

Audit Detailed Report

July 2005



Interim Audit Report

Wiltshire County Council

Audit 2004/2005

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Summary Report

Introduction

- 1 Our audit work aims to provide an integrated audit of the Council's activities in accordance with our statutory responsibilities under the Code of Audit Practice (the Code). It also responds to the Council's risk areas as identified within our planning processes.
- 2 This report summarises the work carried out at as part of our interim audit visit. This includes reviews of the Council's:
 - core financial processes which produce the annual accounts;
 - Internal Audit arrangements; and
 - overall arrangements for the financial aspects of corporate governance.

Background

- 3 Our audit work to date, has focused on coverage of two code areas, the annual accounts and the financial aspects of corporate governance. Our objectives were, therefore, to obtain sufficient evidence to:
 - support our opinion on whether the Council's financial statements are fairly presented; and
 - independently assess the Council's governance arrangements and identify risks where further audit work or action by the Council is required.

Audit approach

Managed Audit

- 4 Under the 'managed audit' approach we have carried out our annual review of the Council's Internal Audit section. This review concluded that we could rely on their work and we have placed as much reliance as possible on this. Internal Audit have taken into account our requirements for review and testing when carrying out their own work programmes. Through reviewing their work, and re-performing or extending tests where appropriate, we aim to gain sufficient assurances to accept their conclusions and minimise our own accordingly.
- 5 We do not intend to repeat all Internal Audit recommendations on specific systems, as past experience suggests that their concerns are acted upon by officers. We fully endorse all Internal Audit recommendations in areas where we place reliance.

- 6 In order to build on current arrangements, we have agreed a three-year joint working agreement with your Internal Audit section. This document is attached at Appendix 1 and sets out the opportunities for Internal Audit to plan to do work that we would otherwise need to do.

Core processes

- 7 At this interim stage, we carry out testing to assess the adequacy of the 'core processes' which form the basis of the preparation of the Council's financial statements. These are:
- the main accounting system;
 - budgetary control procedures; and
 - year-end closedown procedures.
- 8 As part of our Audit and Inspection Plan 2004/05, we have also agreed to work with your corporate finance team to look at arrangements for ensuring earlier publication deadlines for the statement of accounts for 2004/05 and onwards are met. We have therefore, applied a closedown diagnostic looking at opportunities to streamline the closedown process further.

Financial aspects of corporate governance

- 9 It is the responsibility of the Council to put into place proper arrangements to ensure proper conduct of its financial affairs, and to monitor their adequacy and effectiveness in practice. It is our responsibility under the Code to review and, where appropriate, report upon the Council's arrangements.
- 10 Our audit approach for this code area involved an integrated review of the Council's arrangements covering the following areas:
- legality of financial transactions;
 - financial standing arrangements, including a review of your MTFP process;
 - internal financial controls, including risk management; and
 - standards of ethical conduct and the prevention of fraud and corruption.
- 11 We have reviewed these arrangements by undertaking detailed testing and obtaining evidence to support our conclusions. This has been supplemented with detailed reviews of specific risk areas highlighted as part of our 2004/05 planning process. In particular, we have undertaken:
- work with officers and members looking specifically at the Council's ethical governance arrangements that form an integral part of good corporate governance arrangements. This included a survey of members and chief officers and initial findings are to be discussed with the Standards Committee in September 2005; and
 - a follow-up review of your ordering and purchasing arrangements.

- 12 In reaching a view of your governance arrangements, we have also taken account of our review of Internal Audit whose work forms a key part of the Council's internal financial controls.
- 13 Finally, our interim opinion work on the 2004/05 financial statements has also considered whether the Council's Statement on Internal Control (SIC) complies with proper practices and whether any of the assertions contained in it are misleading or inconsistent with our understanding of the Council's internal control arrangements.

Main conclusions

- 14 Our overall conclusion is that the Council has satisfactory arrangements and processes in place for all areas reviewed.
- 15 We have concluded that your core processes are sound and provide a good basis for your statement of accounts. There is a low risk of these core processes failing to identify errors or misstatements that would be material to the financial statements. This re-affirms the assumptions behind our Audit and Inspection Plan and our audit of the financial statements has been tailored accordingly. We have, however, identified scope for strengthen further controls in this area, these include:
 - ensuring all entries within the financial statements are journalled into your APTOS main accounting system; and
 - improving the timeliness of budget reporting to cabinet.
- 16 We have concluded that you have satisfactory arrangements in place for ensuring proper conduct of your financial affairs. Inevitably, we have identified a number of specific areas requiring further attention, these include:
 - strengthening controls over ordering and purchasing of goods and services;
 - revising the reporting mechanisms for Internal Audit; and
 - fully embedding risk management into the Council's working practices.

The way forward

- 17 The Council is continuing to making good progress in introducing comprehensive corporate governance arrangements. The Council recognise that scope exists in a number of key areas to improve arrangements further. It is our intention to monitor development in the area of corporate governance over the next six months. We are confident in your commitment to implementing new arrangements and will report progress as part of our Annual Audit and Inspection Letter later in the year.
- 18 We would like to take this opportunity to thank members and officers for their support and co-operation throughout the course of this review.

Detailed Report

Core processes

- 19 Our overall conclusion is that there is a low risk of the Council's core processes failing to identify errors or misstatements that would be material to the financial statements. This re-affirms the assumptions behind our Audit and Inspection Plan and our audit of the financial statements has been tailored accordingly.

Main accounting system

- 20 Our review of your main accounting system suggested, as with previous years, controls are generally sound and we are therefore, able to place reliance on the figures held within the APTOS accounting system.
- 21 As part of our review, we placed some reliance again this year on the Internal Audit coverage in this area. Internal Audit made a number of minor recommendations in their report of April 2005, we fully endorse these.
- 22 In addition to the Internal Audit recommendations, we have identified the following area offering scope for improvement.

Opening balances

- 23 Although an automated system exists for ensuring all opening balances reconcile to the previous year's closing balances in APTOS there is no specific control to ensure this reconciles to the audited previous year's accounts. This is because:
- some accounting entries appearing in the annual accounts such as FRS17 pension entries are essentially paper adjustments to the accounts and are not recorded in APTOS; and
 - any agreed changes to the draft accounts following an audit are not systematically actioned on the APTOS system.
- 24 As a result, there is a risk that the following year's opening balances will not agree with the previous year's audited accounts. It is an important system control that all financial transactions and agreed changes are recorded in APTOS.

<i>Recommendation</i>
<i>Opening balances</i>
<i>R1 Ensure that all transactions including those undertaken at year-end to create the statement of accounts are actioned through APTOS and that there is a agreed process for actioning any agreed changes as part of the annual audit process.</i>

Budgetary control

- 25 Overall, your budgetary control procedures have been assessed as good and sufficiently robust to prevent material error going unnoticed.

Budget guidance

- 26 The Council has comprehensive guidance on budget setting, monitoring and reporting. Corporate finance recognise the benefit of now collating all this guidance into a user friendly format accessible via the intranet. The availability to all budget holders of the most up-to-date guidance in a single location should broaden the understanding of the Council's arrangements in this area.

Recommendation

R2 Corporate finance have indicated that they intend to collate guidance on budget setting, monitoring and reporting in a user friendly format accessible via the intranet. We fully support this move.

Budget setting

- 27 Our review of the budget setting process suggests it is generally good, however, the Council recognise that scope still exists to further improve the linkages between service planning and financial planning.
- 28 The Council has an annual planning cycle that includes the budget setting process and how it links to the Council's Medium-Term Financial Plan (MTFP), the performance and improvement plan and key service plans. The annual budget setting round has a clear timetable and our review indicated a well structured process involving key stakeholders.
- 29 As part of our 2005/06 coverage we have agreed with chief officers to undertake a half-day workshop looking at what is an effective MTFP. The workshop was held on the 22 June 2005 and involved both chief officers and members.
- 30 Corporate finance are now beginning to play a more proactive role in supporting budget holders in budget establishment. In particular, training was provide to budget holders as part of the 2005/06 budget setting process to explain the mechanics of establishing the revenue budget and how it links to the MTFP, priorities, service plans an how this in turn impacts on levels of council tax.

Budget upload

- 31 Following the setting of the annual revenue budget there is no systematic process in place for ensuring the budget is fully loaded onto the Council's main accounting system (APTOS). Essentially it is the responsibility of individual departmental finance teams and budget holders to upload approved annual revenue budgets onto APTOS. For the capital programme the budget is allocated to departments but not controlled by them during the year.

- 32 Departments have indicated that budgets do not tend to be systematically loaded onto APTOS as most in year budget monitoring is undertaken off-line. Although we understand the reasons for this, it is vital, from a control perspective, that all budgets are fully loaded onto APTOS in a timely manner and updated periodically for budget changes.

Recommendations

R3 Ensure that all budgets, both revenue and capital are fully loaded onto APTOS in a timely manner and updated periodically for budget changes.

R4 For capital budgets ensure that all budgets are allocated to responsible officers.

- 33 The coding structure with APTOS was introduced in 1997 and has been changed little since. The coding may have been appropriate then but departments have indicated that such structures are now out-of-date and do not always reflect the current service provision of many departments. For example, the social care budget is made up of a mix of old social service and education codes and this creates problems with budget monitoring. We understand that coding structure is currently being looked at as part of the BPR review but that no overhaul is currently planned to the existing structure within APTOS.

Recommendation

R5 Consider revising the coding structure within ATPOS to facilitate budget monitoring.

Budget monitoring and reporting

- 34 Our review of the budget monitoring and reporting arrangements suggest your arrangements are generally good. A structure exists across all departments that ensures budgets are regularly monitored and variances identified.
- 35 The Council has established a senior finance forum that facilitates effective working between corporate finance and departmental finance teams. Good arrangements also exist within departments to effectively manage budgets.
- 36 Budget monitoring is the responsibility of individual budget holders. However, departmental finance departments play a crucial role in ensuring this is undertaken in a consistent manner across the Council. The absence of an effective commitment accounting facility within APTOS combined with the inflexibilities of its coding structure results in departments essentially monitoring budgets off-line. Departments are therefore spending considerable time downloading APTOS information into excel spreadsheets and manipulating these figures to provide accurate financial reports.

- 37 In terms of APTOS usage, there is now a need for some basic-level training to ensure consistency of knowledge across the Council. Departments appear unsure whether budget holders and their own finance staff are using APTOS fully and exploiting all the functionality within the system. One suggestion put forward was the introduction of central training similar to that of excel training using the conference facilities for both new starters and existing users.

Recommendation

R6 Introduce some basic-level APTOS training to ensure consistency of knowledge across the Council.

- 38 The Council monitors performance against its revenue budget on a monthly basis. Reports are collated by corporate finance and taken to cabinet for consideration. Our review of a sample of reports during 2004/05 indicates that when information is presented it is generally accurate and the level of detail is appropriate to the audience. In particular, during 2004/05 a number of budget pressures were identified early on in the year and reported to cabinet. This allowed members in consultation with officers to base containment decisions on complete and accurate information. The net result of this was to restrict additional overspends and claw back some of the earlier overspends by year-end.
- 39 We do, however, have some concerns about the timeliness and frequency of this reporting to cabinet. During 2004/05, the cabinet did not receive its first report on that year's revenue financial position until 17 September 2004. Although we recognise that there is limited benefit in reporting in the early months, reporting from June onwards each year is normally cited as good practice, with earlier reporting for volatile budgets such as vulnerable children and older people. Reporting against the capital programme is less frequent and scope exists to report on progress in this area to cabinet on a more frequent basis.

Recommendations

R7 Consider commencing reporting on the revenue financial position earlier in the year. The first few months may only need to report at a high level but should focus on the more volatile budgets.

R8 Consider reporting on a more frequent basis against the capital programme. Clearly, fluctuations in this budget can impact on revenue flows.

- 40 Monitoring reports when received normally cover the period up until the end of the month before last, so for example the report to cabinet on 25 February 2005 covered the period until the end of December 2004. In this case, the information being received is almost two months old. We understand that the reason for this is the inflexibility of the APTOS main accounting system and the devolved nature of budgets resulting in time consuming production and review of budgets by departmental finance teams and budget holders.

- 41 We believe, however, that scope exists to provide more up-to-date reports to members. The Council should seek to streamline the monthly budget monitoring process by:
- seeking to provide all budget holders with direct access to APTOS or issue budget reports electronically (we understand that the Council is currently working with BT to upgrade communications across the Council);
 - deciding on a consistent approach to roles and responsibilities regarding budget monitoring (we understand that some budget holders analyse their own financial information whereas for others the finance team undertake the analysis);
 - imposing tighter deadlines on the return of financial information from departmental finance teams; and
 - allowing financial reports to be sent to cabinet members after the rest of the agenda items when reporting timescales are tight.

Recommendation

R9 Ensure that more up-to-date financial reports are made available to cabinet members during the year.

Closedown

- 42 Our review of your closedown procedures has not identified any major concerns or improvement suggestions in respect of accounts closure and production of the 2004/05 financial statements. Corporate finance staff have worked effectively and proactively to establish improvements in the closedown process compared to the prior year. In particular, separate reporting packs for schools and education have been introduced. In addition, education accounting technicians have been allocated responsibility for ensuring that schools suspense accounts are reconciled as at the year-end. Both arrangements should facilitate monitoring so that issues identified can be resolved on a timely basis.
- 43 We held a set-up meeting with corporate finance staff on 8 March 2005 to agree an approach to this year's final accounts audit. As part of this process an audit pack was issued setting out the working paper requirements to support the statements. We will continue to liaise with corporate finance staff during the course of the closedown process to ensure technical information is shared and any significant issues are dealt with appropriately.

Final accounts

- 44 The Government has reviewed the accounts and audit regulations, with a major change being the requirement for the earlier approval of local authority accounts. This change is part of the 'Whole Government Accounts' initiative.

- 45 This initiative will result in earlier approval deadlines, phased in over a number of years. In particular, the deadline for the final accounts committee to approve the 2004/05 accounts is 30 July 2005. The final accounts committee is due to approve your 2004/05 accounts on 30 of June 2005. This early approval date will place the Council in a good position to meet the earlier deadlines in the future.
- 46 We are due to receive a draft copy of your financial statements by 15 July 2005 and we plan to start our detailed work at Wiltshire County Council on 22 July 2005. Our target date for issuing an opinion on your accounts is the 31 October 2005.

Financial aspects of corporate governance

- 47 We have undertaken an integrated review of the Council's arrangements in this area. Our interim work has focused on the governance processes and arrangements that the Council currently has in place.
- 48 Our overall conclusion is that you have satisfactory arrangements in place for ensuring proper conduct of your financial affairs. This conclusion is based on the following.

Legality

- 49 The Council, overall, has in place good arrangements to ensure the legality of transactions that might have significant financial consequences.
- 50 There have been no successful challenges to significant transactions of the Council in recent years and the Council is happy to seek expert legal opinions on occasions when the legality of a course of action is in doubt.
- 51 The legal roles and responsibilities of the monitoring officer and Section 151 officer are fully set out in the Council's constitution. This document is available to officers and members via the Council's intranet and to wider stakeholders via the Council's website.
- 52 Legal services have appropriate status within the Council. Legal representation is available at all cabinet and Council meetings providing assurance on the legality of decisions.
- 53 Guidance on roles and responsibilities is supplemented by a leaflet – 'Legal Unit' details contacts for staff in legal services. The legal section officers take part in managers' induction fairs and hand out leaflets explaining who to contact when in need of legal advice.

- 54 Legal services have an effective system in place for monitoring new statutes, regulations, statutory instruments, government circulars, periodicals and articles. In order to keep abreast of new legality issues and information on statutory instruments relevant to the Council and its operations, Wiltshire:
- subscribes to Lawtel through which regular briefings on developments in the law are available;
 - has access to the HMSO, ODPM and other relevant websites;
 - receives regular updates from law firms by post; and
 - belongs to various regional association of legal officers.
- 55 Relevant guidance on new legislation is given to offices and members proactively through briefing notes and other forums.
- 56 The legal section works with departments to assess the legality of projects and deal with any legal implications as they arise.
- 57 Inevitably, scope exists to further refine legal arrangements within the Council. In particular, we believe that greater effort could be made to highlight and promote the legal powers of the Council by:
- developing a specific intranet section on legal services, thus providing a single source of information for officers and members;
 - providing more detailed legal training to all members as part of the induction process; and
 - extending induction session to all relevant staff not just managers.

Recommendation

R10 The legal unit needs to ensure they take an active approach to raising awareness of the roles and responsibilities of the legal unit.

- 58 Finally, current legal arrangements do not provide assurance that authors of reports to members have sought legal advice or if legal issues are identified where this legal guidance has come from. In particular, there is currently no legal implications paragraph within reports to members confirming firstly that legal issues have been considered, secondly appropriate legal advice has been sought and thirdly this advice is based on appropriate guidance. The addition of such a section would help contribute to effective governance by formalising the legal advice received.

Recommendation

R11 The Council should formalise the process of officers seeking legal opinion and include a legal implication section in every report to members.

- 59 We will provide a summary of any specific legal issues we considered during this year's audit in our Annual Audit Letter.

Financial standing

- 60 Our initial review of the Council's financial standing during 2004/05 indicates that tightly controlled arrangements for budgetary control exist to prevent or detect financial problems.
- 61 The draft outturn position for 2004/05 is due shortly and initial indications are that there will be an overspend against the original revenue budget of approximately £1.805 million. This overspend is the result of additional service pressures in the department of children and education and in particular, the provision of foster, residential care and independent special school provision for vulnerable people. This latest position represents a small increase on the mid-year projections of an £1.614 million overspend but an improvement on the end of December 2004 projection of a £2.643 million overspend.
- 62 The Council is predicting a slippage of £4.6 million against the original 2004/05 capital programme of £63.3 million. This slippage in spend was predominately in the area of children and education with the remainder representing the delay in completing the A350 Semington to Melksham diversion.
- 63 We will examine the financial standing of the Council in more detail later in the year and will issue a separate detailed report in the autumn.

Internal Audit

- 64 Internal Audit (IA) are an integral part of a Council's corporate governance arrangements. Each year our review of IA is designed to serve several purposes:
- to provide members with an independent opinion as to the adequacy of their system of IA;
 - to inform our assessment of aspects of the Council's corporate governance arrangements and opinion work;
 - to identify IA work that we can seek to rely on rather than duplicate; and
 - to provide evidence that it is reasonable for us to rely on individual pieces of IA work (ie to satisfy ourselves that IA work is carried out to a proper standard).
- 65 In light of our comprehensive review of IA last year, culminating in our report 'Internal Audit, Changing focus in pursuit of excellence' issued in May 2004 we have decided to undertake a follow-up review to inform this year's assessment.
- 66 The overall conclusion from this follow-up review is that IA continue to provide officers with an independent assessment of the adequacy and effectiveness of the internal controls operating within the Council. However, we also conclude that continued effort will be required to ensure future working practices, coverage and reporting fully adheres to the new good practice guidance.

- 67 In particular, the new IA code¹ published in late 2003 introduced updated guidance on what constitutes proper practice for IA sections. This code represents a fundamental shift in the role IA play in modern local government. The Head of IA has recognised that to ensure full compliance with this new code IA need to update their current working practices and coverage to reflect the changing environment in which they operate. We believe that good progress is being made in addressing these challenges but there is still considerable way to go.
- 68 Our report last year highlighted the need for IA to focus on the new code and in particular to link into the main business risks of the Council. We have now begun to see signs of IA moving to embrace this need code, including:
- linking coverage to business risks by using the Council's risk register to inform 2005/06 planning;
 - targeting limited resources at risk areas through the adoption of a new risk planning tool for 2005/06;
 - undertaking performance and non-financial audit work in areas such as child protection;
 - updating guidance in areas such as reporting and quality assurance to reflect the new code;
 - seeking external training to prepare audit staff for new types and areas of audit coverage;
 - introducing questionnaires from January 2005 that are now used for all audit work to gauge user satisfaction; and
 - providing members and management for the first time in 2004/05 with an independent view on the systems of internal control operating within departments.
- 69 However, other key recommendation arising from our review last year, although on managements' agenda have still to be implemented. The key recommendation for us is the continued need to establish an appropriate, delegated, politically balanced committee of members (that could include relevant senior officers) to monitor the performance of IA, including the implementation of its recommendations.
- 70 Standard 3 of the new code is clear that IA should report to those charged with governance. Although the exact forum/s are for the Council to decide, CIPFA strongly argues for the establishment of an audit committee. Irrespective of the approach the current arrangement of reporting to the Standards Committee, in our view, limits IA's ability to effectively communicate findings to those responsible for governance and decisions making within the Council.

¹ CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2003 (CIPFA code).

Recommendation

R12 The Council should use the proposed revision to the constitution to reflect the recent elections to consider again the appropriate forum for receiving reports from and monitoring the performance of IA.

71 Other key areas requiring further attention include the need to:

- develop a new, user friendly, Internal Audit manual to reflect the new code. The current manual is out-of-date and rarely used;
- develop and report on a more frequent basis to both officers and members against comprehensive performance and management information. This should include details on work outstanding, product delivery, timeliness and implementation of recommendations;
- ensure reporting and management information are member lead; and
- update and elaborate on the role of Internal Audit in Council documentation, including the constitution, to reflect its remit under the new code.

Recommendation

R13 The Head of Internal Audit should continue driving forward changes within IA to ensure coverage and working practices fully reflect the requirements on the new Internal Audit code.

72 A review of the 2004/05 Internal Audit plan suggests that the majority of proposed work has either been delivered or is planned to commence shortly. We are confident that those audits outstanding are not high risk and that such work will take priority in the 2005/06 programme.

73 Our review of a sample of audits undertaken in 2004/05 indicated that documentation and coverage is generally of a good standard.

74 Although internal and external audit have different roles and responsibilities, considerable overlap in audit coverage exists. The Audit Commission is committed to strategic regulation and reducing the burden of external audit and inspection on councils. In this spirit, our approach throughout has been to offer the Council opportunities to maximise our reliance on IA work. To formalise this arrangement, for the first time this year we have agreed a joint working agreement with IA for the period 2004/05 to 2007/08. This document is attached at Appendix 1A and future plans will be based on this joined-up approach.

Risk management

- 75 The Council now has comprehensive arrangements in place to identify, collate and categorise business risks. More recently, these risks have been ranked and are now being reported to chief officers and members periodically. However, this process is evolving and it is too early to determine whether the Council has effective arrangements in place to ensure that such risks are used to inform decision-making and whether risks are actually being fully managed.
- 76 The Council's risk management strategy was formally adopted in March 2003. It was prepared in response to CiPFA/SOLACE and the Audit Commission report 'Worth the Risk' and in our view, clearly outlines the Council's approach to managing risk.
- 77 This risk management process is supported by:
- a corporate risk management group tasked with driving the risk management process;
 - departmental risk champions to act as risk co-ordinators and ensure consistency across the Council;
 - an annual Internal Audit review providing assurance on arrangements;
 - a risk register detailing both corporate and operation risks;
 - service development plans detailing service risk; and
 - training workshops for service managers.
- 78 Within the Council, all reports to members are now required to formally consider risk assessment implications. Our review of Council minutes suggests risk issues are being tabled and considered.
- 79 The challenge for the Council is now to ensure this is done in a systematic way across the Council, and in particular, that risks are discussed, a course of action agreed upon and the outcomes of such actions are reported on for each significant risk.
- 80 There is evidence to suggest that those significant risks are now being periodically monitored. A total of 12 strategic key risks have been identified of which 3 have been categorised 'red'. All these risks have proposed action aimed at mitigating the risk where possible. This approach now needs to be extended to other corporate risks and operational risks. A key challenge is ensuring there is appropriate documented action, if any is required, to reflect the severity of risk and then to ensure this is delivered and reported upon.

- 81 The Corporate Risk Management Group (CRMG) has played an important role in driving forward the risk management agenda within the Council. The group provides an important link between departmental management teams and chief officers. The group has reviewed current risk arrangements and reported late last year to both standards committee and corporate management board on improvements. These included the need to:
- strengthen arrangements for continuous updating of the register;
 - review the risk assessments in 2004 service plans to inform 2005 plans; and
 - report quarterly to Corporate Management Board on strategic risks.
- 82 We are pleased to report that a number of these improvements have been actioned or are on management's agenda. In particular CMB now receive a quarterly update from CRMG on strategic risks.

Recommendation

R14 Ensure all corporate risks and operational risks are appropriately documented with actions, if any is required, reflecting the severity of risk and then to ensure this is delivered and reported upon.

Ordering and purchasing

- 83 As part of 2004/05 Audit and Inspection Plan, and in light of concerns identified in your ordering and purchasing arrangements last year, we agreed to undertake a follow-up review in this area.
- 84 Last year, our work concluded that although the constitution provides clear guidance on the procedures to be followed by Council employees when ordering and purchasing, arrangements in place did not result in all orders being initiated and received in compliance with regulations.
- 85 In particular, we found:
- diverse procedures and ineffective documentation of ordering;
 - a lack of formal training for officers; and
 - poor monitoring of compliance with Council regulations.
- 86 Our overall conclusion from this year's follow-up work is that arrangements for ordering and purchasing remain weak.

- 87** Our testing of a sample of payments indicated that 69 per cent did not comply with guidance in the form of financial and contract regulations. Adherence to controls is generally poorest in the practice and documentation of choosing a supplier. Examples of non-compliance in this year's sample include officers:
- breaking down orders into multiples of less than £3000 and thus avoiding the need to obtain three quotes;
 - ordering from previous suppliers and not testing the market, nor applying to the Corporate Procurement Unit (CPU) for an exemption;
 - approving payments over £10,000 not being reported to CPU;
 - paying an invoice not addressed to the Council; and
 - allowing contracts to be carried over without retesting or gaining an exemption.
- 88** As a result, the Council is still unable to demonstrate and ensure that it is achieving best prices or that risks of abuse of the system are minimised. Our discussions also indicate there are still no monitoring or enforcement arrangements in place, although we understand that changes are to be made soon to allow CPU to carry out this role.
- 89** We recognise that the Council has taken action as a result of our findings last year. In particular, the Council:
- has introduced a new procurement strategy, providing a clearer framework for procuring goods and services in the future;
 - is shortly to agree an action plan to implement the objectives of the strategy;
 - has strengthened the corporate procurement unit through additional staff and training, resulting in the provision of more effective guidance on correct procurement procedures to officers;
 - has instructed corporate procurement to continue to identify similar contracts across the Council looking for opportunities to procure centrally, thus facilitating best value;
 - has embarked upon a project to introduce a new electronic 'Procure to Pay' system across the Council capable of ensuring effective control over ordering and purchasing;
 - has appointed a cabinet member with responsibility for procurement; and
 - has piloted procurement training within Environmental Services and has agreed to roll it out Council-wide.
- 90** Although the Council has invested considerable time and resources in this area, limited tangible benefits have been received to date. It is clear that a fundamental revision to ordering and purchasing is the solution to more effective arrangements. However, until the new system is fully implemented existing controls need strengthening as a matter of priority.

- 91 We recommend that the Council:
- review current ordering and purchasing guidance to ensure regulations are appropriate to current and future circumstances;
 - reinforce to management the need to adhere to procurement regulations;
 - provide further training on procurement activities; and
 - introduce effective monitoring to ensure compliance with regulations and in particular adherence to market testing requirements are achieved.
- 92 The scale of the task is significant and as such there is benefit in targeting effort at the higher risk areas. In our view, the highest risk compliance issue is the lack of evidence to indicate any attempt to seek the best price as opposed to using a previous supplier based on past experience.

Recommendation

R15 The Council needs to look again corporately at the current arrangements for ordering and purchasing goods and services to see what intermediate steps can be taken to strengthen arrangements. Particular focus should be placed on ensuring best consideration and testing the market properly.

Ethical governance

- 93 High ethical standards are the corner standard of good governance. Failure to achieve high ethical standards can result in:
- investigation by The Standards Board for alleged breaches of the code, sometimes leading to the disqualification of members;
 - loss of credibility and confidence in individual members, the Council and local democracy by the public;
 - potential litigation and costs of defending a challenge; and
 - poor decision-making.
- 94 As part of our 2004/05 Audit and Inspection Plan, we agreed to look specifically at what arrangements the Council had established in response to Part III of the Local Government 2000 Act in relation to standards of conduct. The key objectives of our review was to:
- assess members' understanding of arrangements;
 - identify training needs;
 - raise awareness of ethical standards; and
 - provide a benchmark against which improvement can be assessed.
- 95 Our work involved members and a sample of chief officers completing an online questionnaire so that a benchmark of awareness and understanding could be established. The survey was opened at the beginning of March 2005 and was due to close at the mid April 2005. However, due to the initial low response rate this was extended to the middle of May 2005.

- 96 Our review also involved the completion of an ethical governance diagnostic and meetings with key officers within the organisation to gain a clear understanding of current arrangements and practices. The completion of this diagnostic indicated a good level of control over ethical issues within the Council.
- 97 Overall, there was limited response to the questionnaire with 17 members completing it. Despite the low response it is clear, from this limited sample, that there is a generally good level of understanding amongst those responding about ethical governance arrangements in the Council and their role in upholding them. In particular, members have indicated:
- a high level of awareness of the codes of conduct and members roles in complying with them;
 - a understanding of the role of the Standards Committee and a view that it has a positive affect on working practices within the Council;
 - the provision of positive support and training on issues of conduct in respect of freedom of information and data protection;
 - an awareness of the need to disclose conflict of interests;
 - that leadership at both an officer and member level within the Council is a strength; and
 - that there are generally effective communications on ethical issues.
- 98 Inevitably, the questionnaire highlighted areas requiring further promotion and training amongst members, these include:
- raising the profile of the whistle blowing policy;
 - providing training on recent conduct legislation such as human rights, sex, disability and race relations; and
 - clarification over when potential conflicts of interest need to be declared.

Recommendation

R16 The Council should use the results of the ethical governance survey to inform future training for both officers and members on ethical issues.

- 99 We will present the findings of our review in this area to Standards Committee in September 2005 and agree a way forward on the issues arising. As part of this review, we have agreed to re-run the online questionnaire for members in December 2005.

Recommendations

- 100 The recommendations arising from our interim work are detailed at Appendix 2 along with officers' responses and timescales.

Appendix 1 – Internal Audit Joint Working Agreement

Introduction

- 101 The Audit Commission's Code of Audit Practice prescribes the approach we are required to follow in carrying out our audits. Our audit approach is structured to ensure that we meet both the Audit Commission's and the audited and inspected body's requirements by:
- satisfying the requirements of the Code; and
 - carefully tailoring our audit to the relevant 'local' needs of the Council.
- 102 A key feature of this approach is the early planning of all our work and working closely with council officers and particularly Internal Audit to identify the relevant audit risks that we need to take into account.
- 103 The Audit Commission has issued good practice guidance on the 'managed audit', an approach which seeks to minimise our audit input by placing far greater reliance on the Council's internal processes. This can only be achieved through effective 'joint working' across all council departments but in particular with Internal Audit. Best practice is to document the areas of agreement. This is our first agreement and to facilitate medium-term planning covers the financial years 2004/05 to 2007/08.
- 104 We issued the audit and inspection plan for 2005/06 on 8 April 2005, this plan assumes joint working documented in this agreement will be delivered.

Background

- 105 It has been difficult to develop effective joint working agreements in the past as our audit and inspection plans were drafted after Internal Audit plans because our planning cycles were not aligned. One inevitable effect of this has been that Internal Audit plans and working practices could not be tailored easily to maximise the amount of work the external auditor might in future seek to rely on. Consequently, joint working agreements with Internal Audit tended to be informal and identified the work that Internal Auditors had done or were about to do that we would seek to place reliance on.
- 106 Our planning cycle has now been brought forward almost six months. This provides a new opportunity for Internal Audit to plan to do work in 2005/06 and beyond that we would otherwise need to do. There have also been other changes that significantly increase the opportunity and need for joint working.

These are:

- a change in the scope and coverage of Internal Audit and other departments in 2004/05, reflecting the statutory requirement on the Council to conduct annual reviews of its system of internal controls and publish an annual statement on their effectiveness in the financial statements;
- the UK's adoption of International Standards on Auditing (ISAs) from 2005/06; and
- the Audit Commission's strategic regulation initiative supported by a new Code of Audit Practice (approved by Parliament).

107 This agreement explains some of the implications of these changes, sets out the opportunities for joint working considered, and our outline proposals for joint working in respect of 2004/05 to 2007/08.

Audit approach

108 We aim to continue to work closely with officers and members of the Council on all our Code work. Our detailed review last year of the Internal Audit function against CIPFA professional Standards has enabled us previously to place reliance on relevant work they have undertaken. Our recent review of Internal Audit, undertaken as part of our 2005/06 audit planning coverage and reported on separately in our interim audit memorandum 2004/05 provides similar assurance.

109 Three of the external auditor's responsibilities under the old Code of Audit Practice covering 2004/05 only (reviewing and reporting on financial aspects of corporate governance, the accounts and performance management) are to be replaced by two responsibilities in a new code applicable for 2005/06. These two responsibilities will be in relation to the accounts and to the use of resources. This agreement for 2005/06 onwards is structured according to these two responsibilities. It also sets out our plans to place reliance on any Internal Audit work that might have been carried out as part of their plan that contributes towards the certification of the Council's grant claims and returns; work which is conducted outside of the code.

110 The Audit Commission is committed to strategic regulation and reducing the burden of external audit and inspection on local authorities. In this spirit, our approach throughout has been to offer the Council opportunities to maximise our reliance on Internal Audit work.

111 The agreement is based on:

- previous joint working agreements;
- a review of Internal Audit's plan for 2005/06; and
- meetings with chief officers and the Head of Internal Audit.

- 112 Because of the degree of planned reliance on Internal Audit work set out in our audit plan and this agreement, the delivery of our plan for 2005/06 and beyond within the estimated fee is highly dependent on Internal Audit delivering their work to CIPFA standards for Internal Audit and within agreed timescales. If we find that we are not able to place reliance on the work set out in the agreement at Appendix 1A, we will need to obtain our assurance through other means which might result in the need to charge additional fees.

Main areas of reliance

Opinion on the financial statements

2004/05 Financial systems

- 113 For the 2004/05 financial statements, we, as your external auditors, issue an opinion on your accounts by firstly reviewing your core processes, ie your:
- main accounting system;
 - budgetary control procedures; and
 - final accounts closedown procedures.
- 114 We will then undertake detailed testing of the figures in the accounts to provide us with assurance on the material accuracy of those accounts.
- 115 We intend to rely on Internal Audit's work on:
- the main accounting system;
 - the departmental reviews of budgetary control; and
 - the pension fund system to inform of pension fund audit.

2005/06 to 2007/08 financial systems

- 116 The UK has adopted International Standards on Auditing (ISA's), which have mandatory effect for the audit of 2005/06 financial statements and beyond. The new standards significantly increase the volume and range of work needed to give the accounts opinion.
- 117 Amongst other things, the new standards place more emphasis on assessing information system controls requiring external auditors to:
- gain and document an understanding of the systems producing material figures in the accounts and the way that transactions in these systems are initiated, recorded, processed and reported. This may involve flowcharting the systems;
 - carry out interim opinion audit planning – identifying risks of material misstatement (inherent or specific risks in the systems) – and planning tests of controls that are designed to prevent the material misstatements;

- carry out tests of controls where those controls are key to ensuring there are no material misstatements in the assertions in the financial statements; and
 - re-assess the risks at the time the draft financial statements are produced and plan and carry out tests of control or substantive tests of detail against the remaining risks for each of the assertions for material entries in the accounts.
- 118** We estimate that the work associated with this new duty would take between two and six days for each material system or sub-system depending on the complexity of the system. This includes the Pension Fund as well as the ‘main’ systems.
- 119** Consistent with the principles of the ‘Managed Audit’, we are seeking to place as much reliance possible on the work of Internal Audit, subject only to our duty to evaluate and, as necessary, re-perform such work. Clearly, the more we are able to rely on their work to provide assurance about system controls, the less the adverse impact of this new duty will be on our audit fee. Internal Audit’s plan for 2005/06 has the provision for a review of some of these financial systems.
- 120** The agreement outlining where we intend to rely on Internal Audit’s work in respect of system control is outlined at Appendix 1A.
- 121** Some of this work will also be relevant to our audit of Wiltshire Probation Board which uses some ‘county systems’.

2004/05 to 2007/08 Statement on Internal Control

- 122** Our opinion on the financial statements also considers whether the Council’s Statement on Internal Control (SIC) complies with proper practices and whether any of the assertions contained in it are misleading or inconsistent with our understanding of the Council’s internal control arrangements.
- 123** The Head of Internal Audit have assumed a key role in the Council’s annual review of internal control required by the Accounts and Audit Regulations 2003. Their plan for 2005/06 includes time to undertake internal control assessments and to audit controls in financial systems. Therefore, our agreed 2005/06 audit plan assumes that we will be able to obtain some of the assurance we need on the SIC and the Council’s governance arrangements by reviewing Internal Audit work.

2005/06 to 2007/08 Whole of Government Accounts

- 124** Under the Whole of Government Accounts (WGA) initiative, statutory deadlines for accounts closure are being brought forward each year. The Council will need to approve its 2005/06 financial statements by 30 June 2006 and, for the first time, submit audited WGA accounts data to the Government.
- 125** The extent of the new audit work required will depend on the extent of consistency of data returns and the financial statements and the level of business that the Council has with other members of the WGA group.

- 126 We anticipate that we will be required to give an opinion on the data returns and that the work required will comprise:
- confirming that the Council has complied with the Treasury's administrative instructions for preparing consolidation schedules;
 - reviewing the basis of preparation of the schedules from financial records, seeking to place reliance on the work already carried out as part of the audit of the financial statements;
 - collecting evidence to substantiate any material differences between the consolidation schedules and the financial statements;
 - reviewing any other information included in the consolidation schedules that was not covered by the audit of the financial statements; for example, the analysis of transactions and balances with other bodies; and
 - reporting our opinion on whether the consolidation schedules are consistent with the financial position and results of the body.
- 127 Although it is unlikely that this is an area where we might expect to rely on Internal Audit work, we will explore joint working opportunities when the audit requirements are made clear.

2004/05 to 2007/08 National Fraud Initiative (NFI)

- 128 The National Fraud Initiative is the Audit Commission's data matching exercise. Its main aim is to help identify and reduce housing benefit fraud, occupational pension fraud, tenancy fraud and payroll fraud through sharing information across the public sector. The Head of Internal Audit acts as the Council's key contact and plays a crucial role in terms of ensuring high quality data submissions and identifying high risk reports and matches for timely and effective investigation.
- 129 We will continue to work with the Head of Internal Audit to ensure deadlines are achieved and effective arrangements exist for follow-up of potential matches.

2004/05 to 2007/08 Warning Bulletins

- 130 Internal Audit will continue to follow up our fraud and corruption warning bulletins issued periodically by the Audit Commission centrally.

Use of resources

2005/06 to 2007/08 best value

- 131 We are required to issue an opinion on the Council's annual BVPP. For 2005/06, we have agreed to work jointly with Internal Audit to audit the BVPIs. In particular, Internal Audit will review a sample of high-risk BVPI data prior to its publication in the BVPP and prior to their submission for audit. Internal Audit will essentially be part of the Council's internal quality assurance regime rather than the BVPI audit. The Head of Audit will provide us with the results of this work and a level of assurance based on his findings and the action taken by the Council on them.

- 132 We hope then to reduce our risk assessment – corporately and individually – on those BVPIs based on the assurance available on the Council's enhanced control environment.

2005/06 to 2007/08 value for money conclusion

- 133 The work that we have set out in our plan for 2005/06 is designed to support a conclusion as to whether the Council has in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources and that it has complied with statutory requirements in respect of the preparation and publication of its best value performance plan.
- 134 We will seek to identify on rely on relevant Internal Audit work once our audit approach is clarified nationally, but it is likely to include, amongst other things:
- compliance with policies and the law;
 - the management of performance;
 - maximising value for money and continuous improvement;
 - risk management; and
 - project management.

2005/06 to 2007/08 use of resources judgements

- Internal Audit may wish to assist in the preparation and evidencing of the Council's Use of Resources auditor judgements, based on key lines of enquiry, covering:
 - financial management;
 - financial standing;
 - internal controls;
 - value for money; and
- only the VFM element will be subject to a formal self assessment by the Council.

Grant claims and returns

- 135 One element of the Audit Commission's strategic regulation initiative is its commitment to reducing the level of grant claim certification work its appointed auditors carry out. As a result:
- grant aided schemes under £50,000 are no longer subject to audit; and
 - where an authority can demonstrate to the auditor a strong control environment, the amount of certification work on claims subject to audit may be reduced.

- 136 There is only limited scope for additional joint working because:
- we need to review the control environment for each claim once we receive it; and
 - few grant claims are now based on major transaction flows or major financial systems.
- 137 We will, however, place reliance on any other systems work that provides assurance about the control environment relevant to a grant claim or return.

Main conclusions

- 138 The attached Appendix 1A provides an indication of the timing of joint working for 2004/05 and 2005/06 plus possible areas of joint working for 2006/07 and 2007/08. With Internal Audit now undertaking more rigorous annual risk-based planning, it is not possible to confirm at this stage the exact areas of Internal Audit in 2006/07 and 2007/08.
- 139 Due to the uncertainty over the exact impact of the new ISAs on future systems work, the dates documented in Appendix 1A are provisional. Internal Audit will aim to achieve these deadlines but achievement may be influenced by the final controls agreed on.
- 140 We have agreed this joint working agreement with the Head of Internal Audit and the Deputy County Treasurer of Wiltshire County Council.

Appendix 1A – Agreement

	Expected completion of 2004/05 Internal Audit work	Expected completion of 2005/06 Internal Audit work	Possible areas of reliance for 2006/07 Internal Audit work	Possible areas of reliance for 2007/08 Internal Audit work
<p>Financial systems</p> <p>Internal Audit will identify and document the key controls over initiation, recording processing and reporting for the following systems and activities and will share system documentation. (Step 1 above)</p> <ul style="list-style-type: none"> • General ledger APTOS. • Budgetary control. • Closedown. • Payroll. • Creditor payments (AP). • Treasury management. • VAT accounting. • Sundry debtors (AR). • Pension Fund (AXIS). • Rent. • Cash (embracing post opening, satellite systems, internet and telephone payments). • Capital accounting (embracing property terrier maintenance, register of assets, valuation, capital charging). 	06/04/2005	28/02/2006	28/02/2007	28/02/2008
	06/04/2005	28/02/2006	28/02/2007	28/02/2008
		28/02/2006	28/02/2007	28/02/2008
		28/02/2006	28/02/2007	28/02/2008
		28/02/2006	28/02/2007	28/02/2008
	06/04/2005	28/02/2006	28/02/2007	28/02/2008

	Expected completion of 2004/05 Internal Audit work	Expected completion of 2005/06 Internal Audit work	Possible areas of reliance for 2006/07 Internal Audit work	Possible areas of reliance for 2007/08 Internal Audit work
<p>Financial systems Internal and external audit will work jointly to assess the risk of material misstatement and design tests of controls designed to prevent material misstatement. (Step 2)</p>	06/04/2005	28/02/2006	28/02/2007	28/02/2008
<p>Financial systems Internal Audit will carry out the testing of the controls identified above. (Step 3)</p>	06/04/2005	31/03/2006	31/03/2007	31/03/2008
<p>Financial systems External audit will re-assess risk and test as necessary after reviewing draft financial statements. (Step 4)</p>	30/06/2005	30/06/2006	30/06/2007	30/06/2008
<p>Statement on Internal Control We will seek to obtain assurance as to the adequacy of the Council’s governance arrangements and the accuracy of assertions in the Statement on Internal Control from a review of Internal Audits work.</p>	30/06/2005	30/06/2006	30/06/2007	30/06/2008

	Expected completion of 2004/05 Internal Audit work	Expected completion of 2005/06 Internal Audit work	Possible areas of reliance for 2006/07 Internal Audit work	Possible areas of reliance for 2007/08 Internal Audit work
<p>Whole of Government accounts Although it is unlikely that this is an area where we might expect to rely on Internal Audit work, we will explore joint working opportunities when the specific audit requirements are made clear.</p>	N/A	As appropriate	As appropriate	As appropriate
<p>National Fraud Initiative (NFI) We will continue to work with the Head of Internal Audit to ensure deadlines are achieved and effective arrangements exist for follow-up of potential matches.</p>	30/06/2005	N/A	30/06/2007	N/A
<p>Warning bulletins Internal Audit will continue to follow-up our fraud and corruption warning bulletins issued periodically by the Audit Commission centrally.</p>	Ongoing	Ongoing	Ongoing	Ongoing

	Expected completion of 2004/05 Internal Audit work	Expected completion of 2005/06 Internal Audit work	Possible areas of reliance for 2006/07 Internal Audit work	Possible areas of reliance for 2007/08 Internal Audit work
<p>BVPP Internal Audit will review a sample of high risk BVPI data prior to its publication in the BVPP and prior to their submission for audit.</p>	N/A	30/05/2006	30/05/2007	30/05/2008
<p>Value for money conclusion and Use of Resources judgement</p> <ul style="list-style-type: none"> We will review Internal Audit work to inform our 2005/6 assessment of the Council’s use of resources. Internal Audit will coordinate a ‘self assessment’ for the Use of Resources judgements for CPA. 	N/A	31/08/2006 30/09/2005	31/08/2007 30/09/2006	31/08/2008 30/09/2007
<p>Grant claims and returns We will continue to look for relevant opportunities. We will also set out to place reliance on any other systems work that provides assurance about the control environment relevant to a grant claims or return.</p>	Ongoing	Ongoing	Ongoing	Ongoing

Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R1 Ensure that all transactions, including those undertaken at year-end to create the statement of accounts, are actioned through APTOS and that there is a agreed process for actioning any agreed changes as part of the annual audit process.	2	Mike Prince	Yes	We are working towards achieving all transactions being reflected in APTOS for 2005/06.	June 2006
8	R2 Corporate finance have indicated that they intend to collate guidance on budget setting, monitoring and reporting in a user friendly format accessible via the intranet. We fully support this move.	2	Mike Prince	Yes	This is an objective in the corporate finance team plan for 2005/06.	March 2006
9	R3 Ensure that all budgets, both revenue and capital are fully loaded onto APTOS in a timely manner and updated periodically for budget changes.	3	Mike Prince	Yes	The current BPR work will result in a re-designed process that should help achieve this.	December 2005

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Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
9	R4 For capital budgets ensure that all budgets are allocated to responsible officers.	2	Mike Prince	Yes	The Capital Assets Board (CAB) monitor this and we will ask them to refine their reporting to include specific officers.	December 2005
9	R5 Consider revising the coding structure within ATPOS to facilitate budget monitoring.	2	Mike Prince	Partly	The current BPR work will deal with some of this. However, the full revision of the coding structure is dependent on a new FM system being acquired.	December 2005 2006/07 subject to resources being available
10	R6 Introduce some basic-level APTOS training to ensure consistency of knowledge across the Council.	2	Mike Prince	Yes	Review of training needs being undertaken through Accountants Group.	December 2005
10	R7 Consider commencing reporting on the revenue financial position earlier in the year. The first few months may be high level but should focus on the more volatile budgets.	2	Mike Prince	Yes	Historically, this has started to be reported from July. In the current year, we intend to take a report to June Cabinet.	June 2005

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
10	R8 Consider reporting on a more frequent basis against the capital programme. Clearly, fluctuations in this budget can impact on revenue flows.	2	Mike Prince	No	Not required. The capital programme is actively managed by the CAB under delegated powers. Additional reports to cabinet would be of little if any benefit.	N/A
11	R9 Ensure that more up-to-date financial reports are made available to cabinet members during the year.	3	Mike Prince	No	Monitoring information is produced monthly from July and is either on the agenda of cabinet meetings in the circulation timetable allows or is circulated by email or handed around the table as supplementary information at the meeting.	
13	R10 The legal unit needs to ensure they take an active approach to raising awareness of the roles and responsibilities of the legal unit.	2	Ian Gibbons	Yes	The legal unit will look to raise their profile further through proactive marketing, training and induction as well as activities such as visits to departmental management teams.	Ongoing

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
13	R11 The Council should formalise the process of officers seeking legal opinion and include a legal implication section in every report to members.	2	Ian Gibbons	No	Consultation prior to reporting to members and attendance at the main decision-making forums including cabinet and full council provide the assurance that appropriate legal advice has been considered.	N/A
15	R12 The Council should use proposed revision to the constitution to reflect the recent elections to consider again the appropriate forum for receiving reports from and monitoring the performance of IA.	3	Mike Prince	Yes	We are preparing a paper to give members the opportunity to consider a proposal to extend the role and terms of reference of the Final Accounts committee to become a Final Accounts and Audit Committee.	December 2005
16	R13 The Head of Internal Audit should continue driving forward changes within IA to ensure coverage and working practices fully reflect the requirements on the new Internal Audit code.	3	Steve Memmott	Yes	Progress is being made in all areas covered by the new Code of Practice, and will continue throughout the current year.	End of 2005/06

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
17	R14 Ensure all corporate risks and operational risks are appropriately documented with actions, if any is required, reflecting the severity of risk and then to ensure this is delivered and reported upon.	2	Steve Memmott	Yes	Will continue to be progressed through the Corporate Risk Management Group and departmental risk champions.	End of 2005/06
19	R15 The Council needs to look again corporately at the current arrangements for ordering and purchasing goods and services to see what intermediate steps can be taken to strengthen arrangements. Particular focus should be placed on ensuring best consideration and testing the market properly.	3	Mike Swabey	Yes	<p>A number of strands of current work will address many of the issues raised.</p> <p>Implementation of the new corporate Procurement Strategy and the associated action plan will also strengthen arrangements.</p> <p>Procure to Pay systems also form part of the current Business Process Re-engineering Project.</p>	Autumn/ Winter 2005/06

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
21	R16 The Council should use the results of the ethical governance survey to inform future training for both officers and members on ethical issues.	2	Stephen Gerrard	Yes	The monitoring officer will take the report to the Standards Committee in September with a report on how the Council can address the matters raised by the survey. It will help inform the Council's approach to member development and the role of the standards committee in overseeing the ethical framework.	September 2005