

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: Sally Ellis (Cadeirydd)

Y Cyngorwyr: Bernie Attridge, Glyn Banks, Allan Marshall, Ryan McKeown,
Andrew Parkhurst a Linda Thomas

Aelodau Cyfetholedig:

Allan Rainford a Rev Brian Harvey

8 Tachwedd 2022

Annwyl Gynghorydd

RHYBUDD O GYFARFOD RHITHIOL
PWYLLGOR LLYWODRAETHU AC ARCHWILIO
DYDD LLUN, 14EG TACHWEDD, 2022 AM 10.00 AM

Yn gywir

Steven Goodrum
Rheolwr Gwasanaethau Democratiadd

Bydd y cyfarfod yn cael ei ffrydio'n fyw ar wefan y Cyngor. Bydd y ffrydio byw yn dod i ben pan fydd unrhyw eitemau cyfrinachol yn cael eu hystyried. 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 ar 28 Medi 2022.

4 DIWEDDARIAD AM Y DATGANIAD O GYFRIFON 2021/22 (Tudalennau 13 - 18)

Adroddiad Rheolwr Cyllid Corfforaethol -

Pwrpas: Darparu diweddariad am y Datganiad o Gyfrifon 2021/22.

5 ADOLYGIAD CANOL BLWYDDYN RHEOLI'R TRYSORLYS 2022/23 A DIWEDDARIAD CHWARTEROL 2 (Tudalennau 19 - 44)

Adroddiad Rheolwr Cyllid Corfforaethol -

Pwrpas: Cyflwyno drafft o'r Adolygiad Canol Blwyddyn Rheoli'r Trysorlys 1 Ebrill-30 Medi 2022 am sylwadau ac argymhelliad i'w gymeradwyo i'r Cabinet.

6 GWAREDU ASED AU A DERBYNIADAU CYFALAF A GYNHYRCHWYD (Tudalennau 45 - 52)

Adroddiad Rheolwr Corfforaethol, Rhaglen Gyfalaf ac Asedau -

Pwrpas: Adrodd ar waredu asedau a chyfalaf a dderbyniwyd ac a gynhyrchwyd yn ystod 2021/22.

7 RHEOLAU GWEITHDREFNAU ARIANNOL (Tudalennau 53 - 174)

Adroddiad Rheolwr Cyllid Corfforaethol - Aelod Cabinet Cyllid, Cynhwysiant, Cymunedau Cryf gan gynnwys Gwerth Cymdeithasol a Chaffael

Pwrpas: Darparu Rheolau Gweithdrefnau Ariannol wedi'u diweddarau i'r Pwyllgor i'w hargymell i'r Cyngor Sir.

8 FFRAMWAITH RHEOLI RISG (Tudalennau 175 - 194)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

Pwrpas: I gael sicrwydd bod y fframwaith rheoli risg diweddaraf yn gynhwysfawr ac yn weithredol.

9 **ADRODDIAD BLYNYDDOL Y PWYLLGOR LLYWODRAETHU AC ARCHWILIO** (Tudalennau 195 - 230)

Adroddiad Cadeirydd y Pwyllgor Llywodraethu ac Archwilio -

Pwrpas: I adrodd ar weithgareddau'r Pwyllgor yn ystod 2021/22.

10 **OLRHAIN GWEITHRED Y PWYLLGOR LLYWODRAETHU AC ARCHWILIO** (Tudalennau 231 - 236)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

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

11 **RHAGLEN GWAITH I'R DYFODOL** (Tudalennau 237 - 242)

Adroddiad Rheolwr Archwilio Mewnol, Perfformiad a Rheoli Risg -

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

DEDDF LLYWODRAETH LEOL (MYNEDIAD I WYBODAETH) 1985 - YSTYRIED GWAHARDD Y WASG A'R CYHOEDD

Mae'r eitem a ganlyn yn cael ei hystyried yn eitem eithriedig yn rhinwedd Paragraff(au) 12, 13 Rhan 4 Atodiad 12A o Ddeddf Llywodraeth Leol 1972 (fel y cafodd ei diwygio).

Mae'r adroddiad yn cynnwys gwybodaeth yn ymwneud ag unigolion ac mae budd y cyhoedd mewn peidio â datgelu'r wybodaeth yn gorbwyso bydd y cyhoedd o'i ryddhau.

12 **TREFNIADAU CONTRACT MAES GWERN** (Tudalennau 243 - 256)

Adroddiad Prif Swyddog (Tai ac Asedau) - Aelod Cabinet Tai ac Adfywio

Pwrpas: I roi'r newyddion diweddaraf am y cynnydd o ran y cynllun gweithredu.

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

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 3

GOVERNANCE AND AUDIT COMMITTEE **28 SEPTEMBER 2022**

Minutes of the Governance and Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 28 September 2022

PRESENT: Sally Ellis (Chair)

Councillors: Glyn Banks, Allan Marshall, Ryan McKeown, Andrew Parkhurst and Linda Thomas

Co-opted members: Reverend Brian Harvey and Allan Rainford

SUBSTITUTE: Councillor: Rob Davies (for Bernie Attridge)

APOLOGY: Chief Officer (Social Services) - *minute number 26*

IN ATTENDANCE: Councillor Ian Roberts (Leader of the Council and Cabinet Member for Education, Welsh Language, Culture and Leisure), Councillor Paul Johnson (Cabinet Member for Finance, Inclusion, Resilient Communities), Councillor Billy Mullin (Cabinet Member for Governance and Corporate Services), Chief Executive, Chief Officer (Governance), Internal Audit, Performance & Risk Manager, Senior Manager (Safeguarding & Commissioning) - *minute number 26*, Strategic Finance Manager (Schools) - *minute number 27* and Democratic Services Officer

Gwilym Bury and Simon Monkhouse from Audit Wales

23. SUBSTITUTION

In accordance with Constitutional requirements, the Committee agreed to allow Councillor Rob Davies (who had undertaken the requisite training) to substitute for Councillor Bernie Attridge.

RESOLVED:

That Councillor Rob Davies be permitted as a substitute for the meeting.

24. DECLARATIONS OF INTEREST

As school governors, the following declared a personal interest on agenda item 5 'School Reserve Balances': Rev Brian Harvey, Councillors Glyn Banks, Rob Davies, Allan Marshall and Ryan McKeown.

Sally Ellis declared a personal interest on the same item due to her son being employed by a school in Flintshire.

25. MINUTES

The minutes of the meeting held on 27 July 2022 were approved, as moved and seconded by Councillors Ryan McKeown and Andrew Parkhurst.

RESOLVED:

That the minutes be approved as a correct record.

26. AUDIT WALES REVIEW OF COMMISSIONING OLDER PEOPLE'S CARE HOME PLACEMENTS BY NORTH WALES COUNCILS AND BETSI CADWALADR UNIVERSITY HEALTH BOARD

The Senior Manager (Safeguarding and Commissioning) presented a report on the outcome of an Audit Wales review of Commissioning of Older People's Care Home Placements by North Wales councils and Betsi Cadwaladr University Health Board (BCUHB). She provided background on arrangements for the review, the purpose of which highlighted a number of continuing pressures within social care. Extensive engagement with Audit Wales and BCUHB colleagues had led to publication of the final report which reflected a more balanced view of the position across North Wales.

In highlighting the Committee's role, the Chair advised that the report had been considered by the Social & Health Care Overview & Scrutiny Committee.

The Senior Manager provided detailed explanation on work undertaken to date to address the five recommendations by Audit Wales, together with revised deadlines for completion.

Gwilym Bury from Audit Wales explained that councils and health boards in Wales were required to discharge their statutory responsibilities within the legal framework set by Welsh Government (WG). He spoke about the complexities involved in nationally set fee structures and their impact on individuals. Whilst the action plan for North Wales would help to address local issues, a separate national report to WG highlighted the need for intervention to avoid continuation and escalation of the more fundamental issues. As stated in a previous report, Audit Wales considered that the current pooled fund arrangement to support the delivery of care home accommodation functions across the region did not provide value for money or any of the intended benefits associated with the pooled fund model. However, it was the view of the North Wales councils and BCUHB that the arrangements complied with the obligations. Officers were thanked for their contributions to the review.

In response to questions from Rev Brian Harvey on recruitment and retention in the care sector, the Senior Manager spoke about the success of the value-based recruitment process in collaboration with partners. When asked about learning from the review, she said that maintaining close working relationships with care providers was a key factor in strategic planning.

Councillor Glyn Banks said that the report recognised the significant and complex work carried out by people working in social care across the region. He commented on the potential for more collaborative working and opportunities for change influenced by WG.

In response to comments on the implementation of recommendations, Gwilym Bury advised that progress would be reviewed at an appropriate stage and that a follow-up review of arrangements across the whole of Wales was likely. Whilst most councils and health boards in Wales disagreed with the view of Audit Wales on the approach to pooled funding arrangements, there was shared agreement on the need for national change to resolve long-standing complex funding issues within the current system.

Following questions from Allan Rainford, the Senior Manager provided clarification on governance arrangements for the Regional Partnership Board and links to Overview & Scrutiny. During discussion on the care home market, the Committee was updated on the local situation and steps being taken to strengthen provision.

On pooled funding, Councillor Andrew Parkhurst sought an officer response on the concerns raised by Audit Wales. The Senior Manager explained the regional approach which was supported by pre-placement agreements and strong relationships with care providers to give assurance on value for money. The Chief Officer (Governance) spoke about the challenges in reducing cost for care provision.

As Leader of the Council, Councillor Ian Roberts said that money raised by Flintshire should be spent on local people and facilities. He spoke about the expansion of care home provision across the County and positive working relationships with care providers. On pool funding, he drew comparison with a similar arrangement with GwE (the regional school improvement service).

The Chief Executive made reference to the latest market stability report considered by County Council the previous day, which would help to inform future activities in creating resilience and stability in the care sector in Flintshire.

The recommendations were moved and seconded by Allan Rainford and Councillor Linda Thomas.

On the second recommendation, Gwilym Bury agreed to pass on the Chair's request that updates include any actions taken forward by WG, along with timescales, following the national report by Audit Wales.

RESOLVED:

- (a) That the Committee notes the recommendations in the Audit Wales report on Commissioning of Older People's Care Home Placements by North Wales Councils and Betsi Cadwaladr University Health Board; and
- (b) That the Committee notes the agreed actions in the Management Response to address these recommendations and receives regular updates on the implementation of the actions going forward.

27. SCHOOL RESERVE BALANCES YEAR ENDING 31 MARCH 2022

The Strategic Finance Manager (Schools) presented the annual report on reserves held by Flintshire schools and the risks and internal processes associated with schools in deficit.

In comparison with the previous year, there was a significant increase in reserve levels across all sectors as at 31 March 2022 (as replicated across Wales), coinciding with a number of additional Welsh Government (WG) grants awarded in recognition of the impact of the pandemic on learners. Although welcomed, a number of grants awarded at a late stage had inflated school reserves at year end. Trend analysis illustrated the shift to reserves increasing from 2020 which was mainly attributed to significant amounts of WG grant funding during the pandemic. It was important to recognise that whilst overall reserve levels were a snapshot at that time and subject to fluctuation, there was background context for each individual school to achieve the right balance in ensuring levels of reserves were not excessive but adequate reserves with a clear purpose. An overview was given of the process in monitoring school reserve levels along with a summary of responses from schools on balances in excess of 5% of the school budget recommendation.

In response to questions from Allan Rainford, the Strategic Finance Manager provided clarification on criteria linked to grant funding and the ongoing review of the funding formula.

As requested by Councillor Andrew Parkhurst, the protocol for schools in financial difficulty would be circulated to the Committee to show the stages involved in applying for a licensed deficit. He was also advised of support for schools in managing budgets and cost projections including energy on which the impact for next year was not yet known.

In thanking the Strategic Finance Manager for her detailed report, Councillor Ian Roberts referred to the complex funding formula and the impact of projected increases in the number of secondary school pupils coinciding with a reduction at primary level. He spoke about the priority to maintain a broad balanced curriculum and welcomed financial contributions from WG towards school budgets as a result of the pandemic.

In welcoming the improved reserves position, the Chair asked about the process for dealing with schools with higher levels of reserves. The Strategic Finance Manager gave assurance that whilst high quality information was provided by schools, there was robust challenge where necessary. She highlighted the need to allow time for schools to utilise the WG funding to support recovery from the pandemic.

The recommendation was moved and seconded by Rev Brian Harvey and Councillor Andrew Parkhurst.

RESOLVED:

That the level of school reserves as at 31 March 2022 be noted.

28. 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, one Amber Red (some assurance) report had been issued on Planning, Environment & Economy - Domestic Energy. On action tracking, outcomes were shared from the Chair and Vice-Chair's meeting with the Chief Officer team in July, which included the option to request relevant officers to attend the Committee to explain reasons for overdue actions. Further work to reduce overdue actions to 38% was welcomed by the Committee. On performance indicators, progress was overall positive with the two red ratings (including the average number of days from end of fieldwork to debrief) coinciding with the holiday period. The report also detailed changes to the audit plan to reflect current capacity within the team.

In response to a question from Rev Brian Harvey on risk management of overdue actions, the officer explained that in most cases, services had failed to update the system after completing their actions.

On the areas for improvement within the Amber/Red report, Allan Rainford raised concerns about the use of two separate processes to validate information. The Internal Audit, Performance & Risk Manager agreed to liaise with the auditor in order to assure the Committee that work was not being duplicated.

In welcoming progress on overdue actions, Councillor Andrew Parkhurst questioned whether some of the reasons for high and medium overdue actions were up-to-date, in particular reference to the response to the pandemic.

On the same matter, the Chair sought updates on red reports for the O Licence and Maes Gwern contractual arrangements which had been previously considered. The Internal Audit, Performance & Risk Manager reported that there was no progress on the former report due to staffing issues and that this was being monitored by the Chief Officer. On the latter, no further progress had been made and the matter was being prioritised by the Chief Officer.

The Chair requested that the responsible officer for Maes Gwern be invited to the Committee to provide explanation.

The Chief Executive acknowledged that more improvement was needed to close outstanding actions. He thanked the Committee for its support and gave assurance that this continued to be prioritised within the Chief Officer team.

In response to a question from Councillor Glyn Banks, clarification was given on the reasons for the two deferred high priority audits. Whilst a follow-up

review of progress with implementing actions on the Amber/Red report could not be accommodated this year, the Committee would be kept updated as part of regular reporting.

The recommendations, as amended, were moved by Allan Rainford and seconded by Rev Brian Harvey.

RESOLVED:

- (a) That the report be accepted; and
- (b) That the responsible officer for Maes Gwern contractual arrangements be invited to attend Committee to provide reasons for overdue actions.

29. EXTERNAL ASSESSMENT - PUBLIC SECTOR INTERNAL AUDIT STANDARDS 2022

The Internal Audit, Performance & Risk Manager presented a report on the outcome of the external assessment of conformance with the Public Sector Internal Audit Standards (PSIAS) which was carried out every five years. The external assessment, which had been carried out as a peer review, found the Council's Internal Audit service to be compliant with the Standards in all significant areas and was operating independently and objectively.

Councillor Glyn Banks congratulated the Manager and her team for the positive outcome.

The recommendation was moved by Councillor Andrew Parkhurst and seconded by Councillor Ryan McKeown.

RESOLVED:

That the report be noted.

30. ACTION TRACKING

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

On actions from the July meeting, Councillor Glyn Banks continued to raise his concerns about the legal relationship between the Council and Theatr Clwyd within the accounts, despite the explanations given at the meeting.

The recommendation was moved by Councillor Ryan McKeown and seconded by Allan Rainford.

RESOLVED:

That the report be accepted.

31. FORWARD WORK PROGRAMME

The Internal Audit, Performance & Risk Manager presented the current Forward Work Programme for consideration, including movements since the last report. The following changes were agreed:

- Risk Management Update to be brought forward to November 2022.
- The Committee's Self-Assessment for 2022/23 to move to January 2023 and the associated workshop to be arranged for December 2022.
- A follow-up on Commissioning Care Home Placements to be included within the External Assurance update.

The recommendations in the report were moved and seconded by Councillors Andrew Parkhurst and Rob Davies.

RESOLVED:

- (a) That the Forward Work Programme, as amended, 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.

32. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

None.

The meeting started at 10am and finished at 12.10pm

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Chair

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 4



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Monday 14 November 2022
Report Subject	Update on the Statement of Accounts 2021/22
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report provides an update on the current position of the Council's Statement of Accounts for the 2021/22 financial year.

The Council's accounts were completed and submitted for audit on the 6 July 2022, within the Welsh Government extended framework for the draft completion of 31 August.

The statutory deadline for publishing the final audited Statement of Accounts for 2021/22 is 31 July 2022, however the temporary framework set out by Welsh Government extends this to 30 November.

The audit of the Statement of Accounts 2021/22 has been taking place over the summer and is now substantially complete.

However, a national issue has arisen around the accounting of infrastructure assets and as a result, there is a risk that local authority financial statements could be subject to qualified audit opinions in this area. Further detail is set out in the report.

Having discussed the issue with Audit Wales the view is that an opinion cannot be given on the Accounts until the infrastructure assets issue has been resolved.

Therefore, formal approval of the Accounts will need to be deferred until a later date when the issue has been resolved.

Audit Wales will be in attendance at the meeting to provide a verbal update on progress of the audit and any other issues arising to date.

RECOMMENDATIONS

1	Members are requested to note the report and the reasons for deferring the approval of the Statement of Accounts 2021/22.
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REPORT DETAILS

1.00	EXPLAINING THE STATEMENT OF ACCOUNTS UPDATE
1.01	The Governance and Audit Committee received the draft Statement of Accounts 2021/22 on 27 July, for information only at that stage. The Accounts and Audit (Wales) Regulations 2018 specify the statutory deadline for the approval of the Statement of Accounts is 31 July, however the framework set by Welsh Government extends this to 30 November.
1.02	The audit of the Statement of Accounts 2021/22 is now substantially complete, although the audit continues up until the point at which the accounts are signed off by the auditors. However, a national issue has arisen around the accounting of infrastructure assets as set out in paragraphs 1.03 – 1.05.
1.03	The CIPFA LASAAC Code of Practice for Local Authority Accounting in the United Kingdom (the Code) requires infrastructure assets to be measured using the historical cost measurement basis and carried at depreciated historical cost.
1.04	Local government auditors in England have raised concerns with regards to subsequent expenditure on infrastructure assets. The Code requires that where a component of an asset is replaced, the carrying amount of the old component shall be derecognised to avoid double counting and the new component shall be reflected in the carrying amount of the infrastructure asset.
1.05	<p>Due to practical difficulties in applying component accounting for the recognition and derecognition of replaced components of infrastructure assets, in large part due to data limitations, most local authorities have been unable to comply with the requirement to assess the net book value of the replaced component and will have treated the amount of the replaced component as zero.</p> <p>This is because the replaced component is considered to have been fully used up at the point that it is replaced. The concern raised by auditors is that there may be a lack of evidence to support this assumption.</p>
1.06	As a result, and without resolution, there is a risk that local authority financial statements could be subject to qualified audit opinions in this area.
1.07	It is the role of the CIPFA LASAAC Local Authority Accounting Code Board to consider the extent to which International Financial Reporting Standards

	should apply to local authorities and to adapt and interpret accounting standards to address the public sector context.
1.08	As yet, CIPFA LASAAC has been unable to find a way forward that will satisfy both audit concerns and the requirement for high quality financial reporting. There is a risk that a solution may not be found within the necessary timeframe to satisfy the audit of 2021/22 annual accounts.
1.09	Currently, we are waiting for Welsh Government to develop a regulation that will provide a temporary statutory override whilst a permanent solution is developed within the Code, which will improve financial reporting in this area. Welsh Government will write to all Councils as soon as timings are known, to update the expectations for the closure of the accounts.
1.10	<p>Under the International Standards on Auditing (ISA) 260, Audit Wales is required to communicate relevant matters relating to the audit of the Statement of Accounts to those charged with governance, which for the Council is the Governance and Audit Committee.</p> <p>Having discussed the infrastructure asset issue with Audit Wales the view is that an opinion cannot be given on the Accounts until the issue has been resolved. Therefore, formal approval of the Accounts will be deferred until a later date when the issue has been resolved.</p>
1.11	The statutory deadline for publishing the final audited version was 31 July, this was extended to 30 November by Welsh Government. Welsh Government are now looking to extend this date beyond the 30 November.
	<u>Issues to date from the 2021/22 accounts</u>
1.12	<p>During the year there have been significant movements in build costs, consequently impacting the carrying value of assets. Asset valuations have been revised to ensure the Accounts are not materially misstated as at 31 March 2022.</p> <p>This exercise has been carried out for the Council's Depreciated Replacement Cost (DRC) assets and council dwellings using data sourced from the Building Cost Information Service (BCIS) and Land Registry, with the revised figures now reflected in the Accounts.</p>
1.13	To date, no other significant issues have arisen during the audit of the 2021/22 Accounts. Audit Wales will be in attendance at the meeting to provide any relevant updates.
	<u>Progress on the Clwyd Pension Fund Accounts</u>
1.14	The draft Clwyd Pension Fund Statement of Accounts were included in the Clwyd Pension Fund Annual Report for 2021/22 which was submitted to the Clwyd Pension Fund Committee on 31 August 2022. Members of the Pension Fund Committee may continue to raise issues on any aspect of the Annual Report, including the accounts, during September and early October.

1.15	The timetable of the audit of the accounts was discussed at the Pension Fund Committee meeting. The deadline for Clwyd Pension Fund to approve and publish its Annual Report is 1 December each year. The final audited Annual Report and Accounts will be presented to the meeting of the Pension Fund Committee on 23 November.
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2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required and none undertaken.

4.00	RISK MANAGEMENT
4.01	Without resolution, there is a risk that the Councils Statements of Accounts could be subject to qualified audit opinions in this area. A resolution to this issue may take a number of months, which leaves the Councils Statements of Accounts open to further changes should any other issues arise nationally until the accounts are signed off by the auditors.

5.00	APPENDICES
5.01	None

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

7.00	GLOSSARY OF TERMS
7.01	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. Financial Audit: The annual external audit of the Council's Statement of Accounts. Financial Year: the period of 12 months commencing on 1 April.

Materiality: A concept used to inform judgements regarding the accuracy of the Council's Statement of Accounts. The basis could be quantitative with an assigned value or qualitative and affected by issues that are legal, regulatory, or politically sensitive.

Statement of Accounts / Final Accounts / Financial Accounts or Statements: The Council's annual finance report providing details of the Council's financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 5



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Monday 14 th November 2022
Report Subject	Treasury Management Mid-Year Review 2022/23 & Quarter 2 update
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

This report presents the draft Treasury Management Mid-Year Report 2022/23 for review and seeks the Committee's recommendation for approval to Cabinet.

The report provides an update on matters relating to the Council's treasury management activity during the period 1st June to 30th September 2022.

RECOMMENDATIONS

1	Members review the draft Treasury Management Mid-Year Report 2022/23 and identify any matters to be drawn to the attention of Cabinet at its meeting in December.
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REPORT DETAILS

1.0	EXPLAINING THE MID YEAR REVIEW
1.01	The Council has nominated the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies. The Governance and Audit Committee has previously agreed to include treasury management as a standing item on each quarterly agenda to receive an update.
1.02	On 15 th February 2022, the Council approved the Treasury Management Strategy 2022/23, following the recommendation of the Cabinet and consideration by the Governance and Audit Committee.

	<u>Treasury Management Mid-Year Report 2022/23</u>
1.03	The draft Treasury Management Mid-Year Report for 2022/23 is attached as Appendix 1 for review. As required by the Council's Financial Procedure Rules, this review will be reported to the Cabinet and Council.
1.04	<p><u>Summary of Key Points</u></p> <p>The ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. The UK political situation towards the end of the period following the 'fiscal event' increased uncertainty further.</p> <p>The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain.</p> <p>The Bank of England have increased the official Bank Rate to 2.25% over the period.</p>
1.05	No new long or short term borrowing was undertaken during the period. The Council continues to regularly review the position on its long-term borrowing requirement in conjunction with advice from Arlingclose. The borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Section 4 provides more information on borrowing and debt management during the period.
1.06	Interest rates on investments have been increasing throughout the period, the average rate of return for the period being 1.05%. Section 5 of the report provides more information on the Council's investments.
1.07	The treasury function has operated fully within the limits detailed in the Treasury Management Strategy 2022/23.
	Treasury Management 2022/23 – Quarter 2 update
1.08	<p><u>Investments Update</u></p> <p>A statement setting out the Council's investments as at 30th September 2022 is attached at Appendix 2. The investment balance at this time was £41.3m, spread across 11 counterparties. The average interest rate for the period was 1.71%.</p>
1.09	<p><u>Borrowing Update</u></p> <p>Appendix 3 shows the Council's long term borrowing as at 30th September 2022. The total amount of loans outstanding was £292.5m with an average interest rate payable of 4.53%. No long term borrowing was arranged during the quarter.</p> <p>Appendix 4 shows the Council's short term borrowing as at 30th September 2022. There were no loans outstanding during this period.</p>

1.10	The Council's capital expenditure plans will continue to be monitored throughout 2022/23 to inform and assess the Council's long term borrowing need. This is to ensure that the Council does not commit to long term borrowing too early and refinance unnecessarily which will be costly and have significant revenue implications. The continued use of short-term borrowing will assist with this.
1.11	Arlingclose expect interest rates to rise further during 2022/23 and to reach 5% by the end of the year. The Council will continue to monitor forecasts closely with Arlingclose. The affordability of long-term borrowing in the short term needs to be balanced against the savings made over the life of the loan. For the moment, the advice is to use short-term borrowing which will be more flexible and have cash flow benefits compared to long-term borrowing.
1.12	<u>Member Training – Treasury Management</u> A treasury management Member training workshop has been arranged for 7th December 2022, 10am – 12pm to be presented by Arlingclose Ltd. The sessions will be hosted by the Governance and Audit Committee but will be open to all Members, via online video conferencing.

2.00	RESOURCE IMPLICATIONS
2.01	Financial implications are addressed in the report; 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 report and 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 Mid-Year Report 2022/23 2. Investment Portfolio as at 30th September 2022 3. Long term borrowing as at 30th September 2022 4. Short term borrowing as at 30th September 2022

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</p>

governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

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%.

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.

Low Volatility Net Asset Value Money Market Funds (LVNAV MMFs): refers to highly liquid money market funds which aim to maintain the level of their worth by investing in very secure instruments.

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.

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): Government Body that sets the Bank Rate. Its primary target is to keep 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): In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller’s bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy.

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.

<p>Unsupported Borrowing: Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.</p> <p>Yield: The measure of the return on an investment instrument.</p>



FLINTSHIRE COUNTY COUNCIL
DRAFT

TREASURY MANAGEMENT

MID YEAR REPORT 2022/23

1.00 PURPOSE OF REPORT

- 1.01 To provide Members with a mid-year update on matters relating to the Council's Treasury Management function.

2.00 BACKGROUND

- 2.01 Treasury management comprises the management of the Council's 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.
- 2.02 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.
- 2.03 The Council's policy is to appoint external consultants to provide advice on its treasury management function. In September 2021 Arlingclose Ltd were reappointed as the Council's advisors for a period of 3 years, following a competitive tendering exercise. This period can be extended a further 2 years as per the contract terms to September 2026.
- 2.04 The Council has adopted the 2017 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a treasury management strategy before the start of each financial year, a mid-year report, and an annual report after the end of each financial year.
- 2.05 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.
- 2.06 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance.
- 2.07 The Council approved the 2022/23 Treasury Management Strategy at its meeting on 15th February 2022.

3.00 ECONOMIC & INTEREST RATE REVIEW APRIL – OCTOBER 2022.

Provided by Arlingclose Ltd, the Council's treasury management advisors.

Economic background: The ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. The UK political situation towards the end of the period following the 'fiscal event' increased uncertainty further.

The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.

Central Bank rhetoric and action remained robust. The Bank of England, Federal Reserve and the European Central Bank all pushed up interest rates over the period and committed to fighting inflation, even when the consequences were in all likelihood recessions in those regions.

UK inflation remained extremely high. Annual headline CPI hit 10.1% in July, the highest rate for 40 years, before falling modestly to 9.9% in August. RPI registered 12.3% in both July and August. The energy regulator, Ofgem, increased the energy price cap by 54% in April, while a further increase in the cap from October, which would have seen households with average energy consumption pay over £3,500 per annum, was dampened by the UK government stepping in to provide around £150 billion of support to limit bills to £2,500 annually until 2024.

The labour market remained tight through the period but there was some evidence of easing demand and falling supply. The unemployment rate 3m/year for April fell to 3.8% and declined further to 3.6% in July. Although now back below pre-pandemic levels, the recent decline was driven by an increase in inactivity rather than demand for labour. Pay growth in July was 5.5% for total pay (including bonuses) and 5.2% for regular pay. Once adjusted for inflation, however, growth in total pay was -2.6% and -2.8% for regular pay.

With disposable income squeezed and higher energy bills still to come, consumer confidence fell to a record low of -44 in August, down -41 in the previous month. Quarterly GDP fell -0.1% in the April-June quarter driven by a decline in services output, but slightly better than the 0.3% fall expected by the Bank of England.

The Bank of England increased the official Bank Rate to 2.25% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises of 0.25% in each of the following two MPC meetings, before hiking by 0.50% in August and again in September. August's rise was voted by a majority of 8-1, with one MPC member preferring a more modest rise of 0.25%. The September vote was 5-4, with five votes for a 0.5% increase, three for a 0.75% increase and one for a 0.25% increase. The Committee noted that domestic inflationary pressures are expected to remain strong and so given ongoing strong rhetoric around tackling inflation further Bank Rate rises should be expected.

On 23rd September the UK government, following a change of leadership, announced a raft of measures in a 'mini budget', loosening fiscal policy with a view to boosting the UK's trend growth rate to 2.5%. With little detail on how government borrowing would be returned to a sustainable path, financial markets reacted negatively. Gilt yields rose dramatically by between 0.7% - 1% for all maturities with the rise most pronounced for shorter dated gilts. The swift rise in gilt yields left pension funds vulnerable, as it led to margin calls on their interest rate swaps and risked triggering large scale redemptions of assets across their portfolios to meet these demands. It became necessary for the Bank of England to intervene to preserve market stability through the purchase of long-dated gilts, albeit as a temporary measure, which has had the desired effect with 50-year gilt yields falling over 100bps in a single day.

Bank of England policymakers noted that any resulting inflationary impact of increased demand would be met with monetary tightening, raising the prospect of much higher Bank Rate and consequential negative impacts on the housing market.

After hitting 9.1% in June, annual US inflation eased in July and August to 8.5% and 8.3% respectively. The Federal Reserve continued its fight against inflation over the period with a 0.5% hike in May followed by three increases of 0.75% in June, July and September, taking policy rates to a range of 3% - 3.25%.

Eurozone CPI inflation reached 9.1% y/y in August, with energy prices the main contributor but also strong upward pressure from food prices. Inflation has increased steadily since April from 7.4%. In July the European Central Bank increased interest rates for the first time since 2011, pushing its deposit rate from -0.5% to 0% and its main refinancing rate from 0.0% to 0.5%. This was followed in September by further hikes of 0.75% to both policy rates, taking the deposit rate to 0.75% and refinancing rate to 1.25%.

Financial markets: Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September, volatility in financial markets was significantly exacerbated by the UK government's fiscal plans, leading to an acceleration in the rate of the rise in gilt yields and decline in the value of sterling.

Due to pressure on pension funds, the Bank of England announced a direct intervention in the gilt market to increase liquidity and reduce yields.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to 4.40%, the 10-year gilt yield rose from 1.61% to 4.15%, the 20-year yield from 1.82% to 4.13% and the 50-year yield from 1.56% to 3.25%. The Sterling Overnight Rate (SONIA) averaged 1.22% over the period.

Credit review: In July Fitch revised the outlook on Standard Chartered from negative to stable as it expected profitability to improve thanks to the higher interest rate environment. Fitch also revised the outlook for Bank of Nova Scotia from negative to stable due to its robust business profile.

Also in July, Moody's revised the outlook on Bayerische Landesbank to positive and then in September S&P revised the GLA outlook to stable from negative as it expects the authority to remain resilient despite pressures from a weaker macroeconomic outlook coupled with higher inflation and interest rates.

Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks, in May Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days. These recommendations were unchanged at the end of the period.

Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Outlook for the remainder of 2022/23

Arlingclose expects Bank Rate to rise further during 2022/23 to reach 5% by the end of the year.

The MPC is particularly concerned about the demand implications of fiscal loosening, the tight labour market, sterling weakness and the willingness of firms to raise prices and wages.

The MPC may therefore raise Bank Rate more quickly and to a higher level to dampen aggregate demand and reduce the risk of sustained higher inflation. Arlingclose now expects Bank Rate to peak at 5.0%, with 200bps of increases this calendar year.

This action by the MPC will slow the economy, necessitating cuts in Bank Rate later in 2024.

Gilt yields will face further upward pressure in the short term due to lower confidence in UK fiscal policy, higher inflation expectations and asset sales by the BoE. Given the recent sharp rises in gilt yields, the risks are now broadly balanced to either side. Over the longer term, gilt yields are forecast to fall slightly over the forecast period.

	Current	Dec 22	Mar 23	Jun 23	Sept 23	Dec 23	Mar 24	Jun 24	Sept 24	Dec 24	Mar 25	Jun 25	Sept 25
Upside Risk (%)	0.00	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Interest Rate (%)	2.25	4.25	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.75	4.25	3.75	3.25
Downside Risk (%)	0.00	-1.00	-1.00	-0.75	-0.50	-0.50	-0.50	-0.75	-1.25	-1.50	-1.75	-1.75	-1.75

4.00 BORROWING REQUIREMENTS AND DEBT MANAGEMENT

4.01 PWLB (Public Works Loans Board) Certainty Rate Update.

The Authority submitted its application to WG along with the 2022-23 Capital Estimates Return to access this reduced rate for a further 12 months from 1st April 2022.

4.02 The long term borrowing outstanding at 30th September 2022 totals £292.5 million.

- 4.03 Loans with the Public Works Loans Board are in the form of fixed rate (£268.9m). £18.95m is variable in the form of LOBOs (Lender's Option, Borrower's Option) and £4.64m are interest free loans from government. The Council's average long term borrowing rate is currently 4.53%.

	Balance 01/04/2022 £m	Debt Maturing £m	New Debt £m	Balance 30/09/2022 £m
Long Term Borrowing	289.6	(1.98)	0.00	287.88
Government Loans	4.81	(0.25)	0.07	4.63
TOTAL BORROWING	294.67	(2.23)	0.07	292.51
Other Long Term Liabilities *	3.43	0.00	0.00	3.43
TOTAL EXTERNAL DEBT	298.10	(2.23)	0.07	295.94
Increase/ (Decrease) in Borrowing £m				(2.16)

* relates to finance leases in respect of Deeside Leisure Centre and Jade Jones Pavilion

- 4.04 No new long or short term borrowing was undertaken during the period.
- 4.05 The Authority holds £18.95m of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The option to change the terms on £18.95m of the Council's LOBOs was not exercised by the lender during the period, however, as rates increase so does the likelihood of the loans having to be repaid.
- 4.06 Borrowing Strategy

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

Over the April-September period short term PWLB rates rose dramatically, particular in late September after the Chancellor's 'mini-budget' prompted a fall in

sterling and rise in market interest rate expectations. Interest rates rose by over 2% during the period in both the long and short term. As an indication the 5-year maturity certainty rate rose from 2.30% on 1st April to 5.09% on 30th September; over the same period the 30-year maturity certainty rate rose from 2.63% to 4.68%. Although interest rates across the board have risen, short-term borrowing from other local authorities remains at lower interest rates than long term borrowing.

In keeping with the Authority's objectives, no new borrowing was undertaken, while £1m of existing loans were allowed to mature without replacement. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

4.07 Debt Rescheduling

The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

The Corporate Finance Manager, in conjunction with the Council's treasury advisors, will continue to review any potential opportunities for restructuring the Council's debt in order to take advantage of potential savings as interest rates change and to enhance the balance of the long term portfolio (amend the maturity profile and/or the balance of volatility).

4.08 Borrowing Update

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority.

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.

5.0 INTERIM INVESTMENT AND PERFORMANCE REPORT

5.01 The maximum investments the Authority had on deposit at any one time totalled £74.2m. The average investment balance for the period was £57.5m and the average rate of return was 1.05%, generating investment income of £304k.

5.02 Up to 30th September, investments were made in the Debt Management Office Deposit Account, banks, other local authorities and money market funds

5.03 The average of long term borrowing was £293.9m generating interest payable of £6.655m, in line with budget forecasts to date.

	Investments		Long Term Borrowing		Short Term Borrowing	
	Interest received £k	Interest rate %	Interest paid £k	Interest rate %	Interest paid £k	Interest rate %
2022/23 Apr - Sept	304	1.05	6,655	4.53	0	n/a
2021/22 Apr - Sept	2.8	0.01	6,664	4.61	16	0.09
Difference	301.2		(9.0)		(16)	

Year-end projections are as follows:

	Investments		Long Term Borrowing		Short Term Borrowing	
	Interest received £k	Interest rate %	Interest paid £k	Interest rate %	Interest paid £k	Interest rate %
2022/23 est	925	2.61	13,258	4.53	471	2.71
2021/22 act	29.1	0.07	13,312	4.52	19	0.07
Difference	895.9		(54)		452	

5.04 Credit Risk (security)

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating for institutions defined as having "high credit quality" is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

5.05 Liquidity

In keeping with the WG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of money market funds.

5.06 Yield

The Council sought to optimise returns commensurate with its objectives of security and liquidity. The Council's investment yield is outlined in 5.01.

6.00 COMPLIANCE

- 6.01 The Council can confirm that it has complied with its Prudential Indicators for the period April to September 2022. These were approved on 15th February 2022 as part of the Council's 2022/23 Treasury Management Strategy.
- 6.02 In compliance with the requirements of the CIPFA Code of Practice this report provides Members with a summary report of the treasury management activity during the period April – September 2022. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

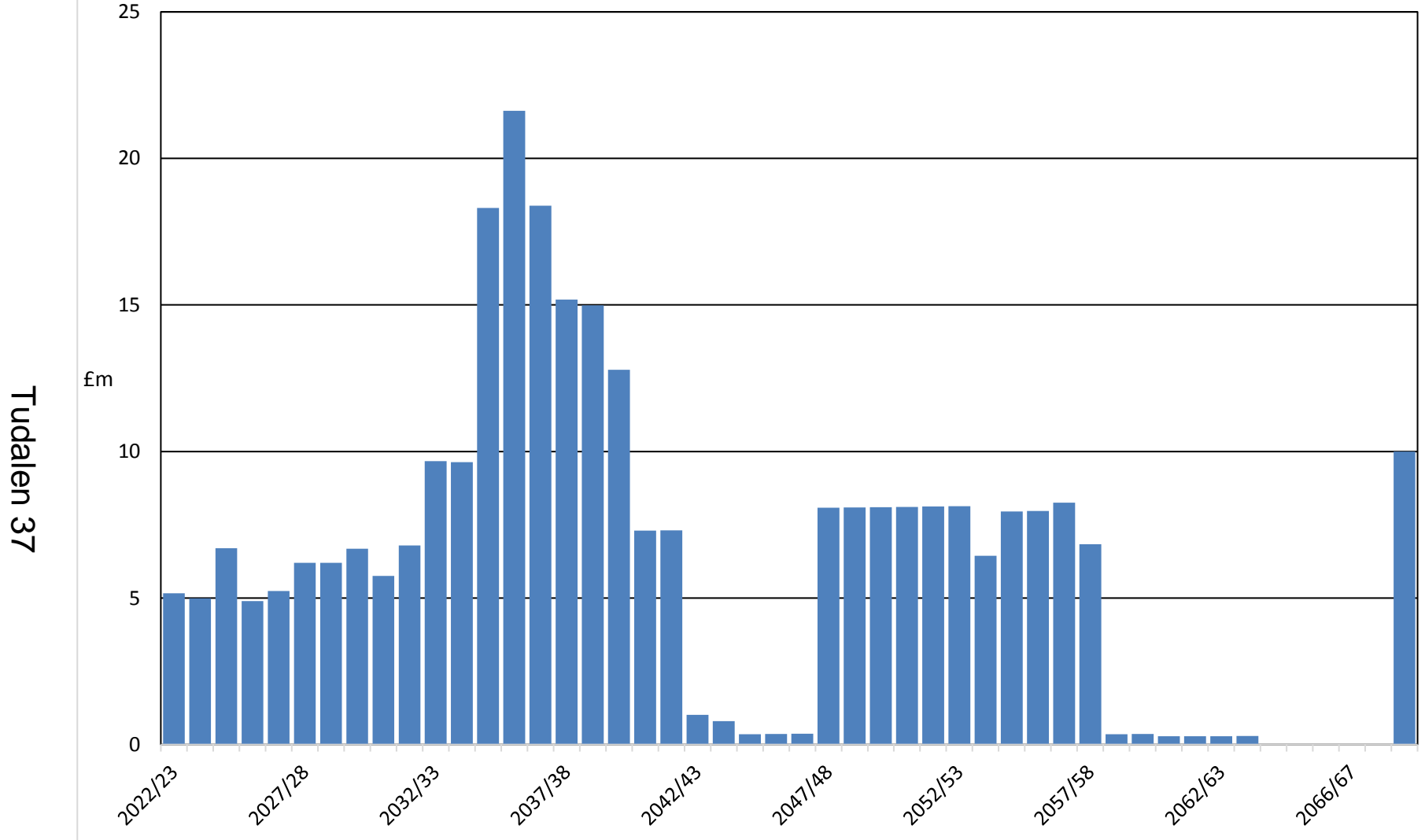
7.00 OTHER ITEMS

- 7.01 Other treasury management related activity that took place during April – September 2022 includes:
- The Treasury Management Annual Report 2021/22 was reported to Governance and Audit Committee on 27th July 2022, Cabinet on 20th September 2022 and Council on 18th October 2022.
 - The Quarter 1 Treasury Management update was reported to the Governance and Audit Committee.

8.00 CONCLUSION

- 8.01 In compliance with the requirements of the CIPFA Code of Practice this report provides Members with a summary report of the treasury management activity during the first half of 2022/23.
- 8.02 As indicated in this report none of the prudential indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Debt Maturity Profile - Sept 2022



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FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

At 30th September 2022

APPENDIX 2

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
NATIONAL WESTMINSTER BANK	1.0	01/04/22	31/10/22	0.30%	1,751	UK BANK	1 month or less
NATIONAL WESTMINSTER BANK	1.0						
DEBT MANAGEMENT OFFICE	5.0	06/06/22	06/12/22	1.35%	33,842	UK GVT	1 - 3 months
DEBT MANAGEMENT OFFICE	5.0						
ABERDEEN LIQUIDITY FUND	4.0	01/04/22	31/10/22	2.00%	46,685	MMF	1 month or less
ABERDEEN LIQUIDITY FUND	4.0						
AVIVA INVESTORS	4.0	01/04/22	31/10/22	1.96%	45,751	MMF	1 month or less
AVIVA INVESTORS	4.0						
CCLA PUBLIC SECTOR DEPOSIT	4.0	01/04/22	31/10/22	1.94%	45,284	MMF	1 month or less
CCLA PUBLIC SECTOR DEPOSIT	4.0						
FEDERATED INVESTORS	4.0	01/04/22	31/10/22	2.04%	47,619	MMF	1 month or less
FEDERATED INVESTORS	4.0						
GOLDMAN SACHS STERLING LIQUIDITY FUND	4.0	01/04/22	31/10/22	1.93%	45,051	MMF	1 month or less
GOLDMAN SACHS STERLING LIQUIDITY FUND	4.0						
HSBC ESG FUND	3.3	25/05/22	31/10/22	2.03%	29,182	MMF	1 month or less
HSBC ESG FUND	3.3						
INSIGHT	4.0	01/04/22	31/10/22	2.00%	46,685	MMF	1 month or less
INSIGHT	4.0						
INVESCO	4.0	01/04/22	31/10/22	2.09%	48,786	MMF	1 month or less
INVESCO	4.0						
MORGAN STANLEY	4.0	01/04/22	31/10/22	0.27%	6,302	MMF	1 month or less
MORGAN STANLEY	4.0						
TOTAL	41.3			1.71%	396,938		
PREVIOUS REPORTS TOTALS (30th June 2022)	41.6			1.06%	127,183		
PREVIOUS YEARS REPORTS TOTALS (30th September 2021)	16.5			0.02%	1,309		

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

At 30th September 2022

APPENDIX 2

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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	12%		5.0		
UK Bank	1.0	2%	1.0			
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)	35.3	85%	35.3			
Total (£)	41.3		36.3	5.0	0.0	0.0
Total (%)		100%	88%	12%	0%	0%

FLINTSHIRE COUNTY COUNCIL - LONG TERM BORROWING ANALYSIS

At 30th September 2022

APPENDIX 3

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
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
02/08/05	1,700,000	4.45	75,650	18/04/31
02/08/05	4,900,000	4.45	218,050	18/04/32
02/08/05	4,600,000	4.45	204,700	18/04/33
02/08/05	1,800,000	4.45	80,100	18/04/34
02/08/05	2,244,611	4.45	99,885	18/04/35
02/04/15	8,000,000	4.17	333,600	02/10/36
02/04/15	7,000,000	4.18	292,600	02/04/37
02/04/15	7,000,000	4.19	293,300	02/10/37
02/04/15	7,000,000	4.20	294,000	02/04/38
02/04/15	7,000,000	4.21	294,700	02/10/38
02/04/15	5,448,094	4.22	229,910	02/04/39
02/04/15	10,800,000	4.11	443,880	02/10/34
02/04/15	9,000,000	4.13	371,700	02/04/35
02/04/15	9,000,000	4.14	372,600	02/10/35
02/04/15	9,000,000	4.16	374,400	02/04/36
06/12/18	10,000,000	2.64	264,000	06/12/68
Total	226,720,113	5.09	11,538,766	

PWLB Fixed Rate Annuity Loans				
06/12/18	7,220,715	2.79	201,458	06/01/63
07/01/20	564,590	3.06	17,276	07/01/60
30/03/20	283,672	2.65	7,517	30/03/60
30/03/20	1,031,737	2.65	27,341	30/03/60
02/11/20	1,371,178	2.55	35,006	02/11/57
09/02/21	2,478,461	1.79	44,364	09/02/58
30/04/21	572,885	2.15	12,317	30/04/61
	13,523,238	2.55	345,280	

PWLB Fixed Rate Equal Instalment of Principal Loans				
01/04/19	8,000,000	1.65	162,250	01/04/34
13/08/19	6,250,000	1.28	80,000	13/08/37
16/12/20	4,659,091	1.16	54,045	16/12/42
28/01/22	9,772,727	2.07	202,295	28/01/44
	28,681,818	1.74	498,591	

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	37,087	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	15,275	0.00	0.00	01/10/22
27/03/19	1,035,276	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
18/01/22	60,092	0.00	0.00	01/10/25
04/04/22	43,000	0.00	0.00	01/10/25
12/07/22	27,400	0.00	0.00	01/10/29
	4,639,576	0	0	

Totals				
Fixed Rate	268,925,170		12,382,637	
LOBOs	18,950,000		858,095	
Other	4,639,576		0	
Grand Total	292,514,746	4.53	13,240,732	

Mae'r dudalen hon yn wag yn bwrpasol

FLINTSHIRE COUNTY COUNCIL - SHORT TERM BORROWING

At 30th September 2022

APPENDIX 4

Counterparty Name	Amount Borrowed £m	Start Date	Maturity Date	Interest Rate	Interest due £	Brokerage due £	Period to Maturity
No loans outstanding							
TOTAL	0.0			0.00%	0	0	
PREVIOUS REPORTS TOTALS (30th June 2022)	5.0			0.16%	2,696	1,348	
PREVIOUS YEARS REPORTS TOTALS (30th September 2021)	17.0			0.02%	1,217	4,289	

SHORT TERM BORROWING SUMMARISED BY TYPE & MATURITY

At 30th September 2022

APPENDIX 4

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

Eitem ar gyfer y Rhaglen 6



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Monday, 14 th November 2022
Report Subject	Asset Disposal and Capital Receipts Generated 2021/22
Report Author	Corporate Manager – Capital Programme and Assets

EXECUTIVE SUMMARY

In relation to the report and attached information, this flows from interest received from Committee members a number of years ago in land disposals and the realisation of capital receipts.

Capital receipts arise when operational Council assets are declared surplus to requirements and are put forward for disposal, or where it is felt appropriate to dispose of assets from the non-operational estate.

Total asset disposals in 2021/22 amounted to £0.498m, of which £0.225m was from general properties and £0.273m from the agricultural estate. Corresponding figures for 2020/21 were £0.968m (£0.873m general, £0.095m agricultural estates). Disposals are lower than the previous year, due to the sale of a high value asset in 2020/21.

The information in this report refers to Council Fund (CF) capital receipts only.

RECOMMENDATIONS

1	Members are requested to note the report.
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REPORT DETAILS

1.00	EXPLAINING THE ASSET DISPOSALS
	Background
1.01	The Council's Capital Programme is set according to the Council's strategic objectives and priorities, ensuring that the Council's capital assets are aligned to current and future service delivery, operating in the most cost efficient way.
1.02	Capital expenditure creates revenue implications for the longer term in the form of running costs and loan repayments if that expenditure is funded from borrowing and must therefore be considered carefully within the wider strategic context.
1.03	In recent years the availability of capital resources has diminished with Welsh Government (WG) reducing the amount of support for capital expenditure that Councils receive. For Flintshire, this support has reduced from £10.364m in 2010/11 to £8.091m in 2021/22, a percentage reduction over this period of 22%. Capital receipts generated from the Councils own asset disposals (assets and land) are therefore a key capital resource and are critical to the Council in supporting its overall strategic priorities.
1.04	Capital receipts, together with other sources of funding, are aggregated and applied to fund the capital programme as a whole regardless of where they have been generated or by which service and are not therefore 'ring-fenced' to any particular portfolio.
1.05	When considering the disposal of an asset, its best and most valuable disposal method is considered with advice including a valuation sought from either the District Valuer or the private sector. When this has been received the optimum method of disposal is reported to the Capital and Asset Programme Board. Once support is received, the sale is progressed generally through the Council's in house team.
1.06	The Council's current policy regarding the Agricultural Estate is to sell to existing sitting tenants only, or on the open market if the property is already vacant.
1.07	In line with current Council Policy, capital receipts are only available to fund capital expenditure once the asset has been disposed of and the receipt has been realised.
	Considerations
1.08	In relation to the report and attached information, this flows from interest received from Committee members a number of years ago in land disposals and the realisation of capital receipts.

1.09	Appendix 1 lists assets disposed of in financial years 2019/20 to 2021/22, by Ward and within bands of the capital receipt value realised. This layout is consistent with previous reports; more detailed reports regarding capital expenditure and capital schemes are reported at Corporate Resource Overview and Scrutiny Committee.
1.10	Sale proceeds for individual disposals are not included as they can be commercially sensitive, particularly if future disposals are being considered for similar assets.

2.00	RESOURCE IMPLICATIONS
2.01	Further details on the resource implications of capital receipts can be found in the Capital Programme Monitoring 2021/22 (Outturn) report to Cabinet on 12 th July, 2022.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None as a result of this report.

4.00	RISK MANAGEMENT
4.01	Whilst the realisation of capital receipts continues to be a risk for the future funding of the capital programme, the information provided in this report is retrospective and therefore carries no future risk.
4.02	Asset disposals involve an element of risk, especially during times of property market volatility, however, the Council has a rigorous process which it follows when assets are disposed of, with careful consideration given to the strategic long term future service needs and the assets needed to deliver those services. This consideration includes references to Business Plans, Improvement Plans and the Medium Term Financial Strategy.

5.00	APPENDICES
5.01	Appendix 1 – Capital Receipts 2019/20 – 2021/22

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Capital Programme 2021/22 monitoring papers</p> <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>Capital Expenditure: Expenditure on the acquisition of Non-current Assets or expenditure that extends the life or value of an existing asset.</p> <p>Capital Programme: The Council’s financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme.</p> <p>Capital Receipt: Receipts (in excess of £10,000) from the disposal of an asset.</p> <p>Capital Scheme: An individual capital project which is monitored and managed in isolation. The aggregate of all schemes comprises the Capital Programme.</p> <p>Council Fund: The fund to which all the Council’s revenue and capital expenditure is charged.</p> <p>District Valuer: The District Valuer is a member of staff within the District Valuer Services (DVS). The DVS is the specialist property arm of the Valuation Office Agency (VOA). It provides independent valuation and professional property advice to bodies across the entire public sector, and where public money or public functions are involved.</p> <p>Financing: The process of allocating resources to meet the cost of capital expenditure, which can be done on a project, asset or whole programme basis. This contrasts with making the invoice payments relating to capital expenditure, which should be managed within the authority’s overall treasury management policy.</p> <p>Non-current Asset: A resource controlled (but not necessarily owned) by an authority, from which economic benefits or service potential are expected to flow to the authority for more than 12 months.</p> <p>Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing: Each year Welsh Government provide Council’s with a Supported Borrowing allocation. Council’s borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent.</p>

<p>Unsupported Prudential Borrowing: Borrowing administered under the Prudential Code, whereby authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years.</p>
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VALUE £000	2019/20		2020/21		2021/22	
	ASSET	AREA	ASSET	AREA	ASSET	AREA
Up to £100k	Land	Buckley	Land Land	Mold Hope		
£100k - £150k	Land & Property	Higher Kinnerton				
£150k - £200k			Land & Property	Flint		
£200k - £250k					Land	Buckley
£250k - £300k					Land & Property	Holywell
£300k - £350k						
£350k - £400k						
£400k - £450k						
£450k - £500k	Land & Property	Sandycroft				
£500k - £550k						
£550k - £600k						
£600k - £650k						
£650k - £700k			Land & Property	Sealand		
£700k - £750k						
£750k - £800k						
£800k - £850k						
£850k+	Land & Property	Hope				
Annual Total (£k)		1,618		968		498

Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 7



GOVERNANCE & AUDIT COMMITTEE

Date of Meeting	Monday 14 th November 2022
Report Subject	Financial Procedure Rules
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of financial procedures that set out the financial policies of the Authority.

The Council's Financial Procedure Rules (FPR's) were last updated and approved by Council in October 2020. The FPR's are subject to revision every two years.

As part of the current review the FPR's have been updated through consultation with the relevant service managers and the Chief Officer Team and various changes made to reflect updated procedures and changes to the organisational structure.

A copy of the revised FPR's is attached as Appendix 1 with a further version showing the tracked changes made attached as Appendix 2.

RECOMMENDATIONS

1	That Governance & Audit Committee endorse the updated Financial Procedure Rules and recommend that they are submitted to Council on 24 th January for approval following consideration by Constitution and Democratic Services Committee on 12 th January.
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REPORT DETAILS

1.00	Explaining the Financial Procedure Rules (FPR's)
1.01	Section 151 of the Local Government Act 1972 and the Accounts and Audit (Wales) Regulations require the Council to make arrangements for the proper administration of its financial affairs.
1.02	To conduct its business efficiently, the Council needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this is the establishment of financial procedures that set out the financial policies of the Authority.
1.03	The FPR's are set into six main sections: <ol style="list-style-type: none">1. Status of Financial Regulations2. Financial Management – General roles and responsibilities3. Financial Planning4. Risk Management and Control of Resources5. Financial Systems and Procedures6. External Arrangements
1.04	The Council's FPR's are reviewed every two years. Previous reviews have updated them to reflect the CIPFA guidance on financial regulations.
1.05	The FPR's were last updated in 2019 and were approved by Council on 20 October 2020.
1.06	The main revisions made to this updated version are set out in para 1.07 to 1.09.
1.07	Salary Overpayments Amendment of the FPR's to simplify the process for the recovery of overpayments of salaries to, wherever possible, agree the deduction of an agreed amount from future salary payments with the employee.
1.08	Write off of Bad Debts Amendment to the thresholds for approvals of the write off of bad debts as follows: <ul style="list-style-type: none">• Single debts up to £10,000 to be approved by Corporate Finance Manager (previous level £5,000) Debts between £10,000 and £25,000 to be written off in consultation with the Cabinet Member and any debts over £25,000 will continue to be referred to Cabinet for approval.

1.09	<p>Other Minor Changes</p> <p>Further minor changes include changes to job titles where appropriate, updated reference to guidance e.g. CIPFA codes, changes to committees and other minor clarifications regarding payment terms and conditions.</p>
1.10	<p>A summary of the FPR's will also be available which is intended to be an easy reference guide for budget holding managers and other staff. This will include practical advice and references to more detailed information when requested.</p>
1.11	<p>Following approval of the FPR's the Finance Team will continue to undertake awareness raising with management teams to ensure that managers and their staff understand their responsibilities with regard to the FPR's and emphasis will be put on the requirement of <u>all</u> staff to ensure compliance.</p>
1.12	<p>Once approved, the adherence to the FPR's will be monitored by finance teams with any breaches or concerns reported to Chief Officers on a regular basis.</p>
1.13	<p>Next Steps</p> <p>The Financial Procedure Rules will be considered by Constitution and Democratic Services Committee on 12th January 2023 prior to County Council on 24th January 2023.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>There are no resource implications arising directly from the report although the implementation of the FPR's ensure robust, consistent financial processes across the Authority.</p>

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	<p>The FPR's contribute to minimising the financial risks across the Council.</p>

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	<p>The proposed changes have been prepared in consultation with the Chief Officer Team, Financial Management Team and Internal Audit.</p>

5.00	APPENDICES
5.01	Appendix 1 - Financial Procedure Rules Appendix 2 - Financial Procedure Rules (with tracked changes) Appendix 3 - Glossary of Terms

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Gary Ferguson Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
	See Appendix 3 of the report

Flintshire County Council

Financial Procedure Rules

Revised 2022

Contents

1. Status of Financial Regulations
2. Financial Management – General Roles and Responsibilities
3. Financial Planning
4. Risk Management and Control of Resources
5. Financial Systems and Procedures
6. External Arrangements

1. Status of Financial Regulations

1.1 What are Financial Procedure Rules?

1.1.1 Financial Procedures provide the framework for managing the Council's financial affairs. They apply to every Member and officer of the Council and anyone acting on its behalf.

1.1.2 The procedures identify the financial responsibilities of the full Council, the Cabinet and officers.

1.1.3 Where there are references to the Chief Executive and Chief Officer the responsibility is as follows:

The Chief Executive as Head of Paid Service at a strategic level provides oversight, coordination and direction across the organisation and ensures the Chief Officer Team work collectively.

Chief Officers are accountable at a strategic and operational level for resource management, performance management and delivery of services for the Portfolio for which they have responsibility.

In addition, the Council holds the following statutory posts:

The Head of Paid Service is the Chief Executive

The Chief Finance Officer is the Corporate Finance Manager

The Chief Education Officer is the Chief Officer (Education and Youth)

The Monitoring Officer is the Chief Officer (Governance)

The Director of Social Services is the Chief Officer (Social Services)

The Director of Children's Services is the Chief Officer (Education and Youth)

Democratic Services Manager

1.1.4 These Financial Procedure Rules are part of the Council's Rules of Procedure. They must be read in conjunction with the rest of the Constitution, of which they form part, including the Contract Procedure Rules.

1.1.5 These Financial Procedure Rules and other regulatory rules apply to the Clwyd Pension Fund except where separate legislation exists, e.g. Local Government Investment Regulations.

1.2 Why are they important?

1.2.1 To conduct its business effectively, the Council needs to ensure that sound financial management arrangements are in place and that they are strictly adhered to in practice. Part of this process is the establishment of Financial Procedures which set out the financial responsibilities of the Council. These procedures have been devised as a control to help the Council manage its financial matters properly in compliance with all necessary requirements.

1.2.2 Good, sound financial management is a key element of the Council's Corporate Governance framework which helps to ensure that the Council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

1.2.3 Good financial management secures value for money, controls spending, ensures due probity of transactions and allows decisions to be informed by accurate accounting information.

1.2.4 Good financial management requires secure and reliable records and systems to process transactions and information and substantiate the effective use of public money.

1.2.5 Financial Procedures should not be seen in isolation, but rather as part of the overall regulatory framework of the Council as set out in the Council's Constitution.

1.3 Who do Financial Procedures apply to?

1.3.1 Financial Procedures apply to every Member and officer of the Council and anyone acting on its behalf. Members and officers have a general responsibility for taking reasonable action to provide for the security and use of the resources and assets under their control, and for ensuring that the use of such resources and assets is legal, consistent with Council policies and priorities, is properly authorised, provides value for money and achieves best value.

1.3.2 Separate financial procedures have been incorporated into the Council's Scheme for Financing of Schools and relate to those matters where decisions have been delegated to school governing bodies.

1.3.3. These Financial Procedures shall apply in relation to any partnership for which the Council is the accountable body, unless the Council expressly agrees otherwise. Where services are provided via an 'Alternative Delivery Model', specific financial procedures will be incorporated into the individual models.

1.3.4 Failure to observe Financial Procedures may result in action under the Council's disciplinary procedures.

1.4 Who is responsible for ensuring that they are applied?

1.4.1 The Chief Executive and Chief Officers are ultimately responsible to the Council for ensuring that Financial Procedures are applied and observed by his/her staff and contractors providing services on the Council's behalf and for reporting to the Chief Finance Officer any known or suspected breaches of the procedures.

1.4.2 The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Procedures and submitting any additions or changes necessary to the Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the Financial Procedures to the Council and/or to the Members.

1.4.3 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Procedures which Members, Chief Executive and Chief Officers and others acting on behalf of the Council are required to follow.

1.4.4 Where any Officer or Member considers that complying with Financial Procedures in a particular situation might conflict with the achievement of value for money or the principles of Best Value or the best interests of the Council, he/she shall raise the issue with the Chief Finance Officer who will, if he/she considers necessary and appropriate, seek formal approval from the Council for a specific waiver of the procedures, or an amendment to the procedures themselves.

2. Financial Management – General Roles and Responsibilities

The Role of the Full Council

2.1.1. The Council has a duty towards its Council Taxpayers and Non Domestic Ratepayers with regard to financial decisions and their consequences. The full Council is responsible for adopting the Council's Constitution and Members' Code of Conduct and for approving the budget and policy framework within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The full Council is also responsible for monitoring compliance with policies and related Cabinet decisions.

2.2 The Role of the Cabinet

2.2.1 The Cabinet (as the Council's Executive) is responsible for proposing the Budget and Policy Framework to full Council, and for discharging executive functions in accordance with the Budget and Policy Framework.

2.3 The Role of the Chief Finance Officer

2.3.1 The Chief Finance Officer is accountable to the Chief Executive and the Council and has statutory duties that provide overall responsibility for the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. These statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations (Wales) Regulations currently in force

2.3.2 The Chief Finance Officer among other functions is responsible for;

- a) The proper administration of the Council's financial affairs.
- b) Setting and monitoring compliance with financial management standards.
- c) Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
- d) Advising on all matters which affect, or potentially affect, the finances or financial administration of the Council.
- e) Providing financial information.
- f) Making recommendations to the Cabinet and Council for the preparation of the revenue budget and capital programme.

- g) Preparing the approved revenue budget and capital programme.
- h) Treasury management.

The Chief Executive and Chief Officers are responsible for promoting the financial management standards set by the Chief Finance Officer in their portfolio and monitoring adherence to the standards and practices, liaising as necessary with the Chief Finance Officer.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to every Member of the Cabinet or the Council as appropriate and to the External Auditor, if the Council, a Committee or Officer of the Council, or a Joint Committee on which the Council is represented:

- Has made, or is about to make, a decision which involves or would involve the Council incurring expenditure which is unlawful
- Has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the Council
- Is about to make an unlawful entry in the Council's accounts

The Chief Finance Officer must consult with the Head of Paid Service and the Monitoring Officer when preparing any report under Section 114.

The Chief Finance Officer shall make a report under this Section if it appears to him or her that the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

Section 114 of the 1988 Act also requires:

- The Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally, due to absence or illness
- The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114
(All references to a Committee (joint or otherwise) include Sub-Committees).

Where a report has been issued by the Chief Finance Officer under Section 114 of the Local Government Finance Act 1988, the Council and the Council's Head of Paid Service shall then follow the requirements of Sections 115 and 116 of the said Act.

2.4 The Role of Chief Officers

2.4.1 Chief Officers are each accountable to the Council for the financial management and administration of those services and activities allocated to them in accordance with Council policy.

2.4.2 Chief Officers are responsible for:

- a) Ensuring that adequate and effective systems of internal control are operated to ensure the accuracy, legitimacy and proper processing of transactions and the management of activities, having regard to advice and guidance from the Chief Finance Officer.
- b) Ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.
- c) Consulting with the Chief Finance Officer in seeking approval regarding any matters which may affect the Council's finances materially, before any commitments are incurred.
- d) Consulting with each other on any issue with corporate financial implications before submitting policy options or recommendations to Members.

3. Financial Planning

3.1 Strategic Planning

Why is this important?

Planning is a continuous process and is a fundamental tool in the management and control of the Council. The Council has a statutory responsibility to produce various plans. Financial planning is a key part of this process, setting out the financial consequences of the actions planned to meet the objectives and targets set within the plan.

Key Controls

- Ensure that all relevant plans are produced and that they are consistent with Corporate objectives
- Produce plans in accordance with statutory requirements
- Meet the timetables set
- Ensure that all performance information is accurate, complete and up to date
- Provide improvement targets that are meaningful, realistic and challenging

Responsibilities of the Chief Finance Officer

- a) To advise and supply the financial information that needs to be included in plans in accordance with the statutory requirements and agreed timetables.
- b) To contribute to the development of corporate and service targets and objectives and performance information.
- c) To ensure that performance information is monitored frequently to allow corrective action to be taken if targets are not likely to be met.

Responsibilities of the Chief Officers

- a) To contribute to the development of plans in line with statutory requirements.
- b) To contribute to the development of corporate and service targets and objectives and performance information.

3.2 Budgets and Medium Term Planning

Why is this important?

The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively to enable scarce resources to be allocated in accordance with the Council's priorities.

Flintshire's Medium Term Financial Strategy (MTFS) provides a framework for the financial principles through which revenue and capital resources will be forecast, organised and managed to deliver the Council's vision and strategic objectives.

The MTFS uses detailed intelligence led forecasting to estimate available resources, investment needs linked to the Council Plan and priorities, demand and externally led cost pressures and opportunities for efficiencies / savings for both revenue services and the capital programme over the medium term. The MTFS enables the gap between forecast funding levels and resource requirements to be identified over the medium term.

Detailed work is undertaken on an annual basis by the Corporate Finance Team, in conjunction with the Chief Executive and Chief Officer Team to build on the MTFS to enable a balanced revenue budget and capital programme which is then approved by Council for the following financial year.

Responsibilities of the Chief Finance Officer

- a) To prepare and submit reports on budget prospects for the Cabinet including resource constraints set by the Welsh Government.
- b) To determine the detailed form of revenue estimates after consultation with the Cabinet, Chief Executive and Chief Officers.
- c) To prepare and submit forecasting reports to the Cabinet on the aggregate spending plans and resources available to fund them.
- d) To advise on the medium term implications of spending decisions and prepare forecasts.
- e) To encourage the best use of resources and value for money by working with Chief Officers to identify opportunities to improve economy, efficiency and effectiveness.
- f) To advise the Council on proposals in accordance with responsibilities under Section 151 of the Local Government Act 1972.

Responsibilities of the Chief Officers

- a) To integrate financial and budget plans into service planning so that budget plans can be supported by financial and non-financial performance measures.
- b) To encourage the best use of resources and value for money by working with the Chief Finance Officer to identify opportunities to improve economy, efficiency and effectiveness.

3.3 Budgeting

3.3.1 Revenue Budget

Why is this important?

Budgetary control and monitoring procedures ensure that once the budget has been formally approved by the County Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year.

By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity.

Key Controls

The key controls for managing and controlling the revenue budget are:

- Budget managers should be responsible only for income and expenditure that they can influence
- There is a nominated budget manager for each cost centre heading and the responsibilities for budgetary control are clearly defined
- Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- Budget managers follow an approved certification process for all expenditure
- Income and expenditure are properly recorded and accounted for
- Performance levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget
- An annual cycle is established to ensure budgets are promptly prepared

Responsibilities of the Chief Finance Officer

To ensure an appropriate framework of budgetary management and control that ensures that:

- a) A revenue budget is prepared on an annual basis, together with a revenue projection over the medium term, for consideration by the Cabinet, which will make recommendations to the Council. The Council is responsible for the approval of the revenue budget.
- b) A resource allocation process is developed and maintained for consideration by Members at each stage of the revenue budget process.
- c) The revenue budget includes the proposed level of unallocated Council Fund reserves, proposed taxation levels and the proposed budgets for each Chief Officer and for central and corporate budget heads.
- d) Each Chief Officer has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
- e) Expenditure is committed only against an approved budget head.
- f) Significant variances from approved budgets are investigated and reported by budget managers on a regular and timely basis.

Responsibilities of the Chief Officers

- a) To maintain budgetary control within their departments and ensure that all income and expenditure are properly recorded and accounted for.
- b) To ensure that an accountable budget manager is identified for each area of income and expenditure under the control of the Chief Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision making that commits expenditure.
- c) Ensure that Managers and all staff understand their financial responsibilities.
- d) Ensure that budget managers follow the monthly budget monitoring procedures when using Collaborative Planning (CP) system.
- e) To prepare annual service plans linked to the Council Plan identifying any budgetary implications for inclusion in the Medium Term Financial Plan for Member consideration.
- f) To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast. Variances in excess of £50k should be reported with an explanation to the Chief Finance Officer.

- g) Prepare budget action plans where a significant overspend is forecast. The action plan should identify how expenditure will be brought back into line with budget, either by taking corrective action, or through the proposed use of compensating savings elsewhere in their budget.
- h) Report areas of forecast under spend, along with the implications for future years, for corporate consideration of where any available resources should be re-allocated. The use of budget savings other than in accordance with the approved budget is not permitted without Cabinet approval.
- i) Consult with the Chief Finance Officer and seek advice on further action to be taken before any commitments are incurred, where these are not covered by the Council's approved budget.
- j) Report significant variations from budget to the Chief Finance Officer, who will report the position and any budget action plans in the overall budget monitoring report to Cabinet. In certain circumstances it may be that the significance of the variance requires a separate report to Cabinet for consideration or approval. The report will outline the reasons for the projected variance, the implications for future years' budgets, along with the budget action plan to bring expenditure in line with the budget.
- k) Budget action plans will be monitored by the relevant Chief Officer who will notify the Chief Finance Officer should it emerge that a budget action plan will fail to prevent an overspend. The Chief Finance Officer will report the position to Cabinet.
- l) In exceptional cases submit reports to the Cabinet and to the Council, in consultation with Chief Finance Officer, where a Chief Officer is unable to balance expenditure and resources within existing approved budgets under his or her control, requesting a supplementary budget allocation for the current financial year only.
- m) Nothing in the Financial Procedure Rules shall prevent expenditure being incurred which is essential to meet any immediate needs arising from an emergency, including any expenditure under Section 155 of the Local Government and Housing Act 1989 (Emergency Financial Assistance Scheme, formerly known as the "Belwin" scheme). Such action shall only be taken after consultation with the Chief Finance Officer, and any such expenditure must be reported retrospectively to the Cabinet, and agreement for the funding of such expenditure and how it should be treated must be agreed as soon as possible.
- n) To ensure compliance with the scheme of virement.

3.3.2 Budget Virements/Accounting Adjustments

Why is this important?

Transfers between budgets is an integral and important feature of budgetary control for an organisation to ensure sound financial management.

In general terms there are two main types of budget transfers:-

1. Accounting Adjustments – this is where it is necessary to transfer a budget from one place to another to account properly for the relevant expenditure or income but where the approved purpose of that expenditure/income does not change from that approved by County Council. An example of this is the allocation of energy inflation which is held centrally and allocated to portfolio areas based on evidenced need.
2. Formal Virements – this is where there is an intended action to transfer budget from one place to another that does change the purpose of the expenditure/income approved by County Council. An example of this would be the transfer of an amount from Adult Social Services to Children’s Social Services to deal with a pressure in the Children’s Services area.

The Key Principles underpinning the control of budget transfers are as follows:

- Where Budget transfers relate to a change of use or policy they should be authorised and there should be formal evidence of this
- Transferring budgets simply to minimise variances are specifically precluded
- Where an approved budget is a lump sum provision or contingency intended for allocation during the year, its allocation will not be treated as a virement provided the amount is used in accordance with the purposes for which it was originally intended, or if Cabinet has approved the basis on which it will be allocated

Formal Virements in excess of £100,000 (this includes cumulative amounts over £100,000) should be submitted to Cabinet for Approval

- Where there are policy implications for the Council which require a budget virement, Cabinet approval must be obtained

Overall control of budget transfers is undertaken within the Strategy and Insurance team which tracks the movements and also ensures that any virements that change the purpose of the funding are subject to the relevant approval

The Corporate Finance Manager as Section 151 Officer for the Council has a legal responsibility to ensure the proper management of the Councils financial affairs and is content that the rules and procedures in place governing the virement of budget are adequate.

Key Controls

- Performance levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget
- Notification of virements should be given to the Chief Finance Officer and approved

Responsibilities of the Chief Finance Officer

- a) Ensure that budget virements in excess of £100,000 (cumulative) are submitted to Cabinet for approval.
- b) Where there are policy implications for the Council ensure that Cabinet approval is obtained where it is proposed to vire between budgets of different Cabinet Portfolio holders or vire between budgets managed by different Chief Officers.
- c) Where there are implications to the policy framework submit a joint report with the relevant Chief Officer.

Responsibilities of the Chief Officers

- a) To ensure compliance with the scheme of virement.
- b) To agree with the relevant Chief Officer where it appears that a virement proposal may impact materially on another service area.

3.4 Capital Programme

Why is this important?

Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the Council such as land, buildings and major items of plant, equipment and vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

Key Controls

The key controls for capital programmes are:

- Specific approval by the County Council for the programme of capital expenditure
- Expenditure on capital schemes is subject to the approval of the Chief Officer
- A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project
- Accountability for each proposal is accepted by a named manager

- Monitoring of progress in conjunction with expenditure and comparison with approved budget

Responsibilities of the Chief Finance Officer

- a) To prepare capital estimates jointly with Chief Officers to report them to the Cabinet for approval which will make recommendations to the Council.
- b) To be responsible for the monitoring of the capital programme in conjunction with the Corporate Manager, Corporate Property and Assets.
- c) To prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates on a quarterly basis. The report will identify changes in capital resources, including the generation of capital receipts and the effect of carry forward together with quantifying contractually uncommitted values by scheme.
- d) To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the specified amount.
- e) To ensure that whole schemes, or distinct parts thereof, which are identified as slipping into the following financial year, shall be included in the Capital Programme assessments for the later year.
- f) Ensure that the approved Capital Programme includes information on grant funded schemes if appropriate.

Responsibilities of the Chief Officers

- a) To comply with guidance concerning capital schemes and controls issued by the Chief Finance Officer.
- b) To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Chief Finance Officer.
- c) To prepare regular reports reviewing the capital programme provisions for their services.
- d) To ensure that adequate records are maintained for all capital contracts.
- e) To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Chief Finance Officer, where required.
- f) To ensure that credit agreements such as leasing agreements are not entered into without the agreement of the Chief Finance Officer (via the Treasury Management Team) and if applicable approval of the scheme through the capital programme.

- g) To ensure that for the purchase of all items which are not brand new that a Hire Purchase Information (HPI) check has been undertaken to ensure that there is no outstanding finance.

3.5 Maintenance of Reserves

Why is this important?

The Council must decide the general level of reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and therefore protect it from overspending should such events occur. Reserves for specific purposes may also be maintained such as the purchase or renewal of capital items.

Key Controls

To maintain reserves in accordance with the CIPFA Code of Practice and agreed accounting policies.

The Councils Reserves protocol must be adhered to by all officers to ensure the controls governing reserves are followed.

Responsibilities of the Chief Finance Officer

To advise the Cabinet and/or the full Council on prudent levels of reserves for the Council and to provide an annual statement as to the adequacy of the level of reserves held.

Responsibilities of the Chief Officers

To ensure that resources are used only for the purposes for which they were intended.
To ensure the Reserves Protocol is followed.

4. Risk Management and Control of Resources

4.1 Risk Management

Why is this important?

The Council, like any organisation, faces risks to people, property and continued business operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the Council and ensure the continued financial and organisational well-being of the Council. Risk management is concerned with evaluating the measures the Council has in place to manage identified risks and recommending the course of action the organisation needs to take to control these risks effectively.

Risk Management is an integral part of the Council's Governance Framework and Internal Control. The Council has a Risk Management Strategy which outlines how the Council manages risk corporately.

Key Controls

The key controls for risk management are:

- Procedures are in place to identify, assess, prevent or contain material known risks
- A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis
- Managers know that they are responsible for managing relevant risk and are provided with relevant information
- Provision is made for losses that might result from the risks that remain
- Procedures are in place to investigate claims within required timescales
- Acceptable levels of risk are determined and insured against where appropriate
- Business Continuity Plans are in place

Responsibilities of the Chief Finance Officer

- a) To develop and implement risk management controls in conjunction with Chief Officers.
- b) To include all appropriate employees of the Council in a suitable Fidelity Guarantee insurance policy.
- c) To effect corporate insurance cover, for all relevant and identified risks, through external insurance and internal funding..
- d) In consultation with other officers if applicable, to negotiate all claims with a view to minimising both financial and reputational loss.

Responsibilities of the Chief Officers

- a) To notify the Chief Finance Officer immediately of any loss, liability or damage that may lead to a claim against the Council, and to respond promptly with any information or explanation required by the Chief Finance Officer for the Council's insurers.
- b) To take responsibility for risk management, having regard to advice from the Chief Finance Officer and other specialist officers e.g. health and safety.
- c) To implement the Risk Management Framework and ensure a regular review of risks within the service they manage.
- d) To notify the Chief Finance Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations which may affect existing insurances.
- e) To ensure that employees or anyone covered by the Council's insurances do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- f) To ensure Business Continuity plans are in place and regularly reviewed.
- g) To ensure that no insurance policies are taken out without first consulting with the Chief Finance Officer.

4.2 Internal Controls

Why is this important?

Overall responsibility for the control environment rests with the Council as a whole. The Chief Officer Team is responsible for overseeing and monitoring the control environment.

Monitoring of compliance with policies, procedures, laws and regulations is undertaken by relevant key officers. The Chief Finance Officer and Monitoring Officer have statutory responsibilities. Chief Officers have responsibility for the development and maintenance of the internal control environment to ensure:

- The Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded
- Compliance with all applicable statutes and procedure rules, and other relevant statements of best practice

Key Controls

The key controls and objectives for internal control systems are:

- Key controls should be reviewed on a regular basis
- Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- An effective Internal Audit function that is properly resourced

Responsibilities of the Chief Finance Officer

To assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of the Chief Officers

- a) To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- b) To be responsible for having in place procedures to ensure that established controls are being adhered to and for evaluating their effectiveness. Chief Officers are required to periodically assess their systems of internal control to ensure that they are adequate to manage the risks associated with the service. They are also required to undertake such reviews when material changes are to be made either to structures or to working practices. This requirement applies equally to those arrangements in which the Council has a partnership relationship with a third party.
- c) Assess, at least once a year, the effectiveness of the systems of internal control, in line with current Accounts & Audit (Wales) Regulations.
- d) Provide appropriate information to the Corporate Governance Working Group to enable the Annual Governance Statement to be included within the financial statements, as required.
- e) Review existing controls in the light of changes affecting the Council and establish and implement new controls as necessary. Also remove controls that are unnecessary or not cost or risk effective – for example, because of duplication.

- f) Ensure that staff have a clear understanding of all procedures, and of the consequences of lack of control.

4.3 Audit Requirements – Internal Audit

Why is this important?

The requirement for an Internal Audit function for local authorities is implied by section 151 of the Local Government Act 1972 and is required by the Accounts and Audit (Wales) Regulations 2005. The regulations state that 'a local government body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices'.

Internal Audit is defined in the Public Sector Internal Audit Standards as:

'Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'

Key Controls

The key controls for internal audit are:

- That it is independent in its planning and operation
- The Internal Audit Manager has direct access to the Head of Paid Services, the Monitoring Officer, External Audit and the Chair of the Governance and Audit Committee

Responsibilities of the Chief Finance Officer

To ensure that an effective Internal Audit function is resourced and maintained. Under Section 151 the local Council should 'make arrangements for the proper administration of their financial affairs'. Proper administration includes compliance with the statutory requirements for accounting and internal audit.

Responsibilities of the Chief Officers

Chief Officers will:

- (a) Ensure that internal and external auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

- (b) Ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- (c) Consider and respond promptly to recommendations in audit reports.
- (d) Ensure that any agreed actions arising from audit recommendations are carried out timely and efficiently.
- (e) Ensure that whenever any matter arises which involves, or potentially involves, any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources, Internal Audit are notified and take any such other immediate action as considered necessary (subject to any Council rules and protocols).
- (f) Internal Audit shall notify the Chief Officer (Governance) where appropriate, and take such action by way of investigation and report, including informing and consulting with the relevant Chief Officer, Corporate Manager, People and Organisational Development, notifying the Head of Paid Service, the Police and/or the External Auditor, as considered appropriate. Pending investigations and reporting, the Chief Officer will follow the fraud response plan and will take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- (g) Where sufficient evidence exists to believe that a criminal offence may have been committed, Internal Audit will consult with the Chief Officer, Corporate Manager, People and Organisational Development and the Monitoring Officer, together with the Head of Paid Service and determine whether to refer the matter to the Police. The Police will determine, with the Crown Prosecution Service, whether any prosecution will take place. Where fraud, theft, improper use or misappropriation of the Council's property or resources is proved, and the Council has suffered a financial loss, the Council will seek to recover the full value of any loss as outlined in the Corporate Anti-Fraud and Anti-Corruption Strategy, Fraud Response Plan and Prosecution Policy.
- (h) Instigate the Council's disciplinary procedure when the outcome of an audit investigation indicates improper behaviour (by a member of staff), or indicates that a wider investigation is appropriate.
- (i) Ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Internal Audit Manager prior to implementation, to ensure that control issues are fully considered and complied with.

4.4 Security of Assets

Why is this important?

The Council holds assets in the form of property, vehicles, equipment, furniture, and other items. It is important that assets are safeguarded and used efficiently in service delivery and that there are arrangements for the security of both assets and information required for service operations. An up to date asset register is a pre-requisite for sound asset management.

Key Controls

The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:

- Resources are used only for the purposes of the Council and are properly accounted for
- Resources are available for use when required
- An asset register is maintained, assets are recorded when acquired and the record is updated following completion of condition surveys which are carried out on a cyclical planned basis
- All staff are aware of their responsibilities with regard to safeguarding the Council's assets and information including the requirements of the General Data Protection Regulation (GDPR) and software copyright legislation
- All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and the compliance with the Council's computer and internet security policies

Responsibilities of the Chief Finance Officer

Ensure that an asset register is maintained in accordance with good practice for all fixed assets. The function of the asset register is to provide the Council with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained.

To receive the information required for accounting, costing and financial records from each Chief Officer.

To ensure that assets are valued in accordance with the Code of Practice on Local Council Accounting in the United Kingdom (CIPFA/LASAAC).

Ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds.

Responsibilities of the Chief Officers

- a) Ensure that records and assets are properly maintained and securely held.
- b) The corporate property function resides within the Head of Paid Services function under the Corporate Manager, Corporate Property and Assets, with property records maintained by Valuation and Estates Services in conjunction with Legal.
- c) The Chief Officer (Governance), in consultation with the Corporate Manager, Corporate Property and Assets, shall maintain a register of:
 - All lands and properties owned by the Council (with the exception of dwellings provided under the Housing Acts) in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference, purchase details, particulars of all interests, tenancies granted and rents receivable.
 - All lands and properties leased to the Council in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference and lease rental payment details.
- d) The Corporate Manager, Corporate Property and Assets will arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Finance Officer and in accordance with the *Code of Practice on Local Council Accounting in the United Kingdom* (CIPFA/LASAAC).
- e) The Legal Services Manager shall have custody of all title deeds and will put in place secure arrangements for this.
- f) The Corporate Manager, Corporate Property and Assets shall maintain a record of all dwellings provided under the Housing Acts in a form agreed with the Chief Finance Officer.
- g) Chief Officers shall be responsible for maintaining proper security and confidentiality of all financial and related information in the Chief Officer's possession including complying with the requirements of the Council's Information Security Policy, General Data Protection Regulation (GDPR), the Computer Misuse Act and any subsequent legislation.
- h) Chief Officers must ensure that:

- All staff are aware of their responsibilities with regard to safeguarding the Council's assets and the protection and confidentiality of information, whether held in manual or computerised records, including the requirements of GDPR and software copyright legislation
- All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer, portable storage media acceptable usage, e-mail and internet security policies
- Arrangements are in place for the proper security and safe custody of all buildings, vehicles, equipment, furniture, stock, stores and other assets under their control
- Lessees and other prospective occupiers of Council land or buildings are not allowed to take possession or enter the land or building until a lease or legal agreement, in a form approved by the Chief Officer (Governance) in consultation with the Chief Finance Officer, has been established as appropriate
- Where land or buildings are surplus to requirements, a recommendation for sale is the subject of a report by the Chief Officer, or where action is taken under delegated powers this is reported to the Cabinet
- Each Chief Officer maintains a register of assets with a value of over £500 which are moveable or desirable assets. The register should list the asset, location recorded, and that they are appropriately marked.
- Cash holdings on premises are kept to a minimum and shall not exceed such limit as the Chief Finance Officer may prescribe, and that the arrangements for such cash holdings have been agreed with Internal Audit. Each Chief Officer must, in consultation with the Chief Finance Officer ensure safe and efficient cover for cash in transit
- Keys to safes and similar receptacles are carried in the possession of those responsible at all times; loss of any such keys must be reported to the Chief Finance Officer as soon as possible. All official keys of buildings, alarms and secure places shall be securely maintained at all times using a designated key tagging system by the individual responsible for their custody. If not held on the person of the individual responsible for their custody, they should be held under secure arrangements. The loss of any such keys shall be reported to the Chief Finance Officer immediately
- Assets are only used in the course of the Council's business, unless the Chief Officer concerned has given permission, in writing, for personal use by an employee
- Records are kept of the disposal or part-exchange of assets

- Inventories or other records are maintained, in a form approved by the Chief Finance Officer, of all vehicles, plant, equipment (including portable equipment such as FCC Laptops), machinery, protective clothing and such other items as the Chief Finance Officer may require for each location under the Chief Officer's control. Unless otherwise authorised in writing by the Chief Finance Officer, each inventory shall record, in respect of each item a brief description of the item, the serial number or other identifying mark (where applicable), particulars of acquisition (including details of ownership where applicable) and, in due course, particulars of disposal
- An annual check of all items on the inventory is carried out in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council
- There are arrangements for the care and custody of stocks and stores in the Portfolio. Each Chief Officer shall be responsible for the care and custody of all stocks and stores held in that Portfolio and shall account for their purchase, control, issue and return and disposal in a manner approved by the Chief Finance Officer
- Items shall be held in stock only where ready availability or where purchase in bulk is more economical than purchase of individual items, having due regard to the storage and administration costs associated with each method. Stocks shall not exceed the level required to meet reasonable anticipated needs or to obtain the benefits of bulk purchasing, except in special circumstances in consultation with the Chief Finance Officer
- Stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion, referring issues to Internal Audit, where appropriate
- The Chief Finance Officer shall receive from the appropriate Chief Officer such information relating to stocks as the Chief Finance Officer may require for accounting or costing purposes, and shall require the appropriate Chief Officer to conduct, by persons other than the storekeeper, a complete stock-take at intervals of not more than one year together with one interim stock check
- Sample checks are made of all actual stock holdings against recorded stock holdings. The checks should be such that all items of stock are included within the check at least once a year
- Discrepancies are investigated and written off as necessary

- i) Surplus, obsolete or defective items held in stock shall be disposed of at regular intervals not exceeding one year. Procedures for disposal of such stocks and equipment, including inventory items, should be by competitive quotations or auction, unless, following consultation with the Chief Finance Officer, the Cabinet decides otherwise in a particular case. Such write-offs or disposals will be reported to the Cabinet.
- j) When the Chief Officer considers it appropriate, the stock or inventory item may be offered to other Portfolio's or employees for the highest quotation received in a sealed bid process and competitive basis or disposed of by public auction. In each case officers should seek to achieve the highest amount of value for the Council, whichever method of disposal is appropriate. Disposal shall be certified in the stock records or inventory by the signature of the Chief Officer or other authorised Officer.
- k) The names of Officers authorised to certify such disposals shall be agreed with and notified to the Chief Finance Officer by each Chief Officer, who shall provide the Chief Finance Officer with the specimen signature and initials of each such authorised Officer and amendments as they may occur. Disposal of items by any other method shall be subject to prior written consent from the Chief Finance Officer.
- l) In the event that the Council decides to become involved in the commercial exploitation of intellectual property e.g. software development, the matter should be agreed by the Cabinet.
- m) Whenever, in case of eviction, re-possession or similar circumstances, the Council takes possession or custody of private moveable property, an itemised inventory shall be taken in the presence of two persons, one of whom shall be a Council Officer or representative, who both shall witness it as a correct record.
- n) Each Chief Officer shall be responsible for ensuring safe custody and maintaining adequate records of lost property found on premises for which that Chief Officer is responsible. Unclaimed items shall be disposed of by the Chief Officer under arrangements approved by the Chief Finance Officer.
- o) Each Chief Officer will ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property. The Corporate Manager, People and Organisational Development will ensure that this is reflected in the Council's HR Policies.
- p) Ensure that income received for the disposal of an asset is properly banked and recorded.
- q) If any aspect of security is considered defective, or if special security arrangements are considered desirable, the Chief Officer concerned shall consult with the Chief Finance Officer with a view to remedial action.

4.5 Treasury Management

Why is this important?

The Council holds varying levels of surplus cash at certain points in the year representing income received in advance of expenditure plus balances and reserves held. The Council complies with CIPFA and WG guidance to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Key Controls

That the Council's borrowing and investments comply with the CIPFA Code: Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2021 Edition), Welsh Government (WG) guidance on local Council investments and the Council's Treasury Management Strategy.

The Council nominates the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies.

Responsibilities of the Chief Finance Officer

- a) Ensure that the Council has an annual Treasury Management Strategy which fulfils the Council's legal obligation under the Local Government Act 2003 and to have regard to both the CIPFA code and the WG guidance.
- b) The Chief Finance Officer will operate bank accounts as are considered necessary. Opening or closing any bank account shall require the approval of the Chief Finance Officer. Heads of Service will follow the instructions on banking issued by the Chief Finance Officer.
- c) The Chief Finance Officer will act as the Council's registrar of stocks, bonds and mortgages and maintain records of all borrowing and investing of money by the Council.

Responsibilities of the Chief Officers

- a) Arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the Chief Finance Officer, unless the deed otherwise provides.
- b) Arrange where funds are held on behalf of third parties, for their secure administration, approved by the Chief Finance Officer, and for the maintenance of written records of all transactions.
- c) Ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

4.6 Imprest Accounts

Responsibilities of the Chief Finance Officer

- a) Provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and prescribe rules for operating these accounts.
- b) Agree, in consultation with the relevant Chief Officer, the petty cash limit and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- c) Reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.
- d) Issue to Officers authorised to receive official money, such change floats as considered necessary, following consultation with the relevant Chief Officer, for the efficient performance of cash collection duties. Such a float shall not be used for any purpose other than the giving of change, and the Officer to whom it is issued shall be responsible at all times for its safe custody until such time as it is repaid to the Chief Finance Officer.
- e) The Chief Finance Officer may at any time require the authorised Officer to produce the float for inspection, to repay it or to sign a certificate of the amount held.
- f) Where considered appropriate the Chief Finance Officer shall open an account with the Council's bankers or other approved agency.

Responsibilities of the Chief Officers

Ensure that a business case is submitted to the Chief Finance Officer for any new Imprest Account. Payments shall be limited to minor items of expenditure up to a general individual limit of £50.

Ensure that employees operating an imprest account:

- (a) Obtain and retain receipts/invoices and vouchers to support each payment from the Imprest account. Where appropriate, an official receipted VAT invoice must be obtained in order to ensure the correct recovery of VAT as per Her Majesty's Revenue and Customs (HMRC) regulations.
- (b) Ensure reimbursement claims are signed by the claimant and one authorising signatory. Imprest controllers must ensure that two authorising signatories are obtained where there are no valid receipts/invoices to support the expenditure.
- (c) Make adequate arrangements for the safe custody of the account.
- (d) Produce upon demand by the Chief Finance Officer cash and all receipts/invoices and vouchers to the total value of the imprest amount.
- (e) Record transactions promptly.
- (f) Reconcile and balance the account at least monthly irrespective of the frequency of reimbursement claims. Reconciliation sheets are to be signed by the imprest holder and two authorising signatories and placed on file.
- (g) The Imprest holder shall not allow the account to become overdrawn. It shall be a standing instruction to the Council's bankers or approved agency that the amount of any overdrawn balance on a Petty Cash Imprest holder's bank account be reported to the Chief Finance Officer.
- (h) Provide the Chief Finance Officer with a certificate of the value of the imprest account/float at the date requested by the Chief Finance Officer.
- (i) Ensure that the imprest is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.
- (j) Ensure that payments are never made to individuals, contractors, consultants, casual staff or self-employed persons. The exceptions are where incentive bonus payments are made to service users in Social Services Day Opportunities and payments are made to residents from deputyship monies. Payments can be made from petty cash and then coded appropriately to the correct budget. In the case of deputyship, this is then reclaimed from personal monies.
- (k) Where emergency loans are made to service users, Officers will comply with the Monitoring and Recovery of Loans Procedure.

- (l) On leaving the Council's employment or otherwise ceasing to be entitled to hold or be a signatory for an imprest account inform the Chief Finance Officer so that arrangements can be made to close the account or transfer to another authorised Officer.

4.7 Staffing

Why is this important?

In order to provide the highest level of service, it is crucial that the Council recruits and retains high calibre, knowledgeable individuals, qualified to an appropriate level.

Key Controls

The key controls for staffing are:

- a) The Council has an appropriate workforce policy and strategy.
- b) Procedures are in place for forecasting workforce requirements and cost.
- c) Controls are implemented that ensure that workers time is used efficiently and to the benefit of the Council.
- d) Checks are undertaken prior to engaging new employees to ensure that they are appropriately qualified, experienced and trustworthy.

The management of employee costs within schools is the responsibility of the Governing Body.

Responsibilities of the Chief Finance Officer

To act as an advisor on workforce related costs (e.g. pension contributions) as appropriate.

Responsibilities of the Chief Officers

The Corporate Manager, People and Organisational Development will act as an advisor to a Chief Officer on Human Resources (HR) policies.

Chief Officers will:

- (a) Ensure that budget provision exists for all existing and new employees.
- (b) Monitor employee's activity to ensure adequate control over such costs as sickness, overtime, training and temporary workers.

- (c) Ensure that the staffing budgets are not exceeded without due authority and that they are managed to enable the agreed level of service to be provided.
- (d) When reporting to the Cabinet or Council on any matter which has, or is liable to have, people / HR implications, the Chief Officer shall, in consultation with the Chief Finance Officer and the Corporate Manager, People and Organisational Development, incorporate into the report both the people / HR and financial implications of the matter under discussion.
- (e) Maintain a register of interests, in which any hospitality or gifts accepted, must be recorded:
 - In compliance with the Flintshire County Council Code of Conduct for Local Government Employees, no employee of the Council shall accept any fee, gift or reward which is intended as, or might be construed as, an inducement to influence that employee in the execution of that employee's duties
 - The offer of any such fee, gift or reward shall be reported immediately by the employee concerned to the appropriate Chief Officer, and shall be recorded in the register of gifts and hospitality

The Corporate Manager, People and Organisational Development will ensure that this policy will be reflected in the HR Policies and other policies, as relevant, of the Council.

5. Financial Systems and Procedures

5.1 General

Why is this important?

The information held in financial systems must be accurate and the systems and procedures well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

Key Controls

The key controls for systems and procedures are:

- a) Basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated.
- b) Performance is communicated to the appropriate managers on an accurate, complete and timely basis.

- c) Early warning is provided of deviations from target, plans and budgets that require management attention.
- d) Operating systems and procedures are secure.

Responsibilities of the Chief Finance Officer

To make arrangements for the proper administration of the Council's financial affairs, including to:

- a) Issue advice, guidance and procedures for officers and others acting on the Council's behalf.
- b) Determine the accounting systems, form of accounts and supporting financial records.
- c) Establish arrangements for audit of the Council's financial affairs.
- d) Approve any new financial systems to be introduced.
- e) Approve any changes to be made to existing financial systems.

Responsibilities of the Chief Officers

- a) To ensure that accounting records are properly maintained and held securely.
- b) To ensure that vouchers and documents with financial implications are not destroyed except in accordance with arrangements approved by the Chief Finance Officer.
- c) To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original documents and vice versa is maintained.
- d) To incorporate appropriate controls to ensure where relevant that all input is genuine, complete, accurate, timely and not previously processed. All processing is carried out in an accurate, complete and timely manner and output from the system is complete, accurate and timely.
- e) To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- f) To ensure there is a documented and tested disaster recovery plan to allow for information system processing to resume quickly in the event of an interruption.
- g) To ensure that systems are documented and staff trained in operations.

- h) To consult with the Chief Finance Officer before changing any existing system or introducing new systems.
- i) To establish a scheme of delegation identifying officers authorised to act upon the Chief Officer's behalf in respect of payments, income collection and placing orders, including variations and showing their authorised limits.
- j) To supply lists of authorised officers, with specimen signatures and delegated limits to the Chief Finance Officer and any subsequent variations.
- k) To ensure that where appropriate, computer systems are registered in accordance with current data protection legislation and that staff are aware of their responsibilities under the legislation. The law around data protection has changed, the General Data Protection Regulation (GDPR) now applies in the UK (from 25th May 2018) and has replaced the Data Protection Act (DPA).

5.2 Income and Expenditure

Why is this important?

Effective income collection systems are necessary to ensure that all income is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cashflow and avoids the time and cost of administering debts.

Key Controls

The key controls for income are:

- a) All income due to the Council is identified and charged correctly, in accordance with the Council's Income Generation Policy, which is regularly reviewed.
- b) All income is collected from the correct person at the right time using the correct procedures.
- c) All money received by an employee on behalf of the Council is paid without delay to the Chief Finance Officer or as he or she directs to the Council's bank account and properly recorded. The responsibility for cash collection should be separated from that of identifying the amount due and for reconciling the amount due to the amount received.

- d) Effective action is taken to pursue non-payment within defined timescales.
- e) Formal approval for debt write-off is obtained.
- f) Appropriate write-off action is taken within defined timescales.
- g) Appropriate accounting adjustments are made following write-off action.
- h) All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.
- i) Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.
- j) The Council's position on money laundering is contained within the Money Laundering Policy, which is available upon request from the Chief Finance Officer. Officers involved in the collection of income should make themselves aware of this policy and report suspected cases to the Chief Finance Officer. For this purpose, the Council cannot accept cash in excess of £5,000, although it is for individual officers to decide if, in specific instances, they should report incidents involving lesser amounts. In any situation requiring a sizeable refund the Officer involved should check the original type of lodgement.

Responsibilities of the Chief Finance Officer

- a) To agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- b) To order, control and issue all receipts, invoices, tickets and other documents recording, acknowledging, or demanding the receipt of monies paid to the Council, except where the Chief Finance Officer has given written approval to alternative arrangements in specific instances.
- c) Agree the write-off of bad debts up to £10,000 in aggregate for each single domestic or business debtor, agree in consultation with the Cabinet Member the write-off of bad debts between £10,000 and £25,000 and refer for approval items for write-off in excess of £25,000 to the Cabinet. A record of all sums written off up to the approved limit is maintained to adhere to the requirements of the Accounts and Audit Regulations
- d) Make or approve secure and efficient arrangements for the recording of all income received by direct debit, standing order, debit and credit cards and such other methods of payment as the Council may approve.
- e) To ensure that appropriate accounting adjustments are made following write-off action.

Responsibilities of the Chief Officers

- a) To comply with the Income Generation Policy which has been established to support the provision of setting the Council's fees and charges, ensuring these operate at full cost recovery wherever possible and are subject to annual review and uplift.
- b) Where possible income should be obtained in advance of supplying goods or services to improve the Council's cash flow, to avoid the time and cost of administering debts, and to reduce the risk of non-collection, particularly for low value items.
- c) No Sundry debt invoices with a value of less than £40, with the exception of invoices relating to peppercorn rents, licenses or leases in connection with the occupation of council land or property, shall be raised without the approval of the Chief Finance Officer and supported by an application in writing.
- d) To separate the responsibility for identifying amounts due and the responsibility for collection.
- e) To initiate appropriate debt recovery procedures in accordance with the Corporate Debt policy.
- f) To issue official receipts or to maintain other documentation for income collection.
- g) To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- h) To lock away all income to safeguard against loss or theft and to ensure the security of cash handling.
- i) To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received.
- j) To ensure income is not used to cash personal cheques or other payments.
- k) To supply the Chief Finance Officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Chief Finance Officer to record correctly the sums due to the Council and to ensure accounts are sent out promptly. If possible all invoices should be raised within 5 working days of the provision of goods or services or at the earliest opportunity.
- l) Have a responsibility to assist the Chief Finance Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.

- m) To recommend to the Chief Finance Officer all debts to be written off and keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled except by full payment or by it being subject to formal writing off.
- n) Ensure that levels of cash held on the premises do not exceed approved limits.
- o) Keep a record of every transfer of cash between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy. Every transfer of cash shall be made direct by hand and not through the internal or external post (unless by prior approval from the Chief Finance Officer).
- p) To obtain the approval of the Chief Finance Officer when writing off debts in excess of the approved limit and the approval of Cabinet where required.

5.3 Ordering and paying for work, goods and services

Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council has a statutory duty to achieve best value through economy and efficiency. The Council's procedures should help ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Council's Contract Procedure Rules.

General

Every officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council in accordance with the appropriate codes of conduct.

Official orders must be submitted in advance via the Purchase to Pay system (P2P). No retrospective orders should be placed. Official orders must be issued for all work, goods or services to be supplied to the Council except for petty cash purchases or other exceptions specified by the Chief Finance Officer.

Each order must conform to the guidelines approved by the full Council on central purchasing and the standardisation of supplies and materials. Standard terms and conditions for orders must be aligned within associated contracts (if applicable) and these must not be varied unless there is a valid exemption with agreement from the relevant Chief Officer and Chief Finance Officer.

Apart from petty cash, schools own bank accounts and other payments in advance accounts, the normal method of payment from the Council shall be by BACS or other instrument or approved method drawn on the Council's bank account. The use of direct debit shall require the prior agreement of the Chief Finance Officer.

Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.

Key Controls

The key controls for ordering and paying for work, goods and services are:

- a) All goods and services are ordered only by appropriate persons and are correctly recorded.
- b) All goods and services shall be ordered in accordance with the Council's Contract Procedure Rules.
- c) All orders are submitted via Purchase to Pay (P2P) and placed in advance of the relevant work, goods, services or works being supplied.
- d) Goods and services received are checked to ensure they are in accordance with the order.
- e) Payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards.
- f) All payments are made to the correct supplier or individual, for the correct amount and are properly recorded, regardless of the payment method.
- g) All appropriate evidence of transaction and payment documents are retained and stored for the defined period in accordance with the document retention schedule.
- h) All expenditure, including VAT, is accurately recorded against the right budget and any exceptions corrected.
- i) The effect of electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.
- j) Purchases made using corporate cards:
 - Must be made in accordance with these Financial Procedure rules and requires the cardholder to obtain a valid receipt for each item purchased to ensure the expenditure and VAT can be properly accounted for
 - Must only be used for legitimate purposes and only for official Council purchases
 - Must not be used to circumvent the official procedures of ordering and procuring goods and services

Responsibilities of the Chief Finance Officer

- a) To ensure that all the Council's financial systems and procedures are sound and properly administered.
- b) All procurement activities (ordering of goods, services and works) will be undertaken on the Council's approved Purchase to Pay (P2P) system.
- c) To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- d) To approve the form of official orders and associated terms and conditions.
- e) To make payments from the Council's funds on the Chief Officer's authorisation that the expenditure has been duly incurred in accordance with financial procedure rules.
- f) To make payments, whether or not provision exists within the estimates where the payment is specifically required by statute or is made under a court order.
- g) To make payments to contractors on the certificate of the appropriate Chief Officers which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- h) To provide advice and encouragement on making payments by the most economical means.
- i) To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.
- j) To authorise the issue of corporate cards together with the agreed spending limit.

Responsibilities of the Chief Officers

- a) To ensure that upfront electronic orders using the Purchase to Pay (P2P) system are placed for all goods and services other than petty cash purchases and any other exemptions specified by the Chief Finance Officer.
- b) To ensure that orders are only used for goods and services provided to the Portfolio. Individuals must not order goods or services for their private use.
- c) To ensure that the payment terms and conditions for orders are aligned to the Council's standard payment terms and conditions unless there is a valid exemption which must be recorded. The Council's payment terms are 28 days for construction operations and 30 days for general goods and services

- d) To ensure that only those staff authorised by the Chief Officer approve orders and to maintain an up to date list of such authorised staff including specimen signatures identifying in each case the limits of their authority. The list should be reviewed annually. Names of authorising Officers together with details of the limits of their authority shall be forwarded to the Chief Finance Officer and any subsequent amendments incorporated into the P2P system.
- e) The authoriser of the order should be satisfied that the goods and services ordered are appropriate and that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the Council's approach to procurements. Value for money should always be achieved.
- f) To ensure that all expenditure, including VAT, is accurately recorded against the correct budget head and any exceptions are corrected. If it is deemed that a budget amount has been incorrectly allocated, a Chief Officer will request a journal adjustment. Under no circumstances will the expenditure be incorrectly coded in order to match the expenditure with an incorrect budget allocation.
- g) Each Chief Officer shall be responsible for all orders issued from, or on behalf of, his or her Portfolio. Where one Chief Officer places an order on behalf of another, that Chief Officer shall obtain the latter's consent in advance.
- h) To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should where possible be carried out by a different officer from the person who authorised the order.
- i) To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment confirming:
- Receipt of goods or services
 - That the invoice has not been previously paid
 - That expenditure has been properly incurred and is within budget provision
 - That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
 - Correct accounting treatment of tax
 - That discounts have been taken where available
 - That appropriate entries will be made in accounting records
- f) To ensure that two authorised members of staff are involved in the ordering, receiving and payment process and appropriate segregation of duties are maintained at each stage.

- g) To ensure that the Portfolio maintains and reviews periodically a list of staff approved to authorise the invoices. Names of authorising officers together with specimen signatures and details of the limits of their Council shall be forwarded to the Chief Finance Officer.
- h) To ensure that payments are made only on receipt of a proper valid invoice or true copy. Payments cannot be made from a statement, letter, quote or any other document other than a formal invoice.
- i) To encourage suppliers of goods and services to receive payments by the most economical means for the Council. Payments made by direct debit must have the prior approval of the Chief Finance Officer.
- j) To ensure that the directorate obtains the best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality with regard to best value principles and Contract Procedure Rules.
- k) To ensure that loans, leasing or rental arrangements are not entered into without prior agreements from the Chief Finance Officer.
- l) To notify the Chief Finance Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer.
- m) To notify the Chief Finance Officer immediately of any expenditure incurred as a result of statute/court order where there is no budgetary provision.
- n) To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the document retention schedule.
- o) For all staff issued with a Corporate card, to ensure that they:
 - Comply with the Corporate Card Policy issued upon receipt of the Corporate Card
 - Ensure the safe custody of the card

5.4 Payments to employees and Members

Why is this important?

Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment. It is important that all Members' allowances are authorised in accordance with the scheme adopted by the full Council.

Key Controls

The key controls for payments to employees and Members are:

- a) Proper authorisation procedures are in place and that there are corporate timetables in relation to starters, leavers and variations to pay.
- b) Frequent reconciliation of payroll expenditure against approved budget and bank account.
- c) All appropriate payroll documents are retained and stored for the defined period in accordance with the retention schedule.
- d) Compliance with HMRC and other statutory regulations.
- e) All claims for payment of financial loss, attendance, travelling, subsistence and car allowances and other incidental expenses paid for by the claimant, shall be completed and signed by the claimant in a form approved by the Chief Finance Officer or Corporate Manager, People and Organisational Development as appropriate and approved by the relevant manager.
- f) The off-payroll (IR35) working rules are in place to ensure that where an individual would have been an employee if they were providing their services directly, their payments are processed via payroll.

Responsibilities of the Chief Finance Officer

The Chief Finance Officer or Corporate Manager, People and Organisational Development as appropriate will:

- a) Arrange and control secure and reliable payment of salaries, pensions, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- b) Record and make arrangements for the accurate and timely payment to all appropriate statutory and non-statutory bodies including Pay as you Earn (PAYE), pensions and other payroll deductions.
- c) Make arrangements for payment of all travel and subsistence claims or financial loss allowance.

- d) Make arrangements for paying Members' under the Members Allowances Scheme and the Members Travel and Subsistence Scheme, which will be maintained by the Chief Finance Officer or Corporate Manager, People and Organisational Development as appropriate.
- e) Ensure that there are adequate arrangements for administering pension scheme matters on a day-to-day basis.
- f) Maintain a list of all officers who are approved to authorise any payroll related records as notified by the relevant Chief Officer. This shall be reviewed on a regular basis. Chief Officers must communicate any changes as soon as they are known.
- g) Implement pay agreements as soon as possible after their notification from the appropriate body and process increments. Arrangements for funding such awards will be determined each year as part of the budgetary process.
- h) Retain for each employee, a copy of all relevant contracts and terms and engagements together with sufficient information to identify service, salary scale and current amount payable and absences from duty (apart from approved leave).

Responsibilities of the Chief Officers

- a) To provide the Corporate Manager, People and Organisational Development in writing with the names of officers authorised to certify claims for expenses together with the specimen signature of each such authorised Officer, and any amendments on the occasion of any change. Certification of a claim by, or on behalf of, a Chief Officer shall signify that the certifying Officer is satisfied that the journeys were authorised, that the expenses were necessarily incurred in the performance of duty, that the allowances are properly payable by the Council, and that cost-effective travel arrangements are achieved.
- b) To ensure that claims are submitted to the Corporate Manager, People and Organisational Development for payment within the specified timescale. Ensure appointments are made in accordance with the Procedure Rules of the Council and approved establishments, grades, scale of pay and that adequate budget provision is available.
- c) Notify the Corporate Manager, People and Organisational Development of all appointments, terminations (resignations, dismissals) or variations (secondments, transfers, absences from duty through sickness or other reasons apart from approved leave, changes in remuneration, other than normal increments and pay awards and agreements of general application) which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Corporate Manager, People and Organisational Development as appropriate.

- d) Ensure that adequate and effective systems and procedures are operated in a form approved by the Corporate Manager, People and Organisational Development so that payments are only authorised to bona fide employees:
- Payments are only made where there is a valid entitlement
 - Conditions and contracts of employment are correctly applied
 - Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness
- e) Provide information necessary to maintain records of service for pensions, income tax, national insurance or other statutory obligations.
- f) Ensure that payroll transactions are processed only through the payroll system. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed, consultant or subcontract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Corporate Manager, People and Organisational Development.
- g) Ensure that the Corporate Manager, People and Organisational Development is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- h) In conjunction with the Corporate Manager, People and Organisational Development maintain an up to date establishment structure and adhere to the Establishment Control Maintenance Process.
- i) The Corporate Manager, People and Organisational Development will be responsible for recovering payroll overpayments where the employee continues to have employment with the Council. A repayment schedule, ensuring repayment, where practicable, is made within the same financial year as the overpayment, will be formally agreed with the employee.
- j) Where a repayment schedule cannot be agreed for existing employees, or if the person is no longer employed by the Council, recovery of the overpayment will be the responsibility of Debt Recovery, ensuring that such overpayments are included within the Council's total debt.
- k) All pay documents shall be, in a manner prescribed by the Corporate Manager, People and Organisational Development, certified manually by or on behalf of the appropriate Chief Officer. The names of Officers authorised to certify such documents shall be agreed with, and notified in writing to the Corporate Manager, People and Organisational Development by each Chief Officer, who shall provide the Chief Finance Officer with the specimen signature and initials of each such authorised Officer and any amendments on the occasion they arise.

- l) Chief Officers and the Corporate Manager, People and Organisational Development will ensure that all appropriate payroll documents are retained and stored, as required, by the Corporate Manager, People and Organisational Development
- m) No cheque made payable to a Member or employee will be cashed by the Council, unless it is under a scheme approved by the Chief Finance Officer and is presented by the person named on the cheque, and duly endorsed.
- n) Members and employees will submit claims for travel and subsistence on a monthly basis and comply with the Mileage and Expenses Policy. Mileage and expense claims over three months old will only be paid once a satisfactory written explanation of the late submission has been provided from the relevant Service Manager to the Corporate Manager, People and Organisational Development.
- o) Timesheets, Employee Self Service and other documents which are used to generate payment of salaries or other employee related expenses must be on official forms or via authorised electronic inputs. Chief Officers are responsible for ensuring that they are certified by an authorised Certifying Officer.

5.5 Taxation

Why is this important?

The Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important that all officers are made aware of their role.

Key Controls

The key controls for taxation are:

- a) Budget managers are provided with the relevant information and kept up to date on tax issues.
- b) Budget managers are instructed on required record keeping.
- c) All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.
- d) Records are maintained in accordance with instructions.
- e) Returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Chief Finance Officer

- a) The Chief Finance Officer and/or the Corporate Manager, People and Organisational Development (as appropriate as described below) is responsible for advising Chief Officers and Heads of Service, on all taxation issues that affect the Council.
- b) The Chief Finance Officer and/or the Corporate Manager, People and Organisational Development as appropriate is responsible for maintaining the Council's tax records, making tax payments, receiving tax credits and submitting tax returns by their due date.
- c) Complete a monthly return of Value Added Tax (VAT) inputs and outputs to HMRC.
- d) Be responsible for accounting to the appropriate agency for other forms of taxation payable to or by the Council and for supplying to such agencies such other information as they may validly require.
- e) Provide details to HMRC regarding the construction industry tax deduction scheme.
- f) Maintain up-to-date guidance for each Chief Officer on their responsibilities in regard to any taxation matters, and to individual Council employees on taxation issues.
- g) The Corporate Manager, People and Organisational Development, with guidance from the Chief Finance Officer, will:
 - Account to HMRC for all tax deducted from employees' emoluments under the PAYE arrangements
 - Maintain up-to-date guidance for Chief Officers on their responsibilities in regard to taxation matters relating to Payroll, and inform Council employees of taxation issues arising within Payroll
- h) The Chief Finance Officer or Corporate Manager, People and Organisational Development as appropriate may require from any employee of the Council such information as is necessary for fulfilment of their obligation under this Financial Procedure Rule.

Responsibilities of the Chief Officers

- (a) Ensure that for any purchase which is taxable under current VAT legislation, payment will only be made on receipt of a proper invoice complying with the VAT regulations. The only exceptions are where an invoice is properly issued by the supplier on receipt of payment or where the use of authenticated VAT receipts has been agreed with the supplier.
- (b) Ensure that the correct VAT liability is attributed to all income due and that the recovery of VAT on purchases, including those paid for via an imprest account or corporate card, complies with HMRC Customs regulations.
- (c) Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- (d) Ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- (e) Follow the guidance on taxation issued by the Corporate Manager, People and Organisational Development such as the "Tax Management: Corporate Policy Statement"; in the "VAT Manual" and in taxation updates issued periodically.
- (f) Seek advice from the Chief Finance Officer or Corporate Manager, People and Organisational Development as appropriate on VAT, or other tax implications, when entering into partnerships and other joint working arrangements.

5.6 Trading Accounts and Business Units

Why is this important?

Trading accounts and business units will become more important as services develop a more commercial culture. Authorities are required to keep trading accounts for services provided on a basis other than a straightforward recharge of cost.

Where services are provided via an 'Alternative Delivery Model' (separate legal entities), specific financial procedures will be incorporated into the individual models.

Responsibilities of the Chief Finance Officer

To advise on the establishment and operation of trading accounts and business units.

Responsibilities of the Chief Officers

- a) To consult with the Chief Finance Officer where a business unit wishes to enter into a contract with a third party where the contract exceeds the remaining life of their main contract with the Council.

- b) To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs is charged to produce an annual report in support of the final accounts.
- c) To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.
- d) To ensure that each business unit prepares an annual business plan.

6. External Arrangements

6.1 Partnerships

Why is this important?

Partnerships play a key role in delivering community strategies and in helping to promote and improve the well-being of an area. The Council can still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders and deliver a shared vision of services based on user wishes.

Key Controls

The key controls for Council partners are:

- a) If appropriate to be aware of their responsibilities under the Council's financial regulations and contract standing orders.
- b) To ensure that risk management processes are in place to identify and assess all known risks.
- c) To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.

- d) To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences.
- e) To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

General

- a) Both the Council and the Cabinet are responsible for approving delegations, including frameworks for partnerships and joint ventures. The Cabinet is the focus for forming partnerships and joint ventures with other local public, private, voluntary and community sector organisations to address local needs.
- b) Both the Council and the Cabinet can delegate functions – including those relating to partnerships – to Officers. These are set out in the Scheme of Delegation that forms part of the Council's Constitution. Where functions are delegated the Officers remain accountable for them to the Council and the Cabinet as appropriate.
- c) The Head of Paid Service or other nominated Officers will represent the Council on partnerships and external bodies, in accordance with decisions of the Council/Cabinet or otherwise as authorised by the Head of Paid Service.

Responsibilities of the Chief Finance Officer

- a) Be responsible (with the Monitoring Officer) for encouraging the same high standards of conduct (with regard to financial administration and other matters, respectively) in partnerships and joint ventures that apply throughout the Council insofar as the constitutions of respective organisations permit them to do so.
- b) Ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are appropriate. He or she, in consultation with the Monitoring Officer, must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, ensuring that the risks have been fully appraised before agreements are entered into.
- c) Advise on the key elements of funding a project, including:
 - An options appraisal scheme for financial viability
 - Risk appraisal and management

- Resourcing, including taxation and pension issues
 - Audit, security and control requirements
 - Carry-forward arrangements
- d) Ensure that the accounting arrangements are appropriate.

Responsibilities of the Chief Officers

- a) To be responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. (The Monitoring Officer will advise on legal matters).
- b) Maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Chief Finance Officer.
- c) Ensure that, before entering into agreements with external bodies, a risk management and options appraisal has been prepared for the Cabinet, in consultation with the Chief Finance Officer and Monitoring Officer.
- d) Ensure that all agreements and arrangements are properly documented.
- e) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Council's Statement of Accounts concerning material items.
- f) Ensure that the project progresses in accordance with the agreed plan and that all expenditure is properly incurred and recorded.
- g) Ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council, following consultation with the Chief Finance Officer.
- h) Seek advice from the Chief Finance Officer or Corporate Manager, People and Organisational Development as appropriate on VAT, or other tax implications, when entering into partnerships.

6.2 External Funding including Grants

Why is this important?

External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers.

Key Controls

The key controls for external funding are:

- a) To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- b) To ensure that funds are acquired only to meet the priorities approved in the policy framework by the full council.
- c) To ensure that any match funding requirements are given due consideration prior to entering into long term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Chief Finance Officer

- (a) Ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- (b) Ensure that all grant income and associated information is logged on the Corporate Grants Database and adhere to the requirements of the Grant Manual.
- (c) Ensure that audit requirements are met.
- (d) Ensure that match funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Chief Officers

- a) Ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- b) Ensure that funds are acquired only to meet the priorities approved by the Council in the policy framework.

- c) Ensure that any match-funding requirements are given due consideration and that future revenue budgets reflect these requirements, before entering into long-term agreements.
- d) Ensure that all claims for funds are made by the due date.
- e) Ensure that proposals are costed properly and that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.
- f) Ensure that contracts are drawn up and maintain a register of all contracts entered into with third parties.
- g) Ensure that appropriate insurance arrangements are made, via the Chief Finance Officer.
- h) Ensure that, as far as possible, the Council is not put at risk from any bad debts.
- i) Ensure that no contract is subsidised by the Council.
- j) Ensure that such contracts do not impact adversely upon the services provided for the Council.
- k) Have in place an exit strategy to implement when the funding ceases. This strategy must allow for all costs associated with the winding up, including any costs arising because staff have gained employment rights, being met from within the externally provided monies and, therefore, at no additional cost to the Council. If the terms of the external funding do not allow such costs to be met from it, then they must be met from within the base budget of the Portfolio concerned.
- l) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.
- m) Ensure that all grant income is coded, in the first instance, to the appropriate balance sheet code in order to avoid double counting the overall income and expenditure of the Council.

Other Funds

Why is this important?

The Council will not as a general rule supervise the financial administration of, nor audit, unofficial funds, and accepts no liability whatsoever for any loss however caused. Unofficial funds are defined as those which are not the property of the Council, for example school monies collected by schools for school trips and monies held in Amenities Funds in Social Services establishments. Those operating such funds, therefore, have an overall responsibility to ensure that proper financial stewardship is observed.

Key Controls

- (a) A Treasurer and independent auditor are formally appointed.
- (b) Proper rules are operated to secure adequate standards.
- (c) Adequate records and procedures are maintained.
- (d) Regular reports on fund transactions and balances are received and checked against bank statements.
- (e) Annual statements of income and expenditure and fund balances are prepared and audited on a timely basis.

General

The School Fund Regulations, 2013 must be followed for the operation of all school funds in Flintshire Schools and ensure that funds are only used for the purpose that they are intended for as per the regulations.

Responsibilities of the Chief Finance Officer

Prepare the note to be entered into the Statement of Accounts

Responsibilities of the Chief Officers

Those operating or intending to operate unofficial funds are also required to:

- (a) Notify the Chief Finance Officer of details of the fund as soon as it is set up.
- (b) Provide an independent audit certificate for the fund on an annual basis.
- (c) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.

Protection of Clients Assets

Why is this important?

Where the Council is appointed as a Deputy for a Client by the Office of the Public Guardian (OPG), the Chief Officer will ensure that all OPG regulations and guidelines are complied with.

Where the Council is approved by the Department for Work and Pensions (DWP) to act as a Corporate Appointee for a Client, Chief Officers will ensure that all guidelines provided by the DWP are complied with.

Key Controls

Responsibilities of the Chief Officers

Heads of Service will ensure that a separate bank account is arranged for each Client, with the bank account reconciled on a regular basis, at least monthly.

Every transfer of clients monies from one Officer to another shall be recorded immediately in a manner approved by the Chief Finance Officer and shall be evidenced by the signature of the receiving Officer.

Flintshire County Council

Financial Procedure Rules

Revised ~~2020~~2022

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1. Status of Financial Regulations

1.1 What are Financial Procedure Rules?

1.1.1 Financial Procedures provide the framework for managing the Council's financial affairs. They apply to every Member and officer of the Council and anyone acting on its behalf.

1.1.2 The procedures identify the financial responsibilities of the full Council, the Cabinet and officers.

1.1.3 Where there are references to the Chief Executive and Chief Officer the responsibility is as follows:

The Chief Executive as Head of Paid Service at a strategic level provides oversight, coordination and direction across the organisation and ensures the Chief Officer Team work collectively.

Chief Officers are accountable at a strategic and operational level for resource management, performance management and delivery of services for the Portfolio for which they have responsibility.

In addition, the Council holds the following statutory posts:

The Head of Paid Service is the Chief Executive

The Chief Finance Officer is the Corporate Finance Manager

The Chief Education Officer is the Chief Officer (Education and Youth)

The Monitoring Officer is the Chief Officer (Governance)

The [Director of Social Services is the Chief Officer \(Social Services\)](#)

[The Director of Children's Services is the Chief Officer \(Education and Youth\)](#)

Democratic Services Manager

1.1.4 These Financial Procedure Rules are part of the Council's Rules of Procedure. They must be read in conjunction with the rest of the Constitution, of which they form part, including the Contract Procedure Rules.

1.1.5 These Financial Procedure Rules and other regulatory rules apply to the Clwyd Pension Fund except where separate legislation exists, e.g. Local Government Investment Regulations.

1.2 Why are they important?

1.2.1 To conduct its business effectively, the Council needs to ensure that sound financial management arrangements are in place and that they are strictly adhered to in practice. Part of this process is the establishment of Financial Procedures which set out the financial responsibilities of the Council. These procedures have been devised as a control to help the Council manage its financial matters properly in compliance with all necessary requirements.

1.2.2 Good, sound financial management is a key element of the Council's Corporate Governance framework which helps to ensure that the Council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

1.2.3 Good financial management secures value for money, controls spending, ensures due probity of transactions and allows decisions to be informed by accurate accounting information.

1.2.4 Good financial management requires secure and reliable records and systems to process transactions and information and substantiate the effective use of public money.

1.2.5 Financial Procedures should not be seen in isolation, but rather as part of the overall regulatory framework of the Council as set out in the Council's Constitution.

1.3 Who do Financial Procedures apply to?

1.3.1 Financial Procedures apply to every Member and officer of the Council and anyone acting on its behalf. Members and officers have a general responsibility for taking reasonable action to provide for the security and use of the resources and assets under their control, and for ensuring that the use of such resources and assets is legal, consistent with Council policies and priorities, is properly authorised, provides value for money and achieves best value.

1.3.2 Separate financial procedures have been incorporated into the Council's Scheme for Financing of Schools and relate to those matters where decisions have been delegated to school governing bodies.

1.3.3. These Financial Procedures shall apply in relation to any partnership for which the Council is the accountable body, unless the Council expressly agrees otherwise. Where services are provided via an 'Alternative Delivery Model', specific financial procedures will be incorporated into the individual models.

1.3.4 Failure to observe Financial Procedures may result in action under the Council's disciplinary procedures.

1.4 Who is responsible for ensuring that they are applied?

1.4.1 The Chief Executive and Chief Officers are ultimately responsible to the Council for ensuring that Financial Procedures are applied and observed by his/her staff and contractors providing services on the Council's behalf and for reporting to the Chief Finance Officer any known or suspected breaches of the procedures.

1.4.2 The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Procedures and submitting any additions or changes necessary to the Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the Financial Procedures to the Council and/or to the Members.

1.4.3 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Procedures which Members, Chief Executive and Chief Officers and others acting on behalf of the Council are required to follow.

1.4.4 Where any Officer or Member considers that complying with Financial Procedures in a particular situation might conflict with the achievement of value for money or the principles of Best Value or the best interests of the Council, he/she shall raise the issue with the Chief Finance Officer who will, if he/she considers necessary and appropriate, seek formal approval from the Council for a specific waiver of the procedures, or an amendment to the procedures themselves.

2. Financial Management – General Roles and Responsibilities

The Role of the Full Council

2.1.1. The Council has a duty towards its Council ~~Tax payers~~[Taxpayers](#) and Non Domestic Ratepayers with regard to financial decisions and their consequences. The full Council is responsible for adopting the Council's Constitution and Members' Code of Conduct and for approving the budget and policy framework within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The full Council is also responsible for monitoring compliance with policies and related Cabinet decisions.

2.2 The Role of the Cabinet

2.2.1 The Cabinet (as the Council's Executive) is responsible for proposing the Budget and Policy Framework to full Council, and for discharging executive functions in accordance with the Budget and Policy Framework.

2.3 The Role of the Chief Finance Officer

2.3.1 The Chief Finance Officer is accountable to the Chief Executive and the Council and has statutory duties that provide overall responsibility for the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. These statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations (Wales) Regulations currently in force

2.3.2 The Chief Finance Officer among other functions is responsible for;

- a) The proper administration of the Council's financial affairs.
- b) Setting and monitoring compliance with financial management standards.
- c) Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
- d) Advising on all matters which affect, or potentially affect, the finances or financial administration of the Council.
- e) Providing financial information.
- f) Making recommendations to the Cabinet and Council for the preparation of the revenue budget and capital programme.

- g) Preparing the approved revenue budget and capital programme.
- h) Treasury management.

The Chief Executive and Chief Officers are responsible for promoting the financial management standards set by the Chief Finance Officer in their portfolio and monitoring adherence to the standards and practices, liaising as necessary with the Chief Finance Officer.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to every Member of the Cabinet or the Council as appropriate and to the External Auditor, if the Council, a Committee or Officer of the Council, or a Joint Committee on which the Council is represented:

- Has made, or is about to make, a decision which involves or would involve the Council incurring expenditure which is unlawful
- Has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the Council
- Is about to make an unlawful entry in the Council's accounts

The Chief Finance Officer must consult with the Head of Paid Service and the Monitoring Officer when preparing any report under Section 114.

The Chief Finance Officer shall make a report under this Section if it appears to him or her that the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

Section 114 of the 1988 Act also requires:

- The Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally, due to absence or illness
- The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114
(All references to a Committee (joint or otherwise) include Sub-Committees).

Where a report has been issued by the Chief Finance Officer under Section 114 of the Local Government Finance Act 1988, the Council and the Council's Head of Paid Service shall then follow the requirements of Sections 115 and 116 of the said Act.

2.4 The Role of Chief Officers

2.4.1 Chief Officers are each accountable to the Council for the financial management and administration of those services and activities allocated to them in accordance with Council policy.

2.4.2 Chief Officers are responsible for:

- a) Ensuring that adequate and effective systems of internal control are operated to ensure the accuracy, legitimacy and proper processing of transactions and the management of activities, having regard to advice and guidance from the Chief Finance Officer.
- b) Ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.
- c) Consulting with the Chief Finance Officer in seeking approval regarding any matters which may affect the Council's finances materially, before any commitments are incurred.
- d) Consulting with each other on any issue with corporate financial implications before submitting policy options or recommendations to Members.

3. Financial Planning

3.1 Strategic Planning

Why is this important?

Planning is a continuous process and is a fundamental tool in the management and control of the Council. The Council has a statutory responsibility to produce various plans. Financial planning is a key part of this process, setting out the financial consequences of the actions planned to meet the objectives and targets set within the plan.

Key Controls

- Ensure that all relevant plans are produced and that they are consistent with Corporate objectives
- Produce plans in accordance with statutory requirements
- Meet the timetables set
- Ensure that all performance information is accurate, complete and up to date
- Provide improvement targets that are meaningful, realistic and challenging

Responsibilities of the Chief Finance Officer

- a) To advise and supply the financial information that needs to be included in plans in accordance with the statutory requirements and agreed timetables.
- b) To contribute to the development of corporate and service targets and objectives and performance information.
- c) To ensure that performance information is monitored frequently to allow corrective action to be taken if targets are not likely to be met.

Responsibilities of the Chief Officers

- a) To contribute to the development of plans in line with statutory requirements.
- b) To contribute to the development of corporate and service targets and objectives and performance information.

3.2 Budgets and Medium Term Planning

Why is this important?

The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively to enable scarce resources to be allocated in accordance with the Council's priorities.

Flintshire's Medium Term Financial Strategy (MTFS) provides a framework for the financial principles through which revenue and capital resources will be forecast, organised and managed to deliver the Council's vision and strategic objectives.

The MTFS uses detailed intelligence led forecasting to estimate available resources, investment needs linked to the Council Plan and priorities, demand and externally led cost pressures and opportunities for efficiencies / savings for both revenue services and the capital programme over the medium term. The MTFS enables the gap between forecast funding levels and resource requirements to be identified over the medium term.

Detailed work is undertaken on an annual basis by [the Corporate Finance Team](#), in conjunction with the Chief Executive and Chief Officer Team to build on the MTFS to enable a balanced revenue budget and capital programme which is [then](#) approved by Council for the following financial year.

Responsibilities of the Chief Finance Officer

- a) To prepare and submit reports on budget prospects for the Cabinet including resource constraints set by the Welsh Government.
- b) To determine the detailed form of revenue estimates after consultation with the Cabinet, Chief Executive and Chief Officers.
- c) To prepare and submit forecasting reports to the Cabinet on the aggregate spending plans and resources available to fund them.
- d) To advise on the medium term implications of spending decisions and prepare forecasts.
- e) To encourage the best use of resources and value for money by working with Chief Officers to identify opportunities to improve economy, efficiency and effectiveness.
- f) To advise the Council on proposals in accordance with responsibilities under Section 151 of the Local Government Act 1972.

Responsibilities of the Chief Officers

- a) To integrate financial and budget plans into service planning so that budget plans can be supported by financial and non-financial performance measures.
- b) To encourage the best use of resources and value for money by working with the Chief Finance Officer to identify opportunities to improve economy, efficiency and effectiveness.

3.3 Budgeting

3.3.1 Revenue Budget

Why is this important?

Budgetary control and monitoring procedures ensure that once the budget has been formally approved by the County Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year.

By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity.

Key Controls

The key controls for managing and controlling the revenue budget are:

- Budget managers should be responsible only for income and expenditure that they can influence
- There is a nominated budget manager for each cost centre heading and the responsibilities for budgetary control are clearly defined
- Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- Budget managers follow an approved certification process for all expenditure
- Income and expenditure are properly recorded and accounted for
- Performance levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget
- An annual cycle is established to ensure budgets are promptly prepared

Responsibilities of the Chief Finance Officer

To ensure an appropriate framework of budgetary management and control that ensures that:

- a) A revenue budget is prepared on an annual basis, together with a revenue projection over the medium term, for consideration by the Cabinet, which will make recommendations to the Council. The Council is responsible for the approval of the revenue budget.
- b) A resource allocation process is developed and maintained for consideration by Members at each stage of the revenue budget process.
- c) The revenue budget includes the proposed level of unallocated Council Fund reserves, proposed taxation levels and the proposed budgets for each Chief Officer and for central and corporate budget heads.
- d) Each Chief Officer has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities.
- e) Expenditure is committed only against an approved budget head.
- f) Significant variances from approved budgets are investigated and reported by budget managers on a regular and timely basis.

Responsibilities of the Chief Officers

- a) To maintain budgetary control within their departments and ensure that all income and expenditure are properly recorded and accounted for.
- b) To ensure that an accountable budget manager is identified for each area of income and expenditure under the control of the Chief Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision making that commits expenditure.
- c) Ensure that Managers and all staff understand their financial responsibilities.
- d) Ensure that budget managers follow the monthly budget monitoring procedures when using Collaborative Planning (CP) system.
- e) To prepare annual service plans linked to the Council Plan identifying any budgetary implications for inclusion in the Medium Term Financial Plan for Member consideration.
- f) To ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast. Variances in excess of £50k should be reported with an explanation to the Chief Finance Officer.

- g) Prepare budget action plans where a significant overspend is forecast. The action plan should identify how expenditure will be brought back into line with budget, either by taking corrective action, or through the proposed use of compensating savings elsewhere in their budget.
- h) Report areas of forecast under spend, along with the implications for future years, for corporate consideration of where any available resources should be re-allocated. The use of budget savings other than in accordance with the approved budget is not permitted without Cabinet approval.
- i) Consult with the Chief Finance Officer and seek advice on further action to be taken before any commitments are incurred, where these are not covered by the Council's approved budget.
- j) Report significant variations from budget to the Chief Finance Officer, who will report the position and any budget actions plans in the overall budget monitoring report to Cabinet. In certain circumstances it may be that the significance of the variance requires a separate report to Cabinet for consideration or approval. The report will outline the reasons for the projected variance, the implications for future years' budgets, along with the budget action plan to bring expenditure in line with the budget.
- k) Budget action plans will be monitored by the relevant Chief Officer who will notify the Chief Finance Officer should it emerge that a budget action plan will fail to prevent an overspend. The Chief Finance Officer will report the position to Cabinet.
- l) In exceptional cases submit reports to the Cabinet and to the Council, in consultation with Chief Finance Officer, where a Chief Officer is unable to balance expenditure and resources within existing approved budgets under his or her control, requesting a supplementary budget allocation for the current financial year only.
- m) Nothing in the Financial Procedure Rules shall prevent expenditure being incurred which is essential to meet any immediate needs arising from an emergency, including any expenditure under Section 155 of the Local Government and Housing Act 1989 (Emergency Financial Assistance Scheme, formerly known as the "Belwin" scheme). Such action shall only be taken after consultation with the Chief Finance Officer, and any such expenditure must be reported retrospectively to the Cabinet, and agreement for the funding of such expenditure and how it should be treated must be agreed as soon as possible.
- n) To ensure compliance with the scheme of virement.

3.3.2 Budget Virements/Accounting Adjustments

Why is this important?

Transfers between budgets is an integral and important feature of budgetary control for an organisation to ensure sound financial management.

In general terms there are two main types of budget transfers:-

1. Accounting Adjustments – this is where it is necessary to transfer a budget from one place to another to account properly for the relevant expenditure or income but where the approved purpose of that expenditure/income does not change from that approved by County Council. An example of this is the allocation of energy inflation which is held centrally and allocated to portfolio areas based on evidenced need.
2. Formal Virements – this is where there is an intended action to transfer budget from one place to another that does change the purpose of the expenditure/income approved by County Council. An example of this would be the transfer of an amount from Adult Social Services to Children's Social Services to deal with a pressure in the Children's Services area.

The Key Principles underpinning the control of budget transfers are as follows:

- Where Budget transfers relate to a change of use or policy they should be authorised and there should be formal evidence of this
- Transferring budgets simply to minimise variances are specifically precluded
- Where an approved budget is a lump sum provision or contingency intended for allocation during the year, its allocation will not be treated as a virement provided the amount is used in accordance with the purposes for which it was originally intended, or if Cabinet has approved the basis on which it will be allocated

Formal Virements in excess of £100,000 (this includes cumulative amounts over £100,000) should be submitted to Cabinet for Approval

- Where there are policy implications for the Council which require a budget virement, Cabinet approval must be obtained

Overall control of budget transfers is undertaken within the Strategy and Insurance team which tracks the movements and also ensures that any virements that change the purpose of the funding are subject to the relevant approval

The Corporate Finance Manager as Section 151 Officer for the Council has a legal responsibility to ensure the proper management of the Councils financial affairs and is content that the rules and procedures in place governing the virement of budget are adequate.

Key Controls

- Performance levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget
- Notification of virements should be given to the Chief Finance Officer and approved

Responsibilities of the Chief Finance Officer

- a) Ensure that budget virements in excess of £100,000 (cumulative) are submitted to Cabinet for approval.
- b) Where there are policy implications for the Council ensure that Cabinet approval is obtained where it is proposed to vire between budgets of different Cabinet Portfolio holders or vire between budgets managed by different Chief Officers.
- c) Where there are implications to the policy framework submit a joint report with the relevant Chief Officer.

Responsibilities of the Chief Officers

- a) To ensure compliance with the scheme of virement.
- b) To agree with the relevant Chief Officer where it appears that a virement proposal may impact materially on another service area.

3.4 Capital Programme

Why is this important?

Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the Council such as land, buildings and major items of plant, equipment and vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

Key Controls

The key controls for capital programmes are:

- Specific approval by the County Council for the programme of capital expenditure
- Expenditure on capital schemes is subject to the approval of the Chief Officer
- A scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project
- Accountability for each proposal is accepted by a named manager

- Monitoring of progress in conjunction with expenditure and comparison with approved budget

Responsibilities of the Chief Finance Officer

- To prepare capital estimates jointly with Chief Officers to report them to the Cabinet for approval which will make recommendations to the Council.
- To be responsible for the monitoring of the capital programme in conjunction with the ~~Chief Officer (Housing and Assets)~~[Corporate Manager, Corporate Property and Assets](#).
- To prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates on a quarterly basis. The report will identify changes in capital resources, including the generation of capital receipts and the effect of carry forward together with quantifying contractually uncommitted values by scheme.
- To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the specified amount.
- To ensure that whole schemes, or distinct parts thereof, which are identified as slipping into the following financial year, shall be included in the Capital Programme assessments for the later year.
- Ensure that the approved Capital Programme includes information on grant funded schemes if appropriate.

Responsibilities of the Chief Officers

- To comply with guidance concerning capital schemes and controls issued by the Chief Finance Officer.
- To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Chief Finance Officer.
- To prepare regular reports reviewing the capital programme provisions for their services.
- To ensure that adequate records are maintained for all capital contracts.
- To proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Chief Finance Officer, where required.
- To ensure that credit agreements such as leasing agreements are not entered into without the agreement of the Chief Finance Officer (via the Treasury

Management Team) and if applicable approval of the scheme through the capital programme.

- g) To ensure that for the purchase of all items which are not brand new that a Hire Purchase Information (HPI) check has been undertaken to ensure that there is no outstanding finance.

3.5 Maintenance of Reserves

Why is this important?

The Council must decide the general level of reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and therefore protect it from overspending should such events occur. Reserves for specific purposes may also be maintained such as the purchase or renewal of capital items.

Key Controls

To maintain reserves in accordance with the CIPFA Code of Practice and agreed accounting policies.

The Councils Reserves protocol must be adhered to by all officers to ensure the controls governing reserves are followed.

Responsibilities of the Chief Finance Officer

To advise the Cabinet and/or the full Council on prudent levels of reserves for the Council and to provide an annual statement as to the adequacy of the level of reserves held.

Responsibilities of the Chief Officers

To ensure that resources are used only for the purposes for which they were intended.
To ensure the Reserves Protocol is followed.

4. Risk Management and Control of Resources

4.1 Risk Management

Why is this important?

The Council, like any organisation, faces risks to people, property and continued business operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the Council and ensure the continued financial and organisational well-being of the Council. Risk management is concerned with evaluating the measures the Council has in place to manage identified risks and recommending the course of action the organisation needs to take to control these risks effectively.

Risk Management is an integral part of the Council's Governance Framework and Internal Control. The Council has a Risk Management Strategy which outlines how the Council manages risk corporately.

Key Controls

The key controls for risk management are:

- Procedures are in place to identify, assess, prevent or contain material known risks
- A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis
- Managers know that they are responsible for managing relevant risk and are provided with relevant information
- Provision is made for losses that might result from the risks that remain
- Procedures are in place to investigate claims within required timescales
- Acceptable levels of risk are determined and insured against where appropriate
- Business Continuity Plans are in place

Responsibilities of the Chief Finance Officer

- a) To develop and implement risk management controls in conjunction with Chief Officers.
- b) To include all appropriate employees of the Council in a suitable Fidelity Guarantee insurance policy.
- c) To effect corporate insurance cover, for all relevant and identified risks, through external insurance and internal funding ~~and negotiate all claims in consultation with other officers.~~
- d) In consultation with other officers if applicable, to negotiate all claims with a view to minimising both financial and reputational loss.

Responsibilities of the Chief Officers

- a) To notify the Chief Finance Officer immediately of any loss, liability or damage that may lead to a claim against the Council, and to respond promptly with any information or explanation required by the Chief Finance Officer for the Council's insurers.
- b) To take responsibility for risk management, having regard to advice from the Chief Finance Officer and other specialist officers e.g. health and safety.
- c) To implement the Risk Management [Strategy Framework](#) and ensure a regular review of risks within the service they manage.
- d) To notify the Chief Finance Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations [which may affect](#) ~~ing~~ existing insurances.
- e) To ensure that employees or anyone covered by the Council's insurances do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- f) To ensure Business Continuity plans are in place and regularly reviewed.
- g) To ensure that no insurance policies are taken out without first consulting with the Chief Finance Officer.

4.2 Internal Controls

Why is this important?

Overall responsibility for the control environment rests with the Council as a whole. The Chief Officer Team is responsible for overseeing and monitoring the control environment.

Monitoring of compliance with policies, procedures, laws and regulations is undertaken by relevant key officers. The Chief Finance Officer and Monitoring Officer have statutory responsibilities. Chief Officers have responsibility for the development and maintenance of the internal control environment to ensure:

- The Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded

- Compliance with all applicable statutes and procedure rules, and other relevant statements of best practice

Key Controls

The key controls and objectives for internal control systems are:

- Key controls should be reviewed on a regular basis
- Financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- An effective internal audit function that is properly resourced

Responsibilities of the Chief Finance Officer

To assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

Responsibilities of the Chief Officers

- a) To manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- b) To be responsible for having in place procedures to ensure that established controls are being adhered to and for evaluating their effectiveness. Chief Officers are required to periodically assess their systems of internal control to ensure that they are adequate to manage the risks associated with the service. They are also required to undertake such reviews when material changes are to be made either to structures or to working practices. This requirement applies equally to those arrangements in which the Council has a partnership relationship with a third party.
- c) Assess, at least once a year, the effectiveness of the systems of internal control, in line with current Accounts & Audit (Wales) Regulations.
- d) Provide appropriate information to the Corporate Governance Working Group to enable the Annual Governance Statement to be included within the financial statements, as required.

- e) Review existing controls in the light of changes affecting the Council and establish and implement new controls as necessary. Also remove controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- f) Ensure that staff have a clear understanding of all procedures, and of the consequences of lack of control.

4.3 Audit Requirements – Internal Audit

Why is this important?

The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972 and is required by the Accounts and Audit (Wales) Regulations 2005. The regulations state that 'a local government body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices'.

Internal audit is defined in the Public Sector Internal Audit Standards as:

'Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'

Key Controls

The key controls for internal audit are:

- That it is independent in its planning and operation
- The Internal Audit Manager has direct access to the Head of Paid Services, the Monitoring Officer, External Audit and the Chair of the [Governance and Audit Committee](#)

Responsibilities of the Chief Finance Officer

To ensure that an effective Internal Audit function is resourced and maintained. Under Section 151 the local Council should 'make arrangements for the proper administration of their financial affairs'. Proper administration includes compliance with the statutory requirements for accounting and internal audit.

Responsibilities of the Chief Officers

Chief Officers will:

- (a) Ensure that internal and external auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- (b) Ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- (c) Consider and respond promptly to recommendations in audit reports.
- (d) Ensure that any agreed actions arising from audit recommendations are carried out timely and efficiently.
- (e) Ensure that whenever any matter arises which involves, or potentially involves, any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources, Internal Audit are notified and take any such other immediate action as considered necessary (subject to any Council rules and protocols).
- (f) Internal Audit shall notify the Chief Officer (Governance) where appropriate, and take such action by way of investigation and report, including informing and consulting with the relevant Chief Officer, [Senior Corporate Manager, People and Organisational Development \(HR & OD\)](#), notifying the Head of Paid Service, the Police and/or the External Auditor, as considered appropriate. Pending investigations and reporting, the Chief Officer will follow the fraud response plan and will take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- (g) Where sufficient evidence exists to believe that a criminal offence may have been committed, Internal Audit will consult with the Chief Officer, ~~Senior Manager (HR & OD)~~ [Corporate Manager, People and Organisational Development](#) and the Monitoring Officer, together with the Head of Paid Service and determine whether to refer the matter to the Police. The Police will determine, with the Crown Prosecution Service, whether any prosecution will take place. Where fraud, theft, improper use or misappropriation of the Council's property or resources is proved, and the Council has suffered a financial loss, the Council will seek to recover the full value of any loss as outlined in the Corporate Anti-Fraud and Anti-Corruption Strategy, Fraud Response Plan and Prosecution Policy.
- (h) Instigate the Council's disciplinary procedure when the outcome of an audit investigation indicates improper behaviour (by a member of staff), or indicates that a wider investigation is appropriate.

- (i) Ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Internal Audit Manager prior to implementation, to ensure that control issues are fully considered and complied with.

4.4 Security of Assets

Why is this important?

The Council holds assets in the form of property, vehicles, equipment, furniture, and other items. It is important that assets are safeguarded and used efficiently in service delivery and that there are arrangements for the security of both assets and information required for service operations. An up to date asset register is a pre-requisite for sound asset management.

Key Controls

The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:

- Resources are used only for the purposes of the Council and are properly accounted for
- Resources are available for use when required
- An asset register is maintained, assets are recorded when acquired and the record is updated following completion of condition surveys which are carried out on a cyclical planned basis
- All staff are aware of their responsibilities with regard to safeguarding the Council's assets and information including the requirements of the General Data Protection Regulation (GDPR) and software copyright legislation
- All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and the compliance with the Council's computer and internet security policies

Responsibilities of the Chief Finance Officer

Ensure that an asset register is maintained in accordance with good practice for all fixed assets. The function of the asset register is to provide the Council with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained.

To receive the information required for accounting, costing and financial records from each Chief Officer.

To ensure that assets are valued in accordance with the Code of Practice on Local Council Accounting in the United Kingdom (CIPFA/LASAAC).

Ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds.

Responsibilities of the Chief Officers

- a) Ensure that records and assets are properly maintained and securely held.
- b) The corporate property function resides within the ~~Housing and Assets Portfolio~~ Head of Paid Services function under the Corporate Manager, Corporate Property and Assets, with property records maintained by Valuation and Estates Services in conjunction with Legal.
- c) The Chief Officer (Governance), in consultation with the Corporate Manager, Corporate Property and Assets ~~Chief Officer (Housing and Assets)~~, shall maintain a register of:
 - All lands and properties owned by the Council (with the exception of dwellings provided under the Housing Acts) in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference, purchase details, particulars of all interests, tenancies granted and rents receivable.
 - All lands and properties leased to the Council in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference and lease rental payment details.
- d) The Corporate Manager, Corporate Property and Assets ~~Chief Officer (Housing & Assets)~~ will arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Finance Officer and, in accordance with the *Code of Practice on Local Council Accounting in the United Kingdom* (CIPFA/LASAAC).
- e) The Legal Services Manager shall have custody of all title deeds and will put in place secure arrangements for this.

- f) The [Corporate Manager, Corporate Property and Assets](#) Chief Officer (~~Housing and Assets~~) shall maintain a record of all dwellings provided under the Housing Acts in a form agreed with the Chief Finance Officer.
- g) Chief Officers shall be responsible for maintaining proper security and confidentiality of all financial and related information in the Chief Officer's possession including complying with the requirements of the Council's Information Security Policy, General Data Protection Regulation (GDPR), the Computer Misuse Act and any subsequent legislation.
- h) Chief Officers must ensure that:
- All staff are aware of their responsibilities with regard to safeguarding the Council's assets and the protection and confidentiality of information, whether held in manual or computerised records, including the requirements of GDPR and software copyright legislation
 - All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer, portable storage media acceptable usage, e-mail and internet security policies
 - Arrangements are in place for the proper security and safe custody of all buildings, vehicles, equipment, furniture, stock, stores and other assets under their control
 - Lessees and other prospective occupiers of Council land or buildings are not allowed to take possession or enter the land or building until a lease or legal agreement, in a form approved by the Chief Officer (Governance) in consultation with the Chief Finance Officer, has been established as appropriate
 - Where land or buildings are surplus to requirements, a recommendation for sale is the subject of a report by the Chief Officer, or where action is taken under delegated powers this is reported to the Cabinet
 - Each Chief Officer maintains a register of assets with a value of over £500 which are moveable or desirable assets. The register should list the asset, location recorded, and that they are appropriately marked ~~and insured~~

- Cash holdings on premises are kept to a minimum and shall not exceed such limit as the Chief Finance Officer may prescribe, and that the arrangements for such cash holdings have been agreed with Internal Audit. Each Chief Officer must, in consultation with the Chief Finance Officer ensure safe and efficient cover for cash in transit
- Keys to safes and similar receptacles are carried in the possession of those responsible at all times; loss of any such keys must be reported to the Chief Finance Officer as soon as possible. All official keys of buildings, alarms and secure places shall be securely maintained at all times using a designated key tagging system by the individual responsible for their custody. If not held on the person of the individual responsible for their custody, they should be held under secure arrangements. The loss of any such keys shall be reported to the Chief Finance Officer immediately
- Assets are only used in the course of the Council's business, unless the Chief Officer concerned has given permission, in writing, for personal use by an employee
- Records are kept of the disposal or part-exchange of assets
- Inventories or other records are maintained, in a form approved by the Chief Finance Officer, of all vehicles, plant, equipment (including portable equipment such as FCC Laptops), machinery, protective clothing and such other items as the Chief Finance Officer may require for each location under the Chief Officer's control. Unless otherwise authorised in writing by the Chief Finance Officer, each inventory shall record, in respect of each item a brief description of the item, the serial number or other identifying mark (where applicable), particulars of acquisition (including details of ownership where applicable) and, in due course, particulars of disposal
- An annual check of all items on the inventory is carried out in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council
- There are arrangements for the care and custody of stocks and stores in the Portfolio. Each Chief Officer shall be responsible for the care and custody of all stocks and stores held in that Portfolio and shall account for their purchase, control, issue and return and disposal in a manner approved by the Chief Finance Officer

- Items shall be held in stock only where ready availability or where purchase in bulk is more economical than purchase of individual items, having due regard to the storage and administration costs associated with each method. Stocks shall not exceed the level required to meet reasonable anticipated needs or to obtain the benefits of bulk purchasing, except in special circumstances in consultation with the Chief Finance Officer
- Stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion, referring issues to Internal Audit, where appropriate
- The Chief Finance Officer shall receive from the appropriate Chief Officer such information relating to stocks as the Chief Finance Officer may require for accounting or costing purposes, and shall require the appropriate Chief Officer to conduct, by persons other than the storekeeper, a complete stock-take at intervals of not more than one year together with one interim stock check
- Sample checks are made of all actual stock holdings against recorded stock holdings. The checks should be such that all items of stock are included within the check at least once a year
- Discrepancies are investigated and written off as necessary
 - i) Surplus, obsolete or defective items held in stock shall be disposed of at regular intervals not exceeding one year. Procedures for disposal of such stocks and equipment, including inventory items, should be by competitive quotations or auction, unless, following consultation with the Chief Finance Officer, the Cabinet decides otherwise in a particular case. Such write-offs or disposals will be reported to the Cabinet.
 - j) When the Chief Officer considers it appropriate, the stock or inventory item may be offered to other Portfolio's or employees for the highest quotation received in a sealed bid process and competitive basis or disposed of by public auction. In each case officers should seek to achieve the highest amount of value for the Council, whichever method of disposal is appropriate. Disposal shall be certified in the stock records or inventory by the signature of the Chief Officer or other authorised Officer.
 - k) The names of Officers authorised to certify such disposals shall be agreed with and notified to the Chief Finance Officer by each Chief Officer, who shall provide the Chief Finance Officer with the specimen signature and initials of each such authorised Officer and amendments as they may occur. Disposal of items by any other method shall be subject to prior written consent from the Chief Finance Officer.
 - l) In the event that the Council decides to become involved in the commercial exploitation of intellectual property e.g. software development, the matter should be agreed by the Cabinet.

- m) Whenever, in case of eviction, re-possession or similar circumstances, the Council takes possession or custody of private moveable property, an itemised inventory shall be taken in the presence of two persons, one of whom shall be a Council Officer or representative, who both shall witness it as a correct record.
- n) Each Chief Officer shall be responsible for ensuring safe custody and maintaining adequate records of lost property found on premises for which that Chief Officer is responsible. Unclaimed items shall be disposed of by the Chief Officer under arrangements approved by the Chief Finance Officer.
- o) Each Chief Officer will ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property. The ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development will ensure that this is reflected in the Council's HR Policies.
- p) Ensure that income received for the disposal of an asset is properly banked and recorded.
- q) If any aspect of security is considered defective, or if special security arrangements are considered desirable, the Chief Officer concerned shall consult with the Chief Finance Officer with a view to remedial action.

4.5 Treasury Management

Why is this important?

The Council holds varying levels of surplus cash at certain points in the year representing income received in advance of expenditure plus balances and reserves held. The Council complies with CIPFA and WG guidance to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Key Controls

That the Council's borrowing and investments comply with the CIPFA Code: Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2021 Edition), Welsh Government (WG) guidance on local Council investments and the Council's Treasury Management Strategy.

The Council nominates the Governance and Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies.

Responsibilities of the Chief Finance Officer

- a) Ensure that the Council has an annual Treasury Management Strategy which fulfils the Council's legal obligation under the Local Government Act 2003 and to have regard to both the CIPFA code and the WG guidance.
- b) The Chief Finance Officer will operate bank accounts as are considered necessary. Opening or closing any bank account shall require the approval of the Chief Finance Officer. Heads of Service will follow the instructions on banking issued by the Chief Finance Officer.
- c) The Chief Finance Officer will act as the Council's registrar of stocks, bonds and mortgages and maintain records of all borrowing [and investing](#) of money by the Council.

Responsibilities of the Chief Officers

- a) Arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the Chief Finance Officer, unless the deed otherwise provides.
- b) Arrange where funds are held on behalf of third parties, for their secure administration, approved by the Chief Finance Officer, and for the maintenance of written records of all transactions.
- c) Ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

4.6 Imprest Accounts

Responsibilities of the Chief Finance Officer

- a) Provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and prescribe rules for operating these accounts.
- b) Agree, in consultation with the relevant Chief Officer, the petty cash limit and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

- c) Reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.
- d) Issue to Officers authorised to receive official money, such change floats as considered necessary, following consultation with the relevant Chief Officer, for the efficient performance of cash collection duties. Such a float shall not be used for any purpose other than the giving of change, and the Officer to whom it is issued shall be responsible at all times for its safe custody until such time as it is repaid to the Chief Finance Officer.
- e) The Chief Finance Officer may at any time require the authorised Officer to produce the float for inspection, to repay it or to sign a certificate of the amount held.
- f) Where considered appropriate the Chief Finance Officer shall open an account with the Council's bankers or other approved agency.

Responsibilities of the Chief Officers

Ensure that a business case is submitted to the Chief Finance Officer for any new Imprest Account. Payments shall be limited to minor items of expenditure up to a general individual limit of £50.

Ensure that employees operating an imprest account:

- (a) Obtain and retain receipts/invoices and vouchers to support each payment from the Imprest account. Where appropriate, an official receipted VAT invoice must be obtained in order to ensure the correct recovery of VAT as per Her Majesty's Revenue and Customs (HMRC) regulations.
- (b) Ensure reimbursement claims are signed by the claimant and one authorising signatory. Imprest controllers must ensure that two authorising signatories are obtained where there are no valid receipts/invoices to support the expenditure.
- (c) Make adequate arrangements for the safe custody of the account.
- (d) Produce upon demand by the Chief Finance Officer cash and all receipts/invoices and vouchers to the total value of the imprest amount.
- (e) Record transactions promptly.
- (f) Reconcile and balance the account at least monthly irrespective of the frequency of reimbursement claims. Reconciliation sheets are to be signed by the imprest holder and two authorising signatories and placed on file.

- (g) The Imprest holder shall not allow the account to become overdrawn. It shall be a standing instruction to the Council's bankers or approved agency that the amount of any overdrawn balance on a Petty Cash Imprest holder's bank account be reported to the Chief Finance Officer.
- (h) Provide the Chief Finance Officer with a certificate of the value of the imprest account/float at the date requested by the Chief Finance Officer.
- (i) Ensure that the imprest is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.
- (j) Ensure that payments are never made to individuals, contractors, consultants, casual staff or self-employed persons. The exceptions are where incentive bonus payments are made to service users in Social Services Day Opportunities and payments are made to residents from deputyship monies. Payments can be made from petty cash and then coded appropriately to the correct budget. In the case of deputyship, this is then reclaimed from personal monies.
- (k) Where emergency loans are made to service users, Officers will comply with the Monitoring and Recovery of Loans Procedure.
- (l) On leaving the Council's employment or otherwise ceasing to be entitled to hold or be a signatory for an imprest account inform the Chief Finance Officer so that arrangements can be made to close the account or transfer to another authorised Officer.

4.7 Staffing

Why is this important?

In order to provide the highest level of service, it is crucial that the Council recruits and retains high calibre, knowledgeable individuals, qualified to an appropriate level.

Key Controls

The key controls for staffing are:

- a) The Council has an appropriate workforce policy and strategy.
- ~~a) An appropriate workforce strategy and policy exists in which workforce requirements and budget allocations are matched.~~
- b) Procedures are in place for forecasting workforce requirements and cost.
- c) Controls are implemented that ensure that workers time is used efficiently and to the benefit of the Council.

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- d) Checks are undertaken prior to engaging new employees to ensure that they are appropriately qualified, experienced and trustworthy.

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The management of employee costs within schools is the responsibility of the Governing Body.

Responsibilities of the Chief Finance Officer

To act as an advisor on workforce related costs (e.g. pension contributions) as appropriate.

Responsibilities of the Chief Officers

The ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development will act as an advisor to a Chief Officer on Human Resources (HR) policies.

Chief Officers will:

- (a) Ensure that budget provision exists for all existing and new employees.
- (b) Monitor employee's activity to ensure adequate control over such costs as sickness, overtime, training and temporary workers.
- (c) Ensure that the staffing budgets are not exceeded without due authority and that they are managed to enable the agreed level of service to be provided.
- (d) When reporting to the Cabinet or Council on any matter which has, or is liable to have, people / HR implications, the Chief Officer shall, in consultation with the Chief Finance Officer and the ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development, incorporate into the report both the people / HR and financial implications of the matter under discussion.
- (e) Maintain a register of interests, in which any hospitality or gifts accepted, must be recorded:
 - In compliance with the Flintshire County Council Code of Conduct for Local Government Employees, no employee of the Council shall accept any fee, gift or reward which is intended as, or might be construed as, an inducement to influence that employee in the execution of that employee's duties
 - The offer of any such fee, gift or reward shall be reported immediately by the employee concerned to the appropriate Chief Officer, and shall be recorded in the register of gifts and hospitality

The ~~Senior Manager (HR & OD)~~Corporate Manager, People and Organisational Development will ensure that this policy will be reflected in the HR Policies and other policies, as relevant, of the Council.

5. Financial Systems and Procedures

5.1 General

Why is this important?

The information held in financial systems must be accurate and the systems and procedures well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

Key Controls

The key controls for systems and procedures are:

- a) Basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated.
- b) Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
- c) Early warning is provided of deviations from target, plans and budgets that require management attention.
- d) Operating systems and procedures are secure.

Responsibilities of the Chief Finance Officer

To make arrangements for the proper administration of the Council's financial affairs, including to:

- a) Issue advice, guidance and procedures for officers and others acting on the Council's behalf.
- b) Determine the accounting systems, form of accounts and supporting financial records.
- c) Establish arrangements for audit of the Council's financial affairs.
- d) Approve any new financial systems to be introduced.
- e) Approve any changes to be made to existing financial systems.

Responsibilities of the Chief Officers

- a) To ensure that accounting records are properly maintained and held securely.
- b) To ensure that vouchers and documents with financial implications are not destroyed except in accordance with arrangements approved by the Chief Finance Officer.
- c) To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original documents and vice versa is maintained.
- d) To incorporate appropriate controls to ensure where relevant that all input is genuine, complete, accurate, timely and not previously processed. All processing is carried out in an accurate, complete and timely manner and output from the system is complete, accurate and timely.
- e) To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- f) To ensure there is a documented and tested disaster recovery plan to allow for information system processing to resume quickly in the event of an interruption.
- g) To ensure that systems are documented and staff trained in operations.
- h) To consult with the Chief Finance Officer before changing any existing system or introducing new systems.
- i) To establish a scheme of delegation identifying officers authorised to act upon the Chief Officer's behalf in respect of payments, income collection and placing orders, including variations and showing their authorised limits.
- j) To supply lists of authorised officers, with specimen signatures and delegated limits to the Chief Finance Officer and any subsequent variations.
- k) To ensure that where appropriate, computer systems are registered in accordance with current data protection legislation and that staff are aware of their responsibilities under the legislation. The law around data protection has changed, the General Data Protection Regulation (GDPR) now applies in the UK (from 25th May 2018) and has replaced the Data Protection Act (DPA).

5.2 Income and Expenditure

Why is this important?

Effective income collection systems are necessary to ensure that all income is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cashflow and avoids the time and cost of administering debts.

Key Controls

The key controls for income are:

- a) All income due to the Council is identified and charged correctly, in accordance with the Council's Income Generation Policy, which is regularly reviewed.
- b) All income is collected from the correct person at the right time using the correct procedures.
- c) All money received by an employee on behalf of the Council is paid without delay to the Chief Finance Officer or as he or she directs to the Council's bank account and properly recorded. The responsibility for cash collection should be separated from that of identifying the amount due and for reconciling the amount due to the amount received.
- d) Effective action is taken to pursue non-payment within defined timescales.
- e) Formal approval for debt write-off is obtained.
- f) Appropriate write-off action is taken within defined timescales.
- g) Appropriate accounting adjustments are made following write-off action.
- h) All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.
- i) Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.
- j) The Council's position on money laundering is contained within the Money Laundering Policy, which is available upon request from the Chief Finance Officer. Officers involved in the collection of income should make themselves aware of this policy and report suspected cases to the Chief Finance Officer. For this purpose, the Council cannot accept cash in excess of £5,000, although it is for individual officers to decide if, in specific instances, they should report incidents involving lesser amounts. In any situation requiring a sizeable refund the Officer involved should check the original type of lodgement.

Responsibilities of the Chief Finance Officer

- a) To agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- b) To order, control and issue all receipts, invoices, tickets and other documents recording, acknowledging, or demanding the receipt of monies paid to the Council, except where the Chief Finance Officer has given written approval to alternative arrangements in specific instances.
- c) Agree the write-off of bad debts up to ~~£5,000~~ £10,000 in aggregate for each single domestic or business debtor, agree in consultation with the Cabinet ~~Member~~ the Member the write-off of bad debts ~~over those amounts but up to~~ between £10,000 and £25,000 and refer for approval items for write-off in excess of £25,000 to the Cabinet. A record of all sums written off up to the approved limit is maintained to adhere to the requirements of the Accounts and Audit Regulations
- d) Make or approve secure and efficient arrangements for the recording of all income received by direct debit, standing order, debit and credit cards and such other methods of payment as the Council may approve.
- e) To ensure that appropriate accounting adjustments are made following write-off action.

Responsibilities of the Chief Officers

- a) To comply with the Income Generation Policy which has been established to support the provision of setting the Council's fees and charges, ensuring these operate at full cost recovery wherever possible and are subject to annual review and uplift.
- b) Where possible income should be obtained in advance of supplying goods or services to improve the Council's cash flow, to avoid the time and cost of administering debts, and to reduce the risk of non-collection, particularly for low value items.
- c) No Sundry debt invoices with a value of less than £40, with the exception of invoices relating to peppercorn rents, licenses or leases in connection with the occupation of council land or property, shall be raised without the approval of the Chief Finance Officer and supported by an application in writing.
- d) To separate the responsibility for identifying amounts due and the responsibility for collection.
- e) To initiate appropriate debt recovery procedures in accordance with the Corporate Debt policy.

- f) To issue official receipts or to maintain other documentation for income collection.
- g) To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- h) To lock away all income to safeguard against loss or theft and to ensure the security of cash handling.
- i) To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received.
- j) To ensure income is not used to cash personal cheques or other payments.
- k) To supply the Chief Finance Officer with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Chief Finance Officer to record correctly the sums due to the Council and to ensure accounts are sent out promptly. If possible all invoices should be raised within 5 working days of the provision of goods or services or at the earliest opportunity.
- l) Have a responsibility to assist the Chief Finance Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.
- m) To recommend to the Chief Finance Officer all debts to be written off and keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled except by full payment or by it being subject to formal writing off.
- n) Ensure that levels of cash held on the premises do not exceed approved limits.
- o) Keep a record of every transfer of cash between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy. Every transfer of cash shall be made direct by hand and not through the internal or external post (unless by prior approval from the Chief Finance Officer).
- p) To obtain the approval of the Chief Finance Officer when writing off debts in excess of the approved limit and the approval of Cabinet where required.

5.3 Ordering and paying for work, goods and services

Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council has a statutory duty to achieve best value through economy and efficiency. The Council's procedures should help ensure that services

obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Council's Contract Procedure Rules.

General

Every officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council in accordance with the appropriate codes of conduct.

Official orders must be submitted in advance via the Purchase to Pay system (P2P). No retrospective orders should be placed. Official orders must be issued for all work, goods or services to be supplied to the Council except for petty cash purchases or other exceptions specified by the Chief Finance Officer.

Each order must conform to the guidelines approved by the full Council on central purchasing and the standardisation of supplies and materials. Standard terms and conditions for orders must be aligned within associated contracts (if applicable) and these must not be varied unless there is a valid exemption with ~~without agreement from the relevant Chief Officer and the prior approval of the Chief Finance Officer~~ must not be varied without the prior approval of the Chief Finance Officer.

Apart from petty cash, schools own bank accounts and other payments in advance accounts, the normal method of payment from the Council shall be by BACS or other instrument or approved method drawn on the Council's bank account. The use of direct debit shall require the prior agreement of the Chief Finance Officer.

Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.

Key Controls

The key controls for ordering and paying for work, goods and services are:

- a) All goods and services are ordered only by appropriate persons and are correctly recorded.
- b) All goods and services shall be ordered in accordance with the Council's Contract Procedure Rules.
- c) All orders are submitted via Purchase to Pay (P2P) and placed in advance of the relevant work, goods, services or works being supplied.
- d) Goods and services received are checked to ensure they are in accordance with the order. ~~Goods should not be received by the person who placed the order.~~
- e) Payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards.

- f) All payments are made to the correct [personsupplier or individual](#), for the correct amount and are properly recorded, regardless of the payment method.
- g) All appropriate evidence of transaction and payment documents are retained and stored for the defined period in accordance with the document retention schedule.
- h) All expenditure, including VAT, is accurately recorded against the right budget and any exceptions corrected.
- i) The effect of electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.
- j) Purchases made using corporate [credit](#) cards:
 - Must be made in accordance with these Financial Procedure rules and requires the cardholder to obtain a valid receipt for each item purchased to ensure the expenditure and VAT can be properly accounted for
 - Must only be used for legitimate purposes and only for official Council purchases
 - Must not be used to circumvent the official procedures of ordering and procuring goods and services

Responsibilities of the Chief Finance Officer

- a) To ensure that all the Council's financial systems and procedures are sound and properly administered.
- b) All procurement activities (ordering of goods, services and works) will be undertaken on the Council's approved Purchase to Pay (P2P) system.
- c) To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- d) To approve the form of official orders and associated terms and conditions.
- e) To make payments from the Council's funds on the Chief Officer's authorisation that the expenditure has been duly incurred in accordance with financial procedure rules.
- f) To make payments, whether or not provision exists within the estimates where the payment is specifically required by statute or is made under a court order.
- g) To make payments to contractors on the certificate of the appropriate Chief Officers which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

- h) To provide advice and encouragement on making payments by the most economical means.
- i) To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.
- j) To authorise the issue of corporate ~~Credit~~ cards together with the agreed spending limit.

Responsibilities of the Chief Officers

- a) To ensure that upfront electronic orders using the Purchase to Pay (P2P) system are placed for all goods and services other than petty cash purchases and any other exemptions specified by the Chief Finance Officer.
- b) To ensure that orders are only used for goods and services provided to the Portfolio. Individuals must not order goods or services for their private use.
- c) [To ensure that the payment terms and conditions for orders are aligned to the Council's standard payment terms and conditions unless there is a valid exemption which must be recorded. The Council's payment terms are 28 days for construction operations and 30 days for general goods and services](#)
- d) _____ To ensure that only those staff authorised by the Chief Officer approve orders and to maintain an up to date list of such authorised staff including specimen signatures identifying in each case the limits of their authority. The list should be reviewed annually. Names of authorising Officers together with details of the limits of their authority shall be forwarded to the Chief Finance Officer and any subsequent amendments incorporated into the P2P system.
- e) _____ The authoriser of the order should be satisfied that the goods and services ordered are appropriate and that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the Council's approach to procurements. Value for money should always be achieved.

e) To ensure that all expenditure, including VAT, is accurately recorded against the correct budget head and any exceptions are corrected. If it is deemed that a budget amount has been incorrectly allocated, a Chief Officer will request a journal adjustment. Under no circumstances will the expenditure be incorrectly coded in order to match the expenditure with an incorrect budget allocation.

f) Each Chief Officer shall be responsible for all orders issued from, or on behalf of, his or her Portfolio. Where one Chief Officer places an order on behalf of another, that Chief Officer shall obtain the latter's consent in advance.

g) To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should where possible be carried out by a different officer from the person who authorised the order.

h) To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment confirming:

- Receipt of goods or services
- That the invoice has not been previously paid
- That expenditure has been properly incurred and is within budget provision
- That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
- Correct accounting treatment of tax
- That discounts have been taken where available
- That appropriate entries will be made in accounting records

f) To ensure that two authorised members of staff are involved in the ordering, receiving and payment process and appropriate segregation of duties are maintained at each stage.

g) To ensure that the Portfolio maintains and reviews periodically a list of staff approved to authorise the invoices. Names of authorising officers together with specimen signatures and details of the limits of their Council shall be forwarded to the Chief Finance Officer.

h) To ensure that payments are ~~not made~~ only on receipt of a proper valid invoice or true copy photocopied or faxed invoice, statement or other document other than the formal invoice. Payments cannot be made from a statement, letter, quote or any other document other than a formal invoice.

i) To encourage suppliers of goods and services to receive payments by the most economical means for the Council. Payments made by direct debit must have the prior approval of the Chief Finance Officer.

j) To ensure that the directorate obtains the best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the

appropriate quality with regard to best value principles and Contract Procedure Rules.

- k) To ensure that loans, leasing or rental arrangements are not entered into without prior agreements from the Chief Finance Officer.
- l) To notify the Chief Finance Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer.
- m) To notify the Chief Finance Officer immediately of any expenditure incurred as a result of statute/court order where there is no budgetary provision.
- n) To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the document retention schedule.
- o) For all staff issued with a Corporate [Credit](#) card, to ensure that they:
 - Comply with the Corporate Card Policy issued upon receipt of the Corporate Card
 - Ensure the safe custody of the card

5.4 Payments to employees and Members

Why is this important?

Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment. It is important that all Members' allowances are authorised in accordance with the scheme adopted by the full Council.

Key Controls

The key controls for payments to employees and Members are:

- a) Proper authorisation procedures are in place and that there are corporate timetables in relation to starters, leavers and variations to pay.
- b) Frequent reconciliation of payroll expenditure against approved budget and bank account.
- c) All appropriate payroll documents are retained and stored for the defined period in accordance with the retention schedule.

- d) Compliance with HMRC and other statutory regulations.
- e) All claims for payment of financial loss, attendance, travelling, subsistence and car allowances and other incidental expenses paid for by the claimant, shall be completed and signed by the claimant in a form approved by the ~~Corporate Chief Finance Manager-Officer~~ or ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development as appropriate and approved by the relevant manager.
- f) The off-payroll (IR35) working rules are in place to ensure that where an individual would have been an employee if they were providing their services directly, their payments are processed via payroll.

Responsibilities of the ~~Corporate Chief Finance Manager-Officer~~

The ~~Corporate Chief Finance Manager-Officer~~ or ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development as appropriate will:

- a) Arrange and control secure and reliable payment of salaries, pensions, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- b) Record and make arrangements for the accurate and timely payment to all appropriate statutory and non-statutory bodies including Pay as you Earn (PAYE), pensions and other payroll deductions.
- c) Make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- d) Make arrangements for paying Members' under the Members Allowances Scheme and the Members Travel and Subsistence Scheme, which will be maintained by the ~~Chief Corporate Finance Manager-Officer~~ or ~~Corporate Manager, People and Organisational Development~~ Senior Manager (HR & OD) as appropriate.
- e) Ensure that there are adequate arrangements for administering pension scheme matters on a day-to-day basis.
- f) Maintain a list of all officers who are approved to authorise any payroll related records as notified by the relevant Chief Officer. This shall be reviewed on a regular basis. Chief Officers must communicate any changes as soon as they are known.

- g) Implement pay agreements as soon as possible after their notification from the appropriate body and process increments. Arrangements for funding such awards will be determined each year as part of the budgetary process.
- h) Retain for each employee, a copy of all relevant contracts and terms and engagements together with sufficient information to identify service, salary scale and current amount payable and absences from duty (apart from approved leave).

Responsibilities of the Chief Officers

- a) To provide the ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development in writing with the names of officers authorised to certify claims for expenses together with the specimen signature of each such authorised Officer, and any amendments on the occasion of any change. Certification of a claim by, or on behalf of, a Chief Officer shall signify that the certifying Officer is satisfied that the journeys were authorised, that the expenses were necessarily incurred in the performance of duty, that the allowances are properly payable by the Council, and that cost-effective travel arrangements are achieved.
- b) To ensure that claims are submitted to the ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development for payment within the specified timescale. Ensure appointments are made in accordance with the Procedure Rules of the Council and approved establishments, grades, scale of pay and that adequate budget provision is available.
- c) Notify the ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development of all appointments, terminations (resignations, dismissals) or variations (secondments, transfers, absences from duty through sickness or other reasons apart from approved leave, changes in remuneration, other than normal increments and pay awards and agreements of general application) which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development as appropriate.
- d) Ensure that adequate and effective systems and procedures are operated in a form approved by the ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development so that payments are only authorised to bona fide employees:
- Payments are only made where there is a valid entitlement
 - Conditions and contracts of employment are correctly applied
 - Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness

- e) Provide information necessary to maintain records of service for pensions, income tax, national insurance or other statutory obligations.
- f) Ensure that payroll transactions are processed only through the payroll system. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed, consultant or subcontract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the ~~Senior Manager (HR & OD)~~ Corporate Manager, People and Organisational Development.
- g) Ensure that the Corporate Manager, People and Organisational Development ~~Senior Manager (HR & OD)~~ is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- h) In conjunction with the Corporate Manager, People and Organisational Development ~~Senior Manager (HR & OD)~~, maintain an up to date establishment structure and adhere to the Establishment Control Maintenance Process.
- i) The Corporate Manager, People and Organisational Development ~~Senior Manager (HR & OD)~~ will be responsible for recovering payroll overpayments where the employee continues to have employment with the Council, ~~and where the overpayment is £750 or less~~. A repayment schedule, ensuring repayment, where practicable, is made within the same financial year as the overpayment, will be formally agreed with the employee.
- j) ~~For all payroll overpayments in excess of £750, irrespective of employment status~~ Where a repayment schedule cannot be agreed for existing employees, or if the person is no longer employed by the Council, recovery of the overpayment will be the responsibility of Debt Recovery, ensuring that such overpayments are included within the Council's total debt.
- k) All pay documents shall be, in a manner prescribed by the Corporate Manager, People and Organisational Development ~~Senior Manager (HR & OD)~~, certified manually by or on behalf of the appropriate Chief Officer. The names of Officers authorised to certify such documents shall be agreed with, and notified in writing to the Corporate Manager, People and Organisational Development ~~Senior Manager (HR & OD)~~ by each Chief Officer, who shall provide the Corporate Chief Finance ~~Manager~~ Officer with the specimen signature and initials of each such authorised Officer and any amendments on the occasion they arise.
- l) Chief Officers and the Corporate Manager, People and Organisational Development ~~Senior Manager (HR & OD)~~ will ensure that all appropriate payroll documents are retained and stored, as required, by the Corporate Manager, People and Organisational Development ~~Senior Manager (HR & OD)~~.

- m) No cheque made payable to a Member or employee will be cashed by the Council, unless it is under a scheme approved by the ~~Corporate Chief~~ Finance ~~Manager Officer~~ and is presented by the person named on the cheque, and duly endorsed.
- n) Members and employees will submit claims for travel and subsistence on a monthly basis and comply with the Mileage and Expenses Policy. Mileage and expense claims over three months old will only be paid once a satisfactory written explanation of the late submission has been provided from the relevant Service Manager to the ~~Corporate Manager, People and Organisational Development, Senior Manager (HR and OD)~~.
- o) Timesheets, Employee Self Service and other documents which are used to generate payment of salaries or other employee related expenses must be on official forms or via authorised electronic inputs. Chief Officers are responsible for ensuring that they are certified by an authorised Certifying Officer.

5.5 Taxation

Why is this important?

The Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important that all officers are made aware of their role.

Key Controls

The key controls for taxation are:

- a) Budget managers are provided with the relevant information and kept up to date on tax issues.
- b) Budget managers are instructed on required record keeping.
- c) All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.
- d) Records are maintained in accordance with instructions.
- e) Returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Chief Finance Officer

a) The Chief Finance Officer and/or the [Corporate Manager, People and Organisational Development/ Senior Manger HR & OD](#) (as appropriate as described below) is responsible for advising Chief Officers and Heads of Service, on all taxation issues that affect the Council.

b) The Chief Finance Officer [and/or the Corporate Manager, People and Organisational Development or Senior Manger HR & OD](#) as appropriate is responsible for maintaining the Council's tax records, making tax payments, receiving tax credits and submitting tax returns by their due date.

c) Complete a monthly return of Value Added Tax (VAT) inputs and outputs to HMRC.

d) Be responsible for accounting to the appropriate agency for other forms of taxation payable to or by the Council and for supplying to such agencies such other information as they may validly require.

e) Provide details to HMRC regarding the construction industry tax deduction scheme.

f) Maintain up-to-date guidance for each Chief Officer on their responsibilities in regard to any taxation matters, and to individual Council employees on taxation issues.

g) The [Corporate Manager, People and Organisational Development](#) ~~Senior Manger (HR & OD)~~, with guidance from the Chief Finance Officer, will:

- Account to HMRC for all tax deducted from employees' emoluments under the PAYE arrangements
- Maintain up-to-date guidance for Chief Officers on their responsibilities in regard to taxation matters relating to Payroll, and inform Council employees of taxation issues arising within Payroll

h) The Chief Finance Officer or [Corporate Manager, People and Organisational Development](#) ~~Senior Manger (HR & OD)~~ as appropriate may require from any employee of the Council such information as is necessary for fulfilment of their obligation under this Financial Procedure Rule.

Responsibilities of the Chief Officers

(a) Ensure that for any purchase which is taxable under current VAT legislation, payment will only be made on receipt of a proper invoice complying with the VAT regulations. The only exceptions are where an invoice is properly issued by the supplier on receipt of payment or where the use of authenticated VAT receipts has been agreed with the supplier.

- (b) Ensure that the correct VAT liability is attributed to all income due and that the recovery of VAT on purchases, including those paid for via an imprest account or corporate card, complies with HMRC Customs regulations.
- (c) Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- (d) Ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- (e) Follow the guidance on taxation issued by the [Corporate Manager, People and Organisational Development Senior Manger \(HR & OD\)](#) such as the "Tax Management: Corporate Policy Statement"; in the "VAT Manual" and in taxation updates issued periodically.
- (f) Seek advice from the Chief Finance Officer or [Corporate Manager, People and Organisational Development Senior Manager \(HR & OD\)](#) as appropriate on VAT, or other tax implications, when entering into partnerships and other joint working arrangements.

5.6 Trading Accounts and Business Units

Why is this important?

Trading accounts and business units will become more important as services develop a more commercial culture. Authorities are required to keep trading accounts for services provided on a basis other than a straightforward recharge of cost.

Where services are provided via an 'Alternative Delivery Model' (separate legal entities), specific financial procedures will be incorporated into the individual models.

Responsibilities of the Chief Finance Officer

To advise on the establishment and operation of trading accounts and business units.

Responsibilities of the Chief Officers

- a) To consult with the Chief Finance Officer where a business unit wishes to enter into a contract with a third party where the contract exceeds the remaining life of their main contract with the Council.
- b) To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited

and all relevant expenditure, including overhead costs is charged to produce an annual report in support of the final accounts.

- c) To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.
- d) To ensure that each business unit prepares an annual business plan.

6. External Arrangements

6.1 Partnerships

Why is this important?

Partnerships play a key role in delivering community strategies and in helping to promote and improve the well-being of an area. The Council can still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders and deliver a shared vision of services based on user wishes.

Key Controls

The key controls for Council partners are:

- a) If appropriate to be aware of their responsibilities under the Council's financial regulations and contract standing orders.
- b) To ensure that risk management processes are in place to identify and assess all known risks.
- c) To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.
- d) To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences.

- e) To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

General

a) Both the Council and the Cabinet are responsible for approving delegations, including frameworks for partnerships and joint ventures. The Cabinet is the focus for forming partnerships and joint ventures with other local public, private, voluntary and community sector organisations to address local needs.

b) Both the Council and the Cabinet can delegate functions – including those relating to partnerships – to Officers. These are set out in the Scheme of Delegation that forms part of the Council's Constitution. Where functions are delegated the Officers remain accountable for them to the Council and the Cabinet as appropriate.

c) The Head of Paid Service or other nominated Officers will represent the Council on partnerships and external bodies, in accordance with decisions of the Council/Cabinet or otherwise as authorised by the Head of Paid Service.

Responsibilities of the Chief Finance Officer

a) Be responsible (with the Monitoring Officer) for encouraging the same high standards of conduct (with regard to financial administration and other matters, respectively) in partnerships and joint ventures that apply throughout the Council insofar as the constitutions of respective organisations permit them to do so.

b) Ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are appropriate. He or she, in consultation with the Monitoring Officer, must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, ensuring that the risks have been fully appraised before agreements are entered into.

c) Advise on the key elements of funding a project, including:

- An options appraisal scheme for financial viability
- Risk appraisal and management
- Resourcing, including taxation and pension issues
- Audit, security and control requirements

- Carry-forward arrangements

d) Ensure that the accounting arrangements are appropriate.

Responsibilities of the Chief Officers

a) To be responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. (The Monitoring Officer will advise on legal matters).

b) Maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Chief Finance Officer.

c) Ensure that, before entering into agreements with external bodies, a risk management and options appraisal has been prepared for the Cabinet, in consultation with the Chief Finance Officer and Monitoring Officer.

d) Ensure that all agreements and arrangements are properly documented.

e) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Council's Statement of Accounts concerning material items.

f) Ensure that the project progresses in accordance with the agreed plan and that all expenditure is properly incurred and recorded.

g) Ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council, following consultation with the Chief Finance Officer.

h) Seek advice from the Chief Finance Officer or [Corporate Manager, People and Organisational Development](#) ~~Senior Manager (HR & OD)~~ as appropriate on VAT, or other tax implications, when entering into partnerships.

6.2 External Funding including Grants

Why is this important?

External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers.

Key Controls

The key controls for external funding are:

- a) To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- b) To ensure that funds are acquired only to meet the priorities approved in the policy framework by the full council.
- c) To ensure that any match funding requirements are given due consideration prior to entering into long term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Chief Finance Officer

- (a) Ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- (b) Ensure that all grant income and associated information is logged on the Corporate Grants Database and adhere to the requirements of the Grant Manual.
- (c) Ensure that audit requirements are met.
- (d) Ensure that match funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Chief Officers

- a) Ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- b) Ensure that funds are acquired only to meet the priorities approved by the Council in the policy framework.
- c) Ensure that any match-funding requirements are given due consideration and that future revenue budgets reflect these requirements, before entering into long-term agreements.
- d) Ensure that all claims for funds are made by the due date.

- e) Ensure that proposals are costed properly and that the approval of the Cabinet is obtained before any negotiations are concluded to work for third parties.
- f) Ensure that contracts are drawn up and maintain a register of all contracts entered into with third parties.
- g) Ensure that appropriate insurance arrangements are made, via the Chief Finance Officer.
- h) Ensure that, as far as possible, the Council is not put at risk from any bad debts.
- i) Ensure that no contract is subsidised by the Council.
- j) Ensure that such contracts do not impact adversely upon the services provided for the Council.
- k) Have in place an exit strategy to implement when the funding ceases. This strategy must allow for all costs associated with the winding up, including any costs arising because staff have gained employment rights, being met from within the externally provided monies and, therefore, at no additional cost to the Council. If the terms of the external funding do not allow such costs to be met from it, then they must be met from within the base budget of the Portfolio concerned.
- l) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.
- m) Ensure that all grant income is coded, in the first instance, to the appropriate balance sheet code in order to avoid double counting the overall income and expenditure of the Council.

Other Funds

Why is this important?

The Council will not as a general rule supervise the financial administration of, nor audit, unofficial funds, and accepts no liability whatsoever for any loss however caused. Unofficial funds are defined as those which are not the property of the Council, for example school monies collected by schools for school trips and monies held in Amenities Funds in Social Services establishments. Those operating such funds, therefore, have an overall responsibility to ensure that proper financial stewardship is observed.

Key Controls

- (a) A Treasurer and independent auditor are formally appointed.
- (b) Proper rules are operated to secure adequate standards.
- (c) Adequate records and procedures are maintained.

- (d) Regular reports on fund transactions and balances are received and checked against bank statements.
- (e) Annual statements of income and expenditure and fund balances are prepared and audited on a timely basis.

General

The School Fund Regulations, 2013 must be followed for the operation of all school funds in Flintshire Schools and ensure that funds are only used for the purpose that they are intended for as per the regulations.

Responsibilities of the Chief Finance Officer

Prepare the note to be entered into the Statement of Accounts

Responsibilities of the Chief Officers

Those operating or intending to operate unofficial funds are also required to:

- (a) Notify the Chief Finance Officer of details of the fund as soon as it is set up.
- (b) Provide an independent audit certificate for the fund on an annual basis.
- (c) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.

Protection of Clients Assets

Why is this important?

Where the Council is appointed as a Deputy for a Client by the Office of the Public Guardian (OPG), the Chief Officer will ensure that all OPG regulations and guidelines are complied with.

Where the Council is approved by the Department for Work and Pensions (DWP) to act as a Corporate Appointee for a Client, Chief Officers will ensure that all guidelines provided by the DWP are complied with.

Key Controls

Responsibilities of the Chief Officers

Heads of Service will ensure that a separate bank account is arranged for each Client, with the bank account reconciled on a regular basis, at least monthly.

Every transfer of clients monies from one Officer to another shall be recorded immediately in a manner approved by the Chief Finance Officer and shall be evidenced by the signature of the receiving Officer.

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GLOSSARY OF FINANCIAL TERMS	
Aggregate External Finance (AEF)	Aggregate external finance (AEF) represents the support for local revenue spending from the Welsh Government and is made up of formula grant. Formula grant includes the revenue support grant (RSG), and the distributable part of non-domestic rates (NDR). Amounts are determined annually and in advance of each new financial year as part of the Local Government Financial Settlement.
Annual Report & Accounts	The document that contains a summary of the purpose of the local authority, its activities and performance for the year, as well as the annual accounts.
Anti Canvassing	A declaration that a supplier, provider or contractor has not been party to canvassing or lobbying Council staff or Members either directly or indirectly to gain preferential treatment in competitive tendering processes.
Anti Collusive	A declaration that a supplier, provider or contractor has not been party to possibly fraudulent arrangements between two or more of them whereby prices or service requirements are manipulated to get round competitive tendering.
Assets	Any item of value owned by an entity (e.g. buildings, vehicles). Assets can be classed as Non-current or capital assets where the asset has a useful life of more than one year (e.g. buildings, vehicles), or a current asset which includes cash or other assets which can reasonably be expected to be converted to cash in the normal course of business including stocks, debtors etc.
Audit Certificate	The document that contains the opinion of the external auditor regarding an organisation's accounts, systems and standards.
Audit Committee	Audit Committees monitor and review the risk, control and governance processes that have been established in an organisation and the associated assurance processes to ensure that internal control systems are effective and that activities are within the law and governing regulations. This is done through a process of constructive challenge.
Audit Plan	Internal audit identification of the work that they intend carrying out over the audit planning period (up to a year) and the resources needed for that work.
Barnett Formula	The formula used to allocate a population based share of changes in planned expenditure on comparable services by Departments of the UK Government to the devolved administrations of Wales, Scotland and Northern Ireland. The Barnett Formula calculates the size of change to the assigned budget rather than the total assigned budget.
Benchmarking	A method for councils to work out how well they are doing, by comparing their performance with other, similar councils, and with performance indicators.
Best value	A statutory duty owed by local authorities to their local community, requiring them to make continuous improvements in the way they carry out their functions having regard to a combination of economy, efficiency and effectiveness.

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Block Grant	The Block Grant is the sum of money voted by parliament to the Secretary of State for Wales. It constitutes the assigned element of the Welsh Governments' Departmental Expenditure Limit and is calculated from the existing baseline using the Barnett Formula.
Budget	A statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and the capital programme and any authorised amendments to them.
Budget Book	The publication in which the Council sets out its budget for a particular financial year.
Budget Head	For a particular service activity, the level of detail at which revenue or capital budgets are approved by the Council, whether in the Budget Book, the latest approved capital programme or as a result of supplementary estimates approved for the budget year.
Budgetary Control	The continual review of expenditure and income, both revenue and capital, against planned levels of expenditure and income to help ensure that service objectives are achieved and the overall resources of the Council are not over or under spent. This process is aided by the use of budget profiles.
Capital Programme	The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme.
Capital Charges	A calculation of the annual costs, included within the revenue accounts of using capital assets. This includes, where appropriate depreciation.
Capital Expenditure	Spending on non-current assets (buildings, equipment and land) intended to benefit future accounting periods or spending that increases the capacity, economy, efficiency or lifespan of an existing asset.
CIPFA	Chartered Institute of Public Finance and Accountancy
Code of Corporate Governance	The part of the Council's constitution which sets out the systems and processes, and cultures and values necessary for achieving and demonstrating good corporate governance.
Codes of Conduct	The protocols within which Members and Officers will work as set out in the Constitution.
Codes of Practice	Guidance issued by professional bodies in relation to standards which are not regulated by statute, or by the Council itself.
Collaborative Arrangement	A contract or agreement established in conjunction with one or more other organisations.
Collaboration/ Consortium	The process of procurement shared between different Councils or other public sector organisations.
Construction Industry Scheme 2007	Legislation designed to ensure that all payments to contractors are made in accordance with HMRC legislation.

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Consultant	A person (not an employee), agency or firm engaged for a limited period of time on a fee basis to carry out a specific task or tasks. A consultant provides subject matter expertise and/or experience to the Council either because it does not possess the skills or resource in-house or which requires an independent evaluation/assessment to be made
Contract	An agreement to be supplied with goods, works, services or supplies on mutually agreed and binding terms, often in writing.
Contractor/ Supplier/ Provider	The successful 'other party' with whom a contract is formed to provide the specified requirement.
Corporate Contracts	A contract which has been procured by Flintshire County Council or a Consortium for the potential use of, and on behalf of, the whole of Flintshire.
Corporate Governance	The system by which organisations are directed and controlled. The framework that ensures that an organisation fulfils its overall purpose, achieves its intended outcomes for residents of Flintshire and service users, and operates in an effective, efficient and ethical manner.
Council Fund	The fund to which all the Council's revenue expenditure is charged
Council Tax	A local tax based on the capital value of residential properties.
Council Tax Base	The estimated number of chargeable properties, expressed as the equivalent number of 'Band D' properties in the Council's area. The Council is required to annually advise the Welsh Government of its Council Tax Base (as at 31 st October), which they use in the Local Government Financial Settlement, and to allow the County Council, North Wales Police Authority and Town / Community Councils to calculate the following year's Council Tax charges.
Council's Constitution	The Constitution sets out how Flintshire County Council operates, how decisions are made and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people.
Council's Monitoring Officer	The Officer designated by the Council as its Statutory Monitoring Officer.
Creditors	A person or body to whom the Council owes money.
Debtors	A person or body who owes the Council money. The debt may derive from a number of sources such as Council Tax or rent arrears, rechargeable works or where an account has been rendered for a service provided by the Council.
E procurement	The effective use of ICT to communicate and transact Council business with suppliers etc.
E tender	The effective use of ICT to undertake tenders.
Estimated Outturn	Estimates of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.
External Audit	External auditors provide an independent check that the annual accounts of a body properly reflect the financial year, funds were spent in accordance with relevant regulations or directions, and that the body achieves the best possible value for public money. External audit may also carry out value for money or other reviews of services.

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Financial Regulations	That part of the Council's Constitution which provides an approved framework for the proper financial management of the authority.
Financial year	The period of twelve months commencing on 1 April
Framework Agreements	An arrangement under which a contracting Authority establishes with a provider of goods, works or services, the terms under which contracts subsequently can be entered into, or 'called-off' (within the limits of the agreement) when particular needs arise.
Fraud	Fraud is an intentional deception made for personal gain or to damage another individual. Good internal controls and governance arrangements are essential to minimise the risk of fraud. When council suffer fraud or theft it is often the case that the perpetrator has prepared false documents to disguise or to cover up the theft or fraud. In many cases the false documents include invoices and minutes
Goods	Tangible, moveable commodities (e.g. furniture and equipment etc)
Housing Revenue Account	The Housing Revenue Account (HRA) is a local authority account showing current income and expenditure on housing services related to its own housing stock. The account is separate from the council fund and trading accounts and is funded primarily from rents and government subsidy. Rent increases and the Housing Revenue Account Subsidy (HRAS) are approved annually under Standing Order 29, by the Welsh Government, through the <i>(Wales) General Determination of the Item 8 Credit and Item 8 Debit</i> and the <i>Housing Revenue Account Subsidy (Wales) Determination</i> .
Hypothecated Funding	Ring-fenced funding, which must be spent on particular services or initiatives
Indicator Based Assessments (IBAs)	Service specific Indicator Based Assessments (IBAs) are combined to generate total Standard Spending Assessments (SSAs, see further on) which are used by the Welsh Government to distribute the Revenue Support Grant funding to Local Authorities. IBAs are for use in calculating total SSAs and are not intended for use in determining individual authorities' budgeted expenditure on particular services.
Investment Income	Income from interest receipts on investments held by the council
Indemnity	Protection against future loss, or legal exemption from liability for damages
Insurance	Insurance is one of the ways that the councils manage the risk of losses
Internal Audit	Internal audit provides an objective appraisal service within an organisation, to improve the organisation's risk management, control and governance procedures, and to provide assurance to the accountable officer and the audit committee on these matters.
Internal control	The systems an organisation has in place to manage and mitigate risk.
Inventory	A detailed listing of all goods, materials, furniture and equipment in the ownership or use of a particular service, other than those held in stocks and stores records. They are also subject to periodic physical checks. Inventories are normally maintained in sufficient detail as to description, location, age, value etc. to enable any material loss arising from a fire, theft or other event to be identified and to support any insurance claim.

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Land Terrier	Records of land owned by the Council
Liabilities	Items that are owed by the entity such as loans, leases, etc.
Liquidated Damages	A prior estimate of a justifiable financial loss in the event of a failure to complete by the specified date(s).
Materiality	An expression of the relative significance of a particular matter in the context of the financial statements as a whole
Members Allowances	A scheme of payments to elected Members of the Council in recognition of their duties and responsibilities in accordance with the relevant Regulations.
Medium Term Financial Strategy	The approved strategic process by which the council expects to finance its activities in the medium term.
Outturn	Expenditure actually incurred
Overspend	When referring to expenditure the actual expenditure incurred is greater than the budget. Shown as a +ve When referring to income the actual income achieved is less than the budget. Shown as a +ve.
PAYE	Tax deductions from salaries and wages payments made by the Council in accordance with HMRC legislation.
Petty Cash/Imprest Account	A small amount of cash kept on hand by a service for incidental expenses
Precept	This is the Council Tax collected by the Council on behalf of the Community Councils and the North Wales Police Authority
Procurement	Procurement is the process of obtaining supplies, services and works spanning the life cycle of the asset or service contract. It has a wider meaning than traditional terms such as purchasing, buying or commissioning. It is about securing services and products which best meet the needs of all stakeholders; anyone who can or might be affected by the services and products involved.
Reserves	These are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer.
Revenue	A term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes however charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.
Revenue Support Grant (RSG)	The Revenue Support Grant (RSG) represents the major element in the support for local revenue spending that the Council receives from the Welsh Government, as required by section 78(1) of the <i>Local Government Finance Act 1988</i> . Amounts are determined annually and in advance of each new financial year as part of the Local Government Financial Settlement, and form a part of the Aggregate External Finance (AEF). The objective of the revenue support grant system is to enable authorities to provide a common level of service consistent with an aggregate figure of total standard spending (as assessed by Welsh Government using Standard Spending Assessments, see below). Its

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	<p>aim is to compensate for differences in the levels at which authorities need to spend and at which they can raise council tax in order to provide a common level of service. This objective is met by calculating the revenue support grant for each authority as the difference between its standard spending assessment and the sum of its re-distributed non-domestic rate income and council tax (as calculated by the Welsh Government for standard spending purposes.)</p>
Risk Management	<p>A planned and systematic approach, involving culture, structure and processes, to provide assurance that the Council's significant risks are identified, evaluated and managed effectively</p>
Risk Management Policy	<p>An agreed policy which sets out how and why the Council will manage risk of all types across all of its activities</p>
Scheme of Delegation	<p>The framework by which budgetary control and financial monitoring are exercised at a local level.</p>
Section 151 Officer	<p>Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. In Flintshire, this responsibility is vested in the Head of Finance.</p>
Select List	<p>A list of suitably qualified contractors, suppliers or providers that has been drawn up and assessed through an advertising and short-listing exercise for a particular contract or procurement activity.</p>
Services	<p>Intangible commodities (e.g. agency staff, consultants etc). It can also mean support to individuals or groups.</p>
Standard Spending Assessments (SSAs)	<p>Standard Spending Assessments (SSAs) are notional assessments of each council's need to spend on revenue services, calculated each year by the Welsh Government for use in the distribution of the Revenue Support Grant (RSG). SSAs are calculated prior to the year to which they relate using principles established by the Welsh Government, which encompass the demographic, physical and social characteristics of each area, as reflected by a range of indicators. SSAs include the need to spend on the current element of revenue expenditure and the need to spend on the capital charges element of revenue expenditure. The distribution of the current element between local authorities is based on the distribution of, such as pupil numbers, population and measures of deprivation and rurality. The distribution of the capital charges element between local authorities is based on the latest available credit ceiling figure for each authority (which is essentially the level of unpaid debt) together with estimates of how this will change in the year to which the SSAs relate.</p> <p>SSAs are intended to reflect variations in the need to spend which might be expected if all authorities responded in a similar way to the demand for services in their area, and as this is the mechanism for distributing the RSG to local authorities this would enable all authorities in Wales to charge the same level of council tax for the provision of a similar standard of service.</p>

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	An authority's SSA is derived as a funding mechanism to distribute the RSG, it is not and should not be viewed as a target level of expenditure for an authority. The RSG funding is unencumbered, SSAs are not meant to be prescriptive in any way, and therefore authorities will spend at levels above and below their SSA according to decisions that have been made locally.
Statement of Accounts	<p>The Statement of Accounts provides details of the Council's financial position over the previous financial year. Its purpose is to give electors, those subject to locally levied taxes and charges, members of the authority, employees and other interested parties clear information about the authority's finances. Statements of Accounts across all local authorities should reflect a common pattern of presentation, although this does not require them to be in an identical format.</p> <p>The Statement of Accounts is produced in accordance with the requirements of the Code of Practice on Local Authority Accounting in the UK (the code). The code is updated annually and in 2010/11 the code was based on International Financial Reporting Standards (IFRS) issued by CIPFA for the first time.</p>
Sub-contractors	A subcontractor is a legal person appointed by a contractor to get the contract, part of the contract or any section of the contract assigned to him to be executed.
Supplies	Consumables (e.g. paper, stationery, foodstuffs etc).
Tender List	Drawn from a previously determined select list, the list of suppliers, providers or contractors actually invited to tender
Tenderer	A potential supplier or provider or contractor.
Third Sector	Third Sector Organisations are key partners in the delivery of services on behalf of the people of Flintshire
Treasury Management	The management of the authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks.
Treasury Management Strategy	The strategy for the Treasury Management activities to be adopted for a particular financial year. The strategy needs to be flexible enough to allow the Head of Finance to respond appropriately to changing circumstances during the course of the year to the best advantage of the Council.
Underspend	When referring to expenditure the actual expenditure incurred is less than the budget. Shown as a -ve. When referring to income the actual income achieved exceeds the budget. Shown as a -ve.
Unencumbered Funding	Funding allocated without restrictions on how it should be spent.
Unencumbered Supported Borrowing	A source of funding from the Welsh Government to finance general capital expenditure. Allocations are issued annually to each local authority as part of the Local Government Financial Settlement. The

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	Welsh Government includes an element within the Revenue Support Grant to fund the cumulative costs of this borrowing that is classed as supported borrowing.
Unsupported (Prudential) Borrowing	Borrowing to fund capital expenditure which exceeds Welsh Government support in the Revenue Support Grant. Councils can choose to fund capital expenditure through Unsupported (Prudential) Borrowing so long as they demonstrate that borrowing is prudent, sustainable and affordable, as the ongoing revenue costs of unsupported borrowing will still need to be met from available resources.
Value for Money	<p>Broadly value for money is the extent to which objectives are achieved in relation to costs. It is about achieving the optimum combination of costs and benefits to an organisation.</p> <p>Value for money is more formally defined as the relationship between economy, efficiency and effectiveness.</p> <p>Economy is the price paid for what goes into providing a service</p> <p>Efficiency is a measure of productivity – how much you get out in relation to what is put in</p> <p>Effectiveness is a measure of the impact achieved and can be quantitative or qualitative. Outcomes should be equitable across communities, so effectiveness measures should include aspects of equity.</p>
Variance	Difference between latest budget and actual income or expenditure. Can be to date if reflecting the current or most up to date position or projected for example projected to the end of the month or financial year.
Virement	The transfer of budget provision from one budget head to another. Virement decisions apply to both revenue and capital expenditure heads, and between expenditure and income, and may include transfers from contingency provisions. Virements may not however be approved between capital and revenue budget heads.

Eitem ar gyfer y Rhaglen 8



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Monday, 14 th November 2022
Report Subject	Risk Management Framework
Report Author	Internal Audit, Performance and Risk Manager
Category	Advisory

EXECUTIVE SUMMARY

In May 2022 an Audit Review was undertaken of the Risk Management Framework and areas for improvement were identified.

The purpose of this report is to share with Committee the revised Risk Management Framework (Appendix A) following an update to address the findings of the audit.

RECOMMENDATION

1	That the Committee approves the Risk Management Framework – V3 2022.
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REPORT DETAILS

1.00	EXPLAINING THE RISK MANAGEMENT FRAMEWORK
1.01	The role of the Governance and Audit Committee is to ensure that the Council's Risk Management framework is robust.
1.02	<p>A review of the Risk Management Framework has been undertaken. This includes the policy framework document as well as the operational processes for managing risk. Changes made to date include:</p> <ul style="list-style-type: none">• A process mapping exercise has been undertaken of the risk management arrangements• The existing Risk Management Framework document (Appendix A) has been updated to include:<ul style="list-style-type: none">• The identification of key roles and responsibilities

	<ul style="list-style-type: none"> • Improvements in the risk scoring matrix • Enhance the reporting and escalation of risks process • The Risk Management Framework has been signed off and owned by the Chief Officers Team on 16 August 2022 <p>In addition to the amendments in the Risk Management Framework the following is in progress:</p> <ul style="list-style-type: none"> • A review of all risks (strategic, operational and recovery risks) is in progress and due for completion in December 2022. This includes: <ul style="list-style-type: none"> • The development of one risk register (InPhase) which will identify Strategic, Operational, and Project risks. These could have originated from Council Plan priorities, Portfolio Business plans, business as usual risks, emerging risks and or project risks. • Identification of risk targets (tolerance), actions and measures • InPhase has been developed to hold all information the previous manual risk registers, mitigation documents and method statements held • Using InPhase risk trends will be identified to provide clearer management information • All risks will be reviewed, and updates provided monthly unless determined otherwise • The Risk Management Framework will be available on the Infonet and within InPhase following approval • Zurich will attend each SMT / DMT to provide Risk Management awareness training to Senior Managers and offer a risk challenge session on their current risks • Development of an e learning module. This will be mandatory training for officers.
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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. The framework was also shared and endorsed by the Chief Officers Team in August 2022.
4.00	RISK MANAGEMENT
4.01	Update as part of this report.
5.00	APPENDICES
5.01	Appendix A – Risk Management Framework

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>

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Risk Management Framework



September
2022

Document Control

Overview

Title	Risk Management Framework
Owner	Internal Audit, Performance and Risk Manager
Nominated Contact	Lisa Brownbill (lisa.brownbill@flintshire.gov.uk)
Reviewed By	Internal Audit, Performance and Risk Manager
Date of Last Review	September 2022
Date of Next Review	September 2023
Related Documents	Risk Management – InPhase User Guide

Revision History

Version	Issue Date	Author	Summary of Changes
1	March 2020	Strategic Performance Advisor	New guidance document
2	February 2021	Strategic Performance Advisor	Inclusion of escalation procedure
3	September 2022	Strategic Performance Advisor	Fit for purpose review and update.

Consultation

Version	Who	Date
1	Performance Leads	17 January 2020
1	Chief Officers Team	26 February 2020
2	Chief Officers Team	20 January 2021
3	Chief Officers Team	16 August 2022
3	Performance Leads	21 September 2022

Approval

Version	Who / Where	Date
1	Chief Officers Team	26 February 2020
2	Chief Officers Team	20 January 2021
3	Chief Officers Team	16 August 2022
3	Governance and Audit Committee	14 November 2022

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1. Introduction

What is Risk Management?

Risk management is the process of identifying risks, evaluating the potential impact and mitigating them. The aim is to minimise the severity of their impact and likelihood of occurring where possible. Risk Management should form part of your day-to-day management of your service.

2. Risk Definition

Risk is defined as the **possibility that an event will occur, which will impact on delivering our service and or your priorities.** A 'risk' is made up of an event, which if left unmanaged with no action will have an impact on the Council and our service delivery.

Types of Risk

There are three main risk types, they are:

- **Strategic** - are those risks that have implications to the operation of the organisation for example Health and Safety, Systematic IT Failure and GDPR. A strategic risk would require corporate ownership.
- **Operational** - are risks that affect the successful delivery of individual service objectives/delivery plans which are controlled by a single portfolio.
- **Project Risks** – risks that prevent the successful delivery of a project or programme on time and on budget and to achieve the desired outcomes e.g. a capital investment project for a new school.

Risk Appetite

Risk appetite is defined as the amount of risk an organisation is willing to accept or tolerate to achieve its intended objectives. In an organisation as large and diverse as Flintshire it is difficult to define a singular risk appetite. Appetite for risk will vary due to the objectives being undertaken in the organisation spanning a wide range of different service areas. The Chief Officers Team get the final collective decision if risk appetite has been reached or breached through their monthly monitoring reports. As an organisation we recognise that we must accept some risk to achieve our objectives. Our approach to

risk is to ensure a culture of being informed and risk aware. The organisation may accept major or catastrophic risks, which cannot be reduced or eliminated (we would tolerate), ensuring that the **risk management framework** and **user guide** is followed, and regular risk reviews are carried out.

3. Roles and Responsibilities

This section explains the key roles and responsibilities to ensure risk management is effective within the Council, which includes:

- The Chief Officer Team own and lead the risk management process. This was agreed at COT on 16th August 2022
- Risk management and ownership of risk is a key element of any management role within the Council.
- There is understanding of risk by every officer.
- There are defined allocation of responsibilities and strong reporting lines in relation to risk management.
- The risk identification, assessment, treatment and monitoring / reporting of risks.
- There is a mechanism in place for escalation/de-escalation and closure of risks.
- An active involvement by elected members.
- A robust monitoring role.

Role of Elected Members

- **Cabinet** is responsible for:
 - Ensuring that the Council's risks are managed effectively
 - Setting the appropriate level of risk for the Council
 - Recommending the Council Plan to Council, its priorities and objectives with risks identified
- **Overview and Scrutiny committees** are responsible for:
 - Challenging the detail of individual risks related to Council Plan priorities or service/functions
 - Reviewing all high-level risks (red and increasing) for assurance and monitoring
 - Effective forward work planning for risk management

- **Governance and Audit Committee** is responsible for:
 - Reviewing the effectiveness of the Council's Risk Management processes and systems
 - Effective forward work planning for risk management and to receive a bi-annual risk profile report

Role of Officers

- **Chief Officer Team** is responsible for:
 - Implementation of the Risk Management process and related policies
 - Ensuring that risks are managed within their relevant statutory roles
 - Setting strategic risk management levels
 - Monitoring and reviewing risks within statutory roles
 - Setting strategic risk management initiatives/projects/action plans
 - Discussing the appropriate level of risk for the Council (risk tolerance)
 - Identification and assessment of risk levels
 - Challenging the outcomes of risk management
 - Monitoring and reviewing the Council Plan
 - Assurance of Business Continuity Planning
 - Receives reports to ensure continuous risk identification, assessment, monitoring and escalation takes place
 - Ensuring that all risks are updated in line with the Council's business planning and risk management arrangements
- **Service Managers/Officers** are responsible for:
 - The identification, assessment, treatment and monitoring / reporting of Council Plan, Business as Usual or emerging risks in accordance with the Risk Management Framework
 - Informing Chief Officers of new or escalating risks
 - Reviewing and managing the risks identified for which they are responsible for on a monthly basis unless determined otherwise.
 - Sharing relevant information with colleagues in other service areas
- **Performance Leads** are responsible for:
 - Effective implementation of the Risk Management process and related policies within their portfolio

- Ensuring continuous risk identification, assessment, treatment, monitoring, reporting and escalation takes place within their portfolio
- Ensuring that all risks are updated in line with the Council's business planning and risk management arrangements.
- Ensuring InPhase is updated as and when risks change or emerge
- Contact details of your Performance Lead Officers can be found in Appendix A or on the Council's Infonet.

- **All employees** have a responsibility to:
 - Maintain an awareness of risk in their workplace
 - Comply with Council policies and procedures for risk management
 - Notify their line manager of identified risks and suggested actions
 - Report all incidents to their manager/supervisor of risk tolerance breach

- **Performance and Risk Management Team (PRM Team) & Head of Internal Audit, Performance and Risk** are responsible for:
 - Ensuring the Risk Management Framework is followed
 - Providing advice and support where appropriate
 - Quality controlling and challenge (if applicable) of any new risks identified and adding any new risks into InPhase
 - Providing a risk dashboard for each Portfolio showing their risk profile
 - Providing risk profile and trend analysis for Cabinet and Overview and Scrutiny as and when required
 - Providing non-compliance reports for Chief Officer Team (COT) as and when required
 - Providing a monthly risk profile exception report to Chief Officer Team (COT)
 - Contact details of the Performance and Risk Management team can be found in Appendix A

Risk Management Process



Council Planning / Service Planning

All Council Plan, business as usual and emerging risks are identified, assessed, treated and monitored using this Framework and the InPhase Business, Planning, Performance and Risk Management System.

Step 1: Identify

Risk identification is a continuous process which is embedded in Council Planning, Portfolio Business Planning, Project

Management and day to day business as usual. Risks can be identified through planning processes, emerging risks and when expected performance is not achieved. When identifying a risk, it should be very clear what the risk is to the Council, project(s), service delivery and priorities. You should understand what the risk is to the Council, for example reputational, financial, regulatory, service delivery, environmental, social impact etc.

The risk should be given a clear and concise risk title. Risk should be identified by using qualitative (milestones & actions) and quantitative (performance indicators, financial data). This is called Risk Evidence and will be used to calculate the risk scoring and be used to measure against risk tolerance.

When thinking about identifying a risk you could use the following statement: **As a result of (Cause), there is a risk of (Event) resulting in (Impact).**

For each risk there must be a risk owner.

Step 2: Assess

The severity of the risk needs to be assessed. e.g. what would the impact of the risk be without any internal controls / actions? The risk score is based on the determining the severity of the impact of the risk occurring and the likelihood of this happening. **Refer to**

the Risk Matrix and Definitions, Section 5. Definitions can be found for impact severity and likelihood on page.

To create a risk in our Performance and Risk Management System InPhase, refer to the Risk Management User Guide.

Step 3: Treat / Management Actions

What are you going to do about it? – identify if you need additional internal controls / actions and measures to reduce the risk or keep the risk from escalating further. You may not always be able to reduce the likelihood with internal controls, however we would always aim to reduce the impact.

Step 4: Monitor and Review

Risk monitoring is live and should be continuously monitored at the appropriate levels (Cabinet, COT, Senior Management Meetings, Team Meetings etc) Performance of the internal controls and measures should be monitored regular. **If a risk is deteriorating the escalation process should be followed, Section 6.**

As part of the regular review, you should identify any risks to close e.g. that have reached target and have been successfully mitigated, or the risk no longer exists.

COT are to receive monthly risk profile reports by exception which include all red risks and all deteriorating risks.

Refer to Section 6 for detailed approached to Monitoring and Reviewing of Risks

5. Risk Matrix

Scoring

Impact
How severe would the outcomes be if the risk occurred

→

		Impact				
		1 Negligible	2 Moderate	3 Significant	4 Major	5 Catastrophic
Likelihood	5 Almost Certain	Amber 5	Amber 10	Red 15	Red 20	Red 25
	4 Likely	Yellow 4	Amber 8	Red 12	Red 16	Red 20
	3 Possible	Yellow 3	Amber 6	Amber 9	Red 12	Red 15
	2 Unlikely	Green 2	Yellow 4	Amber 6	Amber 8	Amber 10
	1 Rare	Green 1	Green 2	Yellow 3	Yellow 4	Amber 5

Impact Severity (Examples)					Likelihood		
	Service Delivery	Financial	Reputation	Legal	Likelihood of Risk Occuring		
1 Negligible	No noticeable impact	Expenditure or loss of income up to £50k	Internal review	Legal action very unlikely and defensible	1 Rare	Less than 5% chance	May only occur in exceptional circumstances
2 Moderate	Some temporary disruption to a single service area/ delay in delivery of one of the Council's key strategic outcomes or priorities	Expenditure or loss of income greater than £50k but less than £500k	Internal scrutiny required to prevent escalation	Legal action possible but unlikely and defensible	2 Unlikely		Could occur but unlikely
3 Significant	Disruption to one or more services / a number of key strategic outcomes or priorities would be delayed or not delivered	Expenditure or loss of income greater than £500k but less than ££2.5m	Local media interest. Scrutiny by external committee or body	Legal action expected	3 Possible	50% chance	A chance it might occur
4 Major	Severe service disruption on a services level with many key strategic outcomes or priorities delayed or not delivered	Expenditure or loss of income greater than £2.5m but less than £6m	Intense public and media scrutiny	Legal action almost certain and difficult to defend	4 Likely		Will probably occur
5 Catastrophic	Unable to deliver most key strategic outcomes or priorities / statutory duties not delivered	Expenditure or loss of income greater than £6m	Public Inquiry or adverse national media attention	Legal action almost certain, unable to defend	5 Almost Certain	More than 95% chance	Very like to occur

Approach to Management / Tolerance of Risk

Score	Approach	Action
1-2	Accept	No further action may be needed and maintaining control measure is encouraged
3-4	Adequate	May be considered for further analysis
5-10	Tolerable	Must be reviewed in a timely manner to carry out improvements
12-25	Unacceptable	Must implement immediate action or cease activities if possible

6. Communication and Reporting

For Risk Management to be effective it needs to be integral to the day-to-day operation of the work the Council undertakes. This involves the monitoring, review, communicating and reporting on your risks. The frequent review of risks should cover the following:

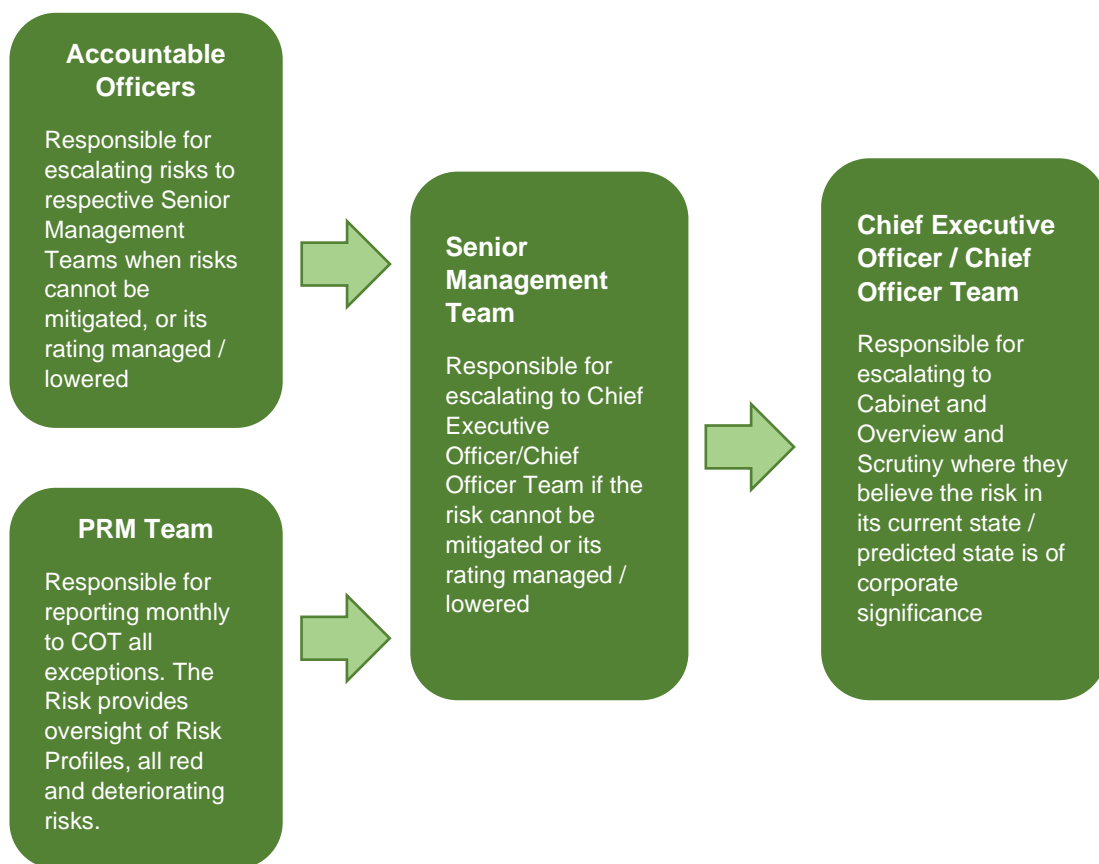
- Officers review the risk scores/ratings in 1:1s with Senior Managers/Chief Officers/Chief Executive
- Chief Officers to determine if operational risks need to be escalated to Chief Officer Team (COT) and corporately owned as a strategic risk
- Risk Management is a standing item on all Senior Management Team Meetings (SMTs) agendas and outcomes noted
- Revised Risk Management Framework reported to Governance and Audit Committee – for annual review
- Mid-year and Annual review by Governance and Audit Committee
- Mid-year to ensure that the process is robust and effective in risk management
- To ensure that developments over time have been captured and included within this document for consistency of approach
- Dashboard of risk profile shared with Governance and Audit Committee half yearly
- Regular review of portfolio risks (operational and strategic)
- Closed, Red (operational / strategic) and deteriorating risks are to be reported monthly to COT
- Oversight by the Performance and Risk Management Team of compliance with the Risk Management Framework, escalating any concerns to the Chief Officers Team.
- Periodic reviews by internal audit
- The step-by-step guidance for monitoring has been included in the Risk Management User Guide.
- Monthly risk profile reports produced by PRM team and shared at Chief Officer Team (COT) meetings
- Cabinet to receive quarterly risk profile dashboards.

Non-Compliance Monitoring

It is essential that the risk management framework is followed by reviewing risks on a regular basis. Where this does not occur, this will be classed as non-compliance with the process.

- Performance and Risk Management Team to produce monthly non-compliance reports and share with Chief Officer Team (COT).
- This will identify areas which have not updated risks, measures or internal controls

Escalation of Risk



When does a risk need to be escalated?

- When the risk appetite/risk target level is breached – this will be informed by risk evidence¹
- When risk mitigation cannot be managed within the portfolio and;
 - a Council Plan/Strategy priority is compromised and/or
 - service operations or performance will be seriously compromised and/or

¹ Risk evidence is used to assess and manage risk, this includes internal controls and measures

- the financial, legal, or reputational position of the Council might be compromised and/or
- an emergency situation might develop

What is the process for dealing with escalation?

1. Risk owners escalate their risk to their respective Senior Management Team when the risk cannot be managed, or its rating managed/lowered. The escalation of risk should be raised at DMT/SMT meeting and captured within meeting notes. InPhase should be updated to reflect this. **Refer to the InPhase User Guide.**
2. Senior Management escalate to the Chief Executive Officer/Chief Officer Team if the risk cannot be mitigated, or its rating managed/lowered.
3. The Chief Officer Team escalate deteriorating risks to Cabinet and Overview and Scrutiny when the risk is/could be of corporate significance
4. Escalated risks are to be included on Forward Work Programme for Cabinet and the relevant Overview and Scrutiny Committee by PRM Team

Refer to Appendix B for Reporting Overview Flow Chart

For specific guidance on how to use InPhase in order to identify / manage risk refer to the InPhase Risk Management User Guide.

Contact Details

Performance & Risk Management Team

Officer	Position	Email Address	Extension Number
Lisa Brownbill	Internal Audit, Performance and Risk Manager	lisa.brownbill@flintshire.gov.uk	2231
	Strategic Performance Advisor		7244
Sam Perry	Performance Support Officer	sam.perry@flintshire.gov.uk	1476
Jack Foulkes	Senior Performance and Business Data Officer	jack.foulkes@flintshire.gov.uk	2227

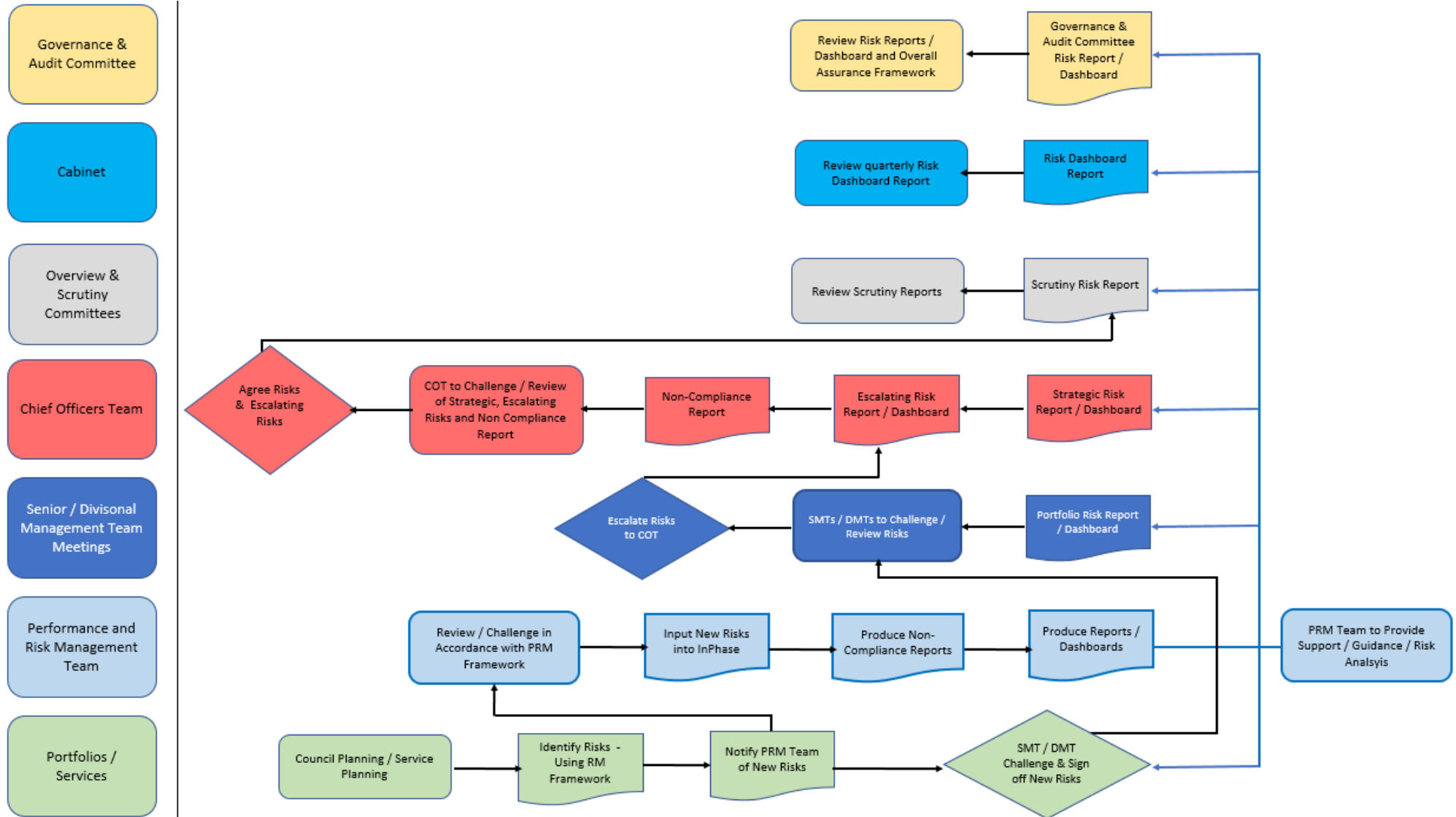
Performance Leads

Portfolio / Service	Performance Lead	Email Address
Social Services	Jacque Slee / Claire Latham	jacque.slee@flintshire.gov.uk claire.latham@flintshire.gov.uk
Education and Youth	Kim Brookes	kim.brookes@flintshire.gov.uk
Planning, Environment & Economy	Lynne Fensome	lynne.fensome@flintshire.gov.uk
Streetscene & Transportation	Ruth Tulley	ruth.tulley@flintshire.gov.uk
Finance	Andrew Elford	andrew.elford@flintshire.gov.uk
HR & OD	Andy Adams	andrew.adams@flintshire.gov.uk
Governance	Margaret Parry-Jones	margaret.parry-jones@flintshire.gov.uk
Housing and Communities	Denise Price	denise.p.price@flintshire.gov.uk
Chief Executives	Fiona Mocko / Olivia Hughes	fiona.mocko@flintshire.gov.uk olivia.hughes@flintshire.gov.uk
Overview and Scrutiny	Ceri Shotton	ceri.shotton@flintshire.gov.uk

Risk Reporting Overview (Simplified)

APPENDIX B

Tudalen 193



Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 9



GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Monday, 14 th November 2022
Report Subject	Governance and Audit Committee Annual Report
Report Author	Chair of the Governance and Audit Committee
Type of Report	Assurance

EXECUTIVE SUMMARY

In accordance with CIPFA's best practice 'Audit Committees – a Practical Guidance for Local Authorities 2018', there is a requirement for the Governance and Audit Committee to be held to account by the Council for the work they undertake. To support this the Governance and Audit Committee's terms of reference were amended in 2018 to include a requirement for the Committee to prepare a yearly report to the Council on its achievements and demonstrate its accountability.

The Governance and Audit Committee's Annual Report for 2021/22 (Appendix A) provides the Council with the necessary information to meet this requirement.

RECOMMENDATIONS

1	The Committee considers and endorses the annual report for 2021/22 prior to its submission to Council for approval on 13 December 2022.
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REPORT DETAILS

1.00	EXPLAINING THE GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT
1.01	<p>In accordance with CIPFA's best practice 'Audit Committees – a Practical Guidance for Local Authorities 2018', the Governance and Audit Committee has an important role within the Council's governance structure and in promoting the principles of good governance.</p> <p>An equally significant part of this role is for the Governance and Audit Committee to demonstrate its accountability. Accountability should be considered under three aspects:</p> <ol style="list-style-type: none">1) Supporting the Council's accountability to the public and stakeholders;

	<p>2) Supporting accountability within the Council; and</p> <p>3) Holding the Governance and Audit Committee to account.</p>
1.02	<p>The Governance and Audit Committee's Annual Report (Appendix A) is designed to provide assurance to the Council in holding the Committee to account. In particular:</p> <p>1) Supporting the Council's accountability to the public and stakeholders</p> <ul style="list-style-type: none"> – For the last twelve months each Governance and Audit Committee meeting has been held remotely and webcast with all Committee papers available on the Council's website. <p>2) Supporting accountability within the Council</p> <ul style="list-style-type: none"> – Through the review of those reports received by Governance and Audit Committee, the Committee holds to account those responsible for the implementation of recommendations and action plans. In addition to this, the Committee oversees the process for evaluating and improving governance, risk, financial management and control. <p>3) Holding the Governance and Audit Committee to account</p> <ul style="list-style-type: none"> – The Committee has fulfilled its agreed Terms of Reference and adopted the recommended best practice; – Members of the Governance and Audit Committee have assessed their own development needs and taken the opportunity to attend briefing and training sessions; – The Committee has assessed its own effectiveness in October 2021, developed an action plan and monitors progress; and – The Committee demonstrates they have a positive impact on the improvement of governance, risk, financial management and control within the Council.
1.03	<p>The annual report provides the Council with an overview of the:</p> <ul style="list-style-type: none"> • Work undertaken by the Committee and its effectiveness against the main areas of the Committees' Terms of Reference; • Internal Audit opinion for 2021/22; • Committees membership and attendance; • Training and Development; and • Future Priorities.
1.04	<p>Once the Committee has endorsed this report, the Annual Report will be presented to Council for consideration and approval at the 13 December 2022 meeting.</p>

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

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The draft annual report for the Governance and Audit Committee has been shared with the Chief Executive, Chief Officer Governance, Democratic Services Manager and Chair of the Governance and Audit Committee.

4.00	RISK MANAGEMENT
4.01	The Governance and Audit Committee is integral to promoting an effective risk management framework within the Council.

5.00	APPENDICES
5.01	Appendix A – Governance and Audit Committee Annual Report.

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. 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>
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Date	Approved By	Version
14/11/2022	Governance and Audit Committee	Draft
13/12/2022	Flintshire County Council (planned)	Final

1 Foreword by Ms Sally Ellis, Chair of the Governance and Audit Committee

I am pleased to present the Annual Report of the Governance and Audit Committee which outlines the Committees' work and activities for the year ending 31st March 2022. Whilst I was not Chair of the committee during 2021/22, I was the Vice Chair.

The Governance and Audit Committee is a key part in the Council's governance framework to provide independent oversight on the effectiveness of the Council's governance, risk, financial management, and internal control arrangements. This has continued throughout this financial year.

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

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

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

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



Ms Sally Ellis
Vice Chair of Governance and Audit
Committee

2 Introduction

- 2.1 The Governance and Audit Committee is a key part in the Council's Governance Framework. It provides independent governance assurance over the adequacy of the Council's governance and risk management frameworks, the internal control environment, and the integrity of the financial reporting. By overseeing internal and external audit and other regulators, the Committee makes an important contribution by ensuring effective assurance arrangements are in place.
- 2.2 How the Governance and Audit Committee fulfils this role is detailed within the Committee Terms of Reference (March 2021). It states that the Governance and Audit Committee's role and functions will be to:
- A** Review the effectiveness of the Authority's systems of corporate governance, internal control, [complaints, performance \(self-assessment and peer review\)](#) and risk management, and to make reports and recommendations to the County Council on the adequacy and effectiveness of these arrangements.

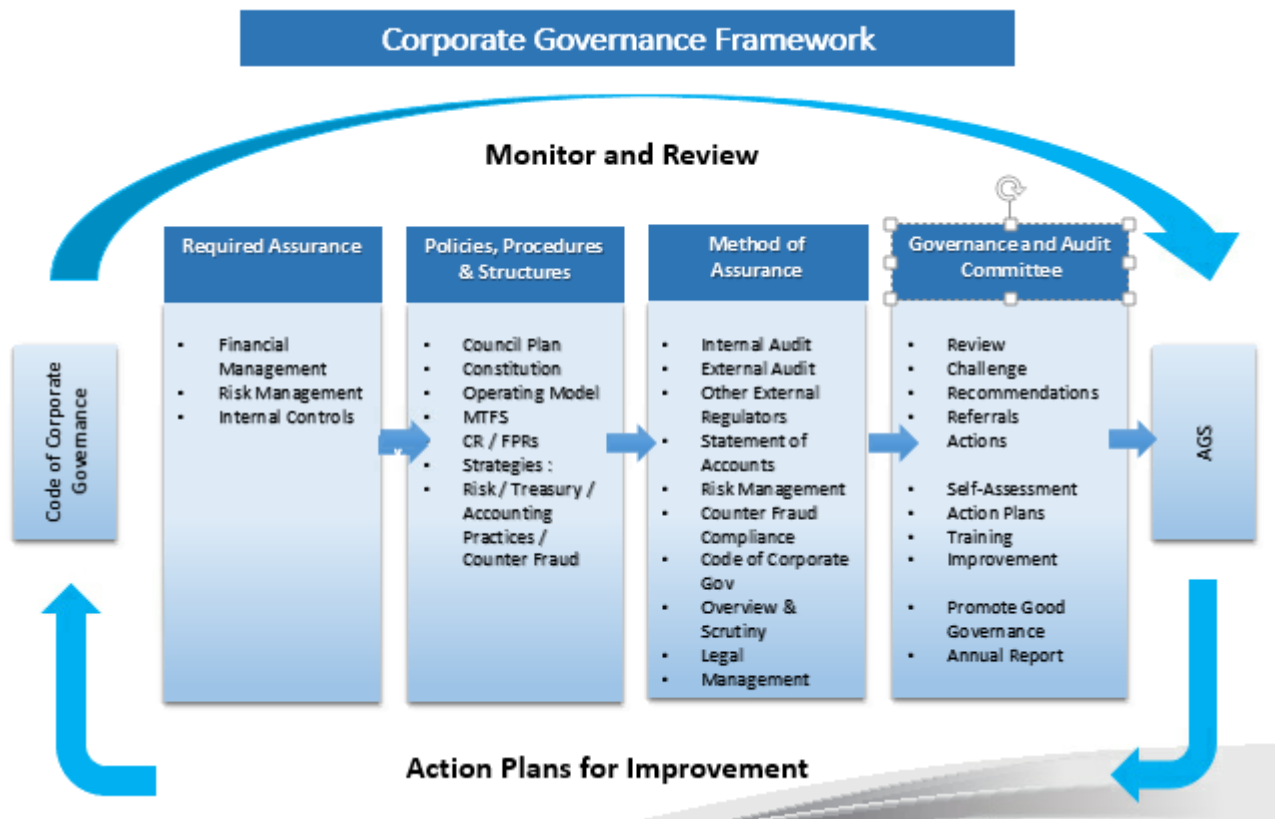
Please note the Committee will not need to review the effectiveness of complaints or performance ([highlighted in blue](#)) until April 2022 when this part of the new Local Government and Elections (Wales) Act 2021 comes into force.
 - B** Oversee the reporting of the statutory financial statements to ensure the balance, transparency and integrity of published financial information, as well as the review of the financial statements prepared by the authority and recommended to County Council; and

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

3 Work of the Governance and Audit Committee and its Effectiveness

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

Graphic 1 – Corporate Governance Framework



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

Table 1 – Terms of Reference A

TOR A: To review the effectiveness of the Authority's systems of corporate governance, internal control and risk management		
Committee Date	Report Received	Committees Resolution
02/06/2021	Draft Annual Governance Statement 2020/21	That the Annual Governance Statement 2020/21 be attached to the Statement of Accounts and recommended to Council for adoption.
02/06/2021	Internal Audit Annual Report	That the report and Internal Audit annual opinion be noted.
02/06/2021	Internal Audit Progress Report	That the report is accepted.
28/07/2021	Counter-Fraud Arrangements in the Welsh Public Sector	That the Committee is assured that the Council is taking appropriate steps to counter the risk of fraud.
27/09/2021	Flintshire Financial Sustainability Assessment Final report	That the Committee notes the report and confirms that there are no issues to be brought to the attention of the Cabinet.
27/09/2021	Internal Audit Progress Report	That the report is accepted.
17/11/2021	Housing Rent Income – Audit Wales	That the report be noted.
17/11/2021	Audit Wales review of Town Centre Regeneration	That the Audit Wales recommendations to the Council are noted and the proposed response to Audit Wales is approved.
17/11/2021	Risk Management Update	That the Committee is assured the renewed risk management framework is comprehensive and functional.
17/11/2021	Asset Disposal and Capital Receipts Generated 2020/21	That the report is noted.
17/11/2021	Internal Audit Progress Report	Report is accepted.
17/11/2021	Maes Gwern Contractual Arrangements	That the report be accepted.
26/01/2022	Code of Corporate Governance	That the updated Code of Corporate Governance be endorsed for adoption as part of the Council's Constitution.
26/01/2022	Annual Governance Statement 2020/21 Mid-Year Progress Report	That the Annual Governance Statement Mid-Year Progress update be accepted
26/01/2021	Internal Audit Progress Report	That the report be accepted.
14/03/2022	Annual Audit Summary for Flintshire County Council 2020/21	That the Committee is assured by the Auditor General for Wales' Annual Audit Summary report for 2020/21.
14/03/2022	External Regulation Assurance	That the Committee is assured by the Council's response to external regulatory reports.
14/03/2022	Internal Audit Strategic Plan 2022-25	That having considered the areas covered, including those prioritised for the first year, and the level of audit resources, the Committee approves the Flintshire Internal Audit Strategic Plan for 2022-25.
14/03/2022	Internal Audit Progress Report	That the report be accepted.

Table 2 – Terms of Reference B

TOR B: To Oversee the reporting of the statutory financial statement's process and review and scrutinise the County Council's financial affairs		
Committee Date	Report Received	Committees Resolution
02/06/2021	Certification of Grants and Returns 2019/20	That the content of the Grant Claim Certification report for 2019/20 and the Internal Audit Review of Grants 2019/20 be noted.
28/07/2021	Draft Statement of Accounts 2020/21	<ul style="list-style-type: none"> • That the draft Statement of Accounts 2020/21 (which includes the Annual Governance Statement) be noted; and • That Members note the opportunity to discuss any aspect of the Statement of Accounts with officers or Audit Wales from July to August, prior to the final audited version being brought back to the Committee for final approval on 8 September 2021.
28/07/2021	Supplementary Financial Information to Draft Statement of Accounts 2020/21	Report is noted.
28/07/2021	Treasury Management Annual Report 2020/21 and Treasury Management Quarter 1 Update 2021/22	<ul style="list-style-type: none"> • That the draft Treasury Management Annual Report 2020/21 be noted, with no matters to be drawn to the attention of Cabinet in September; and • That the Treasury Management 2021/22 first quarter update be noted.
27/09/2021	Statement of Accounts 2020/21	<ul style="list-style-type: none"> • That the final version of the Statement of Accounts 2020/21 be approved, incorporating the updated position on emergency grant funding; • That the Audit Wales presentation 'Audit of the Group Financial Statements 2020/21– Flintshire County Council' be noted; and • That the Letter of Representation be approved.
27/09/2021	Flintshire Financial Sustainability Assessment Final report	That the Committee notes the report and confirms that there are no issues to be brought to the attention of the Cabinet.
27/09/2021	School Reserves Balances Year End 31 March 2021	That the school reserve level as at 31 March 2021 be noted.
17/11/2021	Asset Disposal and Capital Receipts Generated 2020/21	That the report is noted.
17/11/2021	Treasury Management Mid-Year Review and Quarter 2 Update 2022/23	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 in December 2021.
26/01/2022	Treasury Management Strategy 2022/23 - Treasury Management Policy Statement, Practices and Schedules 2022-25 and Quarter 3 Update 2021/22	<ul style="list-style-type: none"> • That having reviewed the draft Treasury Management Strategy 2022/23, the Committee has no specific issues to be reported to Cabinet on 15 February 2022; and • That the Treasury Management 2021/22 quarterly update be noted.
14/03/2022	Quarter 4 Treasury Management Update 2021/22	That the Treasury Management 2021/22 quarterly update be endorsed.

Table 3 – Terms of Reference C

TOR C: To monitor the performance and effectiveness of the internal and external audit functions		
Committee Date	Report Received	Committees Resolution
02/06/2021	Internal Audit Annual Report	That the report and Internal Audit annual opinion be noted.
02/06/2021	Internal Audit Progress Report	That the report is accepted.
28/07/2021	Development of a Self-Assessment Model	That the proposed model for the first and trial corporate self-assessment be endorsed.
27/09/2021	Internal Audit Progress Report	That the report is accepted.
17/11/2021	Internal Audit Progress Report	Report is accepted.
26/01/2022	Internal Audit Charter	That the updated Internal Audit Charter be approved.
26/01/2022	Internal Audit Progress Report	That the report be accepted.
14/03/2022	Annual Audit Summary for Flintshire County Council 2020/21	That the Committee is assured by the Auditor General for Wales' Annual Audit Summary report for 2020/21.
14/03/2022	External Regulation Assurance	That the Committee is assured by the Council's response to external regulatory reports.
14/03/2022	Internal Audit Strategic Plan 2022-25	That having considered the areas covered, including those prioritised for the first year, and the level of audit resources, the Committee approves the Flintshire Internal Audit Strategic Plan for 2022-25.
14/03/2022	Public Sector Internal Audit Standards	That the report be noted.
14/03/2022	Internal Audit Progress Report	That the report be accepted.
14/03/2022	Private meeting between members, Internal Audit Manager and Audit Wales	N/A

Table 4 – Terms of Reference D

TOR D: To report to the Council annually, summarising the Committee's activities and Recommendations (<i>demonstrating the Committees' effectiveness</i>)		
Date of Committee	Report Received	Committees Resolution
14/11/2022	Governance and Audit Committee Annual Report	That the annual report for 2021/22 be endorsed prior to its submission to Council for approval in December 2022.

- 3.4 Any actions raised by Governance and Audit Committee after reviewing and considering these reports are detailed at Appendix B. Where actions remain open (2 of the 15 raised), these are either ongoing or not due at the point of this report.
- 3.5 By and large, the Committee accepted recommendations made. However, this frequently followed extensive exploration of an issue, detailed questioning and agreed actions. As Appendix B shows, examples of this included ensuring clear arrangements for follow through after Red/Amber Internal Audit reports, ensuring significant new areas of Council responsibility/risk (eg preparing for Climate Change and decarbonisation) form part of the Governance and Audit Committee Forward Work Programme and ensuring the Governance and Audit Committee is properly prepared for new responsibilities under the Local Government and Elections (Wales) Act 2021.
- 3.6 The Committee's Forward Work programme for 2022/23 is detailed at Appendix C.

4 Internal Audit Opinion

- 4.1 The Internal Audit Service to Flintshire County Council is required to provide the Council (through the Governance and Audit Committee) with an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In giving that opinion it should be noted that assurance can never be absolute. The most that the Internal Audit Service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.
- 4.2 The matters reported in the Internal Audit Annual Report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.
- 4.3 There have been no limitations made on the scope of Internal Audit coverage during the year.

For the year ending 31 March 2022, based on the work the Internal Audit Service has undertaken my opinion is that Flintshire County Council has an adequate and effective framework of governance, risk management and internal control.

- 4.4 During 2021/22 we have issued three 'Red / Limited assurance' opinions (compared to previous years 2020/21 zero audits, 2019/20 one audit, 2018/19 two audits, 2017/18 three audits, 2016/17 four audits & 2015/16 six audits), where an urgent system revision was required
- 4.5 Overall 68% of assurance opinions issued were either Green or Amber Green providing the Committee assurance that of the audits undertaken this year in the main there are effective arrangements in place for governance, risk management and internal control.
- 4.6 In order for the Internal Audit team to be in position to undertake such work and deliver this audit opinion, it has an unfettered high profile role within the Council, and has developed and holds an excellent trusted working relationship with portfolios. The breadth of the work has grown in recent years seeing a significant increase in requests for advisory, consultancy and commissioned work.

5 Governance and Audit Committee Membership and Attendance

- 5.1 For the period of this report, the Council had determined that the membership of its Governance and Audit Committee will consist of seven elected Members and two Independent Lay Members (as required by the Local Governance (Wales) Measure 2011). The Independent Lay Members are appointed for a period of five years and Council Members are reappointed annually. The first lay member was appointed in 2017 and the second in September 2019.
- 5.2 The Committee is serviced by Council Officers, principally the Chief Executive, the Chief Officer, Governance (Council’s Monitoring Officer), the Corporate Finance Manager (Section 151 Officer) and the Internal Audit, Performance and Risk Manager. Representatives from Corporate Finance, Performance and Risk, and Audit Wales also attend Audit Committee.
- 5.3 The Governance and Audit Committee met on six separate occasions during 2021/22. For each meeting, the Committee were quorate and there were sufficient Elected Members to generate an informed discussion on the matters raised. The attendance by members demonstrates their continued commitment to the Governance and Audit Committee by their high attendance rate of 98.1%.

Table 5 – Governance and Audit Committee Meeting 2021/22

Members Attendance / Committee Date	02/06/21	28/07/21	27/09/21	17/11/21	26/01/22	14/03/22	Meetings Attended
Cllr C Dolphin (Chair)	✓	✓	✓	✓	✓	✓	6
S Ellis (Lay Member & Vice-Chair)	✓	✓	✓	✓	✓	✓	6
Cllr G Collett	✓	✓	x	✓	✓	✓	5
Cllr J Johnson	✓	✓	✓	✓	✓	✓	6
Cllr A Woolley	✓	✓	✓	✓	✓	✓	6
Cllr P Heesom	✓	✓	✓	✓	✓	✓	6
Cllr J Axworthy	✓	✓	✓	✓	✓	✓	6
Cllr M White	✓	✓	✓	✓	✓	✓	6
A Rainford	✓	✓	✓	✓	✓	✓	6
Total for Committee	9	9	8	9	9	9	
Other Members Present as Observers	3	3	3	3	2	3	
Attendance Ratio for 2021/22				98.1%			
Attendance Ratio for 2020/21				100%			
Attendance Ratio for 2019/20				97.5%			
Attendance Ratio for 2018/19				95.8%			
Attendance Ratio for 2017/18				87.5%			

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

6 Self-Assessment, Training & Development

Governance and Audit Committee Self-Assessment

- 6.1 The last self-assessment review was delayed due to the pandemic. As result of this, the change in committee membership this year and the pending release of the new CIPFA guidance for Governance and Audit Committees it was decided that the self-assessment would be more effective if undertaken by the new committee once in post for a period of time. The next self-assessment is now due to take place in December 2022.
- 6.2 As part of preparing this report, a review was undertaken against the Governance and Audit Committee Terms of Reference to ensure compliance. A benchmarking exercise was also undertaken of the Forward Work Programmes for Governance and Audit Committees across Wales. Overall, the Governance and Audit Committee fulfils its TOR and receives appropriate reports at Committee. Any additional reports and or information required by the Governance and Audit Committee to enhance their role will be explored during the self-assessment workshop.
- 6.3 In October 2019, an All-Wales Chair and Vice Chairs of Governance and Audit Committee Network was established and held in Llandrindod Wells. Since 2020 this has operated remotely. During 2021/22, one session has been held and attended by the Chair and Vice Chair of the Governance and Audit Committee and the Internal Audit, Performance and Risk Manager.

Governance and Audit Committee Training and Development

- 6.4 Table 6 provides details of the training courses attended.

Topic	Date	Type of Training	Coverage
Statement of Accounts	23/07/2021	Accounts	Presentation and explanation of the Statement of Accounts.
Treasury Management	08/12/2021	Financial	Half day external training session provided on the Council's approach to Treasury Management.
Chair and Vice Chairs of Audit Committee Network Seminar	06/09/2021	Governance; Risk Management and Annual Governance Statement	Half-Day Session covering: <ul style="list-style-type: none"> Local Government and Elections (Wales) Act 2021 Complaints Handling in Local Authorities Policy in Practice.

- 6.5 Of the 11 areas identified for further improvement during the 2020/21 Governance and Audit Committee's self-assessment review, four actions have been closed, four are ongoing and three remain open.
- 6.6 The main themes of ongoing and outstanding actions, set out in full in Appendix D, relate to:
- strengthening relationships between the Governance and Audit Committee and other parts of the Council's governance structure to ensure roles are complementary and mutually supportive
 - being more effective and visible as an "agent for improvement" within the Council

7 Future Priorities

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

Appendix A

Governance and Audit Committee's Terms of Reference

The Terms of Reference for the Governance and Audit Committee was updated to reflect the name change and the new responsibilities as a result of the Local Government and Elections (Wales) Act 2021. Whilst the act will be phased in over a period of time it was agreed to update the Terms of Reference once. **Where text is highlighted blue, these roles and responsibilities will not come into force until April 2022.**

7.00 Statement of Purpose:

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

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

7.01 Role:

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

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

Review and scrutinise the County Council's financial affairs, and to make reports and recommendations on them. The role of the Committee is to assure the budgetary control systems of the Council rather than the scrutiny of the use and value for money of expenditure which is the role of the respective Overview and Scrutiny Committees.
- C.** Monitor the performance and effectiveness of the internal and external audit functions within the wider regulatory context.
- D.** Report to the Council annually, summarising the Committee's activities and recommendations.

A. Corporate Governance, Internal Control, Complaints, Performance and Risk Management

1. Evaluate whether Senior Accountable Officers and service teams are setting the appropriate “control culture” by communicating the importance of internal control and risk management.
2. Consider and assure the annual update of the Code of Corporate Governance against the ‘Delivering Good Governance Framework (Wales)’.
3. Consider and assure the draft Annual Governance Statement and make appropriate recommendations/observations prior to its submission to the Council’s Regulators.
4. Evaluate the overall effective development and operation of the internal control and risk management frameworks and consider whether actions raised by the internal and external auditors have been implemented by Senior Accountable Officers.
5. Review and assure the Risk Management Strategy through regular reports on risk management and business continuity plans, processes and outcomes.
6. Monitor progress in addressing risk related issues reported to the Committee.
7. Consider the Council’s framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
8. To review and assess the Council’ ability to effectively handle complaints.
9. To make reports and recommendations in relation to the Council’s ability to handle complaints effectively.
10. To consider the Council’s draft Annual Performance Self-Assessment report and if necessary make any recommendations for changes to the Council.
11. To receive the Council’s finalised Annual Self-Assessment report for the respective financial year as soon as reasonably possible after the end of the financial year.
12. At least once during the period between two consecutive ordinary elections of councillors to the Council, consider the independent Panel Performance Assessment report on whether the Council is meeting its performance requirements.
13. To receive and review the Council’s draft response to the report of the independent Panel Performance Assessment and if necessary, make

recommendations for changes to the statements made in the draft response to the Council.

14. Keep under review the Council's Anti-Fraud and Corruption Strategy, Fraud Response Plan and Whistleblowing Policy and the assessment of fraud risks and potential harm to the Council from Fraud and Corruption.
15. Consider the Council's arrangements to secure value for money and review assurances and assessment on the effectiveness of these arrangements.
16. Receive reports on all fraud identified and any other special investigations, and action taken.
17. Consider how Senior Accountable Officers are held to account for the security of computer systems and applications to protect against computer fraud or misuse.
18. Ensure the rigorous application of the agreed protocol for the reporting and decision making over business cases for collaborative projects, the management of the transition for approved collaborations, and the subsequent performance management arrangements for the new collaborative services.
19. Obtain regular updates from Senior Accountable Officers and legal advice regarding compliance matters, and be satisfied that all compliance matters have been considered in preparing the financial statements.
20. The Chair and Vice Chair of the Governance and Audit Committee together with the Chairs and Vice Chairs of the six Overview and Scrutiny Committees will attend the Chair and Vice Chair Liaison Group with the primary aim to reduce duplication of work, ensure there is a shared coverage of the Council's risk profile and escalate poor performance between respective Committees.

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

B. Financial:

Statutory Financial Statements

1. Receive the draft annual Statement of Accounts, together with the underlying accounting policies for information. Consider and comment on the final statement of accounts following the receipt of the proposed audit opinion from the Wales Audit Office prior to recommending their approval to the Council.
2. Understand the controls and processes implemented by Senior Accountable Officers to ensure the financial statements derive from the underlying financial

systems, comply with relevant standards and requirements, and are subject to appropriate review.

3. Meet with management and external auditors to review the financial statements, the key accounting policies and judgements, significant accounting and reporting issues and their impact on financial reports, and the results of the audit.
4. Ensure that significant adjustments, unadjusted differences, disagreements with Senior Accountable Officers and critical accounting policies and practice are discussed with the external auditor.

Financial Affairs

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

C. Internal and External Audit

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

Internal Audit

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

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

- Keep performance indicators under review and evaluate, on an annual basis, the performance and effectiveness of internal audit and its compliance with best practice.
11. Consider summaries of specific internal audit reports as requested.
 12. Receive reports outlining the action taken where the Internal Audit, Performance and Risk Manager has concluded that Senior Accountable Officers and service teams have accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.
 13. Contribute to the Quality Assurance Improvement Programme (QAIP) and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
 14. Meet separately with the Internal Audit, Performance and Risk Manager to discuss any matters that the Committee or internal auditors believe should be discussed privately.
 15. Should the needs arise, arbitrate in the event of any failure to agree between a Senior Accountable Officers and internal audit.
 16. Discuss with the external auditor the standard of work of internal audit.

External Audit and External Regulatory Bodies

External Audit

17. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence.
18. Review the external auditors' proposed audit scope and approach for the current year in the light of the Authority's present circumstances and changes in regulatory and other requirements arising from Government, Assembly or Council initiatives.
19. Ensure that the annual audit is undertaken in compliance with statutory requirements.
20. Receive all audit reports, and the annual audit letter, issued by the external auditor, and ensure that all agreed recommendations are implemented.
21. Consider specific reports as agreed with the external auditor.
22. Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.

23. Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately. Ensure the auditors have access to the chair of the Governance and Audit Committee when required.
24. Review, annually, the performance of external audit and co-ordinate any feedback requested from Audit Wales.

External Regulation: Performance

25. External arrangements for regulation and assurance are provided by a number of statutorily appointed bodies such as the Audit Wales (AW), Estyn and the Care Inspectorate Wales (CIW), plus a number of other external regulatory bodies. To examine how the organisation manages and spends public money including achieving value in delivery. This work is co-ordinated by the Internal Audit, Performance and Risk Management team and a shared protocol for these working arrangements is in place.
26. To gain assurance and confidence of the Council's response to the external regulatory findings the Governance and Audit Committee will:
 - a) Receive periodic reports from external regulators which will include the Council's response to the reports and ensure that effective processes are in place for setting and monitoring against proportionate and effective action plans.
 - b) Receive an annual report collating external regulatory activity on improvement assessment work which is supplemented by local risk based audit work; and
 - c) Receive the Annual Improvement Report from the Auditor General

D. Accountability Arrangements

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

5. Report to full council and publish an annual report on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

7.02 Composition

1. The Chair and Vice-Chair of the Governance and Audit Committee will be chosen by the Committee itself at its first meeting following each annual general meeting. The Chair and Vice Chair of the Governance and Audit Committee will be chosen from amongst the opposition group(s), non-aligned Councillors or lay member on the Council (that is to say from amongst the group(s) none of whose members are included in the Cabinet). [From May 2022 the appointment of the Chair must be from one of the Lay Members appointed to sit on the Committee.](#)
2. The County Council shall appoint [two \(three from May 2022\) people who are](#) neither a serving Councillor nor an officer of the County Council or any other Council to serve as a lay members of the Committee with full voting rights. The lay member's term of office shall be from the first County Council meeting following the annual general meeting following the County Council elections until the first County Council meeting after the annual general meeting following the next County Council elections. No more than one member of the Committee shall be on the Council's Cabinet. The Council Leader cannot be a member of the Committee.
3. It is the express wish of the Council that there should be continuity of membership of the Governance and Audit Committee so as to build up a body of expertise and maintain a consistency of approach.
4. In recognising the express wish of the Council but observing the requirements of the legislation for political balance, the Governance and Audit Committee will comprise seven [\(six from May 2022\)](#) Members with the seats allocated in accordance with the legislation to the appropriate political groups and one lay member. Any proposed substitution shall comply with Council Procedure Rule 22.4 and the proposed substitute shall have attended relevant training. Substitutes will only be permitted where the Governance and Audit Committee, at the commencement of its meeting, agrees that good reasons exist for substitution.
5. Members will receive induction training on appointment to the Committee. Ongoing training will be provided as necessary to meet the requirements of the Committee, based on the skills and experience of the members.
6. The business of the Committee shall be conducted apolitically.

Governance and Audit Committee Actions Raised – 2021/22

Appendix B

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Item No.	Report	Action Required	Action Taken	Status
No Action raised from June, July & September 2021 Committees				
24th November 2021				
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.	This has now been actioned.	Closed
35.	Risk Management	Risk management would form part of the induction programme for the next Council term following the Elections.	A workshop is being planned in for January 2023 and will include Performance and Risk Management and Corporate Self-Assessment.	Open
38.	Internal Audit Progress Report	An update on the progress of the overdue action for Payroll 2017/18 would be shared with the Committee.	An update has been provided to members on 14 th January 2022.	Closed
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.	The forward work programme has been updated to remove the November progress report from the programme.	Closed
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.	This will be undertaken in preparation for the Governance and Audit Committee's Annual report and will be shared with members at the self-assessment workshop.	Closed
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.	A training programme will be developed and updated to support the Committee's future self-assessment	Open
42.	Forward Work Programme	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.	Discussions are ongoing (on a Regional agenda 14/1/22) and this will also link to a review of the AGS	Closed
26th January 2022				

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Item No.	Report	Action Required	Action Taken	Status
48.	TM Strategy 2022/23 & Q3 Update 2021/22	To schedule a future report on Climate Change and decarbonisation activities.	A report will be presented to Governance and Audit Committee in September on this subject.	Closed
49.	Code of Corporate Governance	To highlight in Section 2 the availability of information on the Recovery Committee throughout the pandemic.	The Code of Corporate Governance has been updated to reflect this.	Closed
52.	IA Progress Report	To refer future Amber/Red reports to their respective Overview & Scrutiny Committees including the three on this agenda, and to include that information on Progress Reports.	This has been requested with each of the service areas.	Closed
54.	Forward Work Programme	To share a link to the Audit Wales reports on Care Homes with the Committee.	Provided during the G&AC meeting	Closed
54.	Forward Work Programme	To liaise with the Service to bring forward the Annual Complaints report and schedule the item on Carbon Reduction.	This had been moved to November 2022 meeting however due to the availability of the PSOW and the reporting process this has had to be moved back to January.	Closed
54.	Forward Work Programme	To consider the suggestion made to bring forward the Budget report from September.	Due to the budget report only going to cabinet in July this would need to remain in the FWP for September	Closed
14th March 2022				
59.	External Regulation Assurance	To include progress on external actions in the Annual Report and AGS process, and to include an appendix to future External Regulation Reports.	Updates were provided in the Internal Audit Annual Report of progress against the AGS and External Regulations actions.	Closed
59.	External Regulation Assurance	To provide a response to the Committee on a query raised regarding the Rental Income report (P1 on p.27 of agenda), i.e., whether 'both' in the first bullet point means that these are two separate measures; and whether 'in unpaid rents' indicates that other write-off amounts are included.	Update provided to members 19.05.2022	Closed

Governance and Audit Committee Forward Work Programme – 2022/23

Appendix C

Date / Area of Assurance	28.09.2022	14.11.2022	25.01.2023	22.03.2023	June 2023	July 2023
Audit Wales (AW)	Commissioning Older People's Care Home Placements			Annual Audit Summary (AW) (2021/22)		
				Audit Plan (AW)		
Internal Audit	External Public Sector Internal Audit Standards Assessment 2022		Internal Audit Charter	Internal Audit Strategic Plan	Internal Audit Annual Report	
	Internal Audit Progress Report		Internal Audit Progress Report	Internal Audit Progress Report	Internal Audit Progress Report	
Governance & Risk Management	GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme	GAC Action Tracking Forward Work Programme	
		GAC Annual Report	Risk Management Update	Annual Report on External Inspections	Draft Annual Governance Statement	
			Code of Corporate Governance			
			Annual Governance Statement Mid-Year review			
Performance			Corporate Complaints & Compliments Annual Report			
			Corporate Self-Assessment Draft Report			
Finance	School Reserves – Annual Report on School Balances	Statement of Accounts			Certification of Grants and Returns Report	Draft Statement of Accounts
		Asset Disposals and Capital Receipts				Supplementary Financial Information to Draft Statement of Accounts
Treasury Management		Treasury Management Q2 – Mid Year Report	Treasury Management Q3 Update and Strategy	Treasury Management Q4 Update		Treasury Management Q1 Update and Annual Report
Senior Officer Updates		Climate Change & Decarbonisation Report				

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Matters to be address outside of formal Committee meetings during 2022/23

<p>Governance and Audit Committee</p> <ul style="list-style-type: none"> • Budget Workshops for members – October 2022 • Annual Self-Assessment Workshop – December 2022 • Treasury Management Training – December 2022 • AGS Workshop – Date to be confirmed • Private Meeting (AW and Internal Audit) • Training and Development sessions • Chairs and Vice Chairs Liaison Group Meeting • All Wales Chairs and Vice Chairs Network Group 	<p>General</p> <ul style="list-style-type: none"> • Correspondence, updates to actions and reports for information purposes • Time sensitive consultation • In person / video meetings as and when necessary
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Audit Committee Self-Assessment Summary and Action Plan 2020/21

Appendix D

Summary of Governance and Audit Committee's Self-Assessment 2020/21

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No	Topic	Questions Answered			
		Strongly Agree	Agree but identified areas for further improvement	Disagree and action required	Not Applicable
1.	Good Governance: Promoting the principles of good governance and its application to decision making	3	2	0	0
2.	Internal Control: Raising awareness of the need for sound internal control and contributing to the development of an effective control environment	3	2	0	0
3.	Risk: Supporting arrangement for governance of risk and for effective arrangements to manage risk	4	1	0	0
4.	Assurance Framework: Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	3	1	0	1
5.	Internal and External Audit: Reinforcing the objectivity, importance and independence of internal audit and external audit and therefore the effectiveness of the audit functions.	4	1	0	0
6.	Assurance Arrangements: Aiding the achievement of the Authorities goals and objectives through helping ensure appropriate governance, risk, control and financial assurance arrangements.	3	3	0	0
7.	Ethics and Values: Helping the Authority to implement the values of ethical governance, including effective arrangements for countering risks of fraud and corruption.	3	1	0	0
8.	Transparency & Accountability: Promoting measures to improve transparency and accountability and effective public reporting to the Authority's stakeholders and the local community.	3	0	0	1
	Overall Summary	26	11	0	2

Action Plan – Progress against the Governance and Audit Committee’s Self-Assessment during 2021/22

No	Question	Agree	Agree & Identified areas for improvement	Disagree	Response to Question	Action	Status of Actions
1. Good Governance: Promoting the principles of good governance and its application to decision making							
1.1	How does the Committee promote the principles of good governance within the organisation?		Y		Through training, self-assessment and Audit Wales. However, the Committee was unsure about ‘promoting’ the committee. Given the new Act will require a Lay Member as Chair this will need to be given further consideration. The committee also identified that it would be good to benchmark forward work programmes of other LAs to theirs.	As a result of the new Act, consideration needs to be given as to how the Chair will be able to fulfil their role and form a relationship with officers and members of the Council. To benchmark other G&AC work programmes.	Ongoing – this will continue to develop. Chair and Vice chair already attended COT re action tracking and invited to the budget setting workshops for members in October 2022. Closed – A Benchmarking exercise of GAC FWP’s across Wales has been undertaken and in the whole FCC is comparative with the other LAs.
1.3	How does the Committee promote and encourage openness and transparency in decision making?		Y		The Committee encourages consultation when an issue arises. All reports are open and transparent, available to the public. A discussion took place over how O&SC’s see and/or know about the G&AC. This was picked up in the previous self-assessment. Going forward a questionnaire will also be sent	As part of the self-assessment process next year the Overview & Scrutiny Committees, Cabinet Members and Chief Officers will be consulted.	Open – Self assessment due to be undertaken in December 2022.

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No	Question	Agree	Agree & Identified areas for improvement	Disagree	Response to Question	Action	Status of Actions
					to the O&SC chairs. G&AC feel there is little communication between the committee and the O&SC's presently however appreciated the liaison group has only just been reconvened following the pandemic and therefore will reassess at a later date.		
2.	Internal Control: Raising awareness of the need for sound internal control and contributing to the development of an effective control environment						
2.2	Does the Committee formally report the findings of its work and its recommendations for improving internal control to the Council?		Y		Yes, through its Annual report to Council. The Committee did recognise that it would be helpful if they made more recommendations than accepting reports as this would help with visibility.	Where appropriate the Committee to make recommendations rather than accepting reports.	Ongoing - will be applied where relevant.
2.4	Is the Committee recognised within the Council as an agent for improvement?		Y		It difficult to determine this (by lay members) Chair also has a question regarding this – area to explore with the appointment of the new chair. It was also raised that refresher training for G&AC members could be beneficial as well as an awareness session for non G&AC members.	Refer to action 1.1 Develop the training available for the new members of the G&AC and an awareness session for non G&AC members.	Ongoing - Refer to action 1.1
3.	Risk: Supporting arrangement for governance of risk and for effective arrangements to manage risk						
3.3	Does the Committee periodically deep dive into a		Y		The Committee feel this should be done however recognise that there is a degree	Invite individual managers to meeting re risk owners from	Open – development of the Risk Management

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No	Question	Agree	Agree & Identified areas for improvement	Disagree	Response to Question	Action	Status of Actions
	specific risk/risk area to confirm that risk management and mitigation arrangements are fit for purpose?				of sensitivity around this. There is also a cross over between G&AC and O&S. G&AC do receive Red reports / Limited assurance reports in full and the Chief Officer / Services will also attend. The review of risks is also picked up as part of the audit planning process.	the risk register to deepen own understanding and promote / awareness.	Framework has delayed this. Further Risk Management update to presented to member in January 2023.
4.	Assurance Framework: Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively						
4.4	Does the Committee have good relationships and able to share information with other parts of the assurance framework, e.g., Scrutiny, Internal Audit, Complaints		Y		Yes, with Internal audit and there is an escalation process in place with the O&SCs. There is a Chairs and Vice Chairs Liaison group in place but feels this is the lowest priority for everyone. However, appreciates that it has only just been reconvened as result of the pandemic. Currently complaints are reported to CROSC however from April 2022 this will fall under the remit of the Committee. Training in this area has been identified by the members.	To arrange training for G&AC member on corporate complaints.	Open – To be provided by the Public Services Ombudsman for Wales at the beginning of the January 2023 committee.
5.	Internal and External Audit: Reinforcing the objectivity, importance and independence of internal audit and external audit and therefore the effectiveness of the audit functions.						

No	Question	Agree	Agree & Identified areas for improvement	Disagree	Response to Question	Action	Status of Actions
5.4	Does the Committee ensure that internal and external audit recommendations are addressed and implemented by the organisation?		Y		This is always an area for improvement; however, proportionality needs to be considered here.	The Internal Audit Manager to review alternative approaches for actions tracking with Management.	Closed – Chair and Vice Chair attended COT to discuss further. Officer with long overdue actions will be invited to GAC to provide an update.
6. Assurance Arrangements: Aiding the achievement of the Authorities goals and objectives through helping ensure appropriate governance, risk, control and financial assurance arrangements.							
6.4	Do members of the Committee have strong working relationships with members of the Executive which provide the Committee with early warning of planned developments / projects, and enable the Committee to ensure that appropriate governance, risk, control and financial assurance arrangements are considered at an early stage?		Y		Strong working relationship is there however with the new arrangement for the Chair this will need to be considered carefully. The committee questioned the reference to early warnings. Since the session, the CIPFAs model TOR has since been reviewed and currently does not require the G&AC to be made aware of early warning.	Relationship of the future chair to be considered given the position will be a lay member.	Ongoing – this will continue to develop. Chair and Vice chair already attended COT re action tracking and invited to the budget setting workshops for members in October 2022.
6.5	Do the quarterly Treasury Management reports provide members with the information they need? Is there too much information or too little? Is there anything else that would		Y		Reports are comprehensive Treasury Management training sessions could be developed as the last one was complex. May be one put on internally. The committee also raised a point that	The approach to delivering Treasury Management training to be reviewed to reflect the feedback from the committee.	Closed – Accountancy took on board feedback and adapted training where possible.

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No	Question	Agree	Agree & Identified areas for improvement	Disagree	Response to Question	Action	Status of Actions
	be useful to include?				external audit is placing more emphasis on value for money work and questioned whether this would be part of the G&AC remit.	Accountancy to liaise with external audit over the role of G&AC and value for money work	
7.	Ethics and Values: Helping the Authority to implement the value of ethical governance, including effective arrangements for countering risks of fraud and corruption.						
7.3	How does the Committee obtain assurance that values and ethical governance arrangements have been effectively communicated across the organisation and have been embedded?		Y		In terms of ethical values, this is an area the committee has not been involved in, in detail. An audit has been completed. The full report is to be shared with the G&AC for information. The Committee did highlight that it would be useful to see the annual report from the Standards Committee for oversight.	Audit report on Ethical Values to be shared in full with the Governance and Audit Committee. Annual report from standards committee to be shared to the Governance and Audit Committee for oversight	Closed – Report shared with the Governance and Audit Committee on 25/11/2021

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GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Monday, 14 th November 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 Monday 14th November 2022

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 review on school funds has been completed.

24 th November 2021				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
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 in the Autumn.
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

14th March 2022

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
59.	External Regulation Assurance	To include progress on external actions in the Annual Report and AGS process, and to include an appendix to future External Regulation Reports.	L Brownbill	Process updated for Internal Audit Annual Report, AGS and Reporting on External Regulations.

6th June 2022

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
5.	CIW - Assurance Check	That the Committee's thanks be extended to Social Services' teams for their work relating to the inspection and during the pandemic.	N Ayling	All staff within Social Services Adults and Children were emailed to express thanks following GAC on the 8 th June 2022.
6.	AGS 2021/22	To share information on the latest review of the Corporate Anti-Fraud Strategy with the Committee (Cllr Parkhurst's question).	L Brownbill	The Corporate Anti-Fraud Strategy together with the Anti Money Laundering Statement, Whistleblowing Policy, Fraud Response Plan and the Financial Procedural Rules was emailed to Cllr Parkhurst on 8 th June 2022
7.	Certification of Grants 2020/21	To share information on housing benefit subsidy caseload with the Committee.	D Ledsham	Information on housing benefit subsidy caseloads was shared with committee members on 9 th June 2022
11.	Drury PS – Financial Management Arrangements	A follow up report to be scheduled for January 2023	L Brownbill	A report on the progress made by Drury PS will be presented to GAC in January 2023

27th July 2022

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
19.	Draft Statement of Accounts 2021/22	To clarify within the final accounts the separate legal arrangements of Theatr Clwyd as opposed to NEW Homes (Cllr Banks suggested in the chat that a brief explanation and link be included under 'Associated Companies' on p.48).	G Ferguson / C Taylor	Following a review of the Code, it would not be categorised as a relationship that gives rise to related parties. The Code states "transactions do not themselves create a related party relationship: there has to be some element of control or influence by one party over another" We do not have this with the Theatr.
19.	Draft Statement of Accounts 2021/22	To share information on financial support to local businesses and communities during the pandemic.	D Barnes	Information emailed to Committee 01/08/22
19.	Draft Statement of Accounts 2021/22	To bring forward the November meeting to accommodate the approval of the accounts.	Committee Services	Meeting has been moved to 14/11/22
20.	Supplementary financial info to SoA	That information on the significant increase in interim/temporary contracts (Table 2) and how this compares to other councils be emailed to the Committee.	S Carney	Information emailed to Committee 04/08/22

28th September 2022

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
26.	AW Review of Commissioning Older	That the Committee notes the agreed actions in the Management Response to	J Davies	The service will attend January committee to provide an update on the

	People's Care Home Placements by NW Councils and BCUHB	<p>address these recommendations and receives regular updates on the implementation of the actions going forward.</p> <p>That the updates include any actions by Welsh Government, with timescales, as part of the national report by Audit Wales.</p>	Audit Wales	progress made against the findings within the report.
27	School Reserve Balances y/e 31/03/22	To share with the Committee the protocol for schools in financial difficulty.	L Thomas	The protocol for schools in financial difficulty was shared with the Committee on 18 October 2022
28	IA Progress Report	That the responsible officer for Maes Gwern contractual arrangements be invited to attend Committee to provide reasons for overdue actions.	L Brownbill	Officer from Housing will attend November Committee to provide an update
28	IA Progress Report	To liaise with the auditor of the Amber/Red report (Appendix D) on the reconciliation of manual records with information from Finance, to assure the Committee of no associated risks.	L Brownbill	An explanation was provided to members on 24 October 2022

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GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Monday, 14 th November 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 September there have been some changes to the Forward Work programme. This is listed below.</p>			
	Report	Reason for Movement	Original Date	New Report Date
	Risk Management Framework	Brought forward to November	Jan 2023	Nov 2022
	Governance and Audit Committee Self-Assessment	Positioned due to: 1) New CIPFA guidance on effective Governance and Audit Committees being released in October; and 2) Allow members to participate in more committees prior to the assessment. Self-Assessment workshop to take place in December 2022	Nov 2022	Jan 2023
	Draft Report – Corporate Self-Assessment	Moved to allow the report to be presented at Informal Cabinet and CROSC prior to GAC	Nov 2022	Jan 2023
	Corporate Complaints and Compliments Annual Report 2021/22 and PSOW Annual Letter	Moved to allow the report to be presented at CROSC prior to GAC and the availability of the PSOW	Nov 2022	Jan 2023
	Climate Change and Decarbonisation	Moved at the request of the Service Manager	Nov 22	Jan 2023
	Financial Procedural Rules	New report following the completion of the FPR review	N/A	Nov 2022
	Commissioning Older People's Care Home Placements – Progress update from Service	To provide an update on the progress implementing recommendation by both the Service and Welsh Government (AW)	N/A	Mar 2023

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>

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.

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.

Area	Monday 14.11.2022	Wednesday 25.01.2023	Wednesday 22.03.2023	June 2023	July 2023	September 2023	November 2023
Audit Wales (AW)			Annual Audit Summary 2021/22				
			Audit Plan AW				
Internal Audit		Internal Audit Charter	Internal Audit Strategic Plan 2023/2026	Internal Audit Annual Report 2022/23			
		Internal Audit Progress Report 2022/23	Internal Audit Progress Report 2022/23	Internal Audit Progress Report 2023/24		Internal Audit Progress Report 2023/24	
			Public Sector Internal Audit Standards Compliance 2022/23				
Governance & Risk Management	Risk Management Framework	Risk Management Update	Annual Report on External Inspections 2021	Draft Annual Governance Statement			
	Governance and Audit Committee Annual Report	Code of Corporate Governance					Governance and Audit Committee Annual Report
		GAC Self-Assessment					
		Annual Governance Statement 21/22 Mid-Year review					
	GAC Action Tracking	GAC Action Tracking	GAC Action Tracking	GAC Action Tracking		GAC Action Tracking	GAC Action Tracking
	Forward Work Programme	Forward Work Programme	Forward Work Programme	Forward Work Programme		Forward Work Programme	Forward Work Programme
Performance		Corporate Complaints and Compliments Annual Report 2021/22					
		Public Service Ombudsman for Wales Annual Letter					
		Corporate Self-Assessment Draft Report					Corporate Self-Assessment Draft Report
Finance	Statement of Accounts 2021/22			Certification of Grants and Returns Report (AW)	Draft Statement of Accounts 2022/23	School Reserves – Annual Report on School Balances	
	Financial Procedural Rules					Statement of Accounts 2022/23	
	Asset Disposals and Capital Receipts				Supplementary Financial Information to Draft Statement of Accounts 2022/23		Asset Disposals and Capital Receipts
Treasury Management	Treasury Management Q2 2022/23 – Mid Year Report	Treasury Management 2022/23 Q3 Update and 2023/24 Strategy	Treasury Management 2022/23 Q4 Update		Treasury Management 2023/24 Q1 Update and Annual Report 2022/23		Treasury Management Q2 2022/23 – Mid Year Report
Senior Officer Updates (Operational Matters / Key Risks / Other)		Climate Change and Decarbonisation Report	Commissioning Older People's Care Home Placements – Update				

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Matters to be address outside of formal Committee meetings during 2022/23

<p>Governance and Audit Committee</p> <ul style="list-style-type: none"> Budget Workshops for members – October 2022 Annual Self-Assessment Workshop – December 2022 Treasury Management Training – December 2022 AGS Workshop Private Meeting (AW and Internal Audit) Training and Development sessions 	<p>General</p> <ul style="list-style-type: none"> Correspondence, updates to actions and reports for information purposes Time sensitive consultation In person / video meetings as and when necessary
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Mae'r dudalen hon yn wag yn bwrpasol

Eitem ar gyfer y Rhaglen 12

Yn rhinwedd paragraff(au) 12, 13 of Part 4 of Schedule 12A
o Ddeddf Llywodraeth Leol 1972.

Dogfen Gyfyngedig - Ni ddylid ei chyhoeddi

Mae'r dudalen hon yn wag yn bwrpasol

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