business case has been submitted to the Digital Strategy Board for the purchase of Imperago as a replacement system for Etarmis. The business case was approved and funding is in place.

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>Payroll 2017/18</p> <p style="text-align: center;">Tudalen 217</p>	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.	M	30/09/2018	31/03/2022	13/01/2021	<p>I'm currently running on half of my team and my priorities are supporting the day to day operational side of things at present.</p> <p>Can these date be moved to 31 March 2022 please?</p>	<p>The original delay was as a result of finding errors and referring them back to MHR (software provider), where it remained for some time. It was subsequently allocated to one member of the team to ensure consistency.</p> <p>Unfortunately, this individual was then required to support the introduction of a new system (electric). We've had and continue to have issues with resources and competing priorities, hence it remaining an outstanding action. On a positive, we have appointed two new members of the team, who will be able to assist and progress once they are sufficiently trained.</p> <p>I note the comment about the age given it relates to the payroll system, but there are no concerns from an accuracy or payment perspective, it's the inability to archive leavers data which hopefully will provide some assurance to committee.</p> <p>A further meeting has been held to understand the additional factors that have contributed to the delay. We have been unable to upgrade the software version for several months due to technical issues (not GDPR</p>	The functionality still requires testing, further issues/defects may be found during testing and would need reporting to MHR for their investigation.

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 218								related) that we have been waiting upon MHR to assist/rectify – this has meant that the separate/test environment required for GDPR testing has not been/currently is not available – the upgrade is scheduled for the end of this month but will require further testing/resources prior to providing a GDPR test environment. An officer will be completing some groundwork in preparation for work commencing within iTrent and a further update meeting for mid-February	

Tudalen 218

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		N/A
3. Investigation Completed		
3.1	N/A	

Tudalen 219

Internal Audit Performance Indicators

Appendix I

Tudalen 220

Performance Measure	20/21	Qtr 1 21/22	Qtr 2 21/22 <small>(as at 13/9)</small>	Qtr 3 21/22 <small>(as at 04/11)</small>	Qtr 4 21/22 <small>(as at 12/1)</small>	Target	RAG Rating	
Audits completed within planned time	84%	88%	86%	100%	57%	80%	R	↓
Average number of days from end of fieldwork to debrief meeting	8	6	9	44	9	20	G	↑
Average number of days from debrief meeting to the issue of draft report	7	3	4	7	2	5	G	↑
Days for departments to return draft reports	7	4	9	8	8	7	A	↑
Average number of days from response to issue of final report	2	1	2	2	0	2	G	↑
Total days from end of fieldwork to issue of final report	26	12	29	61	28	34	G	↑
Productive audit days	76%	61%	65%	85%	70%	75%	G	↑
Client questionnaires responses as satisfied	97%	100%	100%	100%	100%	95%	G	→
Return of Client Satisfaction Questionnaires to date	47%	33%	67%	100%	75%	80%	A	↓

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

Internal Audit Operational Plan 2021/22

Appendix J

Audit – 2020/21	Priority	Status of Work	Supporting Narrative
Corporate			
Organisational Ethics (with HR)	H	Complete	
Income from Fees & Charges	H	Complete	
Risk Management	H	In Progress	Quarter 4
Education & Youth			
Schools Risk Based Thematic Reviews	H	In Progress	Quarter 4
Drury CP - New	New	In Progress	
School Transport - New	New	Complete	
Schools Budgeted Licensed Deficit	H	In Progress	
Capital Grant Childcare Offer (Governance)	H	Complete	
Repairs & Maintenance to School Estate	H	In Progress	Quarter 4
Education Grants – Professional Development Grant (PDG)	Annual	Complete	
Governance			
Protection against Ransomware Attack	H	Not Started	Quarter 4
Contact Management - Maes Gwern Residential Development	H	Complete	
CCTV (Cross Cutting)	M	Complete	
Implementation of the Local Government and Elections (Wales) Act 2021	M	Complete	
Data Protection (GDPR)	Annual	In Progress	Quarter 4
Council Tax and NNDR (including grant)	Biennial	In Progress	
Housing & Assets			
Landlord Health & Safety Obligations	H	Complete	
Homelessness & Temporary Accommodation	H	In Progress	
Rent Income - Industrial Units	M	In Progress	Quarter 4
Tenancy Enforcement	M	Defer	Defer to Q1 2022/23
Housing Benefits (including Subsidy Grant)	Annual	In Progress	Quarter 4
Supporting People Grant	Annual	Complete	
People & Resources			

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Audit – 2020/21	Priority	Status of Work	Supporting Narrative
MFTS & supporting Method Statements / Budget Challenge	H	Complete	
Insurance	M	Complete	
Main Accounting – Accounts payable (AP) & P2P	Biennial	In Progress	
Corporate Grants (replacement of AW work)	Annual	In Progress	Quarter 4
Use of Agency, Relief, Self-Employed & Supply Teachers (including IR35 Compliance)	H	In Progress	Quarter 4
Notification of Leavers to CPF	H	Complete	
Planning, Environment & Economy			
Ash Die Back	H	Complete	
House of Multiple Occupancy	H	Deferred	Deferred until 2022/23
Planning Self-Assessment	H	In Progress	
Environmental Health Strategy	M	Not Started	Quarter 4
Social Services			
Single Point of Access (SPOA)	H	In Progress	Quarter 3
LAM Actions and Placement Order and Management (Legal Status of a Child in Care)	H	Complete	
Employment Support Allowance	M	Not Started	
Extra Care Facility : Llys Eleanor	M	No Longer required	No Longer Required
Micro Care	M	Not Started	Quarter 4
Streetscene & Transportation			
Highways Structures (Bridges) (2 nd Stage review)	H	In Progress	Quarter 4
North and Mid Wales Trunk Road Agent (NMWTRA) Income Collection	M	Complete	
Environmental Permits	M	Not Started	Quarter 4
Statutory Training	M	Complete	
Parc Adfer - Contract Management and Associated Risks	Annual	Complete	
External			
Clwyd Pension Fund – Pension Administration & Contributions	Biennial	Complete	
SLA - Aura - 10 days per annum	Annual	In Progress	Quarter 4
SLA - NEWydd - 10 days per annum	Annual	Not Started	Quarter 4
Clwyd Theatre Trust - 10 days per annum	Annual	No Longer Required	
Advisory / Project Groups			
GDPR Project Board	Ongoing	Ongoing	
Corporate Governance Working Group	Ongoing	Ongoing	

Audit – 2020/21	Priority	Status of Work	Supporting Narrative
Accounts Governance Group	Ongoing	Ongoing	
Council's Constitution	Ongoing	Ongoing	
Financial Procedures Rules	Ongoing	Ongoing	
Programme Coordinating Group	Ongoing	Ongoing	
Corporate Health & Safety Group	Ongoing	Ongoing	
Corporate Data Protection Group	Ongoing	Ongoing	
Financial System	Ongoing	Ongoing	
Regional Anti-Fraud and Corruption Network	Ongoing	Ongoing	
Electronic Court Bundling Project Group	Ongoing	Ongoing	
COVID19 - TTP Regional Tracing, Operation and Performance Group	Ongoing	Ongoing	
COVID19 - TTP Regional Oversight Group	Ongoing	Ongoing	
COVID19 – TTP Flintshire Project Group	Ongoing	Ongoing	
COVID19 – TTP FCC Oversight Group	Ongoing	Ongoing	
COVID19 – Emergency Management Response Team	Ongoing	Ongoing	
COVID19 – Governance and Legal Silver Tactical Group	Ongoing	Ongoing	
COVID19 – Logging at Tactical Group	Ongoing	Ongoing	

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.

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 9



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 26 th January 2022
Report Subject	Action Tracking
Report Author	Internal Audit, Performance and Risk Manager
Category	Advisory

EXECUTIVE SUMMARY

The report shows the action points from previous Governance and Audit Committee meetings and the progress made in completing them. The majority of the requested actions have been completed, with some still outstanding. They will be reported back to a future meeting.

RECOMMENDATIONS

1	The Committee is requested to accept the report.
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REPORT DETAILS

1.00	EXPLAINING THE ACTION TRACKING REPORT
1.01	In previous meetings, requests for information, reports or actions have been made. These have been summarised as action points. This paper summarises those points and provides an update on the actions resulting from them. Full action tracking details within Appendix A.
2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Action owners contacted to provide an update on their actions.

4.00	RISK MANAGEMENT
4.01	None as a result of this report.

5.00	APPENDICES
5.01	Appendix A – Action Points.

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

7.00	GLOSSARY OF TERMS
7.01	None.

GOVERNANCE AND AUDIT COMMITTEE – ACTION SHEETPresented Wednesday, 26th January 2022

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 / C Taylor	This action has been covered, the Treasury Management Strategy was presented in the following January and the Treasury Management workshop for Members on the 8 th December. Also included within the presentation at the training was a specific section around ESG, Responsible and Thematic Investing, and how we are starting to see ESG Money Market Funds for investing cash/liquidity balance.

27 th January 2021				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
25.	IA Progress Report	To circulate an update on the position on school funds.	L Brownbill	This will be provided to the committee once the school reviews have been completed.

24 th November 2021				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
35.	Risk Management	The 'outcome' column of the allocation of risk to O&SC document would be updated to clarify where risks were being reported.	J Davies	This has now been actioned.
35.	Risk Management	Risk management would form part of the induction programme for the next Council term following the Elections.	J Davies / L Brownbill	A workshop is being planned in for July 2022 and will include Performance and Risk Management and Corporate Self-Assessment.
38.	Internal Audit Progress Report	An update on the progress of the overdue action for Payroll 2017/18 would be shared with the Committee.	L Brownbill	An update has been provided to members on 14 th January 2022.
38.	Internal Audit Progress Report	The forward work programme to be updated to remove the Internal Audit Progress report for each November meeting. In future the progress report will be presented to Committee each June, September, January and March.	L Brownbill	The forward work programme has been updated to remove the November progress report from the programme.
39.	Governance and Audit Committee Self-Assessment	That preparations for the Annual Report should incorporate a review of the Committee's Terms of Reference to ensure that the remit was being met in full.	L Brownbill	This will be undertaken in preparation for the Governance and Audit Committee's Annual report.
39.	Governance and Audit Committee Self-Assessment	That the outcomes and training requirements identified in the action plan from the self-assessment be noted and progressed.	L Brownbill	A training programme will be developed and updated to support the Committee's future self - assessment

42.	Forward Programme	Work	The Corporate Finance Manager would report back to Committee members following discussions with colleagues across the region regarding preparations for the introduction of a new Finance Management Code.	G Ferguson / C Taylor	Discussions are ongoing (on a Regional agenda 14/1/22) and this will also link to a review of the AGS
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Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 10



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 26 th January 2022
Report Subject	Forward Work Programme
Report Author	Internal Audit, Performance and Risk Manager
Category	Advisory

EXECUTIVE SUMMARY

The Governance and 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 Governance and Audit Committee.

RECOMMENDATION

1	That the Committee considers the draft Forward Work Programme and approve/amend as necessary.
2	That the Internal Audit, Performance and Risk 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 there has been some movement to the Forward Work programme. These are listed below.</p> <table border="1"> <thead> <tr> <th>Report</th> <th>Reason for Movement</th> <th>Original Date</th> <th>New Report Date</th> </tr> </thead> <tbody> <tr> <td>Internal Audit Progress Report</td> <td>Removed from future November meetings.</td> <td>Nov 22</td> <td>N/A</td> </tr> <tr> <td>Corporate Complaints Annual Report</td> <td>New report required to comply with the Local Governance Elections (Wales) Act 2021.</td> <td>N/A</td> <td>Jan 23</td> </tr> <tr> <td>Audit Wales Annual Summary</td> <td>The final report has not been received from AW</td> <td>Jan 2022</td> <td>Mar 2022</td> </tr> <tr> <td>Annual Governance Mid-year review</td> <td>This is a new report</td> <td>Jan 2022</td> <td>N/A</td> </tr> <tr> <td>Commissioning Older People's Care Home Placements – Audit Wales External Assurance Report</td> <td>New report as per the External Assurance reporting protocol.</td> <td>Mar 2022</td> <td>N/A</td> </tr> </tbody> </table>				Report	Reason for Movement	Original Date	New Report Date	Internal Audit Progress Report	Removed from future November meetings.	Nov 22	N/A	Corporate Complaints Annual Report	New report required to comply with the Local Governance Elections (Wales) Act 2021.	N/A	Jan 23	Audit Wales Annual Summary	The final report has not been received from AW	Jan 2022	Mar 2022	Annual Governance Mid-year review	This is a new report	Jan 2022	N/A	Commissioning Older People's Care Home Placements – Audit Wales External Assurance Report	New report as per the External Assurance reporting protocol.	Mar 2022	N/A
Report	Reason for Movement	Original Date	New Report Date																									
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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	<p>None.</p> <p>Contact Officer: Lisa Brownbill Internal Audit, Performance and Risk Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: lisa.brownbill@flintshire.gov.uk</p>

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

GOVERNANCE AND AUDIT COMMITTEE - FORWARD WORK PROGRAMME 2021/22Presented to Committee – Wednesday, 26th January 2022

Meeting Date	Agenda Item	Author
26th January 2022	Treasury Management 2021/22 Q3 Update and 2022/23 Strategy Code of Corporate Governance Annual Governance Statement 2020/21 – Mid-year Review Internal Audit Charter Internal Audit Progress Report 2021/22 Audit Committee Action Tracking Forward Work Programme	Christopher Taylor Lisa Brownbill / Jay Davies Lisa Brownbill / Jay Davies Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill
23rd March 2022	Annual Audit Summary (AW) (2020/21) Treasury Management 2021/22 Q4 Update Risk Management Update Commissioning Older People’s Care Home Placements – Audit Wales External Assurance Report	Jay Davies / Gary Ferguson Christopher Taylor Jay Davies Jay Davies / Audit Wales

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Meeting Date	Agenda Item	Author
	Audit Plan (AW) Annual Report on External Inspections 2020 Internal Audit Strategic Plan 2022/2025 Public Sector Internal Audit Standards Compliance 2021/22 Internal Audit Progress Report 2021/22 Audit Committee Action Tracking Forward Work Programme Private Meeting (AW and Internal Audit)	Audit Wales Jay Davies Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill
June 2022	Certification of Grants and Returns Report (AW) Draft Annual Governance Statement Internal Audit Annual Report 2021/22 Internal Audit Progress Report 2022/23 Audit Committee Action Tracking Forward Work Programme Private Meeting (AW and Internal Audit)	Gary Ferguson Lisa Brownbill / Jay Davies Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill
July 2022	Draft Statement of Accounts 2021/22	Gary Ferguson / Christopher Taylor

Meeting Date	Agenda Item	Author
	Supplementary Financial Information to Draft Statement of Accounts 2021/22 Treasury Management 2022/23 Q1 Update and Annual Report 2021/22 Risk Management update 2022/23	Christopher Taylor Christopher Taylor Jay Davies
September 2022	Statement of Accounts 2021/22 School Reserves – Annual Report on School Balances Budget 2023/24 - Stage 2 Grant Certification Claim Internal Audit Progress Report 2022/23 Audit Committee Action Tracking Forward Work Programme	Gary Ferguson Claire Homard / Liz Thomas Gary Ferguson Gary Ferguson Lisa Brownbill Lisa Brownbill Lisa Brownbill
November 2022	Risk Management update 2022/23 and Mid-Year report Asset Disposals and Capital Receipts Treasury Management Mid-Year Review Q2 2022/23 Governance and Audit Committee Self-Assessment 2021/22 Governance and Audit Committee Annual Report	Jay Davies Neal Cockerton Christopher Taylor Lisa Brownbill Cllr Chris Dolphin / Lisa Brownbill

Meeting Date	Agenda Item	Author
	Forward Work Programme	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
January 2023	Treasury Management 2022/23 Q3 Update and 2023/24 Strategy	Christopher Taylor
	Corporate Complaints – Annual Report	Rebecca Jones / Gareth Owens
	Code of Corporate Governance	Lisa Brownbill / Jay Davies
	Annual Governance Statement 2021/22 – Mid-year Review	Lisa Brownbill / Jay Davies
	Internal Audit Charter	Lisa Brownbill
	Internal Audit Progress Report 2022/23	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill

Biennial Reviews

Meeting Date	Agenda Item	Author
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Meeting Date	Agenda Item	Author
November 2022	Financial Procedural Rules (Biennial)	Sara Dulson
January 2023	Anti-Fraud and Corruption Strategy & Fraud Response Plan	Lisa Brownbill
January 2023	Whistleblowing Policy	Lisa Brownbill

Mae'r dudalen hon yn wag yn bwrpasol