



To: Chair and Members of the  
Corporate Governance Committee

Date: 20 March 2012

Direct Dial: 01824712575

e-mail: dcc\_admin@denbighshire.gov.uk

Dear Councillor

You are invited to attend a meeting of the **CORPORATE GOVERNANCE COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 28 MARCH 2012** in **CONFERENCE ROOM 1A, COUNTY HALL, WYNNSTAY ROAD, RUTHIN.**

Yours sincerely

G Williams  
Head of Legal and Democratic Services

## **AGENDA**

### **PART 1 - THE PRESS AND PUBLIC ARE INVITED TO ATTEND THIS PART OF THE MEETING**

#### **1 APOLOGIES**

#### **2 DECLARATION OF INTERESTS**

Members to declare any personal or prejudicial interests in any business identified to be considered at this meeting.

#### **3 URGENT MATTERS**

Notice of items which, in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B (4) of the Local Government Act 1972.

**4 MINUTES (Pages 1 - 12)**

To receive the minutes of the Corporate Governance Committee meeting held on 8 February 2012 (copy enclosed).

**5 ANNUAL FINANCIAL AUDIT OUTLINE (Pages 13 - 28)**

To consider a report by the Head of Finance and Assets (copy enclosed) presenting the Annual Financial Audit Outline report prepared by the Wales Audit Office.

**9.40 a.m. – 10.10 a.m.**

**6 INTERNAL AUDIT REPORTS ISSUED (Pages 29 - 30)**

To consider a report by the Head of Internal Audit Services (copy enclosed) providing a final update for 2012/13 on reports recently issued by the Internal Audit Service.

**10.10 a.m. – 10.20 a.m.**

**7 DRAFT INTERNAL AUDIT ANNUAL REPORT 2011/12 (Pages 31 - 40)**

To consider a report by the Head of Internal Audit Services (copy enclosed) presenting the draft Internal Audit Annual Report for 2011/12.

**10.20 a.m. – 10.35 a.m.**

**8 INTERNAL AUDIT STRATEGY 2012/13 (Pages 41 - 58)**

To consider a report by the Head of Internal Audit Services (copy enclosed) seeking members' approval of the Internal Audit Strategy for 2012/13.

**10.35 a.m. – 10.50 a.m.**

**9 COMMITTEE FORWARD WORK PROGRAMME 2012/13 (Pages 59 - 62)**

To consider the committee's future work programme for 2012/13 (copy enclosed).

**10.50 a.m.**

**PART 2 - CONFIDENTIAL ITEMS**

No Items.

**MEMBERSHIP**

**Councillors**

John Bellis  
Jeanette Chamberlain-Jones  
Meirick Davies

Glyn Jones  
Allan Pennington  
Barbara Smith

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## CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1A, County Hall, Ruthin on Wednesday, 8<sup>th</sup> February, 2012 at 9.30 a.m.

### PRESENT

Councillors J.B. Bellis (Chair), J. Chamberlain-Jones, M.Ll. Davies and G.A. Jones.  
Councillor J. Thompson-Hill attended as an Observer.

### ALSO PRESENT

Corporate Director: Business Transformation and Regeneration (BJ), Head of Legal and Democratic Services (GW), Head of Internal Audit Services (IB), Head of Business, Planning and Performance (AS), Senior Solicitor (LJ), Principal Accountant (RW), Corporate Improvement Manager (TW), Audit Manager (BS), Corporate Improvement Officer (IM), Technical Accountant (RJ), Assistant Planning and Performance Officer (CE), Wales Audit Office Representative (AV & DO) and Committee Administrator (CW).

#### 1. APOLOGIES

Councillors A.G. Pennington and B.A. Smith.

#### 2. DECLARATIONS OF INTEREST

*RESOLVED – that no Members declared any personal or prejudicial interests in any business identified to be considered at this meeting.*

#### 3. URGENT MATTERS AS AGREED BY THE CHAIR

No items were raised which in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act, 1972.

#### 4. MINUTES

The Minutes of a meeting of the Corporate Governance Committee held on Wednesday, 4<sup>th</sup> January, 2012 were submitted.

*RESOLVED – that Minutes be received and approved as a correct record.*

#### 5. TREASURY MANAGEMENT STRATEGY

A report by the Head of Finance and Assets had been circulated with the papers for the meeting.

The Principal Accountant explained that the purpose of the Treasury Management Policy and Strategy Statements had been to outline the Council's general Treasury Management policy and approach, show how the Council would manage its cash and investments for the coming year, set the limits on its borrowing, determine who the Council can invest with and to set the minimum amount of cash it would set aside for the repayment of debt.

County Council had agreed that the governance of Treasury Management would be subjected to scrutiny by the Corporate Governance Committee. Part of the Committee's role being to review the annual Treasury Management Policy and Strategy Statements for 2012/13 prior to approval by Council.

Members were informed that the figures contained in the report were draft and would be updated prior to approval by Council based on the latest Capital Plan in February, 2012.

The Principal Accountant provided a detailed summary of:-

- The Treasury Management Policy Statement 2012/13.
- Appendix A – An outline of the Council would manage its cash and investments for the coming year, and included details pertaining to the Minimum Revenue Provision Statement.
- Appendix B - The Prudential Indicators for 2012/13, 2013/14 and 2014/15.
- Appendix C – Interest rate forecasts for the Official UK Bank Rate and 50 year GILT rate from March, 2012 to May 2015.
- Appendix D -, Specified and Non-Specified Investments, details determine who the Council can invest with.
- Appendix E – The Recommended Sovereign and Counterparty List

Members of the Committee raised a number of issues and the following responses and explanations were provided by the Principal Accountant:-

- In response to a question from Councillor M.Ll. Davies, the Principal Accountant referred to the pending implications of the Localism Bill on Local Authorities in Wales with regard to the reform of the Housing Revenue Account.

- An overview of the Recommended Sovereign and Counterparty List was provided in reply to a question from Councillor J. Chamberlain-Jones, together with, details of the money borrowed to fund the Capital Programme. The Principal Accountant confirmed that long term high interest rate loans were currently reviewed every 6 months and confirmed that the Council intended to reduce its investment balances and rely on internal borrowing, where possible, instead of undertaking external borrowing from the Public Works Loan Board.

- Reference was made to the Regulatory Method for supported capital expenditure and confirmation was provided that provision was being made to repay the debt during a given period of time. The Principal Account also confirmed that the money had been borrowed from Central Government whereas the Welsh Government provides money to repay the debt at 4% of the outstanding amount .
- The Head of Legal and Democratic Services informed Members that provision for Local Government Finance Training had been included in the training plan for the new Council.
- In reply to a question from Councillor M.LI. Davies, the Principal Accountant provided details of the reserves held by the Authority which were utilised for borrowing purposes. He explained that the bench mark for the amount held in reserve, which was not free money, had been approximately 5%, this was not a set indicator as the figure would be set in accordance with the balance sheets of each individual Authority. It was also confirmed that in most instances reserves would not be utilised to offset Council Tax increases.
- In response to a question from Councillor G.A. Jones regarding investments in Money Market Funds, it was explained that the investment strategy had been based on limits and the risk factor and the need for flexibility.

During the ensuing discussion, it was:-

**RESOLVED** – *that, subject to noting Members comments, the Corporate Governance Committee receives the report prior to approval by Council on 28 February 2012.* **[Richard Weigh to Action]**

## 6. REGULATION OF INVESTIGATORY PROCEDURES ACT

A report by the Head of Legal and Democratic Services had been circulated with the papers for the meeting.

The Senior Solicitor introduced the report about Denbighshire's use of its powers under the Regulatory and Investigatory Procedures Act. ( RIPA). Under the legislation an Investigating Officer must make a formal application to an Authorising Officer prior to carrying out any kind of covert surveillance. The application must be made in line with the Council's Policy and Procedures Guidance available on the intranet, and the Authority would be required under the Home Office Code of Practice to make regular, at least annually, reports to Members on the use of such powers under RIPA.

Legal Services held the RIPA Central Record but were not responsible for an authorisation at the present time. However, they did carry out managerial oversight of the applications and conducted quality assurance checks on the standard of the application. An area where Legal Services would want to see significant improvement was the appropriate and proper consideration, on the face of the application of the 'necessity' and 'proportionality' test that must be considered, before taking the decision to carry out covert surveillance.

It was explained that Authorisations did not expire and Authorising Officers must take ownership of their authorisation through it's lifetime. Legislation provided the Council with powers to interfere with a person's human rights such as their private and family life, where it was lawful and proportionate to do so.

Members agreed that the issue of there being an insufficient number of Authorising Officers should be addressed, and in addition recommended that mandatory training be provided. The Committee also supported the view that all Corporate Directors should be named Authorising Officers on applications from Investigating Officers, and that any surveillance of employees, where there had been allegations of criminal offences, should be considered and authorised by the Monitoring Officer, who would also be Senior Responsible Officer under the legislation.

**RESOLVED** – *that the Corporate Governance Committee recommends that:-*

- (a) the report be received and its contents noted.*
- (b) all Authorising Officers attend mandatory training.*
- (c) the number of Authorising Officers be increased in order to deal efficiently with applications under the legislation, and*
- (d) a strong communication be circulated to Authorising and Investigatory Officers instructing that applications must be managed, authorised and cancelled in accordance with the law and the Council's policy and procedures, any breaches of such will be reported to this Committee.*

***[Gary Williams & Lisa Jones to Action]***

## **7. CONSTITUTION REVIEW**

A report by the Monitoring Officer, which detailed the outcome of the consultation process to date and suggested areas for change, had been circulated with the papers for the meeting.

The Monitoring Officer explained that one of the Business Transformation Board's Workstreams had been to review the Council's Constitution and within the Corporate Governance Committee terms of reference was the making of proposals for changes to the Constitution.

The report provide the Committee with further information regarding the feedback received from Councillors at a Constitution Review Workshop, and sought approval to the proposed changes for recommendation to Full Council. A copy of the presentation provided at the Workshop had been included as Appendix 1 to the report. The Monitoring Officer referred to the feedback received from Members on the topics raised by the presentation and he provided a summary of the following Key issues which had been highlighted in the report:-

- Scheme of Delegation
- Description of Functions
- Committee Terms of Reference
- Contract Procedure Rules
- Freedom of Information



- Members attendance at meetings and mandatory training in respect Planning and the Code of Conduct.
- The code of conduct to register gifts and hospitality.
- Members role descriptions
- Self Regulatory Protocol
- Cabinet
- Public speaking
- Protocols
- Local Government Wales Measure
- Continuous review of the Constitution

The Monitoring Officer provided a summary of the report and the following key issues were raised and responses provided:-

**Scheme of Delegation** - In reply to a request by the Chair to include in the Constitution reference to the process of reporting delegated decisions by Heads of Service and officers, the Monitoring Officer agreed to examine this matter and explained that delegated decisions taken by officers would be more likely to be operational, regulatory or pertaining to strategic issues.

**Contract Procedure Rules** - The Head of Internal Audit Services confirmed that meetings had been arranged to discuss and consider the design of a new system for the opening of tenders.

**Freedom of Information** - It was explained by the Monitoring Officer that a system for processing and authorising confidential items designated as Part II agenda items would be considered.

**Members** – Members suggested that the reasons for apologies submitted for non-attendance at meetings should be recorded and that factors such as weather conditions, times and locations of meetings, accessibility for members of the public and officers travelling time should also be taken into consideration. The Monitoring Officer explained that many of the issues raised had been discussed at the Constitution Review Workshop, and he provided details of the training provision for Members being arranged by the Member Support and Development Manager. The need to ensure the Member training days did not clash with scheduled meetings was noted.

**Continuous Review of the Constitution** – The Monitoring Officer responded to questions pertaining to the appointment of Chairs of Committees and confirmed that by law the Scrutiny Committees would be operating under political balance and referred to the requirements of Section 66 of the measure.

In reply to a question from Councillor M.LI. Davies, the Senior Solicitor confirmed that the amended draft proposed changes to the Constitution, including track changes, would be presented to the Corporate Governance Committee prior to being presented to Full Council for approval

Following further discussion, it was:-

**RESOLVED** – that the Corporate Governance Committee:-

- (a) notes the contents of the report and feedback from Members at the Constitution review workshop held on 24<sup>th</sup> January 2012, and
- (b) requests that the amended draft proposed changes to the Constitution be presented to the Corporate Governance Committee for prior to being presented to Full Council for approval.

**[Gary Williams, Ivan Butler & Lisa Jones to Action]**

## **8. NEW CORPORATE RISK REGISTER**

A report by the Corporate Improvement Manager, which provided an assurance that the process for developing, monitoring and reviewing the Corporate Risk Register was robust, had been circulated at the meeting.

The purpose of the Corporate Risk Register was to identify the potential future events that may have a detrimental impact on the Council's ability to deliver its objectives, including its corporate priorities. The identified controls and actions were therefore crucial to the delivery of the corporate priorities.

It was explained by the Corporate Improvement Manager that, as highlighted in the Risk Management Guidance for Denbighshire, the Corporate Governance Committee had been charged with the responsibility for reviewing the appropriateness of the risk management and the assurance process adopted. He confirmed that the new Corporate Risk Register had been developed, and was owned, by CET.

The Corporate Improvement Manager provided a summary of the process for developing the Corporate Risk Register, details of which had been included in the report. The Corporate Risk Register would be formally reviewed by CET following each round of Service Performance Challenges. However, any significant new or escalating risks would be brought to the attention of CET, through the Corporate Improvement Team, as and when they were identified. CET would then take a view as to whether that risk should be included in the Corporate Risk Register.

The Head of Internal Audit Services confirmed that the Internal Audit function provided an independent assurance on the effectiveness of the internal control procedures and mechanisms in place to mitigate risks across the Council. It also offered independent challenge to ensure the principles and requirements of managing risk were consistently adopted throughout the Authority. Internal Audit Services would also utilise information from the service and Corporate Risk Registers to inform the forward work programme.

In response to concerns raised by the Chair, the Corporate Improvement Manager provided details of the monitoring process. It was explained that an annual review and report on the progress of the risk management policy, produced for the Corporate Governance Committee, would identify weak areas which required strengthened to improve the risk management process.

Councillor J. Chamberlain Jones suggested that more detail be afforded to the effects of efficiency savings on service provision and that the Register be adapted to be more user friendly. The Corporate Improvement Manager outlined the role of the Performance Scrutiny Committee in scrutinising the Register. The Corporate Director: Business Transformation and Regeneration explained that risks identified would be included in the respective Service Risk Register which would be examined through performance challenges and the budget setting process. She highlighted the need to understand the consequences resulting from proposed efficiency savings and explained that the process now adopted enabled both Members and officers to make challenges. The Corporate Improvement Manager informed the Committee that a meeting had been arranged with the Equality and Human Rights Commission to assess the impact of efficiency savings. He also stressed the importance of scrutinising the delivery actions in respect of the Service Plans and the role of the Performance Scrutiny Committee in monitoring the process.

In reply to a question from the Chair regarding inherent risks, the Head of Internal Audit Services referred to the Corporate Business Continuity Plan which had been developed to deal with unforeseen incidences.

In response to a question from Councillor G.A. Jones, the Head of Internal Audit Services agreed to check if the security doors within the County Hall building would unlock automatically in the event of an emergency.

**RESOLVED** – *that the Corporate Governance Committee:-*

*(a) receives the report.*

*(b) confirms that it is satisfied that the process for developing, monitoring and reviewing the Corporate Risk Register is robust, and*

*(c) requests the Head of Internal Audit Services to check if the security doors within the County Hall building would unlock automatically in the event of an emergency.*

**[Alan Smith & Tony Ward to Action]**

## **9. REVIEW OF SCRUTINY**

A report by the Head of Business, Planning and Performance, which detailed the conclusions of a review of the new scrutiny system adopted by the Council in May 2011, had been circulated with the papers for the meeting.

The Committee were informed that it had been agreed that the new scrutiny process be reviewed within the first twelve months of operation. The Member/Officer Group which had developed the original proposals had been charged with undertaking the review of the new system. The review had taking as its basis both the original objectives of adopting the new system and the issues raised by Members as potential problems, the intention being to test these out. The method had been to:-

- Understand the views of people involved in Scrutiny; Members, Officers, Senior Managers; Co-optees and Partners;
- Compare the work programmes under the new system with that of the old;
- Obtain the view of the regulators.

The report incorporated the results of the work undertaken, including ideas proposed by Members, and explored the relevant areas in turn. The Head of Business, Planning and Performance provided a brief overview of each of the following Key issues which had been included in the report:-

- Did Members have enough support and information to scrutinise effectively.
- Had the new Scrutiny System been able to scrutinise what's important.
- Had any important issues been missed.
- Had the new structure improved the scrutiny of Partnerships and of Performance.
- Was the new system making the most of Member expertise.
- What had been the impact on the Educational 'Co-optees.
- Had the new system coped with the workload.
- The role of Chairs and Vice Chairs.
- Wales Audit Office View.

Councillor J. Chamberlain-Jones expressed concerns regarding the new scrutiny system and explained that she had been lead to believe that a number of Members were not completely satisfied with the new system. She felt that attendance figures had dropped due to a lack of interest themed approach and that the questionnaire circulated had been compiled in favour the new system. It was also felt that any failings within the old system had resulted from a lack of Member training provision and the process adopted for the appointment of Chairs.

The following issues and concerns were raised by Councillor M.LI. Davies and responses were provided by the Head of Business, Planning and Performance:-

- Concerns were raised that responses to the options in the questionnaire, returned as undecided, would be recorded as having disagreed. It was also highlighted that an option to return to the old scrutiny system had not been included. The Head of Business, Planning and Performance outlined the process adopted for setting the questions contained in the questionnaire

- The importance of the role of Vice Chairs in substituting for Chairs was emphasised. It was felt that reference should be made to section 12.4 of the report in respect of the recommendation relating to the modification of the Chairs and Vice Chairs Group. It was explained that the role and main focus of the Chairs and Vice Chairs Group would be the coordination of the scrutiny programme. The Chair supported the view that the issue of political balance, in respect of the Chairs and Vice Chairs Group, would be taken into consideration and that it be made clear that the Scrutiny Committees were developing their respective forward work programmes.

- Members were informed that items relating to education matters were now being afforded priority for consideration at Scrutiny Committee's where possible.

The Head of Business, Planning and Performance referred to the summary contained in the report and explained that there were clear signs of progress evident from the work-plans of the Committees and the views of senior officers, the Council's

regulators and partners and Members had been more positive than negative on almost every issue. Confirmation was provided that there had been no sign of a negative impact on attendance at Scrutiny meetings and no indication of a desire to return to the old system. He invited Members attention to areas highlighted in the report where it had been considered that improvements could be made.

In response to concerns raised by Councillor J. Chamberlain-Jones regarding the lack of opportunity to return to the old scrutiny system, the Corporate Director: Business Transformation and Regeneration referred to the progress made since the introduction of the new scrutiny system and the Council having moved forward. She explained that for these reasons it would now be difficult and impractical to return to the old scrutiny system.

Following further discussion, it was:-

**RESOLVED** – *that, subject to Members comments:-*

- (a) the report be received and noted.*
- (b) the Council confirms the new structure should continue in its current configuration.*
- (c) the Chairs and vice Chairs group be modified as proposed in the report, and*
- (d) that training for Members on the scrutiny system be included in the induction programme for the new Council.*

**[Alan Smith, Gary Williams & Eleri Woolford to Action]**

## **10. PARTNERSHIP GOVERNANCE TOOL KIT**

A report by the Head of Business, Planning and Performance had been circulated with the papers for the meeting.

The report had been requested in response to the County Council Internal Audit Services review on Partnership Governance, November 2011 and provided advice in respect of consistency, guidance and good practice for partnership working in the future in line with schedule and documentation circulated with the report.

The Head of Business, Planning and Performance explained that the purpose of the proposed Partnership Governance Toolkit had been assist the Authority in improving good governance arrangements and good practice for its partners, to scope partnership work, categorising partnerships in terms of limited, moderate and major significance, to enable the identification of areas for performance improvement and efficiencies.

It was explained that use of the Toolkit, and completion annually of the Significance Assessment Scorecard and Business Case Checklist, would assist in populating the Partnership Register, ensuring it was up to date and relevant.

A key priority had been to ensure a coherent partnership framework in Denbighshire and once in operation the toolkit would ensure the Authority would have:-

- Partnerships complete an annual “Health Check”

- a Partnership Register focussed on significance and risk
- a Register which would identify lead officers in the County
- risks identified which may feed into the appropriate Service and / or Corporate Risk Register.

The improved process of monitoring partnerships would help improve effective scrutiny and focus on strategic partnerships and major partnerships.

The Head of Business, Planning and Performance provided a summary of the following documents circulated with the report:-

- Partnership Governance Toolkit.
- Partnership Governance Toolkit Guidance Notes and Templates.
- Appendix 1 - Partnership Significance Assessment Scorecard – Denbighshire.
- Appendix 2 – Partnership Business Case Check List.
- Additional Information pertaining to Partnership Governance Toolkit Guidance Notes and Templates

Councillor M.LI. Davies referred to the Welsh Language Scheme and Welsh Language Guide and highlighted the need to insist that other public bodies and parties give priority to the use of the Welsh language in respect of their Welsh Language Schemes and language policies. The Head of Business, Planning and Performance supported the view expressed and endorsed the importance of the use of the Welsh language. However, he explained that in the case of partnerships there would in some instance be a need to compromise.

With regard to Partnership Agreements, Members and the Head of Business, Planning and Performance supported the view expressed by the Senior Solicitor that the Legal Department should be involved at an early stage of the process.

Following further discussion, it was:-

**RESOLVED** – *that the Corporate Governance Committee receive the report and note Members comments.* **[Alan Smith, Gary Williams & Lisa Jones to Action]**

## 11. INTERNAL AUDIT PROGRESS REPORT

A report by the Head of Internal Audit Services, which provided an update of the Internal Audit Service in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement, had been circulated with the papers for the meeting.

The report provided an update on the delivery of our Operational Plan for 2011/12, recent Internal Audit reports issued, management's response to issues raised and Internal Audit's performance.

The Head of Internal Audit Services provided a summary of the report which included details pertaining to:-

Delivery of the Internal Audit Strategy 2011/12  
Summary of Recent Internal Audit Reports  
Internal Audit Performance

Appendix 1 to the report provided a breakdown of work during 2011/12, compared to the revised Operational Plan agreed by the Committee in November, 2011. It included assurance scores and number of issues raised for the completed reviews, definitions used to form the audit assurance and the ratings used to assess the risk-levels for issues raised.

Details of reports issued since November, 2011 had been included in two tables with the risk ratings having been revised to correlate with the new risk management process. The Audit Reports included in the tables related to:-

Partnership Governance  
Carbon Reduction Commitment (Phase 2)  
Post 16 Education PLASC returns – Prestatyn High school  
Prestatyn High School  
Location of Children & Family Services

Following a brief discussion, it was:-

**RESOLVED** – *that the Corporate Governance Committee:-*

*(a) receives the report and notes Internal Audit's progress and performance to date in 2011/12.*

*(b) notes recent Internal Audit reports issued, and*

*(c) notes the responses to the follow up work undertaken by Internal Audit Services.*

**[Ivan Butler to Action]**

### **13. COMMITTEE FORWARD WORK PROGRAMME**

A copy of the Corporate Governance Committee forward work programme had been circulated with the papers for the meeting.

**RESOLVED** – *that the Corporate Governance Committee's Forward Work Programme be approved.*

The meeting concluded at 1.35 p.m.

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**Report To:** Corporate Governance Committee

**Date of Meeting:** 28<sup>th</sup> March 2012

**Lead Member / Officer:** Head of Finance & Assets

**Report Author:** Acting Principal Accountant

**Title:** Annual Financial Audit Outline

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## **1. What is the report about?**

The report is entitled 'the Annual Financial Audit Outline' and has been prepared by the Wales Audit Office (WAO). The report sets out matters such as roles and responsibilities, the audit approach, reporting, the audit fee, key elements of audit engagement and the financial audit team.

## **2. What is the reason for making this report?**

The external auditors are required to prepare and present this report in order to discharge their requirements of the auditing standards and proper audit practices. The report is provided for information.

## **3. What are the Recommendations?**

It is recommended that the Committee consider the content of the report. WAO representatives will attend the meeting to answer questions in relation to the report.

## **4. Report details.**

The report provides the Council with an outline of the financial audit work required for the 2011-12 financial statements and the fees for undertaking the work. It also provides information on the audit approach including the key audit risks that have been identified during the initial planning process and the actions proposed to address them. The financial audit work on these risk areas will be used to inform the audit opinion on the financial statements.

## **5. How does the decision contribute to the Corporate Priorities?**

The audit service is a statutory provision. The Appointed Auditor, under the Public Audit (Wales) Act 2004 is required to examine and certify the financial statements of the Council. The Appointed Auditor is also required to satisfy himself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

**6. What will it cost and how will it affect other services?**

The fees for work undertaken by the WAO in respect of the financial audit are set out on pages 8 and 9.

**7. What consultations have been carried out?**

The content of the report has been discussed with the Head of Finance and Property Services and senior members of the Finance Department.

**8. Chief Finance Officer Statement**

This is a statutory provision. Audit fees have been frozen and are an existing budget commitment for the authority.

**9. What risks are there and is there anything we can do to reduce them?**

The audit process should highlight any significant risks and the management response to addressing or minimising the risk or impact.



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Financial Audit Outline

## Denbighshire County Council

**Audit year:** 2011-12

**Issued:** March 2012

**Document reference:** 214A2012

**This document is a draft version pending further discussions with the audited and inspected body. Information may not yet have been fully verified and should not be widely distributed.**

# Status of document

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DRAFT

This document has been prepared for the internal use of Denbighshire County Council as part of work to be performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

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# Annual Financial Audit Outline

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## Roles and responsibilities

1. This Annual Financial Audit Outline has been prepared to meet the requirements of auditing standards and proper audit practices. It provides Denbighshire County Council (the Council) with an outline of the financial audit work required for the 2011-12 financial statements.
2. Under the provisions of the Public Audit (Wales) Act 2004 the Auditor General is responsible for appointing external auditors (Appointed Auditors) to local government bodies.
3. As Appointed Auditor, I am required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the Council, satisfying myself that the accounts:
  - give a true and fair view of the Council's financial position;
  - comply with all relevant legislative requirements; and
  - have been prepared in accordance with proper accounting practices.
4. I am also required to:
  - satisfy myself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and
  - certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004.
5. The audit does not relieve the Council of its responsibility to:
  - put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
  - maintain proper accounting records;
  - prepare a Statement of Accounts in accordance with relevant requirements; and
  - establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.
6. The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts.
7. The key requirements of the Auditor General and the Appointed Auditor are set out in [Appendix 1](#).
8. A separate document, *the Auditor General's Regulatory Programme for Performance Audit*, will be issued setting out the work to be delivered by the Auditor General.
9. The Auditor General is required to certify certain grant claims and returns. The Appointed Auditor, acting as an agent of the Auditor General, undertakes the audit work relating to those claims and returns.

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## The audit approach

### The audit team

10. Information regarding the financial audit team is provided in [Appendix 2](#). There are no independence or ethical issues to report.

### Audit of financial statements

11. Internal controls are designed, implemented and maintained by the Council to address identified business risks that threaten the achievement of an audited body's objectives regarding:
  - the reliability of its financial reporting;
  - the effectiveness and efficiency of its operations; and
  - its compliance with applicable laws and regulations.
12. I will:
  - assess the effectiveness of high level internal controls in preventing and detecting material errors in the accounting statements;
  - review the performance of Internal Audit against their professional standards and seek to place reliance upon their work wherever possible; and
  - develop substantive and control procedures to respond to specific risks of material misstatement in the accounting statements.
13. I do not seek to obtain absolute assurance that the financial statements and related notes are true and fair, but adopt the concept of materiality. In planning and conducting the audit, I seek to identify material misstatements in the accounting statements and related notes, that is, those that might result in a reader of the accounts being misled.
14. The levels at which I judge such misstatements to be material will be reported in my report to the Corporate Governance Committee prior to completion of the audit in September 2012.
15. A more detailed Financial Audit Plan will be discussed with officers. This will set out our planned audit work in more detail.

### Risks of material misstatement in the accounting statements

16. [Exhibit 1](#) provides information regarding the main operational and financial risks faced by the Council that could impact on my audit. These are the main risks that have been identified during the initial audit planning process, based upon information currently available, and the actions proposed to address them. Changes to the audit may be required if any new risks emerge. No changes will be made without first discussing them with officers and, where relevant, those charged with governance.

## Exhibit 1: Summary of main audit risks and proposed responses

Risks	Action proposed
<b>Control environment risks</b>	
<p>A number of general risks to the Council's overall control environment exist which will require careful management, these include:</p> <ul style="list-style-type: none"> <li>• the need to have clear arrangements in place to manage financial risks;</li> <li>• increasing financial pressures with the requirement to achieve significant savings, both in 2011-12 and future years.</li> </ul>	<p>I will continue to review the overall control environment and will assess the impact on the financial statements, including accounting and disclosure requirements.</p>
<b>Financial systems risks</b>	
<p><b>Issues arising from my previous audits</b></p> <p>The audit of the 2010-11 financial statements identified some areas in which improvement was required to system controls.</p> <p>The most significant issue related to the controls in respect of the processes for valuing land, buildings and other assets as part of the closedown procedures.</p> <p>There is a risk of material misstatement to the financial statements should this issue not be addressed.</p>	<p>I will:</p> <ul style="list-style-type: none"> <li>• assess the controls in place during 2011-12 and conduct audit testing to consider their design, existence and maintenance; and</li> <li>• work with Council staff from the Finance Department and the Property Services Department to ensure issues are addressed in an efficient and effective manner.</li> </ul>
<b>Preparation of the accounts risks</b>	
<p><b>Changes to the CIPFA Code</b> in 2011-12 introduced a number of new accounting requirements, including changes in relation to heritage assets and remuneration reporting.</p>	<p>I will review the action taken by officers to ensure that the revised Code requirements are satisfied.</p>
<p><b>Continued compliance with International Financial Reporting Standards (IFRS)</b></p> <p>In 2010-11, the Council prepared its financial statements for the first time in accordance with International Financial Reporting Standards (IFRS).</p>	<p>I will undertake work which enables me to ensure that the 2011-12 financial statements comply with IFRS.</p>



Risks	Action proposed
<p>The preparation of the Statement of Accounts will involve the <b>estimation of a number of account figures</b> such as provisions for the Council's liabilities e.g. equal pay claims.</p>	<p>I will review:</p> <ul style="list-style-type: none"> <li>the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information; and</li> <li>documentation held to support estimates derived and judgements made, and refer to papers provided in support of them.</li> </ul>
Financial statements risks	
<p>The Council continues to work in <b>partnership and collaboration with a number of external bodies.</b></p>	<p>I will undertake work which enables me to:</p> <ul style="list-style-type: none"> <li>understand how these organisations are managed so that I can fully assess the financial and accounting implications for the Council; and</li> <li>ensure that appropriate disclosures are included in the accounts in relation to related party disclosures in respect of both Members and Officers.</li> </ul>

## Use of resources

17. To discharge my responsibilities regarding the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources, I shall place reliance upon:
- the results of the audit work undertaken on the financial statements;
  - the audited body's system of internal control, as reported in its governance statement and my report thereon;
  - the results of work carried out by the Auditor General, including work carried out under the Local Government (Wales) Measure 2009, certification of claims and returns and data matching exercises;
  - the results of the work of other external review bodies where relevant to our responsibilities; and
  - any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

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## Reporting

18. The Code of Audit Practice issued by the Auditor General requires Appointed Auditors to comply with relevant auditing and ethical standards, which require formal reporting at various stages during the audit to those charged with governance.
19. In particular, auditors must report:
  - relationships that may bear on the auditor's independence;
  - audit planning information; and
  - certain matters to those charged with governance (as distinct from management) before they give an opinion on the financial statements.
20. Appendix 1 highlights the key elements of the audit engagement at the Council and confirms that there are no known threats to the independence of the Appointed Auditor or other audit staff.
21. This document provides information regarding the planning of the audit.
22. I will submit reports to the Corporate Governance Committee and where necessary to the Cabinet in a timely manner, prior to the completion of audit.
23. I will provide reports, or other output as agreed. The key milestones are set out in [Exhibit 2](#).

### Exhibit 2: Key milestones

Planned output	Planned start date	Report finalised
Annual Financial Audit Outline	January 2012	March 2012
Audit of Financial Statements (ISA260) Report	June 2012	September 2012
Audit Opinion on the 2011-12 financial statements	January 2012	September 2012
Annual Audit Letter	October 2012	November 2012

## Audit fee

24. The proposed fee for 2011-12 financial audit work is £165,802 (plus VAT) and will be charged in equal instalments between November 2011 and October 2012. This fee is in line with the Auditor General's fees letter and is based on the zero-based fee model for financial audit.
25. Overall, the 2011-12 financial audit fee represents a zero per cent increase on the equivalent element of the Appointed Auditors' responsibilities included as part of my 2010-11 fee.

- 
26. Over the last few years, there have been no formal objections to the Council's financial statements. However, I do receive a number of queries and items of correspondence from members of the public and other interested parties. A small amount of time has been included within the fee to deal with minor queries, as part of the overall management of the audit.
  27. Any detailed investigations or other work required to respond to queries and objections will result in an additional fee. Any such additional fee will be charged at daily rates based on the specific grade or skill mix required for the work, but will be discussed with the Council, prior to undertaking the work.
  28. The Auditor General is required to recover, in respect of each grant or return, an amount that covers the full cost of the relevant work undertaken. Grant and return certification work is charged on a daily basis in line with the skill related fee scales set out in the Auditor General's local government fees letter. The fees will reflect the size, complexity and particular issues relating to the specific grants.
  29. Although grant work fluctuates from year to year, based on past experience and initial indications of changes in grant schemes and conditions, I estimate that the total fee for grant work will be in the range of between £90,000 and £100,000.

# Appendix 1

## Key elements of the audit engagement

Key elements	Requirements	Position at the Council
<b>Engagement activities</b>		
Terms of the audit engagement	The Public Audit (Wales) Act 2004 sets out responsibility for appointment of local government external auditors in Wales.	Roles and responsibilities of Appointed Auditors are outlined above and in <a href="#">Appendix 1</a> . The full statement of responsibilities can be found at: <a href="http://www.wao.gov.uk/assets/english_documents/statement_of_responsibilities_of_auditors_eng.pdf">http://www.wao.gov.uk/assets/english_documents/statement_of_responsibilities_of_auditors_eng.pdf</a>
Appointment of auditors and engagement leads	It is the Auditor General's responsibility to appoint local government external auditors and to assign responsibility for each engagement to an engagement lead.	Details of the Appointed Auditor and the Engagement Lead are provided in <a href="#">Appendix 2</a> of this document.
'Non-statutory' work	The Auditor General has set out clear criteria for approval of any 'non-statutory' work requested by audited bodies.	No 'non-statutory' work has been requested or is proposed.
Limitations on audit work	I am required to advise you of any limitations on the work that I propose to undertake, including limitations imposed by management.	No limitations have been placed on the work that I propose to undertake.
<b>Ethical considerations</b>		
Independence	Appointed Auditors are required to consider the following: <ul style="list-style-type: none"> <li>• threats to auditor independence (including litigation);</li> <li>• family and other personal relationships;</li> <li>• long association with the audited body, based on the Wales Audit Office rotation of audits policy; and</li> <li>• contentious or difficult issues.</li> </ul>	I can confirm that there are no known threats to the independence of the Appointed Auditor or other audit staff and I have complied with the Wales Audit Office rotation policy.

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Key elements	Requirements	Position at the Council
<b>Ethical considerations (continued)</b>		
Engagement performance	Engagement leads need to consider what level of quality assurance and review levels are appropriate.	Wales Audit Office quality control review mechanisms are in place for all audits, and the Engagement Lead has established appropriate review levels based on the experience of the staff undertaking the audit work.

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## Appendix 2

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### Financial audit team

Name	Role	Contact number	E-mail address
Anthony Barrett	Appointed Auditor	029 20 320571	Anthony.Barrett@wao.gov.uk
Derwyn Owen	Financial Audit Engagement Lead	029 20 320651	Derwyn.Owen@wao.gov.uk
Anthony Veale	Audit Manager	029 20 320585	Anthony.Veale@wao.gov.uk
Nick Raynor	Financial Audit Team Leader	01244 525970	Nicholas.Raynor@wao.gov.uk

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

DRAFT

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Swyddfa Archwilio Cymru  
24 Heol y Gadeirlan  
Caerdydd CF11 9LJ

Tel: 029 2032 0500

Ffôn: 029 2032 0500

Fax: 029 2032 0600

Ffacs: 029 2032 0600

Textphone: 029 2032 0660

Ffôn Testun: 029 2032 0660

E-mail: [info@wao.gov.uk](mailto:info@wao.gov.uk)

E-bost: [info@wao.gov.uk](mailto:info@wao.gov.uk)

Website: [www.wao.gov.uk](http://www.wao.gov.uk)

Gwefan: [www.wao.gov.uk](http://www.wao.gov.uk)



**Report To:** Corporate Governance Committee

**Date of Meeting:** 28 March 2012

**Report Author:** Head of Internal Audit Services

**Title:** Internal Audit Reports Issued

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## 1. What is the report about?

This report provides the final update for 2012/13 on reports that the Internal Audit service has recently issued. The information on progress with the Operational Plan, service performance and follow up work is included in the draft Internal Audit Annual Report reported to this Committee later on its agenda.

## 2. What is the reason for making this report?

To bring Members up to date regarding recent Internal Audit reports issued

## 3. What are the Recommendations?


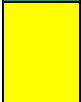
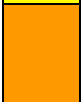
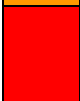
Committee considers and comments on recent Internal Audit reports issued

## 4. Internal Audit Progress

### *Summary of Recent Internal Audit Reports*

- 4.1. During March we piloted a new Internal Audit report format, which we used for the Adults Services - Commissioning & Contracts project. The new report uses an Audit Opinion based on the risk management process that uses colours for assurance ratings rather than scores of 1-5.

#### **Assurance Rating**

	High Assurance	Risks and controls well managed
	Medium Assurance	Risks identified but are containable at service level
	Low Assurance	Risks identified that require meeting with Director/Lead Member
	No Assurance	Significant risks identified that require member / officer case conference

- 4.2. Since my report in February 2012, we have issued the following reports.

Audit Report	Audit Opinion	Issues Raised			Comments
		Critical Risk (Red)	Major Risk (Amber)	Moderate Risk (Yellow)	
Post 16 Education PLASC Returns – Ysgol Brynhyfryd	4	0	0	0	Committee members have received a summary report for all six PLASC reviews.
Post 16 Education PLASC Returns – St. Brigid's School	4	0	0	0	
Post 16 Education PLASC Returns – Ysgol Dinas Bran	4	0	0	0	
Royal International Pavilion	3	0	1	6	Follow up review in progress
Capital Planning & Strategic Procurement	4 3	0	0	5	Separate Audit Opinion scores given as managed by different areas of the service
Commissioning & Contracting	<b>Green</b>	0	0	3	

**Report To:** Corporate Governance Committee

**Date of Meeting:** 28 March 2012

**Report Author:** Head of internal Audit Services

**Title:** Draft Internal Audit Annual Report 2011/12

---

## **1. What is the report about?**

- 1.1. This report presents the Head of Internal Audit's Annual Report for 2011/12 in draft format.
- 1.2. In accordance with The 'Code of Practice for Internal Audit in Local Government in the United Kingdom' (2006), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), the annual report should:
  - provide an opinion on the overall adequacy and effectiveness of the organisation's internal control environment;
  - disclose any qualifications to that opinion, together with the reasons for the qualification;
  - present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies;
  - draw attention to any issues we judge particularly relevant to the preparation of the annual governance statement; and
  - comment on compliance with the standards contained in the Code of Practice and communicate the results of the internal audit quality assurance programme.

## **2. What is the reason for making this report?**

- 2.1. The Code requires an annual report to the audit committee or its equivalent. The Corporate Governance Committee would normally receive this report in May or June 2012 but, as this is the last meeting of the current Corporate Governance Committee membership, I am presenting a draft report for approval before the end of the financial year. I will present a final version of the report to Corporate Governance Committee in June 2012.

## **3. What are the Recommendations?**

- 3.1. The Corporate Governance Committee accepts the draft Internal Audit Annual Report 2011/12, including the overall Audit Opinion included within it.

## 4. Report details





### *Audit Opinion*

4.1. The overall adequacy and effectiveness of the organisation's internal control environment is defined as the policies, procedures and operations in place to:

- establish and monitor the achievement of the organisation's objectives;
- identify, assess and manage the risks to achieving the organisation's objectives;
- facilitate policy and decision-making;
- ensure the economical, effective and efficient use of resources; and
- ensure compliance with established policies, procedures, laws and regulations.

4.2. Considering this definition, I have based my audit opinion on the Internal Audit work carried out during 2011/12, the opinions formed in each area of review and the issues raised during our work, as shown in Appendix 1.

4.3. Using the new assurance ratings from our Internal Audit Reports shown in the table below, in my opinion, Denbighshire County Council can have 'medium' assurance in the overall adequacy and effectiveness of its internal control environment, including its arrangements for governance and risk management.

	High Assurance
	Medium Assurance
	Low Assurance
	No Assurance

4.4. There are no qualifications to this opinion.

### *Issues Relevant to the Annual Governance Statement*

4.5. There are no issues to report. Management has dealt with any high risk issues identified in our reports during the year.

### *Management's response to issues raised by Internal Audit*

4.6. Most of our Internal Audit reports identify risks and control weaknesses. We rate these as critical, major or moderate risk. Management agrees actions to address the risks, including responsibilities and timescales.

- 4.7. We report all instances where management fails to respond to our follow up work or where, in our opinion, they are failing to address risks raised in our reports satisfactorily and promptly. We had to report two services to Corporate Governance Committee during the year for not responding to our follow up requests but these have been addressed and the two services now provide information within timescale.
- 4.8. During 2011/12, we issued an Internal Audit report on St. Brigid's School, Denbigh with an audit opinion rating of 1 (overall management is very poor, with significant improvements urgently needed). The report was discussed at a case conference on 4 October 2011 and an action plan agreed. Our follow up review is in progress and we will report this to the next Corporate Governance Committee.

### ***Internal Audit Performance***

***Measure*** - We will review 100% of high-risk areas from the Corporate Risk Register in the financial year

- 4.9. Work is complete or in progress on all 16 high risks due for review.

***Measure*** - We will review 100% of financial assurance areas in the financial year

- 4.10. Work is complete in all 5 areas due for review.

***Measure*** - We will commence, carry out and report on audit projects promptly

- 4.11. We measure the time taken to complete audit projects from the start date agreed with the customer to when we issue the final report. Since introducing our new customer-focused approach in April 2011, the average time taken to complete a project has dropped from 165 days to 70 days, a 58% improvement.

***Measure*** - We will follow up issues raised in our reports promptly to ensure that services implement improvements and address risks

- 4.12. We also measure the time taken by services to implement actions agreed in our reports. Since we commenced the new process in May 2011, the average time to deal with a follow up has dropped from 440 days (2010/11 performance) to 30 days, a 93% improvement.

- 4.13. In addition, we are spending 50% less time following up actions, which means we are achieving improved results with less input.

***Measure*** - We aim to deliver customer satisfaction in terms of auditor performance, report accuracy, prompt reporting and usefulness of our reviews.

- 4.14. During the year we received feedback on 26 occasions, 24 (92%) of which expressed that they were either satisfied or very satisfied with

our service. We used any suggestions for improvement from these and the 2 dissatisfied customers to improve our service further.

***Compliance with the Code of Practice Standards***

- 4.15. The Wales Audit Office is about to review the Council's internal audit arrangements for 2011/12. The report will be submitted to the Corporate Governance Committee when it becomes available.

***Delivery of the Internal Audit Strategy 2011/12***

- 4.16. Appendix 1 provides a breakdown of our work during 2011/12, compared to the revised operational plan that this Committee agreed in November 2011. It includes assurance scores and number of issues raised for the completed reviews, definitions used to form our audit assurance and the ratings used to assess the risk-levels for issues raised.

## Appendix 1

### Internal Audit Work 2011/12 – progress as at 11 March 2012

Internal Audit Operational Plan	Original Planned Days	Revised Planned Days	Actual Days	Current Status	Audit Assurance	No. of Issues High/Critical	No. of Issues Medium/Moderate	Comments
<b>Financial Assurance</b>								
Capital Planning & Strategic Procurement	50	50	48	Complete	4 3	0	5	Separate Audit Assurance provided for Capital Planning & Procurement
Income security reviews 2011/12	15	12	12	Complete				
Cashiers & Postal Operations	10	19	19	Complete	4	0	2	
IDEA Testing on Financial Systems	10	19	19	Complete	4	0	0	
Financial Systems – Rhyl based areas	35	45	45	Complete	4	0	6	
Financial Systems – Ruthin based areas	45	40	47	Draft report				
Supply Debtors – additional work arising from Revenues review	0	0	16	In progress				•Review of low value invoicing and volumes of credit notes
Creditors – additional work arising from Finance review 2010/11	0	0	26	In progress				•Review of payments with no purchase order issued
Purchasing & Creditors	0	0	1	Complete	3	0	6	•B/fwd from 2010/11
Income security reviews 2010/11	0	0	4	Complete				•B/fwd from 2010/11
	<b>165</b>	<b>185</b>	<b>237</b>					
<b>Corporate Assurance</b>								
Highways & Infrastructure – Major Projects	35	35	30	Draft report				
Information Governance	20	20	16	Complete				•Business Transformation Project
Modernising Education	10	2	1	Complete				•Monitored through various Cabinet & committee reports
Performance Management	15	15	0	Preparation				•Programmed for March 2012
Themed School Visits	50	20	8	Cancelled				•Cancelled due to Estyn Inspection

Internal Audit Operational Plan	Original Planned Days	Revised Planned Days	Actual Days	Current Status	Audit Assurance	No. of Issues High/Critical	No. of Issues Medium/Moderate	Comments
Housing Maintenance	25	25	1	Preparation				• Scope being agreed with Head of Service. Project to commence March 2012
Strategic Human Resources	20	20	27	In progress				• Review expanded and nearing completion
Sustainability & Climate Change – Ph 1	15	13	3	Complete	4	0	2	
Sustainability & Climate Change – Ph 2			10	Complete	3	0	2	
Housing Enforcement	10	10	10	Complete				• Informal review only. No audit opinion.
Refuse Collection & Waste Management	25	10	1	Preparation				• Reprogrammed for 2012/13
Community Enforcement	15	20	4	Preparation				• Reprogrammed for 2012/13
Adult Services – Commissioning Social Care	50	16	21	Complete	5	0	3	
Asset Management	3	2	2	Complete				
Corporate Health & Safety	10	10	3	In progress				
Partnerships - Corporate	45	45	43	Complete	2	0	8	
Partnerships – Wales Penalty Processing Partnership				Complete	4	0	1	
Children & Family – Service Location	50	33	17	Complete				• Review of logistics of service. No audit opinion.
Children & Family – Lone Working Practices			8	In progress				
Social Services – CIS Contingency Plans	0	4	5	Complete	3	0	4	
School Meals Service	1	1	1	Complete				
Royal International Pavilion	0	25	26	Complete	3	0	7	
Corporate Governance Framework	5	5	5	In progress				
Corporate Health & Safety – Asbestos Management	0	0	13	Complete	3	0	7	• B/fwd from 2010/11



Internal Audit Operational Plan	Original Planned Days	Revised Planned Days	Actual Days	Current Status	Audit Assurance	No. of Issues High/Critical	No. of Issues Medium/Moderate	Comments
Arms Length Organisations	0	2	1	Complete				• Informal assurance through discussion
Leisure Centres	0	7	3	Complete				• Systems Thinking review of management system / sundry debtor invoicing
Community Building Management	0	10	10	In progress				
Pavilion Theatre, Rhyl	0	25	4	In progress				
School Transport	0	0	3	In progress				• Joint project requested with CCBC
	<b>607</b>	<b>375</b>	<b>276</b>					
<b>Follow Up Assurance</b>								
Follow up of previous IA reviews	<b>100</b>	<b>70</b>	<b>43</b>					
<b>Special Projects, Investigations, Fraud &amp; Corruption Assurance</b>								
Planning Application complaint	100	100	4	Complete				• Review of complaint
Rhydlan Nature Reserve complaint			9	Complete				• Review of complaint
National Fraud Initiative			10	In progress				• Facilitation role for national data-matching exercise
Housing Maintenance			11	Complete				• Passed to Strategic HR for investigation
Contractor investigation following alleged fraud in Conwy CBC			3	Complete				• No evidence of fraud in DCC
Rhyl Youth Action Group			7	Complete				• Investigation on behalf of Welsh Government
Trade Refuse Collection			1	Complete				• Review of complaint
Denbighshire Enterprise Agency			4	Complete				• Review of complaint
Contractor investigation following anonymous letter			2	Complete				• Discussed with police but not pursued
Licensing & Safeguarding			2	In progress				• Corporate Director requested for review of taxi licensing issues
Purchasing Cards			5	In progress				• Case passed to police
Proactive & Reactive work - general			3					

Internal Audit Operational Plan	Original Planned Days	Revised Planned Days	Actual Days	Current Status	Audit Assurance	No. of Issues High/Critical	No. of Issues Medium/Moderate	Comments
	100	100	61					
<b>Welsh Government Assurance</b>								
St. Brigid's School, Denbigh	20	47	51	Complete	1	0	23	
Post 16 PLASC returns	10	15	20	In progress	4	0	0	
Prestatyn High School	15	18	19	Complete	4	0	3	
Ysgol Glan Clwyd, St. Asaph	15	18	18	Complete	3	1	5	
Grant Certification								
- Breakfast Initiative Grant	35	35	5	Complete				• Certification only – no report
- Community Focused Grant			5	Complete				• Certification only – no report
- Learning & Assessment Grant			9	Complete				• Informal report only
Education Grants Management			11	Complete			1	• Informal report only. No audit opinion
Ysgol Brynhyfryd, Ruthin	0	0	3	Complete	4	0	3	• B/fwd from 2010/11
	<b>95</b>	<b>133</b>	<b>141</b>					
<b>Consultancy &amp; Corporate Work</b>								
Research & Horizon Scanning	250	185	32					
CET/SLT/Committees etc			47					
Project & Working Groups			26					
Guidance & Advice			39					
IA Collaboration Partnership	50	50	41					
	<b>300</b>	<b>235</b>	<b>185</b>					
<b>External Contracts</b>								
North Wales Police Authority	200	184	165					• Agreed by contract
Countryside Council for Wales	165	180	181					• Agreed by contract

Internal Audit Operational Plan	Original Planned Days	Revised Planned Days	Actual Days	Current Status	Audit Assurance	No. of Issues High/Critical	No. of Issues Medium/Moderate	Comments
School Fund Audits	5	45	43					•Additional requests for audits from schools some presenting 2-3 years accounts for audit
	<b>370</b>	<b>409</b>	<b>389</b>					
<b>Internal Audit Support Areas</b>								
Management & Admin	300	350	335					
Training	50	90	114					•Increase due to staff turnover during year.
	<b>350</b>	<b>440</b>	<b>449</b>					
<b>Total Days</b>	<b>2087</b>	<b>1947</b>	<b>1781</b>					

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**Report To:** Corporate Governance Committee

**Date of Meeting:** 28 March 2012

**Report Author:** Head of Internal Audit Services

**Title:** Internal Audit Strategy 2012-3

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**1. What is the report about?**

This report introduces the Internal Audit Strategy for 2012/13. This is a brief covering report, as all necessary background information is included in the Strategy document itself.

**2. What is the reason for making this report?**

Corporate Governance Committee's terms of reference include approval of Internal Audit's plan of work.

**3. What are the Recommendations?**

Committee approves the Internal Audit Strategy 2012/13.

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# **Internal Audit Service**

## **Strategy 2012-13**

**Ivan Butler – Head of Internal Audit**

**March 2012**

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## Background

### Introduction to the Service

1. The Internal Audit Service is an internal team that advises and provides assurance to all levels of management and elected members on the quality of operations within the Council. We particularly focus on corporate governance, risk management, performance, efficiency and operational and financial control.
2. We also provide internal audit services to Countryside Council for Wales (CCW) and North Wales Police Authority (NWPA). This Strategy refers primarily to the service provided to Denbighshire County Council.

### Key objectives of the Service

**Provide independent assurance to management and elected members on risk management, governance and internal control**

**Contribute to the improvement of services, helping to deliver the organisation's corporate priorities and objectives**

### Approach

3. Our team is very proactive and innovative, constantly aiming to improve. We have used a systems thinking methodology to develop a customer-focused approach to audit planning and the delivery of our reviews, involving elected members, senior management and operational staff as much as possible. The IA team also attended a lean thinking workshop recently to reinforce our approach in line with Chartered Institute of Internal Auditors (CIIA) and Chartered Institute of Public Finance & Accountancy (CIPFA) developments.
4. Our Operational Audit Plan takes account of discussions with Heads of Service and Corporate Executive Team (CET). It provides a risk-based approach that allows the Head of Internal Audit to form and evidence his opinion on the control environment to support the Annual Governance Statement.
5. The Head of Internal Audit is currently developing an Integrated Assurance Model that will ensure that he takes account of all assurance received on Council services e.g. management reviews, external regulator reviews, self-assessments. This will inform the overall level of risk and consideration of internal audit requirements. This will also allow co-ordination of assurance work and avoid duplication that can result in 'over-inspection' of services.

## Service Delivery

### Strategic Approach

6. The following diagram provides an overview of how we plan to spend our time during 2012/13. It shows how we will use our time to gather the necessary evidence to form our overall audit opinion and provide the necessary levels of assurance for the Annual Governance Statement. The Internal Audit Operational Plan commencing on page 6 provides more detail.

### Assurance Strategy 2012/13

Essential Assurance			
S151 Assurance	130 days	6%	<ul style="list-style-type: none"> <li>• Financial systems</li> <li>• 6<sup>th</sup> Form Funding</li> <li>• Carbon Reduction Commitment</li> <li>• WG Education grants</li> <li>• Risk management</li> <li>• Corporate Governance Framework</li> <li>• Management of high corporate risks</li> </ul>
Grant & Other Certification Assurance	70 days	3%	
Corporate Governance Assurance	60 days	3%	
High Corporate Risk Assurance	45 days	2%	

### Risk-based Assurance in Services

Service Operational Assurance	645 days	31%	<ul style="list-style-type: none"> <li>• Service reviews agreed with Heads of Service</li> </ul>
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### External Contracts

External Contracts	365 days	17%	<ul style="list-style-type: none"> <li>• CCW &amp; NWPA contracts</li> <li>• School fund audits requested by schools</li> </ul>
School Fund Audits	30 days	1%	

### Contingencies

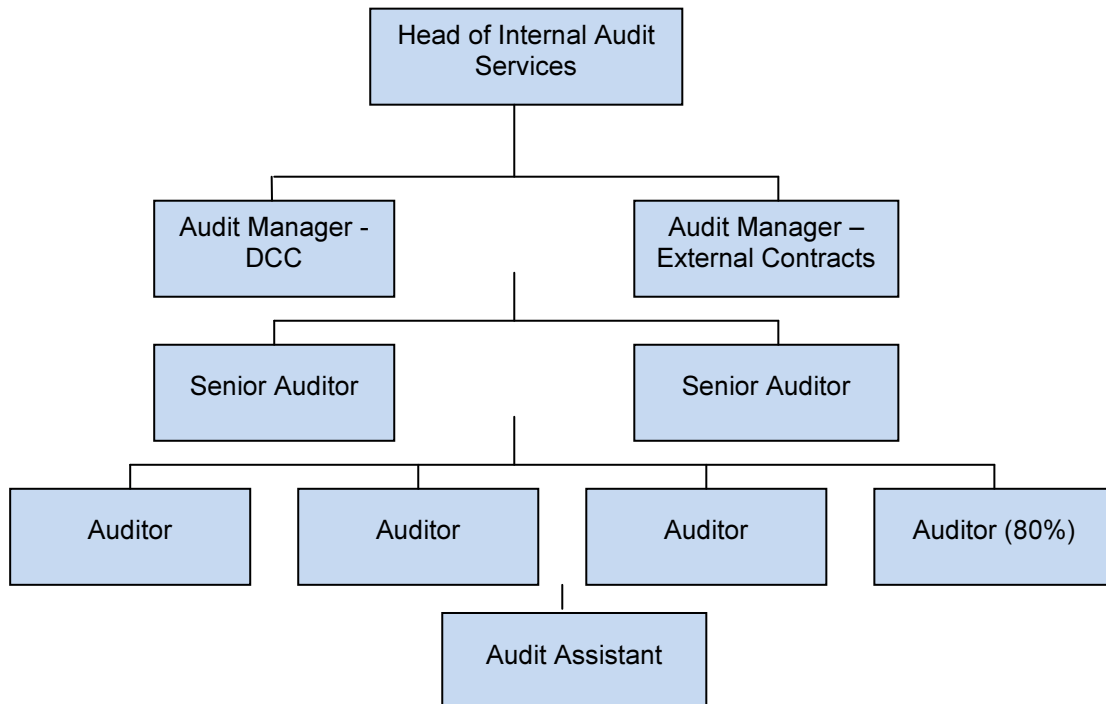
Consultancy & Corporate Work	185 days	9%	Includes: <ul style="list-style-type: none"> <li>• Committee support</li> <li>• Committee reporting</li> <li>• Guidance &amp; advice</li> <li>• Improvement action chasing</li> <li>• Proactive &amp; reactive investigation work</li> </ul>
Follow up of actions with management	40 days	2%	
IA collaboration projects	50 days	2%	
Fraud & Investigations	80 days	4%	

### IA Management & Support

Management & Admin	350 days	17%	<ul style="list-style-type: none"> <li>• IA overheads</li> </ul>
Training & Development	70 days	3%	

## Capacity & Audit Needs Assessment

7. We will have 2,120 days available in 2012/13, excluding leave and bank holidays. Our draft Audit Needs Assessment shows that we would need over 2,500 days to cover all the necessary areas (red and amber risks), leaving a needs gap of approximately 380 days. The Operational Audit Plan is risk-based, so includes those areas from the Audit Needs Assessment that have the highest audit risk score.
8. The service structure is shown below, with all posts currently filled.



## Budget

9. Our budget is mainly employee based (90%), and is heavily reliant on income earned through our external contracts. However, the future of these contracts is in some doubt.
10. Our NWPA contract ends on 31 March 2014, having agreed a one-year extension to take us through the transition between the abolition of the Police Authority and the introduction of a directly elected Police & Crime Commissioner. The future internal audit requirements are unknown, but we will look to take advantage of any opportunity to retain or even expand our role.
11. Our CCW contract is at risk after 1 April 2013 as there is to be a merger between CCW, the Forestry Commission Wales and Environment Agency Wales. We are uncertain where the new organisation's services will be based and its internal audit requirements; however, it may provide us with the opportunity to continue our work in North Wales and possibly work in collaboration with other internal audit services for the new organisation as a whole.

## Performance

12. To measure how well we deliver our customer-focused service, we use following performance measures:

Main Customer	Customer Requirement	Measurement Method
<ul style="list-style-type: none"> <li>• S151 Officer</li> <li>• Corporate Governance Committee</li> <li>• CET</li> <li>• Leader</li> </ul>	An evidence-based annual assurance opinion for the Annual Governance Statement by the due date	<ul style="list-style-type: none"> <li>• Review 100% of agreed S151 Assurance areas in Operational Audit Plan by 31 March 2013</li> </ul>
		<ul style="list-style-type: none"> <li>• Review 100% of agreed Corporate Governance Assurance areas in Operational Audit Plan by 31 March 2013</li> </ul>
		<ul style="list-style-type: none"> <li>• Review 100% of agreed High Corporate Risk Assurance areas in Operational Audit Plan by 31 March 2013</li> </ul>
		<ul style="list-style-type: none"> <li>• Head of Internal Audit to produce Annual Internal Audit Report by 31 May 2013</li> </ul>
<ul style="list-style-type: none"> <li>• Corporate Governance Committee</li> <li>• CET</li> <li>• SLT</li> <li>• Service managers, Head Teachers etc.</li> </ul>	Audit projects commenced, carried out and reported on promptly	<ul style="list-style-type: none"> <li>• Use Systems Thinking capacity charts to monitor service performance over the financial year</li> <li>• Auditor performance monitored through supervision, one-to-one reviews feeding into appraisal process and competency framework</li> <li>• Feedback from post-project discussions with customers</li> </ul>
<ul style="list-style-type: none"> <li>• Corporate Governance Committee</li> <li>• CET</li> <li>• SLT</li> </ul>	Management actions agreed during our reviews implemented by the agreed date	<ul style="list-style-type: none"> <li>• Monthly follow ups by Head of Internal Audit with Heads of Service</li> <li>• Non-compliance reports by Head of Internal Audit to Corporate Governance Committee</li> </ul>
<ul style="list-style-type: none"> <li>• SLT</li> <li>• Service managers, Head Teachers etc.</li> </ul>	Audit projects carried out professionally, adding value to services	<ul style="list-style-type: none"> <li>• Feedback from post-project discussions with customers</li> <li>• Suggestions for improvements to Internal Audit service logged and discussed with team</li> <li>• Auditor performance monitored through supervision, one-to-one reviews feeding into appraisal process and competency framework</li> </ul>

## The Internal Audit Planning Process

13. We use a risk-based approach to our audit planning and project work, taking account of risks in the Corporate and Service risk registers. We focus our resources on providing assurance in the areas of highest risk, while ensuring that we complete the required levels of assurance work for the Council's S151 Officer, Corporate Governance Framework and annual certifications, e.g. Welsh Government education grants, Carbon Reduction Commitment. As our approach is risk-based, we revise our plan regularly, particularly after an update of the Corporate Risk Register.
14. The Head of Internal Audit produces an Annual Report to the Corporate Governance Committee that includes an opinion on the Council's corporate governance and risk management arrangements and highlights any key risk areas that require attention. Our risk-based approach and wide-ranging coverage allows us to make a significant contribution to the Council's Corporate Governance Framework and development of its Annual Governance Statement.
15. The following Operational Audit Plan 2012/13 results from an Audit Needs Assessment, adjusted to take account of the internal audit resources available during the year. The days shown against each review area are estimates at this stage and we will agree them when we discuss and finalise the scope of work with the relevant managers. In some instances, we will only be reviewing a specific risk rather than a whole service, which is why some areas of work only show minimal audit days.

## Internal Audit Operational Plan 2012/13

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
<b>S151 Assurance – 130 days (6%)</b>			
Financial Systems – Rhyl based	60	<ul style="list-style-type: none"> <li>•Debtors</li> <li>•Council Tax</li> <li>•Benefits</li> <li>•NDR</li> </ul>	<ul style="list-style-type: none"> <li>•Required annual assurance for S151 Officer</li> <li>•High financial impact</li> <li>•High customer impact</li> <li>•Annual Governance Statement evidence of financial controls</li> </ul>
Financial Systems – Ruthin based	40	<ul style="list-style-type: none"> <li>•Payroll</li> <li>•Creditor payments</li> <li>•Purchasing cards</li> <li>•Treasury management</li> <li>•Bank reconciliation</li> </ul>	<ul style="list-style-type: none"> <li>•Required annual assurance for S151 Officer</li> <li>•High financial impact</li> <li>•High customer impact</li> <li>•Annual Governance Statement evidence of financial controls</li> </ul>
Project Management	15	<ul style="list-style-type: none"> <li>•Review of a sample of high-risk projects</li> <li>•Ensure projects well-managed</li> </ul>	<ul style="list-style-type: none"> <li>•Required annual assurance for S151 Officer</li> <li>•High financial impact</li> <li>•Annual Governance Statement evidence of financial controls</li> </ul>
Procurement	15	<ul style="list-style-type: none"> <li>•Review compliance with legislation, procurement strategy and Council procedures</li> </ul>	<ul style="list-style-type: none"> <li>•Required annual assurance for S151 Officer</li> <li>•High financial impact</li> <li>•Annual Governance Statement evidence of financial controls</li> </ul>
<b>Grant &amp; Other Certification Assurance – 70 days (3%)</b>			
Sustainability/Climate Change	12	<ul style="list-style-type: none"> <li>•Review of data quality and completeness</li> </ul>	<ul style="list-style-type: none"> <li>•Annual audit required for Climate Change Commitment compliance</li> </ul>
Welsh Government (WG) Education Grant Certification	25	<ul style="list-style-type: none"> <li>•Various WG education grants as required</li> </ul>	<ul style="list-style-type: none"> <li>•WG requirement for confirmation of grant condition compliance</li> </ul>
WG 6 <sup>th</sup> Form Funding – Ysgol Dinas Bran, Llangollen	10	<ul style="list-style-type: none"> <li>•Review of financial management</li> </ul>	<ul style="list-style-type: none"> <li>•WG requirement for confirmation of funding condition compliance</li> </ul>

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
WG Student Finance Certification	15	<ul style="list-style-type: none"> <li>Review of processes in accordance with recent WG guidance, particularly to prevent and detect fraud</li> </ul>	<ul style="list-style-type: none"> <li>WG requirement for confirmation of funding condition compliance</li> </ul>
WG Adult Education Certification	8	<ul style="list-style-type: none"> <li>Review of WG grant use</li> </ul>	<ul style="list-style-type: none"> <li>WG requirement for confirmation of grant condition compliance</li> </ul>
<b>Corporate Governance Assurance – 60 days (3%)</b>			
Risk Management	20	<ul style="list-style-type: none"> <li>Review key areas from ALARM benchmarking results</li> <li>Assess against good practice guidance</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance assurance</li> </ul>
Corporate Governance Framework	40	<ul style="list-style-type: none"> <li>Annual update and review of Corporate Governance Framework</li> <li>Review effectiveness of key areas from Framework</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance assurance</li> </ul>
<b>High Corporate Risk Assurance – 50 days (2%)</b>			
The risk of a serious safeguarding error where the Council has responsibility	10	<ul style="list-style-type: none"> <li>Review incorporated into ongoing work from 2011/12</li> </ul>	<ul style="list-style-type: none"> <li>High inherent risk in Corporate Risk Register</li> </ul>
The risk that we are unable to develop the staff and management capability to deliver the change agenda	5	<ul style="list-style-type: none"> <li>Review management of risk e.g. training &amp; development, capacity for change etc.</li> </ul>	<ul style="list-style-type: none"> <li>High inherent risk in Corporate Risk Register</li> </ul>
The risk that the time and effort invested in collaboration is disproportionate to the benefits realised	15	<ul style="list-style-type: none"> <li>Review of management of risk</li> <li>Review a sample of collaboration projects</li> </ul>	<ul style="list-style-type: none"> <li>High inherent risk in Corporate Risk Register</li> </ul>

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
The risk that the economic environment worsens beyond current expectations, leading to additional demand on services and reduced income	5	<ul style="list-style-type: none"> <li>•Review of management of risk</li> <li>•Review Medium Term Financial Plan</li> </ul>	•High inherent risk in Corporate Risk Register
The risk that strategic ICT infrastructure does not enable improvement and support change	10	<ul style="list-style-type: none"> <li>•Review management of risk based on imminent WAO report on ICT</li> <li>•Review progress on ICT Strategy implementation</li> </ul>	•High inherent risk in Corporate Risk Register
The risk that our asset portfolio becomes an unmanageable liability and an obstacle to strategic planning	5	<ul style="list-style-type: none"> <li>•Ongoing review of management of risk</li> </ul>	•High inherent risk in Corporate Risk Register
<b>Risk-based Assurance in Services – 640 days (31%)</b>			
<b>Adult Services</b>			
Intake & Reablement	10	<ul style="list-style-type: none"> <li>•Review of new intake and assessment processes</li> </ul>	•Head of Service request for IA review
Learning Disabilities & POVA	15	<ul style="list-style-type: none"> <li>•Operational review of POVA cases</li> </ul>	•No previous IA review
Direct Care Costs & Placements	15	<ul style="list-style-type: none"> <li>•Review of Out of County Placements</li> </ul>	<ul style="list-style-type: none"> <li>•High financial value</li> <li>•No previous IA review</li> </ul>
<b>Business Planning &amp; Performance</b>			
Equalities	15	<ul style="list-style-type: none"> <li>•Strategic review to ensure compliance with legislation, awareness etc.</li> </ul>	<ul style="list-style-type: none"> <li>•No recent IA review</li> <li>•Legislative non-compliance risk</li> </ul>
<b>Children's Services</b>			
Children's Services general	35	<ul style="list-style-type: none"> <li>•Review of information management between various systems and within various processes to ensure that decision-making is fully and accurately informed.</li> </ul>	•Head of Service request for IA review

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Area of Review	Audit Days	Draft Scope of Work	Reason for Review
<b>Customer Services</b>			
Information Governance	10	•Contingency for follow up work after WAO review	•High risk area previously
Cashiers Services	5	•Contingency for involvement in process review	•Head of Service request for potential IA consultation
IT Service Desk, Incident & Problem Management	20	•Efficiency of new arrangements since 'systems thinking' review	•Critical customer facing service •Service recently changed •No previous IA review
IT Service Continuity Management	2	•Review progress with business continuity arrangement in IT along with corporate arrangements	•Need to ensure progress with corporate Business Continuity Plan
IT Operations Management	20	•Operational Review	•No previous IA review
IT Configuration	15	•Operational Review	•No previous IA review
IT Project Management	15	•Operational Review	•No previous IA review
<b>Education Services</b>			
School Improvement	60	Contingency for: •Issues arising from Estyn report •Themed visits of higher risk areas •School balances review •School visits •Training business / finance managers	•Discussed with Head of Service •Agreed to await outcome of Estyn report before finalising scope of work •Performance Scrutiny requested review of school balances
Rhyl High School	15	•Financial management •Governance •Security •ICT •School Fund •Health & Safety •HR	•Previous IA review found significant weaknesses •This review to gain assurance of improvement in management of school

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
St. Brigids School	10	•Follow up of 2011/12 IA review	•2011/12 IA review found significant weaknesses
Modernising Education	10	•Support to schools e.g. finance, HR, ICT	•High risk in service risk register •No previous IA review
<b>Environment</b>			
Refuse Collection & Waste Disposal	25	•Review of domestic refuse collection, including complaints management	•Significant service area •No previous IA review
Sign Shop	20	•Operational review	•No recent IA review •Trading risk
Countryside Services	25	•Strategic and operational review of complete service	•High risk in service risk register •Some areas with no previous IA review •No recent IA review of Loggerheads
Public Realm	40	•Operational review of grounds, parks, street cleaning and coastal facilities management	•Significant service area •No previous IA review
<b>Finance &amp; Assets</b>			
Travel & Subsistence	20	•Review of claims and Essential Users	•Recent policy changes •Need to ensure consistency and compliance
Property Management	20	•Review of approved list, tendering, work supervision etc.	•Weaknesses identified during recent IA review •Need to gain assurance of system improvement
Revenues Customer Service	10	•Systems Thinking review of telephone answering	•Issue highlighted in 2011/12 IA review
<b>Highways &amp; Infrastructure</b>			
Passenger Transport	15	•Review of key risks & contracts •Full operational review of public and transport •Joint review with Conwy CBC, with DCC leading project	•High risk in service risk register •No recent IA review

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
Business Continuity Planning	2	<ul style="list-style-type: none"> <li>•Review progress with corporate business continuity arrangement</li> </ul>	<ul style="list-style-type: none"> <li>•Need to ensure progress with corporate Business Continuity Plan</li> </ul>
Traffic & Transportation	20	<ul style="list-style-type: none"> <li>•Review of key risks</li> <li>•Full operational review</li> </ul>	<ul style="list-style-type: none"> <li>•Risk in service risk register</li> <li>•No previous IA review</li> </ul>
Street Lighting	15	<ul style="list-style-type: none"> <li>•Operational review</li> </ul>	<ul style="list-style-type: none"> <li>•Risk in service risk register</li> <li>•No previous IA review</li> </ul>
<b>Housing Services</b>			
Housing Services	20	<ul style="list-style-type: none"> <li>•Affordable Housing management</li> <li>•Housing rents</li> </ul>	<ul style="list-style-type: none"> <li>•Affordable Housing risk in service risk register</li> <li>•No recent IA review of housing rents</li> </ul>
<b>Legal &amp; Democratic Services</b>			
Democratic Services	5	<ul style="list-style-type: none"> <li>•Review preparation for new Wales Measure</li> </ul>	<ul style="list-style-type: none"> <li>•New democratic requirements</li> <li>•Potential for new elected members after election</li> </ul>
<b>Leisure, Libraries &amp; Community Development</b>			
Data Protection & FOI	20	<ul style="list-style-type: none"> <li>•Compliance with legislation</li> <li>•Training</li> <li>•Operational review</li> </ul>	<ul style="list-style-type: none"> <li>•Risk of fines for non-compliance</li> <li>•No recent IA review of Data Protection</li> <li>•No IA review of FOI</li> </ul>
Archives Service	20	<ul style="list-style-type: none"> <li>•Operational review</li> <li>•Retention of documents</li> </ul>	<ul style="list-style-type: none"> <li>•No previous IA review</li> <li>•Risks linked to Data Protection requirements</li> </ul>
Leisure Services	1	<ul style="list-style-type: none"> <li>•Review management of Corwen Pavilion Risk</li> </ul>	<ul style="list-style-type: none"> <li>•Risk in service risk register</li> </ul>
<b>Regeneration, Planning &amp; Public Protection</b>			
Community Enforcement	30	<ul style="list-style-type: none"> <li>•Operational review of enforcement &amp; Community Safety Partnership</li> <li>•Joint review with Conwy CBC, with DCC leading project</li> </ul>	<ul style="list-style-type: none"> <li>•Brought forward from 2011/12 Operational Audit Plan</li> <li>•Risk in service risk register</li> </ul>

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
Food & Health & Safety Enforcement	10	<ul style="list-style-type: none"> <li>Operational review</li> <li>Ensure e-coli risks managed corporately</li> <li>Joint review with Conwy CBC, with Conwy leading project</li> </ul>	<ul style="list-style-type: none"> <li>E-coli risk</li> <li>Other risks in service risk register</li> <li>No previous IA review</li> </ul>
Trading Standards	10	<ul style="list-style-type: none"> <li>Operational review</li> <li>Joint review with Conwy CBC, with Conwy leading project</li> </ul>	<ul style="list-style-type: none"> <li>No recent IA review</li> <li>Organisational changes within service</li> </ul>
Strategic Regeneration	25	<ul style="list-style-type: none"> <li>Review of Rhyl Regeneration Project</li> </ul>	<ul style="list-style-type: none"> <li>Senior management request in 2011/12 postponed until 2012/13</li> </ul>
<b>Strategic Human Resources</b>			
Corporate Health & Safety	15	<ul style="list-style-type: none"> <li>Contingency days for review to be agreed with service manager</li> </ul>	<ul style="list-style-type: none"> <li>Potential high risk areas may need IA review</li> </ul>
<b>External Work – 395 days (18%)</b>			
Countryside Council for Wales	165	<ul style="list-style-type: none"> <li>As per agreed schedule of work</li> </ul>	<ul style="list-style-type: none"> <li>External contract</li> </ul>
North Wales Police Authority	200	<ul style="list-style-type: none"> <li>As per agreed schedule of work</li> </ul>	<ul style="list-style-type: none"> <li>External contract</li> </ul>
School Fund Audits	30	<ul style="list-style-type: none"> <li>Sign off audit certificates as requested</li> </ul>	<ul style="list-style-type: none"> <li>Service request from schools</li> </ul>
<b>Contingencies – 355 days (17%)</b>			
Consultancy & Corporate Work	185	<ul style="list-style-type: none"> <li>Reporting to committees, CET &amp; SLT</li> <li>Project &amp; working group membership</li> <li>Guidance &amp; advice to services</li> <li>Research &amp; horizon scanning</li> </ul>	
Follow up reviews	40	<ul style="list-style-type: none"> <li>Follow up agreed actions from IA reviews</li> </ul>	<ul style="list-style-type: none"> <li>Ensure improvements implemented as agreed</li> </ul>
IA collaboration	50	<ul style="list-style-type: none"> <li>North &amp; Mid-Wales Audit Partnership Board &amp; operational group meetings</li> </ul>	

Area of Review	Audit Days	Draft Scope of Work	Reason for Review
Frauds & Investigations	80	<ul style="list-style-type: none"> <li>•Proactive &amp; reactive fraud work</li> </ul>	<ul style="list-style-type: none"> <li>•Prevent, detect and investigate potential frauds</li> <li>•Provide assurance that fraud risk is well managed</li> </ul>
<b>IA Management &amp; Support – 420 days (20%)</b>			
Management & Admin	350		
Training	70		
<b>TOTAL DAYS</b>	<b>2120</b>		

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REPORT TO: CORPORATE GOVERNANCE COMMITTEE  
 DATE: 28 MARCH 2012  
 REPORT BY: HEAD OF LEGAL AND DEMOCRATIC SERVICES  
 SUBJECT: COMMITTEE FORWARD WORK PROGRAMME 2012/2013

DATE OF MEETING	REPORT	AUTHOR
13 June 2012	<p><b>Standing Items</b></p> <p>Issues Referred by Scrutiny Committees            Recent External Regulatory Reports Received            Internal Audit Progress Report</p> <p><b>Reports</b></p> <p>Draft Annual Governance Statement 2011/12</p>	<p>Scrutiny Coordinator            Corporate Improvement Manager            Head of Internal Audit</p> <p>Head of Internal Audit</p>
11 July 2012	<p><b>Standing Items</b></p> <p>Issues Referred by Scrutiny Committees            Recent External Regulatory Reports Received            Internal Audit Progress Report</p> <p><b>Reports</b></p> <p>Treasury Management Update</p>	<p>Scrutiny Coordinator            Corporate Improvement Manager            Head of Internal Audit</p> <p>Head of Finance and Assets</p>

5 September 2012	<p><b>Standing Items</b></p> <p>Issues Referred by Scrutiny Committees Recent External Regulatory Reports Received Internal Audit Progress Report</p> <p><b>Reports</b></p> <p>Treasury Management Review</p>	<p>Scrutiny Coordinator Corporate Improvement Manager Head of Internal Audit</p> <p>Head of Finance and Assets</p>
14 November 2012	<p><b>Standing Items</b></p> <p>Issues Referred by Scrutiny Committees Recent External Regulatory Reports Received Internal Audit Progress Report</p> <p><b>Reports</b></p> <p>Regulation of Investigatory Powers Act 2000 (RIPA) Constitutional Issues Annual 'Your Voice' Report Treasury Management Update</p>	<p>Scrutiny Coordinator Corporate Improvement Manager Head of Internal Audit</p> <p>Corporate Governance Solicitor Head of Legal &amp; Democratic Services Corporate Complaints Officer Head of Finance and Assets</p>
27 February 2013	<p><b>Standing Items</b></p> <p>Issues Referred by Scrutiny Committees Recent External Regulatory Reports Received Internal Audit Progress Report</p>	<p>Scrutiny Coordinator Corporate Improvement Manager Head of Internal Audit</p>



	<b>Reports</b> Internal Audit Strategy 2013/14 Treasury Management Strategy	Head of Internal Audit Head of Finance and Assets
10 April 2013	<b>Standing Items</b> Issues Referred by Scrutiny Committees Recent External Regulatory Reports Received Internal Audit Progress Report  <b>Reports</b> Internal Audit Annual Report 2012/13	Scrutiny Coordinator Corporate Improvement Manager Head of Internal Audit  Head of Internal Audit
22 May 2013	<b>Standing Items</b> Issues Referred by Scrutiny Committees Recent External Regulatory Reports Received Internal Audit Progress Report  <b>Reports</b> Draft Annual Governance Statement 2012/13	Scrutiny Coordinator Corporate Improvement Manager Head of Internal Audit Services  Head of Internal Audit

NB The exact date of publication of occasional reports by for example Wales Audit Office or Annual Reports by the Ombudsman are not presently known. They will be assigned a meeting date as soon as practicable.

Updated 15/03/2011 KEJ

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