

# AGENDA

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**Meeting:** Audit and Governance Committee

**Place:** Kennet Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN

**Date:** Tuesday 25 July 2023

**Time:** 2.30 pm

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Please direct any enquiries on this Agenda to Tara Hunt of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718352 or email [tara.hunt@wiltshire.gov.uk](mailto:tara.hunt@wiltshire.gov.uk)

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This Agenda and all the documents referred to within it are available on the Council's website at [www.wiltshire.gov.uk](http://www.wiltshire.gov.uk)

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## Membership:

Cllr Iain Wallis (Chairman)

Cllr Stuart Wheeler (Vice-Chairman)

Cllr Chuck Berry

Cllr Adrian Foster

Cllr Gavin Grant

Cllr George Jeans

Cllr Edward Kirk

Cllr Antonio Piazza

Cllr Pip Ridout

Cllr Mike Sankey

Cllr Martin Smith

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## Substitutes:

Cllr Liz Alstrom

Cllr Ernie Clark

Cllr Matthew Dean

Cllr Ross Henning

Cllr Jon Hubbard

Cllr Tom Rounds

Cllr Jo Trigg

Cllr Pauline Church

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## **Public Participation**

Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult [Part 4 of the council's constitution](#).

The full constitution can be found at [this link](#).

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# AGENDA

## Part I

### Items to be considered while the meeting is open to the public

#### 1 **Apologies and Membership Update**

To receive any apologies or substitutions for the meeting.

To note that at Full Council on 16 May, the annual appointment of committees took place. Cllr Mark Connolly, the former Chairman of the Audit and Governance Committee stood down from the role and from the Committee, and Cllr Iain Wallis was appointed to the Committee as the new Chairman. All other membership remains the same.

#### 2 **Minutes of the Previous Meeting** (*Pages 5 - 12*)

To consider the Part I (public) minutes of the meeting held on 26 April 2023.

#### 3 **Declarations of Interests**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

#### 4 **Chairman's Announcements**

To receive any announcements from the Chairman:

#### 5 **Public Participation**

The Council welcomes contributions from members of the public.

#### Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

#### Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on 18 July 2023 in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on 20 July 2023. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

6 **Internal Audit Reports** (*Pages 13 - 20*)

To receive the Internal Audit updates from SWAP:

7 **Annual Governance Statement 2022/23** (*Pages 21 - 42*)

To consider the Annual Governance Statement 2022/23.

8 **Accounts and Audit Update** (*Pages 43 - 108*)

To receive an accounts and audit update.

9 **Forward Work Programme** (*Pages 109 - 112*)

To note the Forward Work Programme

10 **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on 19 September 2023 at 2.30pm.

11 **Urgent Items**

Any other items of business, which the Chairman agrees to consider as a matter of urgency.

12 **Exclusion of the Press and Public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Number 13 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

**Part II**

**Items during whose consideration it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed**

13 **Minutes of the Previous Meeting** (*Pages 113 - 120*)

To consider the Part II (private) minutes of the meeting held on 26 April 2023.

## Audit and Governance Committee

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**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 26 APRIL 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

Cllr Mark Connolly (Chairman), Cllr Stuart Wheeler (Vice-Chairman),  
Cllr Chuck Berry, Cllr Adrian Foster, Cllr Gavin Grant, Cllr George Jeans,  
Cllr Edward Kirk, Cllr Pip Ridout, Cllr Mike Sankey and Cllr Martin Smith

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12 **Apologies**

Apologies were received from Councillor Nick Botterill (Cabinet Member for Finance) and Councillor Antonio Piazza.

13 **Minutes of the Previous Meeting**

The minutes of the meeting held on 8 February 2023 were presented for consideration and it was,

**Resolved:**

**To approve and sign the minutes as a true and correct record.**

14 **Declarations of Interests**

There were no declarations of interest.

15 **Chairman's Announcements**

The Chairman made the following announcements:

- **Statement of Accounts 2019/20 update**

The audit of the 2019/20 Statement of Accounts remained open and the accounts remained unsigned. This was disappointing for all. Further work was required on finalising the accounts including the provision of robust evidence to support the representations required to be made by management to the auditors. This was due to the breadth and scale of errors and misstatements that had been identified as part of the quality assurance work undertaken by the council and the audit work performed by Deloitte. Work to progress the completion of all aspects of the accounts and audit continued and continued to be a top priority for both the council and Deloitte. Deloitte were required to report independently to the committee and a report would be circulated to the committee in the

following weeks accompanied by a response and action plan from officers. The subsequent impact on the remaining outstanding accounts and audits continued to be assessed and was a focus for the teams, so that a conclusion to the outstanding accounts and audits could be drawn as efficiently and promptly as possible.

In response to questions, it was confirmed that the Deloitte report and council response and action plan should be circulated by 19 May 2023. It was further confirmed that Deloitte would finish all sets of accounts being worked on prior to them handing over to the new auditors.

- **Independent co-opted member update**

An independent co-opted member was appointed to the Committee prior to the February meeting. Unfortunately, they were unable to take up the role due to a change in circumstances. Another recruitment and selection process had been undertaken, but unfortunately this had been unsuccessful, and no appointment was made. The situation would be reviewed by lead officers and an update brought to the July meeting.

- **Wiltshire Pension Fund audit update**

At the last meeting of the Committee, Members requested assurance from the Wiltshire Pensions Fund Committee regarding the two limited assurance audits relating to the Pension Fund and it was requested that the Chairman of WPFC attend at Audit at Governance to provide assurance. The Chairman of WPFC provided a response which was read to the meeting. This stated that the Pensions Committee was very aware of the shortcomings in some aspects of pensions administration and was closely monitoring the various workstreams of a recovery plan which was well in hand. Andy Brown (Corporate Director Resources & Deputy Chief Executive (S.151 Officer)) was to deliver to the committee a major report on improvements and further recovery actions in five months' time. In the meantime, the Pensions Fund Committee took some satisfaction that SWAP had already upgraded their "No assurance" assessment on Financial Controls over the payroll reconciliation project to "Partial Assurance" and they were confident of seeing a further improvement in due course.

## 16 **Public Participation**

There were no public questions or statements received.

## 17 **Accounting Policies**

Lizzie Watkin (Director of Finance and Deputy s151 Officer) presented a report on Accounting Policies. This was an annual report so that the Committee could consider the Accounting Policies. There had been two small amendments to the Accounting Policies which were approved last year, these involved infrastructure assets (page 23 of the agenda) and explicit information regarding consolidation of Stone Circle Accounts (page 27 of the agenda). The officer

requested that the Committee, as those charged with governance, approve the Accounting Policies.

Cllr Adrian Foster highlighted a Stone Circle Governance meeting that he had been going to attend which was cancelled. Andy Brown (Corporate Director Resources & Deputy Chief Executive (S.151 Officer)) stated that the meeting had been to consider the Stone Circle Business Plans, some amendments were to be made to the plans and the meeting would be rescheduled.

Following consideration, it was,

**Resolved:**

**To approve the Accounting Policies for the financial year 2022/23.**

18 **Internal Audit updates**

Sally White (SWAP) presented the Internal Audit updates.

Regarding the Internal Audit Annual Opinion for 2022/23, an opinion of Reasonable Assurance was given. Pensions Payroll Reconciliation work had been outsourced to speed up progress. Quarterly meetings were being held regarding Pensions Key Controls. An audit tracker had been appended to the report. Monthly meetings were scheduled with officers to discuss progress against audit actions and consider any additional work which may be required. SWAP would report back to the Committee until they felt that risks had been mitigated.

The SWAP representative highlighted page 38 of the agenda which showed a summary of audit work by type. Also highlighted was page 41, new processes regarding follow up were continuing and there had been no instances in 2022/23 where a control weakness was brought to the attention of senior management and a decision was made by them to accept the risk and not implement remedial action. Pages 42 – 46 of the agenda detailed work undertaken during the previous year.

In response to a question from Members on the coverage of risks (page 37 of the agenda), the SWAP representative explained that work was planned in some of the areas. SWAP would be taking a more risk based approach going forward and that work would be scheduled across any gaps.

The SWAP representative then gave details regarding the approach to Internal Audit planning for 2023/24. SWAP were moving towards a continuous rolling plan approach, so would not present an annual plan. This approach would be more dynamic and enable planning in response to progress.

Members of the Committee had been invited to log on to an audit board portal, which provided a live view of the audit plan and proposed future work. This would be updated regularly allowing Members to self-serve and access the most up to date information.

In response to a question on whether Internal Audit work was prioritised by a proportion of spend, for example Adult Social Care which took a large amount of the council's budget, it was stated that work was risk assessed based on the council's strategic risk register, service risk registers and performance data. They did look at areas where there was large spend.

The risks surrounding Adult Social Care and whether the council's budget would cover those risks were discussed at length. It was explained that the council's budget was set using the Bank of England CPI assessment which stated that inflation would drop to 2% by the end of the calendar year. This was currently looking unlikely. There was a section within the budget papers that went to Full Council on 21 February covering these matters. Within the budget monitoring cycle, the Financial Planning Task Group looked at the budget and reserves to ensure councillor oversight. There was risk but it was managed. SWAP stated the 2 audits had been undertaken in 2021 around Adult Social Care (the 'Good Lives Alliance' and 'Help to Live at Home') and one was planned called 'Living my life' which was around the procurement process undertaken.

In response to questions about schools audits it was explained that SWAP were looking at more efficient ways to conduct school audits, for example looking at specific themes across a number of schools, rather than conducting a whole school audit. It was clarified that the council were only responsible for local authority maintained schools and not academies. The local authority still had relationships with academies and other non-maintained schools, and they attended Schools Forum, but Wiltshire Council were not responsible for them. The council was however responsible for the education of children and school place provision. The governments white paper on academisation was discussed and the council would react to that when required and appropriate. The drop in birth rate was also discussed which could lead to an over provision of school places, modelling was being undertaken by the Education Service to support decisions.

At the conclusion of the discussions, it was,

**Resolved:**

- **To note the Internal Audit Annual Opinion Report 2022/23**
- **To note the Approach to Internal Audit Planning 2023/24**

19 **Governance update on AGS 2022 actions**

David Bowater (Senior Corporate Manager) presented the Governance Update on the Annual Governance Statement (AGS) 2022. The update covered progress in terms of delivering on actions identified in the AGS 2022. It was explained that there was a corporate governance officer group where matters were monitored and discussed.

Two areas from the report were highlighted. This included the developing approach of regulators and the Department for Education (who were currently



conducting a consultation) on currently unregulated supported accommodation, which had implications for council delivery for vulnerable young people. Implications of this were being worked through and would be added to the AGS 2023.

Also highlighted was the Corporate Peer Review which the council had recently taken part in. The governance of the council was looked at and comments were positive.

The appendix to the report RAG rated progress against actions.

There were no questions from Members, and it was,

**Resolved:**

**To note the current status of the improvement actions identified in the AGS, as set out in appendix 1 to the report.**

## 20 Corporate Risk update

Catherine Pink (Corporate Support Manager) presented the Risk Management Update.

It was stated that the new corporate risk process had been running for a full financial year now. There had been a change in officer support with Catherine Pink taking over from the previous officer in January 2023. Risk was reported quarterly to Cabinet.

The role of the Audit and Governance Committee, in relation to the Risk Management process and as described in the Council's Performance and Risk Management Policy, was to monitor and review the effective development and operation of risk management. Review of the risks themselves (the contents of the risk registers) was the responsibility of the Overview and Scrutiny Management Committee (OSMC).

The Performance and Risk Management Policy was agreed in 2019 and would be reviewed and updated in the next 6 months. The review would take into account recommendations resulting from the current internal audit.

In response to questions, it was explained that the prescribed appetite for risk was set by Cabinet. There was an overall score for risks, above which they would not be tolerated. This varied dependent on the risk. Members requested that the appetite for risk be reviewed by the Committee at a future meeting.

Members highlighted and discussed the unusual circumstances of the last few years in terms of risk, for example Covid, inflation and war in the Ukraine and Sudan. Officers stated that hindsight was a wonderful thing, when assessing risk one could only go on the data and evidence available at the time. It was likely that there would be unexpected events that would occur which would

change service demand. From the risk register one had to focus on risks that could be controlled or mitigated for.

At the conclusion of the discussion, it was,

**Resolved:**

- **To note the report**
- **To request that the reviewed Performance and Risk Management Policy be brought to a future meeting of the Committee.**
- **To request that the appetite for risk was brought to a future meeting of the Committee.**
- **To request that updates on the risk management process be looked at by the Committee annually going forward.**

21 **Forward Work Programme**

The Forward Work Plan for the Committee was presented for consideration, and it was,

**Resolved:**

**To note the FWP and add any items to the plan as requested by Members during the meeting.**

22 **Date of Next Meeting**

It was announced that the next regular meeting of the Committee would be held on 25 July 2023.

23 **Urgent Items**

There were no urgent items.

24 **Exclusion of the press and public**

The Committee considered whether or not to hold the next item in closed session and it was,

**Resolved:**

**To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Number 14 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.**

25 **Network Boundary Defences Audit and Disaster Recovery**

The Committee received updates on the Network Boundary Defences Audit and the Disaster Recovery process. It was,

**Resolved:**

**To accept the proposed high-level plan, and status update following the recent boundary audit.**

(Duration of meeting: 10.30 am - 12.30 pm)

The Officer who has produced these minutes is Tara Hunt of Democratic Services, direct line 01225 718352, e-mail [tara.hunt@wiltshire.gov.uk](mailto:tara.hunt@wiltshire.gov.uk)

Press enquiries to Communications, direct line 01225 713114 or email [communications@wiltshire.gov.uk](mailto:communications@wiltshire.gov.uk)

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# Wiltshire Council

## Report of Internal Audit Activity

### Progress Report 2023/24- July 2023

Page 13

Agenda Item 6

## Executive Summary

As part of our update reports, we will provide an ongoing opinion to support our end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks.

The contacts at SWAP in connection with this report are:

**Sally White** Assistant Director  
Tel: 07820312469  
[sally.white@swapaudit.co.uk](mailto:sally.white@swapaudit.co.uk)

**Becky Brook** Principal Auditor  
Tel: 020 8142 5030  
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SWAP is an Internal audit partnership covering 25 organisations. Wiltshire Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

For further details see:  
<https://www.swapaudit.co.uk/>



### Audit Opinion, Significant Risks and Audit Follow Up Work

#### Audit Opinion

This is our first update report for 2023/24 financial year. On the basis of the outcomes of recent reviews completed, we recognise that generally risks are well managed. We have identified some gaps, weaknesses and areas of non-compliance within our work however with implementation of the agreed audit actions, we are able to offer an ongoing **reasonable opinion**.

Since our last report in February, we have issued **one Limited** assurance opinion on the areas and activities we have been auditing. In Appendix A, on page 6, we have provided the one-page audit report for the Limited assurance opinion work, to offer the Committee further insight. The limited opinion was issued following the review of Section 106 Financial Controls; an agreed action plan is in place to improve internal control around this key area of income.

#### Significant Corporate Risk

There are three, previously reported, unmitigated significant corporate risks. The first being the Pension Fund Key Controls. We have received an update from the Pension Team that is indicating good progress is being made in implementing the agreed actions with all actions currently in progress or complete. There is regular reporting on the audit action plan to the Pension Fund Committee. We will programme in a detailed follow up audit of this area and will report the outcomes to this Committee in due course.

Similarly, we reported the ICT Network Boundary Defences as a significant corporate risk. An exempt report was brought to the April committee meeting by the ICT Director. This report indicated that appropriate progress was being made but that the full mitigation of this risk would be a longer-term ambition. In liaison with the ICT Director, SWAP will programme a series of follow up pieces in order to keep the Committee updated on progress.

Additionally, in our November update we reported on a further significant corporate risk around the Pension Payroll Reconciliation Project where SWAP identified a number of key issues around the delivery of this project. The project has now been outsourced and SWAP is currently liaising with the Pension Team to determine the optimum timing for our follow up work.

# Internal Audit Plan Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



## SWAP Internal Audit Plan Coverage

The table below, captures our audit coverage, mapped against the Authority’s strategic risks. Furthermore, we have then overlaid the audit assurance outcomes of those risk areas that we have reviewed. Whilst we have increased the number of strategic risks with some audit coverage, there are still some gaps where Internal Audit are looking to focus some work. We have been working with the Corporate Directors and Directors to ensure that we provide a more comprehensive coverage of the Council’s key risks going forward. Members and Senior Officers of the Council are able to view our live rolling plan document, at any time, through SWAP’s audit management software; AuditBoard.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits	Coverage	Description
WC R01 - Unable to meet demand for special educational needs or disability (SEND) school provision	None		Good	Good audit coverage completed
WC R02 - Lack of capacity in the social care market	Some	Non Opinion Audits	Adequate	Adequate audit coverage completed
WC R03 - Failure to manage housing developing	None		Some	Some aspects of audit coverage completed
WC R04 - Increasing vulnerability to climate impacts	None		In Progress	Some aspects of audit coverage in progress
WC R05 - Uncontrolled cost of social care (predominately adults)	In Progress		None	No audit coverage to date
WC R06 - Cyber Resilience	Some	Limited	Assurance	
WC R07 - Impact of negative media/social coverage on the Council	Some	Reasonable	Substantial	Sound system of governance, risk management and controls exist
WC R08 - Failure in Safeguarding Children	Some	Reasonable	Reasonable	Generally sound system of governance, risk management and control in place
WC R09 - Information Governance	Some	Reasonable	Limited	Significant gaps, weaknesses or non-compliance were identified
WC R10 - Income Collection	Adequate	Reasonable	No Assurance	Fundamental gaps, weaknesses or non-compliance identified
WC R11 - Corporate Health, Safety and Wellbeing	Some	Reasonable		
WC R12 - Hospital discharges resulting in high cost and highly restrictive packages of care	None			
WC R13 - Budget Management	Adequate	Reasonable		
WC R14 - Not on track for the Council to be carbon neutral by 2030	None			

# Internal Audit Plan Update

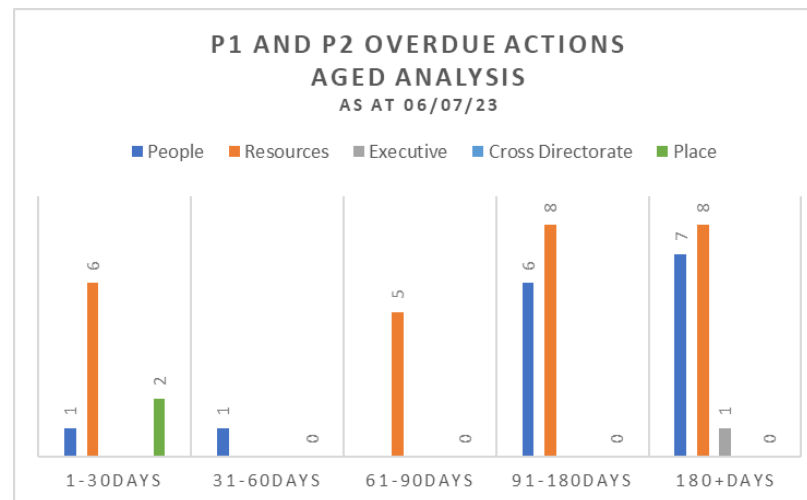
We review our performance to ensure that our work meets our clients' expectations and that we are delivering value to the organisation.

## SWAP Performance Measures

Performance Measure	Performance
<p><b>Overall Client Satisfaction</b>  <i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i></p>	<b>75%</b>
<p><b>Value to the Organisation</b>  <i>(Client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	<b>100%</b>

### Implementation of Audit Actions

The graph below indicates the number of long overdue priority 1 and 2 actions. Over the next few months SWAP will be working with directorates in order to confirm these actions have been appropriately implemented and we hope to see an improvement in these figures when we report to the Committee in November.





# Internal Audit Plan Update

## Added Value

**'Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.'**



## Added Value

### Cifas

The roll out of Cifas is continuing with the Insurance team now set up and ready to start using the database to match against insurance claimants. We are progressing with Human Resources, but this involves a different database which comes at an additional cost. We have also been working with the Revenues and Benefits team with the aim to roll out the use of Cifas for Council Tax.

We will continue to work with the Council to identify and support services where use of Cifas could bring benefits.

### Sharing of Best Practice

Following completion of a number of school audits we have compiled a report of common issues and best practices observed during our work. We have provided this report to the Council's Accounting and Budget Support Team so that they are able to share this across all Wiltshire maintained schools.

We sourced, reviewed and provided guidance on a Finance Policy for the Accounting and Budget Support team to utilise as the basis for a template that can be rolled out to all maintained schools in Wiltshire.

### Newsletters and updates

SWAP regularly produces a newsletter and other relevant updates for partners such as fraud bulletins, which provide information on topical issues of interest.

# Internal Audit Plan Update

The role of SWAP as the Internal Auditors for Wiltshire Council is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. In order for senior management and members to be able to appreciate the implications of the assurance provided within an audit report, SWAP provides an assurance opinion. The four opinion ratings are defined as follows:

Assurance Definitions	
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Page 18

In addition to the assurance definitions above, we also provide an ‘assurance dial’ which indicates a high medium or low range within the assurance level.



As can be seen in this example the assurance provided is low limited as the dial is sitting on the lower end of the limited scale. It could have been a medium limited assurance where the dial sits midway or high limited when it is sitting at the upper end close to the reasonable assurance.

**Section 106 Financial Control – Final Report – April 2023**



**Audit Objective** To provide assurance that monies due under Section 106 are being effectively collected and managed.

Assurance Opinion		Number of Actions		Risks Reviewed	Assessment
	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Priority	Number	The contributions due under a Section 106 Agreement are not received, resulting in failure to deliver much-needed infrastructure in Wiltshire, financial loss and reputational damage.	Medium
		Priority 1	2		
		Priority 2	4		
		Priority 3	7		
		Total	13		

**Key Findings**

- The Capital Finance team send regular SAP reports to the service areas to help them monitor their contributions, and there is regular communication between the S106 Monitoring Officer, the Capital Finance team and the service areas. Since the conclusion of audit fieldwork, management have begun to proactively address the findings within this report.
- The Arcus software system has the capability to track the receipt, movement, spend and correspondence related to S106 agreements but is not being used to its full potential, with errors and omissions noted. There is no method for Capital Finance and service areas to independently verify that a payment trigger has been met. Responsibility for the management and spend of S106 contributions is not clear within each service area.
- Wiltshire Council S106 Policy and guidance within service areas is significantly out of date; it is not reflective of the latest version of the National Planning Policy Framework nor the current structure of Wiltshire Council.
- Several inaccuracies, errors and omissions were noted within the sample of planning applications tested, including ~£125k not being raised due to an oversight, a contribution being coded to an incorrect journal and contributions not being spent due to lack of communication about triggers.
- Tracking of S106 contributions currently takes place across multiple formats, one of which is no longer supported, and training is required to ensure permissions around data management are appropriate. Evidence of spend is not currently uploaded to the Arcus system.

**Audit Scope**

We reviewed the risks and controls in place in relation to Section 106 (S106) payments. This included a review of the following:

- Evaluation of the guidance that defines how and when S106 agreements should be applied.
- Evaluation of the recording of S106 agreements in the new Arcus planning system.
- Evaluation of the monitoring of financial triggers and how funding is received, including the timely application of indexations to contributions, and
- Evaluation of the reporting produced for management and Members.

Community Infrastructure Levy (CIL) payments were not included in this review due to the capacity of the Spatial Planning team.

**Relevant Information**

Wiltshire Council is currently managing ~£107 million in S106 contributions. A sample of seven planning applications was used during the testing phase of this fieldwork. They contain 33 separate elements across nine areas, totalling over £3,450,000. At the time of the audit, the contributions had been collected in full for 22 out of 33 elements (67%); this is mostly due to the triggers for payment not having been met within the development, which would be expected as the sample was chosen from the most recent planning applications.

Page 19

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**Wiltshire Council**

**Audit and Governance Committee**

**25 July 2023**

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**Subject: Annual Governance Statement 2022/23**

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## **Executive Summary**

The Annual Governance Statement for Wiltshire Council should demonstrate how the Council is meeting the principles of good governance adopted in its Code of Corporate Governance. A statement has been prepared based on the local code of corporate governance adopted by full council as part of the Constitution. The statement has been shared with external auditors for comment and will be updated to reflect the discussion at the committee ahead of its final agreement as part of the Annual Accounts.

## **Proposal(s)**

The Audit and Governance Committee is asked to consider the draft Annual Governance Statement for 2022/23 at Appendix 1.

## **Reason for Proposal**

The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2022/23. This will be signed by the Leader of the Council and the Chief Executive after final approval by the Audit and Governance Committee. The AGS will form part of the Annual Statement of Accounts for 2022/23.

## **Perry Holmes**

Director, Legal and Governance / Monitoring Officer

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**25 July 2023**

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**Subject: Annual Governance Statement 2022/23**

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### **Purpose of Report**

1. To consider the Annual Governance Statement for 2022/23.

### **Background**

2. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2022/23. This will be signed by the Leader of the Council and the Chief Executive after final approval by the Audit and Governance Committee. The AGS will form part of the Annual Statement of Accounts for 2022/23.
3. The format of the AGS follows advice from the Chartered Institute of Public Finance and Accountancy (CIPFA), with an onus on making it focused and readable. This is also the format of the [Local Code of Corporate Governance](#) that full council adopted as part of the Constitution on 9 July 2019.
4. The AGS for Wiltshire Council should demonstrate how the Council is meeting the principles of good governance adopted in its Code of Corporate Governance. These principles aim to ensure the Council is:
  - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - Ensuring openness and comprehensive stakeholder engagement.
  - Defining outcomes in terms of sustainable economic, social and environmental benefits.
  - Determining the interventions necessary to optimise the achievement of intended outcomes.
  - Developing capacity, including the capacity of the Council's leadership and the individuals within it.
  - Managing risks and performance through robust internal controls and strong public financial management.
  - Implementing good practices in transparency, reporting and audit to deliver accountability.

5. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2022/23, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts. The AGS should outline the actions taken or proposed to address any significant governance issues identified.
6. The AGS is drafted by senior officers who have lead roles in corporate governance. The evidence for the AGS comes from a variety of sources, including service plans, relevant lead officers within the organisation, internal and external auditors and inspection agencies. The government has recently issued [draft statutory guidance](#) on the Best Value duty which notes that in a well-functioning council '*The Annual Governance Statement, prepared in accordance with the CIPFA/ SOLACE Good Governance Framework, is the culmination of a meaningful review designed to stress-test both the governance framework and the health of the control environment.*' The senior officers meet regularly to deliver this meaningful review through the AGS.
7. In last year's Annual Governance Statement the Council identified a number of areas where further improvements could be made to strengthen its governance framework. Update reports have been provided to the Audit and Governance Committee and where appropriate have been rolled forward into the AGS for 2022/23. Here is the latest update:

### Summary of improvements suggested in 2021/22

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

AGS improvement actions	Current Status	
<p><b><i>Review commissioning and procurement approaches to embed industry standard contract management as part of staff job descriptions; deliver policy and training to embed social value across the council; and strengthen our approach to partnership working with the VCS through business planning processes and a refresh of the Compact/ VCS Strategy.</i></b></p>	<p>An end-to-end review of processes across procurement has been undertaken, and a refreshed process has been devised (involving colleagues from Legal and SWAP Audit). Commercial Board has been relaunched in line with this. A restructure of the Commercial &amp; Procurement team has been undertaken, all job descriptions have been revised and recruitment is underway. An improvement plan is in place.</p> <p>Update: End to End process and functional governance steps have now been introduced. They will be reviewed in the New Year to ensure that they are working well.</p> <p>A new set of Terms of Reference for the Commercial Board are in development and will be relaunched in the autumn.</p> <p>A contract management and Social Value have been developed and are in the final stages of testing.</p>	<p><b>AB</b> <b>DB</b></p>

Rollout a Good Conduct Campaign for local councils, including a toolkit, webinar and Good Conduct chart.	Completed. Further webinars being considered for the future.	PH MD
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#### Principle B - Ensuring openness and comprehensive stakeholder engagement

AGS improvement actions	Current Status	
Review commissioning and procurement approaches to embed industry standard contract management as part of staff job descriptions; deliver policy and training to embed social value across the council; <b>and strengthen our approach to partnership working with the VCS through business planning processes and a refresh of the Compact/ VCS Strategy.</b>	See above for review of end-to-end process.  A Socially Responsible Procurement Policy and associated action plan has been agreed by Cabinet in November 2022, the action plan includes a specific intent to engage with the voluntary sector and community of Wiltshire as part of a mixed economy approach to the procurement of goods, works and services going forward. A Social Responsibility Toolkit to support both suppliers and commissioners to maximise the delivery of social value has been developed.  A new partnership arrangement is being developed with the VCS, taking into account and superseding the Wiltshire Compact and the previous VCS strategy. Early discussion with the sector and WC Officers is underway.	AB DR DB RS

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

AGS improvement actions	Current Status	
<b>Regularly report on delivery against outcomes defined in the new Business Plan, including our commercial approach</b>	A new corporate performance framework has been agreed as part of the publication of the new Business Plan. Through, aligned quarterly reporting of performance and risk at cabinet this continues to be refined through engagement with the relevant services, including through the annual service planning cycle.	MN

#### Principle D - Determining the interventions necessary to optimise the achievement of intended outcomes

AGS improvement actions	Current Status	
<b>Finalise the governance review of Stone Circle company and shareholding arrangements</b>	All of the recommendations from the September 2021 review of Stone Circle have now been implemented. The peer challenge report noted that <i>'the council has impressive organisational governance providing good levels of rigour and consistency in corporate decision-making, there is clarity around roles and responsibilities, and member/officer relationships are strong and productive. This extends to the Stone Circle wholly owned company where governance improvements now appropriately balance risk and benefit.'</i>	AB PH



**Principle E - Developing capacity, including the capability of the Council's leadership and the individuals within it**

<b>AGS improvement actions</b>	<b>Current Status</b>	
<b><i>Rollout training and awareness on decision making processes</i></b>	Guidance on the council's decision-making processes has been developed and is available on the corporate intranet. Directors and Heads of Service have been briefed. Further guidance on officer decisions is in development and corporate training will follow. A corporate system for recording and, where appropriate, publishing executive officer decisions is now being trialled.	<b>PH MD</b>
<b><i>Continue to work with partners to complete a multi-agency evaluation of the response to the pandemic</i></b>	The LRF held a set of multi-agency debrief interviews and workshops sessions throughout June 2022 and the feedback from these has been reviewed. In addition, the public health team have run a series of response debrief/look back sessions for the specific responsibilities around testing, tracing, outbreak management, prisons, care homes, schools and communications to inform our own internal evaluation and ongoing planning.  We will continue to support the public inquiry as appropriate with partners.	<b>PH KB MN EP</b>

**Principle F – Managing risks and performance through robust internal controls and strong public financial management**

<b>AGS improvement actions</b>	<b>Current Status</b>	
<b><i>Review how performance can be communicated to the public to deliver maximum openness and transparency</i></b>	A new approach to communication of performance as well as publishing open data will be developed and delivered as part of the BI Development programme and SAP Evolve project. Incorporation of appropriate resident engagement is being considered as part of the regular service planning approach.	<b>PH MN SH</b>

**Principle G - Implementing good practices in transparency, reporting and audit to deliver accountability**

<b>AGS improvement actions</b>	<b>Current Status</b>	
<b><i>Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved</i></b>	An outcome-based process has been developed ensuring directorate level service plans link clearly with Business Plan principles.  A new portfolio management approach which includes organisational level prioritisation and governance arrangements is being implemented to align corporate programmes and transformation activities with the new Business Plan and ensure benefits realisation.	<b>AB SH MN</b>

<p><b><i>Review the Complaints Procedure alongside arrangements to report trends and learning</i></b></p>	<p>A new, more user-friendly corporate Complaints Procedure was agreed by Full Council in October 2022.</p> <p>An Annual Complaints Report 2021-22 was received by Standards Committee in September 2022. This provided a comprehensive picture of the complaints received, how they were processed and the actions in place to address any issues identified.</p> <p>A new complaints casework IT platform is now being developed internally and will support improved reporting of trends and learning.</p>	<p><b>PH</b> <b>MD</b></p>
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### Initials

**AB:** Andy Brown, Corporate Director, Resources

**PH:** Perry Holmes, Director, Legal and Electoral Services

**TK:** Tamsin Kielb, Director, HR and OD

**DR:** David Redfern, Assistant Director, Leisure, Communities and Culture

**KB:** Kate Blackburn, Director, Public Health

**SH:** Stuart Honeyball, Director, Transformation

**DB:** Deborah Bull, Procurement

**RS:** Rhys Schell, Strategic Engagement and Partnerships

**MN:** Martin Nicholls, Executive Office

**MD:** Maria Doherty, Democracy

**EP:** Emergency Planning

### Main Consideration for the Council AGS - Content

8. An AGS for 2022/23 is attached at Appendix 1. This will be updated further in the light of the observations of external audit (Deloitte) as part of the annual accounts. The Council's internal auditors, SWAP, have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2022/23.
  
9. The final sections of the AGS require the Council to identify any significant internal control issues affecting the Council during the relevant period. CIPFA guidance suggests that an internal control issue is to be regarded as significant if:
  - the issue has seriously prejudiced or prevented achievement of a principal objective;
  - the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
  - the issue has led to a material impact on the accounts;
  - the audit committee, or equivalent, has advised that it should be considered significant for this purpose;
  - the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;

- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

10. The Annual Governance Statement includes two statements from the Monitoring Officer as follows:

*“During 2022/23 I have held regular meetings with the Director of Children’s Services in her statutory role. In those meetings I have been informed that two decisions have been made to home children in unregistered placements. Unregistered provision is when a child who is being provided with some form of ‘care’ is living somewhere that is not registered with Ofsted. Together we have developed an escalation and assurance process that clearly shows an audit trail of all options considered by the DCS and her team and consultation with Ofsted and other key internal and external stakeholders. Strong controls are in place to mitigate any risks. The latest position is that the provider delivering the care has applied to Ofsted to become registered. However, as these are examples of unlawful decisions I am reporting them as part of the Annual Governance Statement. I have chosen not to report these in any other forum, as part of my statutory duty, because the circumstances (the unavailability of any other suitable registered accommodation and the fact that the decisions are made by the DCS personally) would not allow any other body, such as Cabinet, to prevent these decisions being taken.”*

*“I have considered the non-completion of accounts this year by our external auditor. The Council has a legal duty to make the available documentation which supports their audited accounts during the first 10 working days of June each year (Accounts and Audit Regulations 2015). We have been unable to facilitate that this year. This is an historic issue. Once draft accounts for years 2020/21, 2021/22 and 2022/3 are issued in draft the Council will mimic the statutory 10 working day period and provide public access for the relevant documentation. A note has been added to our website making the position clear to residents. However, as this is an example of an unlawful decision, I am reporting that as part of the Annual Governance Statement. I have chosen not to report this in any other forum, as part of my statutory duty, because the circumstances (non-completion of the accounts partly as a result of the actions of our external auditors), would not allow, any other body, such as full Council, to prevent this decision being taken”*

11. The following areas for improvement have been identified at this stage:

- Review contract management approaches to embed standard contract management activity; deliver policy and training to embed the Socially Responsible Procurement Policy across the Council; and strengthen our approach to working with SMEs and VCS.
- Continue activities to embed all of the elements in Our Identity across the organisation.
- Develop a renewed framework for working with the Voluntary and Community Sector
- Implement a council-wide system for publishing officer decisions in line with

- the Openness of Local Government Bodies Regulations 2014
  - Review the role and function of Area Boards so that they add maximum value to our place shaping ambitions.
  - Develop a more clearly articulated strategic narrative of place, using the Local Plan as key spatial narrative.
  - Create a county-wide strategic partnership board to oversee the Economic Strategy for Wiltshire
  - Focus on wider external partnership opportunities that will help take Wiltshire forward
  - Regularly report on delivery against outcomes defined in the new Business Plan, alongside financial information
  - Consider how developing a comprehensive Asset Management and Capital Investment Strategy could support future transformation and place shaping ambitions and inform future budget decisions.
  - Continue to ensure the approach to transformation is embedded and understood across the council.
  - Rollout training and awareness on decision making processes
  - Measure the impact of the leadership and development programme and other interventions on retention and promotion.
  - Review the corporate assurance framework for performance, risk and service delivery
  - Build on the collaborative approach to budget setting, aligning organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes to be achieved
  - Review how performance can be communicated to the public to deliver maximum openness and transparency, including financial information as part of this.
  - Assess progress in delivery against the revised statutory guidance on the Best Value duty
12. The Council's external auditors, Deloitte LLP, have been asked for their comments on the draft AGS and these will be reflected in the final draft. The Council continues to work with the **External Auditor** on all aspects of the outstanding Accounts and Audit processes to draw these to conclusion as effectively and efficiently as possible and is considering the options for this. This work will include the final accounts for 2019/20 and the draft and final accounts for the 3 subsequent years and will also include the clearing of the current 'except for' qualification on the balances on the Fixed Asset disclosures pertaining to the Revaluation Reserve and the Capital Adjustment Account. Details of the conclusion and opinion can be found in the auditor's ISA 260 reports.
13. The statistics on complaints highlighted in yellow in the draft AGS will be updated once the annual letter from the Local Government Ombudsman has been received.

**Andy Brown**  
**Corporate Director Resources / Section 151 Officer**

**Perry Holmes**  
**Director Legal and Governance / Monitoring Officer**

**Tamsin Kielb**  
**Assistant Director HR and OD**

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Report Authors: Andy Brown, Perry Holmes, Tamsin Kielb and David Bowater.

**Appendices**

Appendix 1 Wiltshire Council's Annual Governance Statement 2022/23

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# **Wiltshire Council**

## **Annual Governance Statement 2022/23**

## **Introduction**

Wiltshire Council is a local authority that is responsible for providing services to nearly half a million residents, tens of thousands of varied businesses and over a million visitors per year. It aims to create strong communities, grow the local economy and protect vulnerable people and this approach underlines everything we do. The Council secures funding from national government, local taxation and charges. So, as a public body, it needs to have a strong governance and assurance framework to make certain its business is conducted to the highest standards, ensuring:

- resources are directed in accordance with agreed policy and according to priorities;
- there is sound and inclusive decision making, conducted in accordance with the law and proper standards;
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities; and
- public money is safeguarded and properly accounted for, and continuous improvement in the way in which its functions are exercised is secured, having regard to economy, efficiency and effectiveness.

This statement reflects how Wiltshire Council has met those standards in 2022/23 and beyond; as well as the ongoing actions it is taking to maintain and improve its governance arrangements. Evidence of how we have assessed ourselves has been grouped into sections as set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its publication 'Delivering Good Governance in Local Government Framework (2016)' and is consistent with the Local Code of Corporate Governance.

## **Approval of the Annual Governance Statement 2022/23**

We are satisfied that this statement provides a substantial level of assurance that good governance is in place in Wiltshire Council and that appropriate arrangements are in place to address improvements identified in our review of compliance. Progress on these improvements and on addressing and mitigating the risks will be monitored through the year by senior officers and the Audit and Governance Committee.

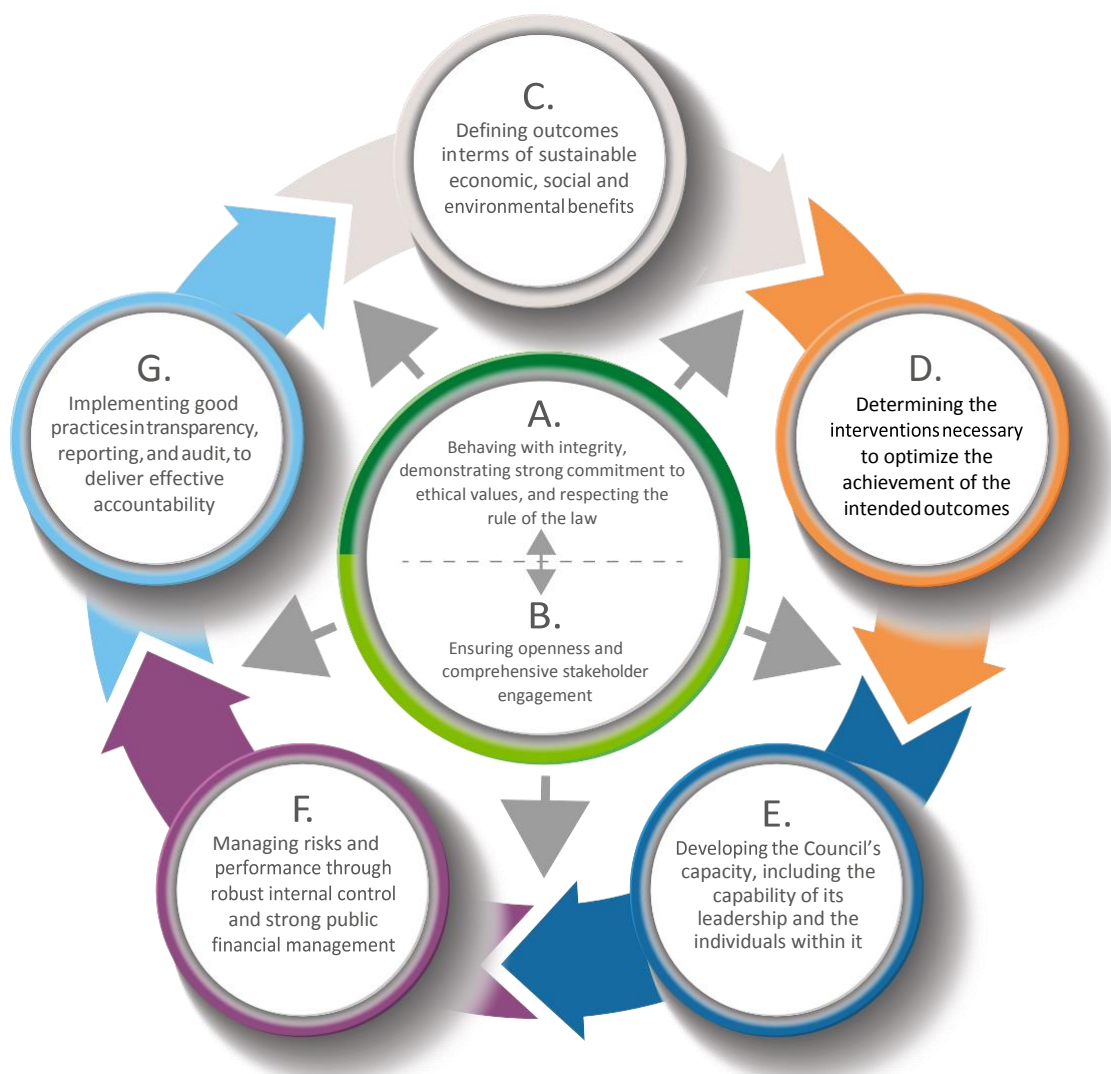
Terence Herbert  
Chief Executive

Cllr Richard Clewer  
Leader of Wiltshire Council

September 2023



The Local Code of Corporate Governance provides a means of demonstrating that a sound level of governance is operated. This local code acts as a means of assurance, but also a mechanism for achieving continuous improvement. This approach is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework. The principles are set out below:



The following pages set out a summary of the key governance controls, mapped against the CIPFA principles. These are supported by case studies to help demonstrate where positive improvement action has already been taken, and a note of improvement actions that the Council will take.

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

Respect for the rule of law

The Council's [Constitution](#) provides the framework within which the Council operates. It sets out how decisions are made and the procedures which must be followed to ensure that these are efficient, effective, transparent and accountable. The constitution is kept under review by the Standards Committee who request the Constitution Focus Group to review sections. In 2022/23 this included updating the council's Complaints Procedure and inclusion of terms of reference for the Channel Panel, part of the Prevent duty.

The Constitution includes at Part 12 the **Members' Code of Conduct**, which makes clear the obligation of elected members in promoting and maintaining high standards of conduct and ensuring the principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) are adhered to. Pecuniary and non-pecuniary interests are [registered](#) and published on the website in accordance with the requirements of the Code of Conduct and underlying legislation. On 18 October 2022 the council adopted an adapted version of the LGA Model Code, and will be reviewing this further in 2023/24 to assess its operation.

Behaving with integrity

The Council publishes and promotes a code of conduct for its staff alongside **'Our Identity which is a framework, embedded through the employee lifecycle**, that sets out expectations for how staff and managers are expected to lead, work and act to deliver services

There is a process for dealing with complaints under the codes of conduct for unitary, parish, town and city councillors in Wiltshire. This process and its application is set by the Council and reviewed regularly by the Council's **Standards Committee**. Minutes from the meetings of this Committee can be found [online](#). In 2022-23, 36 complaints were received; 7 regarding Wiltshire Council members and 29 regarding members of town, parish or city councils. Four complaints were referred for investigation.

Strong commitment to ethical values

Ethical considerations are also evident in the Council's procurement activity. A Socially Responsible Procurement Policy (SRPP) has been created and adopted. Procurement activity should achieve value for money, support the growth of our local economy, promote fair pay (tackling modern slavery) and support the protection

The Council has launched a 'Positive Conduct, Positive Democracy' campaign, promoting fair and ethical good conduct amongst local council members and clerks in Wiltshire.

**How we can improve**

Review contract management approaches to embed standard contract management activity; deliver policy and training to embed the Socially Responsible Procurement Policy across the Council; and strengthen our approach to working with SMEs and VCS'.

Continue activities to embed all of the elements in Our Identity across the organisation.

**Principle B - Ensuring openness and comprehensive stakeholder engagement**

Openness

The Council makes available a range of important information on its website including its strategic aims and ambitions in its published [Business Plan](#) and via its [publication scheme](#). The council has arrangements for dealing with requests under Freedom of Information laws. In 2022/23 there were 1510 requests with 98% responded to within 20 days.

Committee meetings are open to the public, and **agenda papers and minutes** are available on the internet in various formats along with forward work plans/ calendars.

**Public engagement** plays a key part in the decision-making process, across the full range of council services. Key consultations and public engagement campaigns undertaken during 2022/23 include Downton & Redlynch Public Spaces Protection Order, A350 Chippenham Phases 4 & 5, Future High Streets Fund Trowbridge and Salisbury and proposed changes to Hackney carriage licensing zones. A **media protocol** is in place for councillors and officers.

The Council supports a range of partnerships including: the [Health and Wellbeing Board](#), promoting integrated working between the council and the NHS; the [Wiltshire Police and Crime Panel](#) which reviews and scrutinises decisions of the Police and Crime Commissioner (joint committee with Swindon Borough Council); and is exploring integrating the work of the Swindon and Wiltshire Local Enterprise Partnership (**SWLEP**). A council director now chairs the [Local Resilience Forum](#). The council engages the military through various structures to ensure the principles of the Armed Forces Covenant are applied in service provision (which gained legal force in autumn '22). Membership of the groups is kept under review as legislation, roles and responsibilities change.

Engaging with institutional stakeholders

Wiltshire Council's 18 **Area Boards** involve the local community in decision-making within the agreed scheme of delegation. 71 area board meetings took place, returning to in person meetings, with devolved funding on community grants, youth, health and wellbeing and transport and devolved decision-making powers on community asset transfers. Cabinet has agreed an increased budget and remit for area boards encompassing highways, cycleways and footway improvements.

The **Wiltshire Compact** is an agreed set of guidelines and principles to foster good working relationships between the voluntary sector and the public sector. These guidelines are being refreshed in 2023

Engaging with citizens and service users

The council's [Statement of Community Involvement](#) sets out expectations in preparing Wiltshire's planning policy documents and in considering planning applications. This was approved by Full Council in July 2020 and included temporary arrangements in light of the pandemic. Timely, open, officer decision making is in place with the ability for local councillors to call-in **planning** decisions to committee in response to local concerns. A strategic planning committee oversees particular significant issues.

**Officer decisions** are published [online](#) in some circumstances including when cabinet members delegate implementation of decisions to officers. Increased emphasis is now being placed on ensuring appropriate advice and training is given to officers on requirements for recording and publishing decisions, including those arising from discussion at programme boards.

**How we can improve**

Develop a renewed framework for working with the Voluntary and Community Sector  
 Implement a council-wide system for publishing officer decisions in line with the Openness of Local Government Bodies Regulations 2014  
 Review the role and function of Area Boards so that they add maximum value to our place shaping ambitions.

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

Defining outcomes

The [Business Plan](#) 2022-32 outlines the guiding themes, missions and outcomes set to be delivered through service plans and by working with partner organisations and local communities. Service delivery plans are refreshed on an annual basis.

The Council receives reports on the combined economic, social and environmental impacts of its policies in the form of various reports including the **Joint Strategic Needs Assessment (JSNA)**. These also inform community led action planning and other schemes.

Following the publication of the report of the Local Government Association's **Peer Review** on Wiltshire Council in 2022, an [action plan](#) was developed and also considered by the Overview and Scrutiny Management Committee. A short follow up visit from the LGA is expected to take place later in 2023.

**Community facilities** have a key role in supporting people to live more active and fulfilled lives. The campus programme has provided sustainable assets for towns that provide a place, facilities and services that help to combat isolation and loneliness and increase the opportunities for social interaction; and in so doing build strong communities. Several campuses have been completed already including Calne in November 2020 and Cricklade in February 2021. New facilities have now opened in Melksham and £25m has been allocated in the capital programme for a new building in Trowbridge, with the preferred site now confirmed as East Wing opposite County Hall.

A [Local Development Scheme](#) provides a three year rolling project plan for producing the **local development framework**. A **refreshed** Local Plan is expected to proceed to examination in public later in 2023.

Sustainable economic, social and environmental benefits

Parishes throughout the county can continue to request community asset transfers. A rapid scrutiny task group undertook a [review](#) on the service delegation and asset transfer policy and a revised policy was [agreed](#) by Cabinet in September 2022. Significant **service delegation and asset transfer** packages have previously been agreed with Bradford on Avon, Devizes, Chippenham Town Councils and Pewsey Parish Council and Salisbury City Council. A new deal was recently agreed with Trowbridge and further exploratory work is now underway with other interested Town Councils under the new policy. Requirements for the public estate are likely to evolve further in coming years with related opportunities for capital receipts, jobs and housing.

Investment in transformation of **adult social care** has continued with investment in assistive technology; expansion of the shared lives service; the development of Wiltshire Support at Home and the Wiltshire Living Well at Home Service; as well as a pilot on a new approach to transitional safeguarding. The **Families and children transformation** programme has led to the implementation of improved multi-professional early support and the development of a family hub model which is currently being rolled out; the development of an innovative Risk Outside The Home pathway which is now being rolled out in other councils; the launch of the Family Drug and Alcohol Court; a Dads Matter Too project.

**How we can improve**

Develop a more clearly articulated strategic narrative of place, using the Local Plan as key spatial narrative.

Create a county-wide strategic partnership board to oversee an Economic Strategy for Wiltshire

**Principle D - Determining the interventions necessary to optimise the achievement of intended outcomes**

Determining and planning interventions

Optimising achievement of intended outcomes

Regular Performance and financial updates are reported to senior officers and councillors, including scrutiny through the **Financial Planning Task Group** and **Overview and Scrutiny Management Committee**.

The Council took part in the Local Government Association's Corporate **Peer Review** in 2022. The report was published in early 2023 and praised organisational culture and governance, scrutiny and recent improvements to the Audit and Governance Committee. An [action plan](#) was developed to deliver the recommendations that has been considered by the Overview and Scrutiny Management Committee. A short follow up visit from the LGA is expected to take place later in 2023.

Oversight of transformational projects is undertaken by the Corporate Leadership Team (CLT) through the Transformation Board, supported with advice from HR and IT. The **transformation board** oversees and assesses the resourcing and priorities for projects and programmes on behalf of the Council that contribute to major transformation and service performance improvement, to deliver on the council's Business Plan priorities. Reports will be provided to the Cabinet via the quarterly performance monitoring on their ongoing work.

The council's [annual budget](#) setting process has also seen updates to the Medium Term Financial Strategy and ongoing Capital Programme. Work is underway on a capital and asset management strategy.

The [Corporate Procurement Strategy](#) provides the framework for the council to obtain value and social capital from all of its bought in goods and services. The strategy focuses on identifying and delivering efficiencies, but not at the expense of quality; and developing and embracing the principles of sustainable procurement.

The procurement strategy is used to encourage the adoption of a mixed economy approach, evaluating on the basis of whole life costings and breaking down barriers to participate in council opportunities. Using transparent processes, the council commits to meeting its obligation to ensure that all of our procurement activity addresses relevant social, economic and environmental standards.

Business plans for the Council's **local housing company** and **development company** were considered by the Shareholder Group (a committee of Cabinet) on 27 June 2023. The business plans build on previous ambitions to acquire 250 homes over five years and develop six council-owned sites. The housing company acquired 41 properties in 2022/23, bringing the total number of properties to 92. Subject to the approval of the Shareholder, the housing company intends to purchase a further 50 properties in the 2023/24 financial year. The development company received planning approval on two sites in 2022/23, securing permission for 61 new units. A third application was submitted for 24 units and is expected to receive approval shortly. The development company intends to submit a further two sites for planning in 2023/24, with the potential to bring 81 new units to market. The company is due to start construction on its first site in Calne, which will create 9 new homes for local residents. The companies hired two direct employees in 2022/23 and, subject to Shareholder approval, intend to hire further employees in the coming year. Stone Circle Energy Company remains dormant.

**How we can improve**

Consider how developing a comprehensive Asset Management and Capital Investment Strategy could support future transformation and place shaping ambitions and inform future budget decisions. Continue to ensure the approach to transformation is embedded and understood across the council. Focus on wider external partnership opportunities that will help take Wiltshire forward

**Principle E - Developing capacity, including the capability of the Council's leadership and the individuals within it**

Developing capacity

Developing the capability of the Council's leadership and other individuals

Our workforce strategy has been developed to ensure we have a skilled, adaptive and engaged workforce who collaborate with our partners to effectively and efficiently deliver our business plan priorities and our vision of building stronger communities. This strategy has been developed to support us to ensure we have the right people in the right place at the right time with the right skills, capability and behaviours

We have continued to develop the alignment of service responsibilities to roles at the top of the organisation to ensure joined up and effective working. All senior leaders participate in an annual 360 feedback process to support self awareness and development, and this will feed into a wider talent management and succession planning framework launched this year.

The Employee Experience was conducted in early 2023, and focussed on the areas of Employee Engagement, Inclusion and Diversity, and Well-being. Over 97% of the 2,427 respondents understood what was expected of them in their role and wanted to do the best job possible for our communities. Median relationships with colleagues and managers also showed impressive scores of 9 out of 10 indicating positive working relationships. Respondents indicated a Median mental health score of 7 out of 10, and mental health scores were one of the drivers for how likely they would be to recommend us as an employer - we see the mental health of our staff as a priority and continue to develop tools to support those who struggle with it, such as launching Mental Health Advocates, providing resources and counselling. The findings from the survey have provided crucial insights for our services Workforce Strategy Action Plans which are being developed council wide.

The council continues to learn by seeking **best practice** both regionally and nationally and responding to the findings of external inspections such as CQC and Ofsted inspections.

As well as the corporate peer challenge voluntary peer challenges have also been conducted in the areas of planning, libraries and leisure and for special educational needs and disabilities.

Managers complete **annual appraisals** with their staff and use these to discuss behaviours, identify training and development needs, and develop plans to address these needs. Exit interviews also provide the council with learning

As well as the training provided as part of councillor induction a range of learning material is made available to councillors online via the Wiltshire Council **learning portal**, GROW.

We currently have 194 staff active on apprenticeships and, since the introduction of the apprenticeship levy in 2017 have had in total 521 staff start apprenticeships. These range from Level 2 – Level 7. All grade D-F posts are considered for apprenticeships when recruited externally. We have built a successful Leadership & Management apprenticeship programme, we have also started building cohorts of Social Worker and Occupational Therapy apprenticeships to enable us to grow our own staff utilising the levy.

**How we can improve**

Rollout training and awareness on decision making processes

Measure the impact of the leadership and development programme and other interventions on retention and promotion.

## Principle F – Managing risks and performance through robust internal controls and strong public financial management

In 2022/23 performance and risk processes returned to the formal arrangements agreed in the [2019 Performance and Risk Management Policy](#), superseding the temporary arrangements that had been put in place during the two-year pandemic response. A redesigned Corporate Performance Scorecard was developed, and an updated Corporate Risk Register integrated Covid-response risks with risks identified through service planning. Both the Performance Scorecard and the Strategic Risk Register have now been reported to Cabinet and Overview and Scrutiny Management Committee for a full financial year. In late 2022/23 the Performance Scorecard measures were collaboratively reviewed by Directors, Cabinet members and Portfolio Holders, resulting in an expanded range of KPIs that provide a broader picture of the Council's performance against its Business Plan objectives. Performance Outcome

The current risk process continues to operate under regular review by the Audit and Governance Committee. Improvements in the robustness of policies and processes are underway, supported by an ongoing internal audit by the South West Audit Partnership, and include a review and update of the Performance and Risk Management Policy. New master risks have been added to the corporate risk register around climate change and an emerging risk on the impact of global financial events has been noted. Both sustained inflationary pressures and staff capacity have been moved from risks to issues.

Wiltshire's section 151 Officer or **Chief Finance Officer** has a statutory duty to ensure that the Council has a strong financial control environment, including an effective and independent Internal Audit function in accordance with the Accounts and Audit Regulations.

The Council is the administering authority for more than 180 employers through the Wiltshire Pension Fund, and the [Pension Committee](#) exercises its responsibilities in relation to investment management where it sets investment policy and appoints and monitors external investment managers. This has included participation in the Brunel Pension Partnership (as agreed by full council). The operation of a separate **Local Pension Board** continues with the purpose of scrutinising the Council as Administrator for the Wiltshire Pension Fund and ensuring the efficient and effective governance of the scheme.

The Senior Information Risk Owner's **(SIRO) Annual Report**, outlines the significant work that has taken place to embed good practice and manage risk to ensure compliance across the council.

Monitoring Officer comments: *"During 2022/23 I have held regular meetings with the Director of Children's Services in her statutory role. In those meetings I have been informed that two decisions have been made to home children in unregistered placements. Unregistered provision is when a child who is being provided with some form of 'care' is living somewhere that is not registered with Ofsted. Together we have developed an escalation and assurance process that clearly shows an audit trail of all options considered by the DCS and her team and consultation with Ofsted and other key internal and external stakeholders. Strong controls are in place to mitigate any risks. The latest position is that the provider delivering the care has applied to Ofsted to become registered. However, as these are examples of unlawful decisions I am reporting them as part of the Annual Governance Statement. I have chosen not to report these in any other forum, as part of my statutory duty, because the circumstances (the unavailability of any other suitable registered accommodation and the fact that the decisions are made by the DCS personally) would not allow any other body, such as Cabinet, to prevent these decisions being taken."*

### How we can improve

Review the corporate assurance framework for performance, risk and service delivery  
 Build on the collaborative approach to budget setting, aligning organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes to be achieved

**Principle G - Implementing good practices in transparency, reporting and audit to deliver accountability**

The Council complies with reporting requirements such as an [online structure chart](#) and senior salaries and expenses.

The ambitions set out in the **Local Code of Corporate Governance** are reviewed regularly and updates have been provided to the Audit and Governance Committee.

The Council has independent external auditors (Deloitte) and SWAP Internal Audit Services, who provide an internal audit function. SWAP has recently introduced a rolling internal audit plan which enables SWAP's work to be flexible and responsive to the ever-changing risks of a fast-paced organisation. The plan is built with management as the year progresses based on a continuous risk assessment linked to the council's strategic risks. SWAP is providing regular updates to the [Audit and Governance Committee](#), and it is through this process and through regular access to the live rolling plan document that the Council's Corporate Leadership Team and Audit & Governance Committee members are able to assess whether the audit work building through the year provides sufficient coverage of key risks. As part of the 2022/23 annual opinion report SWAP provided a reasonable opinion in respect of the areas reviewed during that year as most were found to be adequately controlled and generally risks are well managed. Some areas require the introduction or improvement of internal controls to ensure the achievement of the Council's objectives including areas identified as significant corporate risks which were Category Management, Procurement Exemptions, Pension Payroll Project, Pension Fund Key controls and ICT Network Boundary Defences. SWAP will be working with the council across the 2023/24 financial year to ensure that these risks are adequately mitigated. During the first half of the year, SWAP's work had been punctuated by the need for demand driven COVID related grant certifications. However, this has very much lessened during the second half of the year.

There is a strong culture operating in the Council of acting to the highest standards. This is rooted in the behaviours expected of councillors and staff and upheld by the senior leaders. Where any resident feels the Council has not acted properly the Council has a **corporate complaints procedure**. The number of complaints received has increased from the previous year, with 437 in 2022/23 compared to 382 in 21/22, following reductions in previous years (380 in 20/21, 459 in 19/20, 588 in 18/19, 624 in 17/18 and 671 in 16/17). **An Annual Complaints Report provides a breakdown of trends in the complaints received and the actions to be taken to address problem areas identified by all council directorates.** *The Council received on X August the [Annual Letter of the Local Government and Social Care Ombudsman](#). There were X detailed investigations undertaken by the Ombudsman in the year ending 31 March 2023. The number of complaints upheld by the Ombudsman were X. This compares with 21 (of 35), 9 (of 16), 19 (of 37) and 10 (of 19) in the last few years. This is an uphold rate of X% which is lower than the average rate of X% for similar authorities. The council has complied with all recommendations and in X% of upheld cases had already provided a satisfactory remedy before the complaint was considered.*

**Overview and Scrutiny**

Overview and Scrutiny has reviewed 73% of the decisions taken by the council's Cabinet, with 65% of eligible members taking part. Reviews have looked at Climate Change, Adoptions and Fostering, NHS Dentistry, the Housing Allocations Policy and the council's financial planning arrangements. An [Annual Report sets](#) out the year's activity in detail. The LGA Peer Review noted '*scrutiny members feel they are able to challenge and influence the policy agenda and there are effective mechanisms in place to co-ordinate activity between Scrutiny and the Cabinet*'.



The Council's external auditors, Deloitte LLP, have been asked for their comments on the draft AGS and these will be reflected in the final draft. The Council continues to work with the **External Auditor** on all aspects of the outstanding Accounts and Audit processes to draw these to conclusion as effectively and efficiently as possible and is considering the options for this. This work will include the final accounts for 2019/20 and the draft and final accounts for the 3 subsequent years and will also include the clearing of the current 'except for' qualification on the balances on the Fixed Asset disclosures pertaining to the Revaluation Reserve and the Capital Adjustment Account. Details of the conclusion and opinion can be found in the auditor's ISA 260 reports.

Monitoring Officer comments: *"I have considered the non-completion of accounts this year by our external auditor. The Council has a legal duty to make the available documentation which supports their audited accounts during the first 10 working days of June each year (Accounts and Audit Regulations 2015). We have been unable to facilitate that this year. This is an historic issue. Once draft accounts for years 2020/21, 2021/22 and 2022/3 are issued in draft the Council will mimic the statutory 10 working day period and provide public access for the relevant documentation. A note has been added to our website making the position clear to residents. However, as this is an example of an unlawful decision, I am reporting that as part of the Annual Governance Statement. I have chosen not to report this in any other forum, as part of my statutory duty, because the circumstances (non-completion of the accounts partly as a result of the actions of our external auditors), would not allow, any other body, such as full Council, to prevent this decision being taken"*

### **How we can improve**

Review how performance can be communicated to the public to deliver maximum openness and transparency, including financial information as part of this.

Assess progress in delivery against the revised statutory guidance on the Best Value duty

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**Wiltshire Council**

**Audit and Governance Committee**

**25 July 2023**

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**Subject: Accounts and Audit Update report**

## **Executive Summary**

This report is an update on the Accounts and Audit position from the External Auditor and subsequent management response to issues raised in that report.

The External Auditor produced a report in April 2023 that was received too late for circulation ahead of the last meeting and subsequently circulated to members of the committee. The External Auditor has requested that their update report is now included on the agenda at this committee. To ensure full transparency of reporting to the public and independent external audit access to the committee the External Auditors report is provided alongside a management response to the issues raised within the auditor's report.

## **Proposal(s)**

It is recommended that the Audit & Governance Committee note the update on the Accounts and Audit position for the outstanding accounts.

## **Reason for Proposal(s)**

The responsible financial officer is required to approve and publish the Statement of Accounts for the Council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings. The statutory deadline for the 2019/20 Statement of Accounts approval was 30 November 2020. It is therefore important that the Audit & Governance Committee receive updates on the progress of this work and the approval, as these are significant overdue.

Andy Brown

**Corporate Director of Resources and Deputy Chief Executive (S.151 Officer)**

## **Wiltshire Council**

### **Audit and Governance Committee**

**25 July 2023**

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**Subject: Accounts and Audit Update report**

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#### **Purpose of Report**

1. This report presents an update on the Accounts and Audit position from the External Auditor and a management response to issues raised in that report to be fully considered by those charged with governance before the accounts are produced.

#### **Relevance to the Council's Business Plan**

2. The responsible financial officer, the council's Section 151 Officer, is required to approve and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings. Providing updates to those charged with governance as significant delays exist to achieving this publication is an important element of transparent public reporting.

#### **Background**

3. The statutory deadline for the 2019/20 Statement of Accounts approval was 30 November 2020.
4. The Audit & Governance committee have had several formal update reports presented to them at previous meetings and been kept up to date with frequent reporting through Chairman's announcements on the issues associated with the delay to the finalisation of the Statement of Accounts for 2019/20.

#### **Main Considerations for the Council**

5. The External Auditor produced a report in April 2023 that was received too late to be included for its meeting in April 2023 and was subsequently circulated to committee members. The external auditor has requested that their update report now be included on the agenda for this meeting of the committee. To ensure full transparency of reporting to the public and independent external audit access to the committee the External Auditors report is provided alongside a management response to the issues raised within the auditor's report.
6. The External Auditors update report is attached as Appendix A and the council's response to Deloitte update report May 2023 is attached as Appendix B.

#### **Overview and Scrutiny Engagement**

7. No overview and scrutiny engagement has taken place due to the statutory nature of the Statement of Accounts and Audit process. Those charged with governance are responsible for the review and approval of all matters concerning the annual accounts.

### **Safeguarding Implications**

8. There are no safeguarding implications associated with this report.

### **Public Health Implications**

9. There are no public health implications associated with this report.

### **Procurement Implications**

10. There are no procurement implications associated with this report.

### **Equalities Impact of the Proposal**

11. There are no equalities impacts arising from this report.

### **Environmental and Climate Change Considerations**

12. There are no environmental and climate change considerations arising from this report.

### **Risks that may arise if the proposed decision and related work is not taken**

13. The annual accounts are required to be approved and published by the deadlines set out in regulation or as soon as reasonably practicable after the receipt of the auditor's final findings reports. The accounts and audit process remaining outstanding means that the ability to progress the accounts and audit process for 2020/21 is limited and results in further delay to this process and all subsequent accounts. The statutory deadline for completion of the 2019/20 accounts was 30 November 2020 and the deadline for the completion of the draft accounts for 2020/21 was 31 July 2021 and of the draft accounts for 2021/22 accounts was 31 July 2022 and of the draft accounts for 2022/23 was 31 May 2023. There is now a significant amount of work outstanding as a result of the continued delay.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

14. Council officers continue to work with the External Auditors to bring the Accounts and Audit process for 2019/20 to conclusion. The extended time to complete the audit will result in additional audit fees being incurred, alongside the continued cost of resourcing the on-going work. The audit is a statutory function and accounts must be prepared in accordance with regulation to represent a true and fair view of the financial position of the council.

## **Financial Implications**

15. The continuing external audit process exposes the council to on-going costs associated with the use of specialist, experienced agency staff to manage the continuing audit queries and process and additional audit fees as a result of the continuing audit and will continue to incur additional costs and liabilities until the audit concludes.
16. There are no direct financial implications as a result of the non publication or late signing off of the Councils accounts.

## **Legal Implications**

17. Regulation sets out the publication requirements for Local Authority Accounts and the council is unable to meet these requirements due to the on-going audit process. Notices are published on the council's website giving detail of the late publication for the 2019/20 accounts and all subsequent accounts.

## **Workforce Implications**

18. Additional in house and external resource has been and continues to be committed to the work to correcting the errors and misstatements and the 2019/20 Accounts and ensure that the final accounts and audit process can be concluded. This work has been ongoing for in excess of two and a half years.

## **Options Considered**

19. It is important that the outstanding accounts and audit process for 2019/20 is drawn to conclusion as soon as possible. The accounts are now out of date and therefore less relevant for any reader and continuing to allocate resources and incur audit cost is not sensible or value for money. This update report gives an indication that there are options for drawing the process to conclusion and are being considered.

## **Conclusions**

20. It is recommended that Audit and Governance Committee note the contents of this report and its appendices.

## **Andy Brown**

Corporate Director of Resources and Deputy Chief Executive (S.151 Officer)

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17/07/2023

## **Appendices**

Appendix A – Wiltshire Council Update Report April 2023 from Deloitte  
Appendix B – Response to Deloitte update report May 2023

## **Background Papers**

The following documents have been relied on in the preparation of this report:

10 Feb 2021 – [Agenda for Audit and Governance Committee on Wednesday 10 February 2021, 10.00 am | Wiltshire Council](#) – Agenda Item 6

28 April 2021 – [Agenda for Audit and Governance Committee on Wednesday 28 April 2021, 10.00 am | Wiltshire Council](#) – Agenda Item 12

11 Oct 2021 – [Agenda for Audit and Governance Committee on Monday 11 October 2021, 3.00 pm | Wiltshire Council](#) – Agenda Item 8

24 Nov 2021 – [Agenda for Audit and Governance Committee on Wednesday 24 November 2021, 10.00 am | Wiltshire Council](#) – Agenda Item 6

1 March 2022 – [Agenda for Audit and Governance Committee on Tuesday 1 March 2022, 10.30 am | Wiltshire Council](#) – Agenda Item 7

27 Apr 2022 - [Agenda for Audit and Governance Committee on Wednesday 27 April 2022, 10.00 am | Wiltshire Council](#) – Chairman’s Announcements

23 Nov 2022 - [Agenda for Audit and Governance Committee on Wednesday 23 November 2022, 10.00 am | Wiltshire Council](#) – Chairman’s Announcements

26 April 2023 - [Agenda for Audit and Governance Committee on Wednesday 26 April 2023, 10.30 am | Wiltshire Council](#) – Chairman’s Announcement

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Wiltshire Council

2019/20 External Audit Update Report – April 2023

For the Audit and Governance Committee

# Contents

External Audit Update Report	2
Appendix 1 – Control Deficiencies	8
Appendix 2 – Unadjusted Misstatements	24
Appendix 3 – Corrected Misstatements	27
Appendix 4 – Disclosure Misstatements	29

# External Audit Update Report

This report to the Audit and Governance Committee (“the Committee”) provides an update on our audit of Wiltshire Council (“the Council”)’s financial statements for the year ended 31 March 2020 (“2019/20”).

## Executive summary

Progress on completion of the 2019/20 audit since our last update report in November 2022 has been much slower than anticipated. In particular management has made little progress on the detailed Letter of Representation exercise which we requested in order to support the Council’s ability to make required representations that the financial statements are free from material misstatement. We have also identified further errors, as set out in the “Developments since the November Audit and Governance Committee meeting” section below, which have increased further our scepticism in the Council’s current ability to make these representations in the absence of a detailed Letter of Representation exercise.

In light of what we present in this report, we request a formal decision as to whether the Council is prepared, and whether it is realistic, to commit the resources required to allow completion of the outstanding 2019/20 audit work including the Letter of Representation exercise we require for the 2019/20 audit and in order to remediate the identified issues in order to undertake the 2020/21, 2021/22 and 2022/23 audits on the basis we set out in the “Current status” section below.

The Council should understand that if it is not prepared to commit these resources the likely consequence is that we will issue a disclaimer of opinion for the 2019/20 financial statements and it increases the likelihood that we would need to issue disclaimers of opinion in respect of the audits of all subsequent years until such time as the identified issues have been remediated.

We request that this decision is made as soon as practical, and in any event in advance of our potential recommencement of audit work on the 2019/20 audit in July 2023.

## Summary of the 2019/20 audit to date

Our audit work started in June 2020 and has now been delayed by two and a half years beyond the timeline originally anticipated.

In previous reports we have provided detail as to the reasons for these delays but to recap briefly these involve a series of major challenges, including:

- An inability by the Council to adhere to the deliverables timetable (with knock on impacts in relation to the availability and continuity of the Deloitte audit team);
- The poor quality of accounting papers and schedules supporting figures within the underlying accounting records and draft financial statements;
- The poor quality of draft financial statements;
- The high volume of identified control deficiencies; and
- The high volume and quantum of errors identified both in relation to the year under audit and prior years.

The root causes of these challenges appear to be a combination of:

- Issues with the Council’s SAP system which impede the keeping of accurate accounting records and ability to respond to audit queries on a timely basis;
- A significant number of historical issues with underlying accounting records, in particular those relating to the Council’s fixed assets;
- Insufficient staff resourcing of appropriate skills and experience to keep underlying accounting records which are free from material misstatement and prepare financial statements in line with IFRS requirements; and

- Insufficient resourcing of appropriate skill and experience to unpick the significant number of historical issues identified during the audit process.

While many of these challenges are shared to some degree by our other local government audited entities; Wiltshire Council is an extreme case in the severity and extent to which these challenges have hindered the ability of the Council to produce accurate financial statements, and our ability to complete the audit of those financial statements, on a timely basis.

As an illustration of the scale of the challenges we have faced during the audit process so far we have:

- Identified 43 separate control deficiencies (see Appendix 1);
- Tracked approximately 883 individual changes to the 2019/20 numbers from the first draft financial statements up to version 12 (and 629 individual changes related to the 2018/19 financial statements). The most significant changes have been aggregated into the corrected misstatements set out in Appendix 3. Uncorrected misstatements are set out in Appendix 2;
- Received at least 13 versions of the draft financial statements to date as these have been updated throughout the audit process to reflect identified misstatements; and
- Identified 61 corrected and uncorrected disclosure misstatements to the draft financial statements (see Appendix 4).

As we previously informed the Committee, our engagement risk assessment in respect of the audit has increased to “Much Greater than Normal”, which is the highest of our three classifications of engagement risk. As a result of this change in assessment, a National Risk Partner has been appointed and is in regular communication with the audit team to provide further challenge and support.

## Current status

### *Key outstanding areas of work*

The principal areas of work outstanding for the 2019/20 audit at the date of this report are as follows:

- Completion of the exercise to tie through all error corrections in the financial statements and reconcile the trial balance to the financial statements;
- A review of the exercise that has been performed by the Council to tie through errors and the Council’s reconciliation of the trial balance to the latest draft financial statements (which is currently being revisited following queries from the audit team);
- Completion of our consultations with our technical team in relation to prior period errors, with the main areas outstanding relating to agreeing the accounting treatment for the Council’s waste vehicles, and review and agreement of prior year adjustment disclosures in the final draft financial statements. Our consultations will need to be updated for further prior period errors identified since the consultation process began, including those noted in the “Developments since the November Audit and Governance Committee meeting” section below;
- Completion of consultations with our technical team in relation to the infrastructure opinion qualification;
- Completion of audit work in some areas such as:
  - Areas related to errors noted below in the “Developments since the November Audit and Governance Committee meeting” section;
  - Cash flow statement;
  - The reconciliation of collection fund balances through the financial statements;
  - Testing of certain automated journals; and
  - Clearance of review notes on the audit file.
- Completion of our quality assurance procedures including quality reviews to be undertaken on the final version of the financial statements;
- Review of the output from the Letter of Representation exercise referred to below; and
- A “standback” review of the audit work performed, the appropriateness of our risk assessments and sufficiency of audit evidence obtained.

### ***Letter of Representation exercise***

All audits involve examination of transactions and other evidence on a sample basis. They are, therefore, subject to the risk that even a high extent of sample testing may not be sufficient to obtain reasonable assurance that the financial statements are free from material misstatement.

This risk is particularly severe where, as for the Council, an extremely high number of misstatements and control deficiencies have been identified through the audit process, which indicates the existence of potentially pervasive weaknesses in systems, controls, resourcing and recordkeeping over an extended period of time.

In our November report, we noted that the Chief Financial Officer and the Audit Committee Chair are required to make a series of representations. For example, the Chief Financial Officer is required to state the following in the Statement of Responsibilities for the financial statements:

*“The Chief Financial Officer has... maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.”*

Should either the Chief Financial Officer and/or the Audit and Governance Committee Chair decide they are unable to provide the required representations, or that some of those representations should be qualified, then this is highly likely to result in us issuing a disclaimer of opinion on the financial statements as required by International Standard on Auditing (ISA) (UK) 580 *“Written representations”*.

We consider it critical to understand how both the Chief Financial Officer and the Audit and Governance Committee have gained sufficient assurance that they have fulfilled their responsibilities and can sign the Statement of Responsibilities for the financial statements and the audit representation letter.

Further to this, as discussed with the Committee in November 2022, we asked for an exercise to be undertaken in relation to the Letter of Representation which explains the controls relied upon and the detailed investigations undertaken to support the requested representations, so that the Audit and Governance Committee is able to satisfy itself that the Chair and the Chief Financial Officer can sign the Letter of Representation.

We have asked for this evidence, which goes beyond what is typically requested under ISA (UK) 580, because of the high volume and quantum of misstatements and control deficiencies identified in the audit process to date.

As we discussed with the Committee in November 2022 this could not be a high level exercise but would require the commitment of significant time and resource by the Council of people of sufficient skill and experience to be able to investigate the historical accounting records and consider appropriately the immediate and broader implications of the misstatements and control deficiencies on the underlying accounting records and draft financial statements as a whole.

### **Developments since the November Audit and Governance Committee meeting**

Since our update in the November Audit & Governance Committee meeting we have not seen anything which comes close to the Letter of Representation exercise we requested. We have also seen no evidence that management has committed the resource needed to undertake this exercise to the standard required to be able to give the Chief Financial Officer and Audit and Governance Committee the necessary assurance that they could make the required representations in respect of the 2019/20 financial statements.

A key factor in determining whether to commit further resource would be whether this would represent value for money for the taxpayer. This is before also considering the cost of audit overruns and further resources which would be required to remediate the identified issues to allow preparation and audit of the 2020/21, 2021/22 and 2022/23 financial statements (see the *“Looking ahead to the 2020/21, 2021/22 and 2022/23 audits”* section below).

We have continued to find errors in the draft financial statements as a result of our audit testing of the underlying accounting records. These include:

- **Classification of Services Assets in the Property, Plant and Equipment (PPE) note** – we identified that the service elements of properties were incorrectly categorised within Vehicles, Plant & Equipment (VPE) rather than being categorised within Other Land & Buildings and Council Dwellings. This has since been corrected resulting in a reduction in the net book value (NBV) of VPE of £61m (from £69m to £7m) and an increase in the NBV of Other Land and Buildings by £29m and Council Dwellings by £32m. Had there been a stand back review of the financial statements by the Council prior to submission for audit we would have expected such a significant error in the VPE balance to have been identified.
- **Accumulated impairment** – there are a number of assets in Council’s fixed assets register which appear to have an accumulated impairment balance that is higher than expected given the revaluation cycle. This was identified by the audit team when testing a sample of assets in relation to the correction of Services Assets discussed above. Originally it was believed that this was due to accumulated impairment not being written out as expected when assets have been revalued, but we have since been informed that it is due to revaluation losses being incorrectly treated as impairments. Work in relation to this is ongoing, with Management having provided working papers to support the correction of the issue to the audit team. These working papers have quantified the total error resulting in a proposed reduction of cost/valuation of assets of £47m in 2018/19 with an equal reduction of depreciation/impairment, with smaller adjustments proposed for 2019/20 balances. One asset was initially selected by the audit team to recreate the correct Fixed Asset Register (FAR) entries and compare to Management’s working papers, which has highlighted a further issue whereby capital expenditure hasn’t been correctly allocated to the relevant components of the asset. Management are assessing whether this issue is more widespread. Following the explanation that issues arose due to the incorrect processing of revaluation losses as impairments, rather than due to accumulated impairments not being written out on revaluation, the audit team have reviewed the FAR and identified seven assets with an accumulated impairment/depreciation balance (of £15m) which appears to be unusually high in comparison to carrying amount (of £21.7m) given the Council revalue properties on a three year cycle, indicating that there may still a further issue where impairment balances may not have been written out on revaluation. Management are undertaking further work in regards to this.

These errors plus earlier errors related to PPE, have not been processed in the CIPFA FAR Software package and have instead been processed as manual adjustments to the financial statements. We believe that given the number and variety of errors affecting significant numbers of assets within the FAR, it is essential for the FAR to be updated in order to ensure all adjustments have been processed correctly, and we consider this to be a necessary part of the Letter of Representation exercise which should be completed prior to the signing of the financial statements.

Additionally, as part of the exercise we have been undertaking to check that all previously identified errors have been corrected as expected throughout the draft financial statements, further changes to the draft financial statements have been required as these checks have identified further issues which needed to be resolved.

Many of the errors identified should have been readily evident if the working papers had been subject to appropriate management review before being provided to us. We believe this evidences a continuing lack of adequate review of working papers provided for audit as well as continuing misstatements in the underlying accounting records and has increased further our scepticism as to the Council’s current ability to make the required representations in the absence of a detailed Letter of Representation exercise.

### Implications for our 2019/20 audit report

Even assuming successful completion of the requested Letter of Representation exercise by management, the output and supporting working papers for which we would need to review and be satisfied fully address our concerns, and that no further misstatements were to be identified as a result of the other audit work which remains to be completed, it is entirely possible that we may still conclude that the cumulative effect of the matters identified during the audit remain sufficiently pervasive to the financial statements, that we would need to issue a disclaimer of opinion.

We already know that as a minimum we will need to qualify our financial statements audit opinion for two areas: in respect of the issue reported in 2018/19 in relation to the lack of records for the revaluation reserve and the capital adjustment account and in respect of the infrastructure balances as the Council does not have detailed underlying records for expenditure for the majority of the years needed.

We are yet to finalise our Value for Money conclusion, however there is an increased likelihood that a qualification to our opinion may also be needed in relation to “reliable and timely financial reporting that supports the delivery of strategic priorities.”

### **Looking ahead to the 2020/21, 2021/22 and 2022/23 audits**

As discussed above, our causal factor analysis of the most important reasons for the difficulties in the 2019/20 audit highlights the need for a detailed review of the financial statements by suitably qualified and experienced individuals as well as a detailed review by a senior officer before they are published in draft. Similarly, all working papers and supporting schedules provided for audit should be prepared by suitably qualified and experienced individuals and reviewed by a senior officer and evidenced as such, and this will be our continuing expectation for all future audits.

We recommend internal audit are engaged to undertake a comprehensive review of the key financial controls necessary to produce reliable and timely financial reporting and that any significant weaknesses identified by internal audit are addressed alongside those already raised by us.

We do not consider the current number of staff involved in the production of the financial statements to be sufficient to deliver reliable and timely financial reporting, especially given the backlog of work (for example, the preparation of the draft 2020/21 financial statements is yet to be completed, and preparation of the draft 2021/22 and 2022/23 financial statements has yet to be started).

Significant investment is needed by the Council in technical accounting skills given the level of contractor resource currently supporting the production of the financial statements and the inherent lack of resilience that excessive reliance on contractors causes.

If we were to issue a disclaimer of opinion for the 2019/20 audit this would increase the likelihood that we would need to issue disclaimers of opinion in respect of the audits for all subsequent years until such time as the identified issues have been remediated.

We acknowledge the practical difficulties the Council would face in being able to implement the changes we recommend on a timely basis for the 2019/20 audit and the audits of subsequent years, even assuming sufficient resources are committed by the Council to put these into effect. We do not plan to commence the audit of 2020/21 or subsequent years until all outstanding issues related to the 2019/20 audit have been resolved and we see evidence of remediation of the identified issues.

We recommend that managements progress in remediating the issues identified is monitored by the Audit and Governance Committee, or that a separate working group is established for this purpose.

We have been working with the Council over an extended period to try to avoid the need to issue a disclaimer of opinion, however, we recognise that there comes a point when the cost/benefit trade-offs of continuing auditing and the informational value of financial statements issued after such an extended delay needs to be weighed in the balance by both the Council and by us as auditors.

Our audit work in relation to the Council’s financial statements has paused from 17 April 2023 and will not be able to recommence until July due to challenges resourcing our audit team during the busy period for NHS audits. As set out in the “Executive Summary” section above, by July we request a formal decision by the Council on its readiness and ability to commit the resources required to complete the outstanding 2019/20 audit work, including the detailed Letter of Representation exercise and to remediate the issues identified.

### **Agreement of additional audit fees**

In line with ethical standards, and to avoid any perception of a lack of independence, before we issue the opinion we will need to agree the additional fees for the considerable additional work that has been undertaken to address the lack of controls in relation to the financial reporting systems and the weaknesses in the underlying financial records and working papers produced for audit, as well as the additional work required in response to errors identified.

As at 10 March 2023, we had so far incurred over 6,000 hours on the 2019/20 audit. The fees for the additional hours that are charged will be based on the seniority and specialist skills of the staff involved; however, we expect additional fees to be at least c. £200k, in addition to the original scale fee of £130k, based on blended chargeout rates for time incurred to 10 March 2023. The remaining time we will need to spend to complete our audit work can be expected to be weighted towards more senior and specialist staff and partner time than has been incurred to date and therefore the blended average hourly rate for remaining time will be significantly higher than the blended average chargeout rate for time incurred to 10 March 2023. We note that our most senior specialist partners have standard chargeout rates of around £1,000 per hour.



# Appendix 1 – Control Deficiencies

The purpose of the audit is for us to express an opinion on the financial statements. The audit includes consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that we have identified during the audit to date and that we have concluded are of sufficient importance to merit being reported to you.

Those control deficiencies previously reported to the Audit and Governance Committee have been shaded in grey. We have not validated the management responses provided below or otherwise followed up on management's progress in implementing the recommendations raised, including assessing the adequacy of the design, implementation or operating effectiveness of controls introduced/planned to be introduced. We strongly recommend that the Audit and Governance Committee establishes a steering group to oversee the timely implementation of the recommendations and to ensure that it has sufficient assurance over the satisfactory closure of these significant control gaps

Observation	Severity	Deloitte recommendation	Management response and remediation plan
<p><b>1</b> The Council should procure IFRS versions of their PFI models to help produce the accounts.</p> <p>We note management's review of the PFI arrangements has taken place and significant improvements have been identified in relation to the work that supports the accounting for these arrangements. A misstatement was identified as a result of this review.</p>	Medium	It is recommended that the Council consider separately commissioning a suitably qualified financial advisor to develop an 'IFRS' accounting model. For example, an assessment of the impact of IFRS 16 on the accounting in advance of the standard being applied to Local Government.	A review of the PFI arrangements has taken place and significant improvements made to the accounting for these arrangements. Management will consider what additional changes are required to ensure the accounting remains robust, including options on the models used.
<p><b>2</b> During the testing of the expected credit loss provision, we noted that the Council apply a specific percentage to each aged debt category in order to calculate the expected credit loss provision.</p> <p>The Council have not updated the percentages applied for a significant number of years and therefore there is a risk these are no longer appropriate.</p> <p>Additionally, the Council have not performed an assessment of these percentages for the current financial year to explain why these percentages remain</p>	High	We note that the percentages are not causing a material misstatement for 2019/20, however, it is recommended that a detailed review of the methodology and judgements applied is completed to ensure they remain appropriate for 2020/21 and this is then completed on a regular basis.	Management have reviewed the percentages used in 2020/21 to ensure these are representative of the expected impact of credit losses, particularly having regard to the Covid-19 pandemic.

	<p>appropriate for 2019/20. Under IFRS 9 which was introduced in the prior year, this assessment is a critical part of the requirements.</p>			
3	<p>During the testing of the expected credit loss provision, Deloitte was unable to obtain the year end report used to disclose the Housing Benefit Overpayment balance of £6.9m. We were informed that the report can only be run at a point in time and the report was not saved as at 31/03/2020.</p> <p>We instead obtained the report as at 30/09/2020 and noted that the value per this report was not materially different, and that the Council provides for 100% of housing benefit overpayments.</p>	High	<p>We appreciate this is a limitation within the finance system however it is recommended that the Council save all working papers and reports used in the financial reporting process so that the auditors can evidence the workings and test the balances accordingly.</p>	<p>Agreed, management will ensure controls are put in place to ensure time critical reports are run at the relevant time.</p>
4	<p>During the testing of school's balances, Deloitte identified that the cash, debtors and creditors for four schools which had been transformed into academies in the financial year were included in the schools' balances of the financial statements despite no longer being under Council control.</p>	Medium	<p>It is recommended that a control is implemented to ensure that schools that are subsequently transformed into academies in the financial year are removed from the Council's account balances appropriately.</p>	<p>Management have introduced a revised schools consolidation process for the 2020/21 balances and transactions, which includes controls to identify schools that have converted to academies.</p>
5	<p>During the testing of creditors/debtors, Deloitte were informed that the balances of various General Ledger (GL) codes are split between the categories in the creditor/debtor note for disclosure.</p> <p>For example, the GL code 943704 DCE Schools Balance Sheet Creditors with a year end balance of £8.5m is split between Sundry Creditors (£3.5m) and Receipts in Advance (£5m). As the balances are not material this could not lead to a material classification misstatement.</p>	High	<p>It is recommended that all working papers to support the values in the financial statements are saved so they can be provided to the auditors for testing. This should also be standard practice in case staff members who performed the work are absent or leave the Council preventing access to the working papers.</p>	<p>Agreed, management have implemented additional controls for 2020/21, including preparer and reviewer support and checks, rationale for splits etc.</p>

However, the working papers provided to Deloitte were manually coded and no additional support could be obtained. Therefore, no evidence could be obtained to show how the GL codes had been split.

We also note that the original working papers used to manually split the GL codes were not saved and therefore have been lost.

<p><b>6</b> Deloitte have been unable to identify sufficient or appropriate controls in place at the Council to ensure accrued expenditure is complete.</p> <p>We would expect the Council to implement additional controls to mitigate the fact they do not have a common PO system. We also note that the budget management process at the Council does not mitigate this risk as we have not been able to evidence the review of the monthly budget variance reports and subsequent investigation into any variances.</p> <p>As part of our audit we have completed detailed testing to significant risk level sample sizes to identify any understatement of expenditure. Some errors have been identified as reported in our misstatement's schedules later in this report, however they are not material.</p>	<p>High</p>	<p>It is recommended that the Council implement additional controls to ensure the completeness of accrued expenditure. This could include a manual review to check for open POs/invoices which should be accrued for, and a manual review of post year end bank statements or invoices received to check that an accrual had been raised for a sample of payments/invoices.</p>	<p>Deloitte recommendations opposite are now in place.</p>
<p><b>7</b> Deloitte note that the valuer has not been instructed to provide land and building value apportionment for the Non-Specialised Operational fixed assets. We understand that this is normally required for accounting depreciation purposes.</p>	<p>Medium</p>	<p>It is recommended that the Council instruct the valuer to provide this level of detail to ensure depreciation is recorded accurately.</p>	<p>The controls around PPE valuations have been strengthened for 2020/21 closedown, including providing instructions for splitting assets into components.</p>

<p><b>8</b> During our PPE revaluations testing, we noted that one of the sampled items had not been revalued since 2011 and therefore has not been included in the 3-year revaluation programme.</p> <p>Deloitte were informed that this asset was not selected for revaluation due to the asset having previously been transferred from investment property to operational property.</p> <p>(The asset in question was Warminster Car Park Garages with a carrying value of £65k in the Fixed Asset Register).</p>	Medium	<p>It is recommended that the Council introduce a control to review items that have been transferred between asset types to determine if any of the assets should be removed or included in the revaluation programme for the financial year.</p>	<p>Management have implemented additional controls for 2020/21, whereby:</p> <ol style="list-style-type: none"> <li>1. a cross check has been carried out between what was valued by the external valuers and the valuation dates in the fixed asset register, to identify assets that needed to be revalued in accordance with the Council's valuation policy;</li> <li>2. the valuation dates in the fixed asset register are up to date.</li> </ol>
<p><b>9</b> During the testing of the fixed asset revaluations, we understand that circa 53 properties were inspected this year by the valuers and further inspections were limited due to the restrictions imposed by Covid-19 related lockdown from late March 2020. This is understandable but in future years it would be advisable that a detailed inspection programme is undertaken and details of the inspections undertaken is confirmed in the valuation report.</p>	Medium	<p>It is recommended that more detailed information on the extent of the inspection of the assets valued in the year should be provided and the Council ensures that the valuer undertakes inspections of at least a representative sample of properties.</p>	<p>The external valuers must comply with their professional standards and inspections form part of the standards. 2019/20 was an exceptional year due to the national lockdown and for a period only essential travel was permitted. We are hoping that such restrictions do not apply for the valuation process for 2020/21.</p>
<p><b>10</b> During our controls testing for fixed asset valuations, we have not been able to identify a control in place relating to how the Council assures itself that there are no material impairments or changes in value for the assets not covered by the annual valuation.</p>	High	<p>It is recommended that a full review of assets not being revalued in the year based on the cyclical programme is completed to ensure that any assets with impairment indicators or potential increases in value are identified and revalued by the valuers.</p>	<p>A review of impairment events will be undertaken and evidenced and has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.</p>
<p><b>11</b> During the testing of the fixed assets valuations, we note that a number of times updated information was incorrectly sent to the valuer (such as HRA stock numbers) which caused errors in</p>	Medium	<p>It is recommended that the Council provides the valuers with updated and accurate information, so the correct valuations are produced.</p>	<p>The proportion of affordable Housing stock will be kept under review to ensure that there is no material misstatement in the valuation of the overall HRA Council Dwellings.</p>

the valuations (although immaterial changes).

We also noted that, similarly to last year, not all of the rent of housing stock is being set at social rental levels. The valuer confirmed that if they were provided with this information and asked to make the appropriate adjustments this would be possible in the future. We have considered the impact of this with our Valuation Specialists and not identified any material issues.

<p><b>12</b> From our revaluations review last year and this year, we understand that the Finance team discusses with the Estates team any potential areas where impairments may apply, identifying these and forwarding to the valuer for an updated valuation to be prepared.</p> <p>We have not been able to obtain evidence to show what considerations have been made to assess and identify impairment indicators. We have not been able to understand what was considered nor obtain meeting minutes for the meeting which was recommended in the prior year.</p>	<p>High</p>	<p>In line with our advice last year, we would recommend that in the future the Council documents the process either in the form of minutes or an impairment review paper detailing the discussions and considerations made between the Finance team, Estates and their appointed valuer confirming all the points that are considered in their impairment review, i.e. build cost movements, changes in the property market, physical changes to the assets etc. and the actions taken to impair any relevant assets or justifications for the conclusions reached if no impairment is deemed necessary.</p>	<p>An electronic record of the assets identified to be discussed as part of the impairment review discussion between Accountancy, Estates and the external valuers is retained. The impairment review discussions will be followed up in writing confirming the formal agreement.</p> <p>Consideration of all elements that might impact the need to impair assets will be taken into account and documented every year as part of the formal recording of the agreement.</p>
<p><b>13</b> During the testing of the fixed assets valuations, we noted that the Council does not have sufficient oversight of the terms of the occupational lettings.</p> <p>The Council is entitled to receive a set percentage of rents received from the occupational tenants of the related assets and the rent that the Council receives is subject to review every 5 years. However, the Council does not receive detailed information from the head-tenant on the occupational leases and income</p>	<p>Medium</p>	<p>It is recommended that the Council obtain this information which would assist in the management of the rental income received. This position applies to all ground lease investments. Accordingly we would recommend that the Council reviews what information is currently received from head-tenant and pursue the position if the information is not sufficiently detailed.</p>	<p>Agreed. The Council is already taking action to address this recommendation.</p>

<p>nor a tenancy schedule and current rental information.</p> <p>We note that a similar finding was raised in the prior year in relation this lack of oversight.</p>			
<p><b>14</b> During the testing of the fixed assets valuations, we noted that the HRA beacons/archetype groupings are unchanged from the last year and a review of the groupings has not occurred in the last three years.</p> <p>There is a risk that the groupings are incorrect and the onus to ensure the grouping is correct is on both the Council and valuer who should consider whether changes are required.</p> <p>Through our testing we have identified an issue with incorrect groupings. This has been included in our misstatements schedule further in this report.</p>	<p>Medium</p>	<p>It is recommended that the Council and valuers conduct a review of archetypes to ensure these remain appropriate. We recommend this is included in the valuers report or confirmed by the Council.</p>	<p>We are not aware of any changes to the rules for grouping HRA assets since the inception of beacon/archetype groupings, and therefore we do not consider a review is required. However, we will ensure any new HRA properties are included in the correct beacons/archetype groupings, and this is checked by a senior member of the finance team.</p>
<p><b>15</b> Throughout our audit testing of property, plant and equipment for 2019/20 and 2018/19, we have raised numerous findings in relation to fixed assets and the related account balances. We therefore note that there are significant improvements that should be made in relation to accounting procedures and policies for PPE to ensure the accuracy of the related account balances.</p>	<p>High</p>	<p>It is recommended that the Council complete a thorough review of PPE and management processes, including implementing additional controls, conducting an asset verification exercise (and ensure this is conducted on a regular basis) updating the depreciation, valuation, additions and disposals policies and accounting practices to ensure these balances are recorded correctly.</p>	<p>Staff leaving the employment of the Council over the last couple of years together with implementing a new Asset Management system has had an impact on procedures and technical accounting processes with regard to PPE. For the 2020-21 final accounts process an external technical accounting support is being used to improve the controls and accounting treatment of PPE. A development programme is also being designed to ensure expected standards are met in future years.</p>
<p><b>16</b> There were numerous errors within the first three sets of draft accounts presented for audit.</p>	<p>High</p>	<p>It is recommended that a robust review is undertaken of the accounts which are presented for audit, along with any subsequent versions of the accounts containing amendments. It is also recommended that the Council completes the CIPFA checklist as part of the closedown process,</p>	<p>A detailed 2020-21 closedown timetable has been developed which includes working paper requirements [cross referenced to external audit requests] mapped to the financial statements and disclosure notes, which have a</p>

		<p>and references each requirement within the checklist to where the requirement has been satisfied within the accounts, or note that the requirement is not applicable with an explanation why. The completed checklist should then be reviewed along with the accounts prior to being presented for audit.</p> <p>In addition, it is also recommended that the working papers which support the balances in the accounts also undergo a review and quality assurance process in order to reduce errors in the accounts.</p>	<p>named individual responsible for completing the working paper(s).</p> <p>Additional control and quality assurance reviews will be implemented as part of the closedown process to ensure the accounts are presented in line with requirements.</p> <p>The CIPFA disclosure checklist will form part of this process and will be fully completed and reviewed prior to publication of the draft accounts and being presented for audit. This checklist will also form part of robust working papers that are being designed and implemented as part of the financial accounting improvement plan.</p>	
17	No listing is maintained setting out all properties subject to revaluation and when they were last revalued.	Medium	<p>It is recommended that a listing is maintained detailing all assets subject to revaluation, along with their date of last valuation, and that this is reviewed on an annual basis to check that all assets due for a revaluation are included in the list sent to the valuers.</p>	<p>The Asset Management system that is used holds dates when assets were revalued. A full report will be run every year to ensure that all assets that are due for a revaluation are valued in line with the accounting policy. A check will be made to ensure that all assets are valued with appropriate frequency and there are no erroneous dates.</p>
18	SAP has two types of journal access rights for finance employees; Park Access & Park and Post/Authorisation Access. Park Access allows a member of staff to prepare journals within the system which are then 'parked' until they are approved by a member of staff with Post Access. However, employees with 'Park Access' can upload an excel document with a number of journals and the journals can be automatically posted within SAP without secondary review. Employees with 'Post Access' can prepare and post journals directly into SAP, without a secondary review.	High	<p>It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval.</p>	<p>The Council has to consider the costs of implementing such a control as suggested, which are potentially high. Action to address the issue would include the need to reconfigure SAP and to pay to do so and prioritisation of this work considering a new system is due to be implemented during 2022/23 financial year.</p> <p>Wiltshire Council officers view the significance of the risk associated with potential lack of journal authorisation by a second person as minimal. From a fraud perspective, there are controls already in place in the AP and AR systems, including segregation of duties around key tasks. Journals</p>

			<p>do not actually involve expenditure or income, so the inherent risk to the Council is absolutely minimal. Regular internal audit work on our AP and AR systems have not demonstrated any risks that would need an additional authorisation to journals in the general ledger. This work provides on-going evidence of the strength of controls in those systems fundamental to the Council’s internal control framework. Each user of SAP has an individual ID that is registered against each transaction that the user makes. Any unusual suspicious journals are going to be traceable to a single member of staff. There is an additional check being implemented that involves reviewing the officers who have processed journals on a quarterly basis to ensure they are relevant and trusted finance officers. Also, the Council’s budget monitoring processes acts as another control in order to pick up rogue journals. Budget management / service budget holders would be surprised to see any transactions on their codes that they did not recognise and would investigate. We have provided a full journal list to Deloitte and none have been found to be fraudulent.</p>
<p><b>19</b> We sought to identify further controls to mitigate the management override of controls risk presented by the lack of segregation of duties in journal postings.</p> <p>On a monthly basis, budget monitoring of I&amp;E cost centres is carried out by budget managers and a detailed narrative for any large variances should be documented. This is presented monthly to the Corporate</p>	<p>Medium</p>	<p>It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval.</p> <p>In addition, it is recommended that the process for budget managers to undertake a review and investigation of their budget reports is formalised and an audit trail is maintained.</p>	<p>Robust budget monitoring processes are followed on a regular basis, with high risk and volatile budgets being reviewed monthly and all budget areas at least quarterly. This process includes a review from a finance officer to ensure independent challenge is carried out.</p> <p>As part of an improvement action plan for finance and accountancy the implementation of a checklist for those undertaking budget monitoring processes will be designed and implemented to</p>



<p>Leadership Team (CLT) meetings and quarterly to Members.</p> <p>We have identified that, although budget monitoring occurs at the Council, the control has not been formalised appropriately. We were unable to evidence any formal review of budget variance reports by budget managers so we cannot determine what challenge or investigation is undertaken. We were informed that the threshold for budget managers to investigate variances is at their discretion.</p>		<p>ensure all relevant areas are discussed and a formal note made to ensure consistency of application is evidenced.</p>
<p><b>20</b> We sought to identify further controls to mitigate the management override of controls risk presented by the lack of segregation of duties in journal postings.</p> <p>On a quarterly basis, a report should be run directly from SAP for all journals posted during the period by journal value and by staff member who posted the journal. This report is reviewed by the Chief Accountant to identify if any journals are posted by unauthorised staff members and inconsistencies are investigated.</p> <p>As the focus of the review is on the users who are posting journals, rather than the journals themselves or their value, we have not deemed the design of this control to be effective in mitigating the management override of controls risk.</p> <p>We have also identified that no formal evidence could be provided to show that this control was implemented during the financial year and we were informed that the control did not operate consistently throughout the financial year due to the Chief Accountant leaving in August</p>	<p>Medium</p> <p>It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval.</p>	<p>Agreed – this control is set but has not been followed. The Assistant Director – Finance will ensure it is fully implemented and quarterly checks carried out to support mitigation of the system process weaknesses for journal approval.</p> <p>Additional Balance sheet controls have been implemented following the appointment of a Chief Accountant and a comprehensive schedule listing balance sheet GL codes, the officer responsible for monitoring and producing reconciliation statements and the frequency of these reconciliations is maintained. This is reviewed by the Chief Accountant.</p>

2020 and no one else taking responsibility for this control.			
<p><b>21</b> We sought to identify further controls to mitigate the management override of controls risk presented by the lack of segregation of duties in journal postings.</p> <p>On a monthly basis, the Head of Finance (Corporate) should review each balance sheet GL code against the previous month values and investigate the reasons for any unexpected variances (including suspense accounts).</p> <p>We have identified that this control had not been in place since the departure of the Head of Finance (Corporate). The Chief Accountant undertook a year end full review as at 14 July 2020. We do not deem this to mitigate the risk of Management Override of Controls as there are thousands of journal postings so this control cannot be relied upon to identify incorrect journal postings.</p>	<p>Medium</p>	<p>It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval.</p> <p>In addition, it is recommended that the review of balance sheet GL codes is undertaken on a monthly basis.</p>	<p>Additional Balance sheet controls have been implemented following the appointment of a Chief Accountant and a comprehensive schedule listing balance sheet GL codes, the officer responsible for monitoring and producing reconciliation statements and the frequency of these reconciliations is maintained. This is reviewed by the Chief Accountant.</p> <p>In additional to this control, as part of the improvement plan additional internal reporting of balance sheet items is being designed so that the Assistant Director – Finance and Corporate Director of Resources have full oversight of the balance sheet monitoring alongside the revenue and capital monitoring.</p>
<p><b>22</b> As part of the controls to ensure all potential liabilities are disclosed in the Financial Statements there should be a documented process for the Finance team to consult with the legal team. Whilst we understand the difficulties of doing this in the Covid-19 environment the failure to complete this process increases the risk of potential liabilities being unrecorded. Our substantive testing has not however identified any undisclosed potential liabilities.</p>	<p>Medium</p>	<p>It is recommended that a meeting takes place between the Finance Team and the Legal Team at year end and that all potential legal liabilities are discussed, with the results of this meeting minuted.</p>	<p>Agreed – as part of the assessment of year end liabilities the finance team will consult with the legal team and document consideration of liabilities discussed. This will ensure adequate evidence is provided of liabilities disclosed (accrual, provision or contingent liability) and those not disclosed due to not meeting the criteria for disclosure.</p>
<p><b>23</b> The Council did not submit the first Whole of Government Accounts return by the 30 September 2020 deadline. This</p>	<p>High</p>	<p>It is recommended that the Council introduce controls to ensure that the Whole of Government accounts return is completed , reviewed and</p>	<p>Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.</p>

	was instead submitted in February 2021.		submitted by the required deadline.	
24	We have identified that approximately 15% of purchases follow a purchase order (PO) process, whilst the remainder follow an alternative 'non-PO' process. We identified this by obtaining the Accounts Payable scorecard which details some KPIs for the AP team, such as time from invoice received to payment and the types of invoices being raised. This percentage in the prior year was nearer 20% so performance is declining. As a result, there is a risk that inappropriate purchases are made without a PO and authorisation. There is also a risk that year end expenditure may not be complete because purchases committed to are not yet available on the finance system.	High	It is recommended that the Council introduces a full PO process which all purchases should follow where appropriate.	The implementation of a new ERP and the implementation of standard processes as part of the Evolve programme will help support compliance to the control processes. Significant change and training support is included in the programme plan to help understand and address non-compliance.
25	We identified that the reconciliation between SAP and Asset Manager system is performed by the Chief Accountant but there is no review of this reconciliation.	High	It is recommended that the reconciliation between SAP and Asset Manager is reviewed (by someone more senior than the preparer).	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.
26	During our Design and Implementation (D&I) testing of controls over accrued expenditure, we identified one item for £3,060.90 where the invoice date was 01/09/2019, the Goods Received Note (GRN) date was 12/12/2019 and a delivery date (for services) on 11/12/2019, however the system showed the invoice received date as 18/06/2020. We have evidenced the invoice which related to 'on track education services' and was invoiced to the SEND Department at Wiltshire Council. We were informed that the invoice was input in the system late due to a workload issue in which the	Medium	Whilst the amount identified in this specific instance is not significant, we have only looked at this one invoice as part of our controls testing, so there is a risk that this may be a wider issue.  It is recommended that invoices are processed and paid in a timely manner and that controls are introduced to monitor this.	The implementation of a new ERP and the implementation of standard processes as part of the Evolve programme will help support compliance to the control processes. Significant change and training support is included in the programme plan to help understand and address non-compliance.

<p>requisitioner did not have sufficient time to input the invoice into the system immediately and therefore this was input late and appeared as though the invoice was not received until after year end. The invoice was therefore input into the system 9 months after the Council had received it. This highlights a weakness in the Council's purchasing controls. Where invoices are posted late to the system there is a risk that services/goods received prior to the year end are not accrued especially where a GRN is not raised pre year end. Also, the Council will not have paid the supplier for this invoice for a significant period of time so there is a risk of reputational damage to the Council.</p>			
<p><b>27</b> The reconciliation between Asset Manager and valuer's report which is prepared by the Capital Management Accountant is not reviewed by another member of staff.</p>	High	It is recommended that the reconciliation between Asset Manager and the valuer's report is reviewed.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.
<p><b>28</b> The Council's valuer does not provide updated useful lives for the properties revalued. As a result of this there are a number of properties which have not had their useful lives updated, so there is a risk that useful lives are not accurate which may affect the depreciation charge.</p>	Medium	It is recommended that the useful lives of fixed assets are reviewed and updated on a regular basis.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.
<p><b>29</b> Our review of the year end bank reconciliations found evidence of preparer sign off but no evidence of reviewer sign off.</p>	High	It is recommended that bank reconciliations are reviewed.	Additional Balance sheet controls have been implemented following the appointment of a Chief Accountant and a comprehensive schedule listing balance sheet GL codes, the officer responsible for monitoring and producing reconciliation statements and the frequency of these reconciliations is maintained. This is reviewed by the Chief Accountant. Bank

				reconciliations form part of this listing.
30	We were informed that there are a number of assets included in the disposals figure within the 2019/20 accounts which were actually disposed of in previous financial years, however were not recorded as disposals in the relevant financial statements.	High	It is recommended that the Council reviews the process in place for recording disposals in the fixed assets system, and what controls are in place to ensure that this system is kept up to date with disposals.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.
31	The Useful Economic Lives (UELs) of infrastructure assets are impacted by various factors such as climate change, new technologies, changes in traffic volumes etc. This is something that should be kept under consideration going forward.	Low	It is recommended that the UELs of Infrastructure assets is reviewed if new technology, climate changes or changes in traffic volumes may impact the expected lives of assets.	As part of the annual assessment of UEL the Chief Accountant will liaise with the highways department to determine if technology, climate changes or changes in traffic volumes may impact the UEL of assets.
32	We identified that assets included within the category of Infrastructure were not separately identifiable on the FAR, and instead combined into one large overall asset covering different financial years. For example, the largest asset by cost within the infrastructure category is Structural Maintenance Schemes Completed 15-16 with a cost value of £41,843,483.41.	Medium	It is recommended that infrastructure assets are recorded separately on the FAR rather than all grouped together as one asset per financial year.	Recent expenditure on infrastructure assets is already recorded separately within broad categories within the FAR i.e. roads, bridges, land drainage, major structures. The cost [i.e. staff time] of identifying assets at a more granular level than these broad categories is considered to outweigh the benefits [i.e. annual depreciation charges that better reflect the consumption of assets to support services]. Recording assets based on these broad categories will be further enhanced through the Chief Accountant liaising with the highways department to identify UEL for each of the broad categories of assets, as opposed to using an average 60 years for all categories [which is current practice]. For historic balances transferred at the time the unitary authority was formed, the information needed to allocate the spend to these broad categories is not available and therefore these will continue to be held at overall totals and an average 60 UEL used.

33	A error was identified in the accounts relating to the understatement of the Monkton Park loan balance.	High	It is recommended that a record of all loans is maintained and that this is kept up to date.	The Council has a record of all treasury management and capital loans, including this loan. However, it was being accounted for incorrectly as a PFI scheme as opposed to a loan. Management will put in place additional controls to ensure that where there are changes to loan facility agreements [i.e. in this case the contract was revised in January 2011. Therefore, only the loan associated with the capital and interest cost of building Monkton Park still has to be repaid], the advice of the Chief Accountant will be sought to ensure the proper accounting treatment is adopted'.
34	We identified that the Council does not accrue for housing benefit payments at year end. We are satisfied that this does not significantly impact expenditure recorded in the year and that the impact on the balance sheet is immaterial.	High	It's recommended that the Council undertakes an assessment at year end to determine the potential under accrual related to housing benefit payments in order to determine whether this is material.	Management will work with external auditors to agree an accepted process [have regard to cost/benefit] to determine that any potential under accrual related to housing benefit payments is not material.
35	We identified that similar assets (i.e. wheelie bins) are grouped together on the FAR and accounted for as one larger asset. The accounting policies per the accounts do not explain that this takes place.	Low	It is recommended that the accounting policies are updated to make it clear in what circumstances assets may be grouped together and accounted for as one larger asset.	The accounting policy for Property, Plant and Equipment [effective from 2020/21 SOA] will be updated to include the following text; 'Where there are large volumes of low value similar assets, these assets are grouped together on the fixed asset register and accounted for as one larger asset.'
36	As part of the Nil NBV asset review undertaken by the Council, it was identified that there was a balance of approximately £11m of assets with a nil NBV which were still in use, mainly relating to Vehicles, Plant and Equipment, indicating that these have been depreciated over too short of a period.	Medium	It is recommended that the Council reassesses the useful economic lives assigned to assets categorised as Vehicles, Plant and Equipment to determine whether these are accurate.	Management will put in place a process to reassess UELs before assets are fully depreciated to ensure annual depreciation is more reflective of the period the asset is in use.
37	We have noted throughout our audit a number of errors in	High	We recommend that additional controls are put in place to ensure	It is acknowledged that the two academy schools (previously PFI

<p>relation to accounting for academies. We have therefore determined that there are insufficient controls in place to correctly dispose of schools that have converted into academies.</p>	<p>that all related balances (cash, receivables etc) for academies are removed from the Council's financial systems/accounts and that the assets are subsequently disposed of from the FAR in a timely manner.</p>	<p>schools) were incorrectly recorded in the Council's fixed asset register ("FAR") and financial statements (i.e. balance sheet). The Council has introduced the following controls to ensure academy school transactions are appropriately reflected in the financial statements going forward:</p>	
<p><b>38</b> There are no controls in place to ensure that the accounts are updated for lease arrangements.</p>	<p>High</p>	<p>It is recommended that the Council introduces appropriate controls in order to mitigate the risk that leases are entered into and the accounts are not updated for these.</p>	<p>Management accepts previous controls were not sufficient to ensure lease disclosures in the accounts were accurate and complete. Steps have already been taken to improve the control environment and will continue to be improved. For example; there is now a complete list of all the Council's leases, which will be maintained by finance and periodically updated for new and expired leases through liaison with service department.</p>
<p><b>39</b> We identified a weakness in how the Council document their considerations for assessing recoverability of debtors and these could be improved.</p>	<p>Medium</p>	<p>It is recommended that a detailed review is undertaken in relation to the recoverability of debtors by type of debtor i.e. schools debtor, general debtors etc. A working paper should be produced as part of this exercise which documents the considerations applied to each type of debtor as well as what evidence there is to support those considerations based on past experience. Once the exercise has been completed and the working</p>	<p>To be provided</p>

			paper has been produced, this should be reviewed by the chief accountant or a member of the team who is suitably senior.	
40	We identified that nil balances are presented inconsistently throughout the accounts. In some disclosures nil balances will be presented as '0' and in other places these are left as blanks.	Low	It is recommended that nil balances are included in the accounts rather than being shown as blanks. Alternatively, if the Council decides not to present nil balances then this decision should be applied consistently, i.e. not showing some nil balances as '0' and some as blanks.	Management will consider implementing this recommendation in future years but don't consider this a high priority alongside prioritising implementation of other key recommendation.
41	We identified a number of intangible assets (£4.128m) have been included within the AUC column of the PPE disclosure and then shown as a transfer out of AUC.	Medium	It's recommended that intangible assets are disclosed in the intangible assets disclosure in the accounts in the first instance rather than being included within the PPE disclosure and subsequently transferred out to the intangibles disclosure.	To be provided
42	We identified that the 2020/21 draft provisions note included three provisions which had been disclosed as short term provisions in the 2019/20 accounts but that the draft note was showing had not been utilised.	Medium	It is recommended that the Council reviews provisions balances and determines whether or not these are short- or long-term provisions.	From 2020/21 management will review provision balances at the balance sheet date [and based on available evidence], make a judgement on whether specific balances [i.e. insurance claims], are short or long term, and classify on the face of the Balance Sheet accordingly.
43	We identified errors in the prior year figures included in the cashflow statement and associated notes as well as an error in the number included for the adjustment for non cash movements in 2019/20 caused by the incorrect signs being applied to investing and financing activities. Also the first three versions of the draft accounts did not include the movement on PFI contracts for 2018/19 of £3,351k in note 41.	Low	It is recommended that the Council review their cashflow workings and presentation.	The Council recognised there were issues in the presentation of the Cashflow statement and have subsequently completely restated it.



# Appendix 2 – Unadjusted Misstatements

The following uncorrected misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

Those misstatements previously reported to the Audit and Governance Committee have been shaded in grey.

		Debit/ (credit) income statement £m	Debit/ (credit) in net assets £m	Debit/ (credit) OCI/Equity £m
Academy cash balances	[1]	-	(0.323)	0.323
Academy debtors balances	[1]	-	(0.128)	0.128
Academy creditors balances	[1]	-	0.228	(0.228)
Pension liability – Goodwin	[2]	-	(3.000)	3.000
Ridgeway House	[3]	-	0.084	(0.084)
Crematorium Lodge	[4]	-	(0.234)	0.234
Disposals made in error	[5]	(0.293)	0.936	(0.643)
Duplicate Assets	[6]	-	(2.089)	2.089
Cost of Asset Disposals Debtor GL Code	[7]	0.128	(0.882)	0.754
Properties not on FAR	[8]	-	-	-
Archetype Classification	[9]	-	0.636	(0.636)
Understatement of accruals	[10]	2.636	(2.636)	-
Overstatement of employers pension contributions	[11]	-	(0.981)	0.981
Properties incorrectly on FAR	[12]	-	(1.443)	1.443
Trust Assets	[13]	-	(1.347)	1.347
DIY SO Properties	[14]	(1.845)	1.038	0.807
Housing benefit accruals	[15]	-	-	-
<b>Aggregation of misstatements individually &lt; materiality</b>				
<b>Total</b>		<b>0.626</b>	<b>(10.141)</b>	<b>9.515</b>

- [1] On inspection of the Schools' cash breakdown, we identified 4 balances relating to Academies which should not be recognised by the Council. On further investigation, we noted that the respective balances for debtors and creditors for the 4 Academies had also been included in the accounts.

- [2] Although the Council is aware of the Goodwin case, we understand that it has not been reflected in the Defined Benefit Obligation; our view is that it should be. Based on general information that we have from Hymans Robertson, we understand that for a typical employer's section, the Goodwin impact cost could be of the order of 0.2% of the Defined Benefit Obligation, i.e. around £3m.
- [3] We note that for the fixed asset, Ridgeway House Old Peoples' Home, The Lawns, Wootton Bassett, following a challenge by our valuation expert, the Council's valuer has acknowledged that the adopted land value rate was too low as a rate of £200,000 per hectare was applied and the valuer has now revalued the asset adopting a revised land rate of £375,000 per hectare. On this basis the value of this asset has been adjusted from £1,498,112 (buildings £1,402,060, land £96,052) to c. £1,582,158 (buildings £1,402,060, land £180,098) but this adjustment has not been made by the Council due to it being immaterial. We have obtained confirmation from the Council's external valuers that no other assets were affected by the incorrect land value rate being used in the valuation.
- [4] We note that the fixed asset, Crematorium Lodge, has not been revalued in the last 3 years and on further investigation it should have actually been disposed of as it has been transferred to a city council. We note the NBV is not material so has not been corrected and any related depreciation charges have not been added to the misstatement as this would be highly trivial. The Council have confirmed this will be corrected in 2020/21 accounts and recognised as a disposal.
- [5] We noted during our disposals testing that 3 assets had been processed as disposals in the year in error and were actually still owned by the Council as at 31 March 2020. This meant that the loss on disposal in the year disclosed in Note 3 is overstated and the total value of disposals is also overstated in Note 15 due to the loss on disposal equalling the net book value of the disposed assets. The factual adjustment has not been corrected because it is not material at £935,170 and will be corrected for 2020/21.
- [6] We identified two assets which have been recorded twice in the fixed assets register (Amesbury Salt Store Depot £1.959m and Highways Depot (South) – Salisbury £0.130m) resulting in an overstatement of the property, plant and equipment balance.
- [7] We identified that GL code 919995 'Cost of Asset Disposals' which sits within short term debtors is incorrect and these do not represent valid debtors. Per discussions these are legal costs and demolition costs associated with the disposal of assets. From a sample of 3 we identified that none of the assets have yet been sold and 2 were not classified as surplus within the FAR. Therefore, 100% of the debtors balance is not recoverable. These are recognised as debtors incorrectly, with the intention to release them to offset against capital receipts once sold. However this is not in line with accounting standards. Therefore the whole GL code with value of £882k is incorrect and should be removed from debtors. This will be processed in the 2021/22 accounts. From review of the breakdown of the £882k we can see that there is £128k of spend in 19/20 and a reduction of £209k in the year of the debtors balance.
- [8] As part of the Council's Asset Existence Exercise the Council identified two assets which are not included in the FAR but should be. These are: Melksham HRC and the Bradford on Avon Library. Neither of these have been valued so net book values are not available. However, based on our considerations we have no reason to believe that the value of these would be material. This misstatement is that PPE is understated by the value of these assets which is currently unknown.
- [9] We identified two instances in our sample testing where two storey properties had been classified as medium rise flats and therefore were included in Archetype 11. However, medium rise flats are defined as 3-5 stories tall. As such these two properties should be classified in Archetype 10. We performed some calculations to determine the potential error based on the average value of a property in each archetype. The value of the possible error is therefore a £636k understatement which is immaterial.
- [10] We identified a number of instances of the understatement of accruals through our testing of a sample of payments that left the bank post year end (errors: £232k) to determine which financial year these relate to. We have extrapolated these errors over the population tested to determine whether they may be indicative of a material misstatement and have not identified any issues with these extrapolations not being material.
- [11] Per the IAS 19 letter from the Pension Fund Auditors, we were informed that the employers contributions figure per the IAS 19 report was £981k higher than per the pension system.
- [12] As part of the Asset Existence Exercise the Council identified a number of assets which are included on the FAR in error as they are not supported by Council records. These assets are no longer owned by the Council and should have been removed from the FAR. It is assumed that the assets were disposed of by the Council in previous years.
- [13] The Council held a review of the King George assets in March 2021 following up from the recommendation raised in 2018/19. This identified several assets which should be removed from the Council's accounts.
- [14] The Council disposed of 26 DIY shared ownership properties in error due to not thinking these were owned by the Council and subsequently discovering that they were. Additionally, these properties had never been revalued.

- [15] The Council doesn't accrue for housing benefit payments and these are instead recognised on a cash basis when they are paid. We have determined that the impact on expenditure would not be significant and have estimated the impact to the balance sheet to be a potential understatement of accruals and receivables of £ 7.5m.

# Appendix 3 – Corrected Misstatements

The following table is not a complete list but contains the most significant misstatements that have been identified up to the date of this report which have been corrected by management.

Those misstatements previously reported to the Audit and Governance Committee have been shaded in grey.

19/20 Adjustments		Debit/ (credit) income statement £m	Debit/ (credit) in net assets £m	Debit/ (credit) OCI/Equity £m
Cash Flow Statement	[1]			
HRA – Repairs and Maintenance	[2]	(1.457)		1.457
HRA- Valuations	[3]		(0.718)	0.718
PFI/loan understatement	[4]		(4.431)	4.431
PFI Schools	[5]		(34.842)	34.842
Finance Leases	[6]	(0.225)	12.171	(11.945)
Interest payable	[7]	-	-	-
Income and Expenditure in Relation to Investment Properties	[8]	-	-	-

- [1] We identified errors in the figures included in the Cash Flow Statement, and associated notes as well as an error in the number included for the adjustment for non cash movements in 2019/20 caused by the incorrect signs being applied to investing and financing activities. Also, the first versions of the draft accounts did not include the movement on PFI contracts for 2018/19 of £3,351k in note 41. Management also identified errors in the statement which resulted in this being redrafted and the 2018/19 comparative figures being restated. The Council recognised there were issues in the presentation of the Cash Flow Statement and, following a review of the accounts, have subsequently completely restated the Cash Flow Statement. We are undertaking our audit testing on the current version of the Cash Flow Statement and will report any further misstatements identified.
- [2] In the Draft Financial Statements the HRA repairs and maintenance expenditure was shown as £6,884k. This did not agree to the working paper breakdown and was subsequently amended to £5,427k.
- [3] The incorrect number of HRA units was provided to the valuer. This meant that the HRA valuation was initially incorrect and was subsequently updated. On this basis the updated reported valuations for the Council House Assets are: Total Value £311,290,875 (originally reported as Total Value £312,009,250).
- [4] This misstatement relates to the Monkton Park PFI contract which was revised in January 2011 to become a long term loan with Barclays bank, as such this affects the current year and prior year. The correction of the classification from PFI to loan has no net impact, however, investigation by the Strategic Finance Accountant has identified that the outstanding liability was approximately £4m understated.

- [5] As part of our fixed asset verification testing we identified that the PFI schools balance was made up of 3 schools. Of these 3 schools, 2 had been converted into academies in 2011 and therefore should not be included in the FAR. This affects the current year and the prior year.
- [6] This misstatement reflects the Council's waste vehicles being reclassified and remeasured as a finance lease - receivable (previously treated as REFCUS).
- [7] There has been a £4.237m increase in interest payable and similar charges due to an adjustment to reclassify interest payable on PFIs, which was previously recognised in net cost of services.
- [8] Income and Expenditure in Relation to Investment Properties, £1,986k, is now being shown in Financing and Investment Income and Expenditure rather than within net cost of services.

We note that there are numerous prior year adjustments that have been made to the 2019/20 accounts. These have been disclosed throughout the accounts and work is ongoing to ensure that the disclosures made in relation to the adjustments are sufficient.

# Appendix 4 – Disclosure Misstatements

The following disclosure misstatements have been identified up to the date of this report split between those which have been corrected and those which have not.

Those misstatements previously reported to the Audit and Governance Committee have been shaded in grey.

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## Disclosure Misstatement Identified (corrected)

- |          |   |
|----------|---|
| <b>1</b> | <p>There was a remapping of the current year CIES headings due to changes in the structure of the Council departments. The Council failed to remap the prior year comparatives based on the new mapping when the draft Financial Statements were prepared.</p> <p>The prior year comparatives have since been remapped and we have undertaken audit testing of this.</p>  |
| <b>2</b> | <p>The draft Financial Statements included a disclosure for a contingent liability in relation to business rate claims by NHS trusts. The legal case was turned down by the courts in December 2019 and therefore we consider this an adjusting post balance sheet event and the disclosure in the financial statements has been amended to remove the reference to a contingent liability.</p>   |
| <b>3</b> | <p>In the draft Financial Statements Note 1 of the Collection Fund Accounts showed a Council Tax base of 184,897. As per cabinet meeting minutes the correct Council Tax base is 186,013. The difference is due to a one-off adjustment for single person discounts which had not been reflected in the first version of the draft Financial Statements. This has since been amended.</p>   |
| <b>4</b> | <p>The disclosed housing stock levels in note 1 to the Housing Revenue Account in the draft Financial Statements were incorrect as they did not agree to the valuer's report. Whilst the largest difference was 13 in relation to 2 bedroom flats each number was incorrect. The disclosure was updated in version two of the draft Financial Statements. The Council identified the error on review of work handed over by a departing staff member.</p> |
| <b>5</b> | <p>The draft Financial Statements Note 4 to the HRA did not include the Prior Year (PY) comparatives. This was amended in version four of the draft Financial Statements to include the prior year comparators. Also, in version four of the draft Financial Statements the analysis was changed for both years and this has also resulted in the prior year column now being headed as re-stated.</p>  |
| <b>6</b> | <p>The Council did not include lease disclosures in the draft accounts (or prior year accounts). These disclosures have now been included and range in value from £2,891k to £13,031k.</p>  |
| <b>7</b> | <p>Upon reviewing the contracts register when testing whether the Council's lease disclosures were complete, we identified two further leases which had not been disclosed. One was highly trivial and the other related to a lease with a value of £928k per annum. The operating lease disclosure has been updated for this.</p>  |

- 8** In the draft Financial Statements, the related party balance disclosure for Wiltshire Pension Fund, in note 12, had not been updated from 2018/19 so the 2019/20 disclosure was incorrect. The disclosure was amended from £1.478m to £1.818m in version four of the draft Financial Statements.
- 9** As part of our PPE testing we identified a number of nil net book value assets on the FAR. We challenged the Council on these and they conducted an exercise to identify any which were no longer in use and therefore should have been disposed of. Adjustments of £97,589k resulted from this which impact the PPE disclosure only, and do not impact on the net book value of assets and therefore do not impact the balance sheet. The accounts have been updated for these adjustments.
- 10** In the draft Financial Statements the employee expense and other services expense lines in Note 1b for 2018/19 did not agree to the prior year audited financial statements. The employee expenses had not been updated from 2017/18 and this meant the other services expense line was wrong too as it is formula driven. This has since been updated.
- 11** We identified that the Council received a grant of £11.6m in relation to Covid-19 which is being recognised within Corporate Income in the CIES, but was not disclosed in Note 6 Grant Income in the draft Financial Statements. This resulted in the Council revisiting Note 6 and a number of other amendments have been made to the disclosure in that note.
- 12** In the draft Financial Statements Note 38 which contains the Pension Fund disclosures contained a number of errors. The contributions in respect of unfunded benefits, benefits paid and unfunded benefits paid lines did not agree to the actuary's report. This was a transposition error where the wrong narrative was aligned to the disclosed numbers. Together the numbers are correct, however the draft accounts show the figures next to the wrong narrative line.
- For example, contributions in respect of unfunded benefits: as per note 38 - (£46,996k) as per actuaries report - £3,534k. This has been corrected in version five of the accounts.
- 13** Note 49 of the draft Financial Statements includes disclosures in respect of the Local Government Pension Scheme. Our testing revealed that the disclosures for 2019/20 did not agree to the Actuary's IAS 19 report, and the 2018/19 disclosures did not agree to the prior year financial statements. This is because the 2019/20 figures were included in the 2018/2019 column, and vice versa. This has since been amended in version four of the accounts.
- 14** Note 49 of the draft Financial Statements includes disclosures in respect of the Local Government Pension Scheme. The disclosures included an 'average age' total of 16.5 years. This is clearly not correct and is not a required disclosure so should be removed. This has since been amended in version five of the accounts.
- 15** Note 49 of the draft Financial Statements includes disclosures in respect of the Local Government Pension Scheme. The disclosure of the percentage of fund assets in each asset category were incorrect in the draft accounts as they had not been updated from the prior year. Therefore the 2019/20 disclosures did not agree to the IAS19 Actuaries report. We noted that there were percentages disclosed for some asset classes with zero balances. This has since been corrected in version four of the accounts.
- 16** Note 7 of the draft Financial Statements discloses information in relation to the Dedicated Schools Grant (DSG). We identified several differences in the 2018/19 comparative figures within this note compared with the signed prior year Financial Statements - b/f from previous year and agreed use of 2020-21 grant in advance. These were brought to the attention of management who informed us that the note was incorrect and provided an amended note. This note was restated by management in version four of the draft accounts.

- 17** Note 7 of the draft Financial Statements discloses information in relation to the Dedicated Schools Grant (DSG). We identified that several figures had the wrong signs in the amended note we received as a result of the first error found (see above). The note was showing £846k rather than (£846k) for 2018/19 and (£2,073k) instead of £2,073k for 2019/20. This meant the note did not cast correctly and the figures did not agree with the PY. This note was re-stated by management in version five of the draft accounts.
- 18** Note 16 of the draft Financial Statements discloses information about depreciation. We identified that the balance being disclosed for the total depreciation charged for 2019/20 read as 35,67.000. This was clearly formatted inconsistently and incorrectly. This has since been corrected in version four of the accounts.
- 19** On review of Version 3 of the Draft Financial Statements, we identified that the balance for '(Gain)/Loss on sale of HRA assets' in the HRA Income and Expenditure Statement was originally stated as £1,719k. However, the same balance in the 'Statement of Movement on HRA balances' was stated as (£1,904k). These balances should agree. These differences were brought to the attention of management who informed us that the 'Statement of Movement on HRA balances' note was incorrect and provided an amended note in Version 4 of the Draft Financial Statements. As a result, the presentation of the 'Statement of Movement on HRA balances' changed slightly to show two balances; Capital receipts of £6,440k and Disposals of (£1,719k) which net to the correct balance of £4,721k and now agrees to the HRA Income and Expenditure Statement. Similarly, the 2018/19 balance was incorrect and this was adjusted from £4,759k to (£2,770k). We note that these were presentational errors only and the ledger was correct.
- 20** On review of Version 3 of the Draft Financial Statements, we identified that the 'charges for services and facilities' account balance of the HRA Income and Expenditure Statement was nil. This was brought to the attention of management who informed us that this was incorrect and had been omitted in error. Management then amended this in Version 5 of the Draft Financial Statements to show a balance of £1,052k.
- 21** During the testing of PPE disposals, we were informed that there were a number of assets included in the disposals figure (with 3 of these being identified in our sample testing) within the 2019/20 accounts which were actually disposed of in previous financial years, however were not recorded as disposals in the relevant financial statements. This was discussed with management to quantify the impact and it was agreed to include a footnote to Note 3 to explain the impact on the financial statements. This is as follows; *\* 2019/20 amount includes the net book value (£7.3m) of schools that have converted to academies and the net book value (£7.0m) of assets that were included in the Council's fixed asset register that following a review were identified as having been disposed of in previous years.*
- 22** Note 18 of the draft Financial Statements includes information about the fixed asset valuations that have taken place each year within the 3 year rolling revaluation programme across the classes of assets. We noted during the testing of Note 18 that the values did not reconcile to the figures in the valuer's report. This was brought to the attention of management who informed us that the note was incorrect and they were going to provide us with an amended note in version 6 of the draft Financial Statements.
- 23** We noted in our capital commitments testing that commitments relating to 2019/20 financial year were included in the 2018/19 comparatives. This was because this note was not included in the 2018/19 accounts so both the 2018/19 and 2019/20 balances were produced for the 2019/20 accounts. This meant that the information available to the Council for 2018/19 was not as accurate as it was for the 2019/20 financial year due to the time lag. We have performed analysis of the report making up this note and note that there is not a material impact and the accounts have been updated accordingly.
- 24** The prior year gain/loss on sale of HRA assets in the HRA statements was identified as incorrect changing from £4,759k to (£2,770k) a difference of £7,529k which is immaterial. This was a presentational error only with the statement of accounts and the ledger was correct.



We note that the original HRA statement in V3 of the accounts contained errors, which once highlighted were amended and adjusted by the Council following their review.

- 25** On inspection of note 18, which shows the value of properties revalued by year, we identified that there were £10.7m of properties included in the rows 2016/17 and 2015/16 which is not in line with the Council's 3-year valuation cycle.

On investigation, the Council confirmed this was incorrect, and incorrect on Asset Manager, and that the assets had been revalued in 2018/19. Note 18 has been amended to reflect this error.

- 26** We identified that the 18/19 audited accounts, along with the first version of the 19/20 accounts, did not include a capital commitments note. This has now been added for 2019/20 with 2018/19 comparatives.

- 27** We requested the Council split out the other grants balances of £71,529k (2019/20) and £62,216k (2018/19) within Note 6 into more disaggregated balances. This has been done, with the accounts amended, splitting out this balance into individual grants. No impact on bottom line as this is disclosure only.

- 28** In the prior year financial statements, the HRA asset depreciation figure was shown in the major repairs reserve column of Note 14 - the Adjustments between accounting basis and funding basis under regulations, however as the assets are actually HRA assets it should be shown in the HRA column. This has no affect on the overall balance of the note and is merely presentational.

- 29** Within Note 51, the 19/20 Fair Value split between Non-Current and Current has been adjusted, as previously this was not disclosed.

- 30** We identified an incorrect entry in relation to 'repayment of long-term capital assets' in note 17. The amount for 18/19 has been restated by £39k.

- 31** In version 1 of the accounts the sale of non-current assets was disclosed across the service lines, but it should have been shown in disposal of assets within other operating expenditure. We note this adjustment therefore impacted the CIES, Note 1b, 3 and 13.

- 32** The Expenditure and Funding Analysis (EFA) included a line for transfers to earmarked reserves when it shouldn't have. Per the CIPFA code the EFA does not show a transfers to earmarked reserves line. As a result of including this additional line in the first version of the accounts the Council had also included an adjustment to the Corporate line of the EFA for the earmarked reserves balance so that net cost of services in total per the EFA still matched the disclosure in note 13.

- 33** The initial version of the Operating Lease disclosure (Note 21) contained errors and also included leases that start after 31 March 2019 in the 18/19 numbers and 31 March 2020 in the 19/20 numbers.

- 34** It was identified that the Council hadn't included income and expenditure in relation to investment properties (£1,986k) and Financial Instruments Adjustments (£3k) in their Financing and Investment Income and Expenditure balance or Note 4 but this was instead included in the net cost to services. This was corrected as this income should be included in Financing and Investment Income and Expenditure per CIPFA Code section 3.4.2.38 c).

- 35** The expenses for one individual were not included in Note 10 but were identified during our testing. On further inspection the expenses were included in the Council's workings, so this was a typo in the draft versions of accounts.

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**36** We identified that in version 1 of the accounts, the external audit fee was stated as £80k as note 11 was completed on a cash basis. This is incorrect and it should be done on an accruals basis. Therefore, the note was amended to show the fee as £129k which is the correct external audit fee. In addition, the fees payable for grant claims and returns were amended from 1k to 24k.

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**37** The accounts have been updated to include a £1.58m balance of "Flexible use of capital receipts to fund transformation expenditure".

This balance was not in the original set of accounts, but was included in a later set which formed the basis of our testing for note 17 (although this particular balance was scoped out due to being immaterial).

We note this is included in the capital receipts reserve balance of £7,695k related to capital receipts utilised on capital expenditure. Further we have concluded there is a remote risk of material misstatement in terms of the risk that this amount hasn't actually been used on transformational projects so have not undertaken any detailed testing of the balance, although we have viewed a breakdown of the balance and noted that there were no individual projects above our clearly trivial threshold and that the majority of the projects listed referred to transformation.

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**38** The accounts did not separately disclose grant receipts in advance on the balance sheet as required by the CIPFA code. This has been corrected.

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**39** Version 1 of Note 36 did not cast to the 'surplus or deficit on revaluation of NCA not posted to surplus/ deficit on the provision of services' line. The accounts were showing (£315,307k) when it should have shown (6,421k). This is a difference of 308,886k. In addition, there was a missing subtotal of the net amount transferred to the capital adjustment account of 25,933k. This was corrected in later versions of the accounts.

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**40** We note that within version 1 of note 18, the book value at 31 March 2020 for the total Property, Plant and Equipment balance did not cast correctly based on the individual asset category totals. This was subsequently updated.

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**41** We note that note 14 originally did not show HRA balances in the correct places, i.e. they were not all shown in the HRA line. This was corrected. No impact on bottom line of unusable reserves.

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**42** The financial assets fair value disclosure (Note 51) was not included in Version 1 of the accounts as it was missed in the preparation of accounts.

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**43** Note 26b Long Term Debtors was not included in version 1 of the accounts.

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**44** A number of adjustments have been made within Note 13 since the first version of the financial statements. This is due to the note being incorrect, and assets not being appropriately split across the categories. This was resolved and the new note tested. It wasn't possible to understand the reasons for some of the adjustments because management couldn't explain why the previous numbers were wrong, they were only able to provide assurance that the new note was correct, which we've tested with no issues. The 18/19 disclosure has also been updated.

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**45** When we were reviewing Note 1b in version 10 of the accounts we identified that it did not reconcile to other values in the accounts. This was because adjustments made in other areas had not been put through note 1b, therefore the Council reproduced Note 1b.

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- 46 We identified that note 30 in version 1 of the accounts was incorrect in totality, and did not satisfy the requirements of the CIPFA code. Therefore, the audit team did not test this but asked the Council to reproduce the note. They subsequently did that and we have tested the note as per version 4 of the accounts.
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- 47 Version 1 of the accounts included £28k of an investment with Landsbank as an expected credit loss in the next 12 months, however this was subsequently removed from the table and a note added that this was not included as it has already been impaired.
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- 48 We identified that the Investment properties using significant unobservable inputs - level 3 balance for the main portfolio in 'Valuation Techniques' section of Note 52 had not been updated from prior year and had also not been included in thousands.
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- 49 We identified that Note 6 was missing the £52,764k balance for capital grants and contributions included in note 5 in the initial versions of the accounts. This was subsequently added.
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- 50 We identified that the Housing Benefit subsidy balance of £75,239k was not disclosed in the Grant Income note in the initial versions of the accounts. This was subsequently amended.
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- 51 Previously depreciation and revaluation charges were recognised in the Housing and Commercial Development line of the CIES rather than being recognised in the department/ service line that the assets related to. This has been corrected and has resulted in the reclassification of balances only with no impact on net cost of services. The total amount reclassified across depreciation and revaluation was £11.9m.
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- 52 The Council originally included all capital TB codes in the capital adjustments column of Note 13 and therefore in the depreciation, amortisation and impairment line of Note 1b. However, £17,050m of this isn't capital amounts. £12,788k is related to MRP. We are unable to provide a full explanation of the £17m as instead of testing the adjustments to Note 13 we tested the new note instead.
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- 53 We identified that there were service elements of building assets included in the Plant, Vehicles and Equipment category in Note 15 and the FAR which should have been included in Council Dwellings and Other Land and Buildings instead as they relate to building. The Council have reclassified these assets. £29,421k moved to Land and Buildings and £31,870k moved to Council Dwellings.

We note that in Note 3 of HRA accounts they have also combined services, structures and land columns in version 12.

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#### Disclosure Misstatement Identified (uncorrected)

- 54 Accounting Policies of the draft Financial Statements do not include disclosures in respect of the Council's Write off policy as stated in the CIPFA Checklist. A control finding relating to the inadequate review of the CIPFA checklist by the Council has been raised within control deficiency point 16 above.
- 55 During the fixed asset revaluations testing, we identified that the Council had disposed of an asset in the year however had recorded this as a 'downwards revaluation' instead of a 'disposal'. This therefore has an impact on Note 15 and Note 36 showing disposals in the year as understated and downwards revaluations in the year as overstated. The value of this

misstatement is £1,369k however, we note that this does not impact the net book value of assets as at 31 March 2020. We are in the process of conducting further work to identify if there are assets that have been processed in this way.

- 56** During the fixed asset revaluations testing, we identified that the Council had processed some revaluation adjustments incorrectly by posting both upward and downward revaluation balances in the revaluation reserve (which net to the actual change in value of the asset in the year). This means both upwards and downwards revaluation balances are overstated by an equal amount in Note 36. We therefore undertook some further analysis to identify any other assets where this error has occurred. We note that the total impact is an overstatement of upwards and downwards revaluation balances of £1,535k (£3,070k total overstatement). We note that this does not impact the total balance for the year for the revaluation reserve.
- 57** During our testing of the reclassification of service lines for the 2018/19 balances we identified three differences. The differences are the result of an adjustment from the Corporate service line to the Education & Skills and Housing & Commercial service lines. Management were unable to explain this adjustment. We note that the value of the adjustment is £4,651k. We note that the impact on the total balance in the CIES is trivial, and this is mainly a reclassification issue.
- 58** Per the IAS 19 letter from the Pension Fund Auditors we noted that benefits paid were overstated by £3.9m. This would result in the equal understatement of both liabilities and assets relating to the pension so would have an overall nil impact on the pension liability.
- 59** We identified that there are intangible asset balances within Assets Under Construction in the PPE disclosure which are then transferred out of the disclosure to be presented within the Intangible asset disclosure. This impacts both Notes 15 and 24.
- 60** The PPE disclosure (Note 15) is not showing the PFI asset balances within a separate column as per the CIPFA code.
- 61** During the audit we received a copy of the draft 20/21 provisions note and identified that a number of short term provisions per the 19/20 financial statements were still showing as balances at year end with none being utilised in the year per the draft 20/21 note. We challenged the Council on whether that was correct and whether these should be showing as long-term provisions in 19/20 rather than short term. The Council determined they would not investigate this for the purposes of the 19/20 accounts and would review for the 20/21 accounts. Whilst we have not yet audited the 20/21 provisions note to determine whether it's correct that none of these balances have been utilised, we've raised an uncorrected disclosure misstatement on the value of the potential classification error - £3,528k



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## **Wiltshire Council**

### **Audit and Governance Committee - update**

**May 2023**

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**Subject: Management Response to Report from Deloitte 2019/20 External Audit Update Report – April 2023**

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#### **Purpose of Report**

1. This report presents a response from management to the 2019/20 External Audit Update Report – April 2023 provided by Deloitte to the Audit & Governance Committee.

#### **Background**

2. As this Committee are aware there has been much focus of resource on the work on the Statement of Accounts, to review and amend historic technical accounting errors and misstatements, with updates being reported to the Committee either through formal reports or updates as part of Chairman's Announcements. This work has been underway for several years following the approval of the 2018/19 Accounts back in November 2020.
3. The 2019/20 Statement of Accounts remains outstanding, and progress of the issues and audit has been disappointingly slow, especially over recent months where some additional work has been required to address further historic errors and misstatements found in financial accounting entries and disclosures. Delay has also been as a result of national debate across the accounting and audit sector which have led to additional reporting and disclosure requirements and therefore further work from the Wiltshire Council ("the Council") team as well as the External Auditor. As the 2019/20 remain outstanding these accounts remain exposed to any further changes that might present until the point that the accounts are approved, and audit closed.
4. The External Auditor is required to report to the Audit and Governance Committee regularly and as there has not been opportunity to report alongside the finalisation and closure of the Statement of Accounts the External Auditors wish to circulate an update report to the committee on the current position and developments since they last reported to the committee. A copy of the report is being circulated to the committee and this report is a response to the items set out in their report.
5. There are sections and items within the report that the Council Officers agree with, some that they perceive as being misleading, and others that they do not agree with. The management response in the following paragraphs sets out the position from officers' perspective grouped into the main themes of the issues raised within the External Auditors update report. It does not indicate every aspect of the External Auditor's report that Officers take issue with, but in the interests of brevity highlights the main elements.

## Resource Commitment

6. The report from the External Auditor makes comment and requests “*formal decision as to whether the Council is prepared, and whether it is realistic, to commit the resources required to allow completion of the outstanding 2019/20 audit work ...*” and “*...by July we request a formal decision by the Council on its readiness and ability to commit the resources required to complete the outstanding 2019/20 audit work*”. The Council has employed additional, dedicated technical financial accounting agency support to help resolve the issues that have been found and support through to conclusion the outstanding work on the accounts. This resource is over and above the resources within the existing team and incurs additional significant cost, which shows the commitment of the Council to complete the outstanding audit.
7. Alongside this agency resource some members of the ‘in-house’ team have been working through the correction of the errors and misstatements, particularly on the asset accounting. This has meant that some of their other responsibilities have been reassigned to others in the team to ensure adequate resource is available for the Statement of Accounts. This dedicated focus from some of the ‘in-house’ team has had the benefit of learning and development for them, learning from the experienced agency staff so that we are able to manage the standards of the work moving forwards for future years accounts.
8. Officers do not agree with the statement made that External Audit “*...do not consider the current number of staff involved in the production of the financial statements to be sufficient to deliver reliable and timely financial reporting*”. Officers consider that it is the amount and complexity of the historic errors that is impacting on the timely completion of the 2019/20 accounts and audit and not the level of resource. We are addressing the experience and knowledge gaps in the team and will continue to ensure staff have the right skills to perform the work to the required standards and with the additional agency staff officers, assess resources to be sufficient.
9. There is no doubt that the Council is committed to dedicating resource to this work so that we can move forwards and draw to conclusion the accounts and audit processes, with experienced, skilled staff. There is always a balance to be struck over additional resource and costs and the value for money for the taxpayer. Whilst the Council would like to see a quick resolution the technical aspects of the outstanding work do not warrant a further increase in the already additional resource and cost that is currently being applied.

## Reasons for the delay

10. The Council take full responsibility for the delays that have been caused due to the historic poor quality of the draft financial statements and the accounting papers and schedules supporting the accounts. This is rightly stated as attributable to the insufficient staff resourcing of appropriate skills and experience however, it is clear that this has been addressed in the short term with the experienced agency resource and in the longer term through additional training and support for the ‘in-house’ team and will commit to additional agency resource should this be required in future years.



11. The Council do not agree with the statement made in the External Auditors report that says one of the root causes of the delay is “*Insufficient resourcing of appropriate skill and experience to unpick the significant number of historical issues identified during the audit process*”. Working through the historical issues has required focus, with a need for the work to be managed in a coordinated manner. This has been done through controlling resource involvement, checking that corrections were appropriate and in line with the (IFRS) regulatory requirements, were applied once and tracked through all aspects of the accounts that were impacted. To add in more resource would have exposed this work to greater risk of changes not being applied corrected or completely.
12. What is missing from the External Auditors report is the delays that the Council have seen in receiving feedback from the External Auditor, particularly where we have been addressing the broader issues with fixed asset accounting, in determining the appropriate disclosures. An example of this delay is where the Council have been seeking agreement from the technical advisory team in Deloitte as to the acceptance that the disclosures meet the requirements and after many months of delay in confirmation of this officers have been now told to review the disclosures to assess the reasonableness of them themselves. A further example is the External Auditor’s delay in providing their view on the accounting restatement for waste vehicles. It would be helpful to understand why these delays have occurred to ensure that they are not repeated.
13. Despite weekly progress meetings held between Council Officers and External Audit the Council has not been made aware of elements of the outstanding work until inclusion in their report. What is not explained is the reason for the delays in the completion of some of the work that remains outstanding, such as the reconciliation of collection fund balances through the financial statements.

### **Key Outstanding Areas of Work**

14. With the exception of the work required to secure the required level of assurances for the Letter of Representation and the review of PPE impairment/capital expenditure attributable to components, the Council are not aware of any particular work that remains outstanding that is for the Council to provide. It has been extremely disappointing to see that despite weekly progress meetings between the Council and the External Auditors, some areas listed within this section of the External Auditors report that the Council were not aware were not complete. The Council has been requesting a list of outstanding work and have been told that little was remaining outstanding. Again, it would be helpful to understand how this situation has occurred.
15. Officers cannot see any reason why the reconciliation of the Collection Fund Balances have not been reviewed and completed over the last 2 years. The testing of the automated journals is a new requirement and was not required at the outset of the audit. This change of approach from the External Auditors results in more work for the council, and as the accounts remain unsigned and audit not concluded there is risk of further additional audit requirements or changes in approach that may cause further delay.

16. Officers have been working with the External Auditor on the additional reporting and disclosure requirements on Infrastructure Assets and further work and advice was being sought from the External Auditor. The update report from them sets out that the audit position is that the current treatment and evidence would result in a qualified audit opinion in respect of the infrastructure balances as the Council does not have detailed underlying records for expenditure for the majority of the years needed. We have not been made aware of this qualified opinion assessment and have been requesting advice and guidance to make an assessment of the need for additional work to give assurance that the accounts do not contain material misstatements on Infrastructure Assets, which has not been received.

### **Letter of Representation**

17. There is much comment in the External Auditors report on the work required to support the Letter of Representation. The Council are working through identification and collation of robust evidence to support the representations, which is especially critical given the breadth and scale of errors and misstatements that existed within the draft accounts. This is a significant piece of work to complete, and the team are committed to completing this and have been working with the External Audit team on this. Officers have requested examples of good practice from the External Audit team in this area but disappointingly, after a little delay they have been unable to provide this for the Council. This work is on-going and will be completed over the next month.

18. The External Auditors, prior to the receipt of their report, have not informed the Council Officers that the continuation of audit work and progress was dependent on providing the robust evidence to support the representations from management needed. We understand the point raised in their report “*A key factor in determining whether to commit further resource would be whether this would represent value for money for the taxpayer*” and having confidence that we can provide assurance and representations is a critical factor in this assessment. Officers feel however, that the work on the Letter of Representation does not stop other areas of outstanding work from being completed and should not have had or continue to have delayed progress of these items.

### **Errors and Misstatements**

19. As previously reported to this committee, officers are aware of the historical weaknesses in the technical financial accounting records and take responsibility for this. The issues cover several different aspects of asset accounting, which stem from ineffective and unstructured communication processes between services and finance, lack of experience and knowledge within the accountancy team leading to poor practice and historic incorrect data records.

20. The statement made by the External Auditor “*These errors plus earlier errors related to PPE, have not been processed in the CIPFA FAR Software package and have instead been processed as manual adjustments to the financial statements*” is misleading. The Council has [with the support of

CIPFA], corrected all errors in the FAR system, with the exception of impairments as these data records will be corrected through the 3-year valuation cycle as a pragmatic and effective mechanism to address these errors.

21. This is being addressed with officers working closely with the experienced agency resources, with correcting the underlying errors in the systems, formalising communications between the different Council teams, and setting out standards of the accounting papers and schedules supporting the accounts. Officers are also receiving formal training from the professional bodies, through the CIPFA Financial Advisory Network, so that the skills and knowledge within the 'in-house' team remains up to date and up to the required standard.
22. Within the appendix to this response report officers set out actions to address the Control Deficiencies listed in Appendix 1 to the External Auditors report. The implementation of these actions to address the deficiencies is being taken with the utmost seriousness and priority.

### **Value for Money and additional fees**

23. Within the report from the External Auditor there is comment on Value for Money: "*We are yet to finalise our Value for Money conclusion, however there is an increased likelihood that a qualification to our opinion may also be needed in relation to "reliable and timely financial reporting that supports the delivery of strategic priorities."*". Officers strongly disagree that the basis for this statement holds any weight and is credible. The Statement of Accounts is a highly technical document that is based on International Accounting Standards and is not used for evidence-based business/operational decisions that support the delivery of strategic priorities and nor should it be.
24. The Council's budget setting and financial management reporting is a separate process, using reports from the ledger, based on cash and accrual-based accounting, focusing on usable resources available to the Council to deliver its services. There have been no material errors found in the transactions that feed into the revenue and capital outturn financial management reports and there has never been any doubt placed on the value of usable resources available to the Council that have been reported.
25. The errors and misstatements have been in technical financial accounting elements of asset accounting, which do not impact business/operational decisions, even those decisions that relate to those assets. The errors and misstatements do not affect any access to funding and borrowing that the Council may seek, nor do they affect any readers of the accounts when making decisions based on those accounts.
26. The Council has delivered in-year underspends for the 2020/21 and 2021/22 financial years and has set balanced budgets every year following the 2019/20 financial year. It has also seen increases in usable reserve balances through its reserve strategy to increase financial resilience, a cultural shift in delivering a high proportion of savings and has recently set a balance budget across the 3 financial years for the current MTFs period 2023/24-2025/26.

27. The report also contains reference to additional audit fees that need to be agreed before any opinion is issued. The audit services that the External Auditors deliver are provided under the national contract through the Public Sector Audit Appointments (PSAA). Any additional fees therefore need to be agreed by the PSAA and will be charged according to the fee scale structure set under the contract and not according to the value indicated in the report “... *our most senior specialist partners have standard chargeout rates of around £1,000 per hour*”.

### **Disclaimer of Opinion**

28. Officers need now to work with the External Auditors to agree the next steps to take forward to conclude the 2019/20 audit. What is not clear is whether a ‘disclaimer of opinion’ will be the most effective and pragmatic route to conclude the accounts and audit process considering the time elapsed and the position we find ourselves in. The cost/benefit trade-offs of continuing auditing and the informational value of financial statements issued after such an extended delay needs to be weighed in the balance by both the Council and by the External Auditors. It continues to be imperative that everyone understands that the majority of the 2019/20 accounts have been resolved to satisfaction.

29. Focus within the Council’s team is firmly on carrying out all work required within the action plan and to provide assurance on the values of fixed assets in the accounts so that the 2019/20 accounts and all subsequent accounts are free from material error and misstatement. We will continue to work with the External Auditors to plan the work required and ensure resources are available to support this work for both parties.

### **Conclusions**

30. It is recommended that the Audit & Governance Committee note the update on the Statement of Accounts 2019/20 and response from officers to the items raised in the 2019/20 External Audit Update Report – April 2023 provided by Deloitte to the Audit & Governance Committee.

### **Andy Brown**

Corporate Director for Resources & Deputy Chief Executive (S.151 Officer)

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18 May 2023

## APPENDIX – CONTROL DEFICIENCY ACTION PLAN

	Deloitte Observation	Severity	Deloitte Recommendation	Council Response	Responsibility	Council Action Update
1	The Council should procure IFRS versions of their PFI models to help produce the accounts. We note management's review of the PFI arrangements has taken place and significant improvements have been identified in relation to the work that supports the accounting for these arrangements. A misstatement was identified as a result of this review.	Medium	It is recommended that the Council consider separately commissioning a suitably qualified financial advisor to develop an 'IFRS' accounting model. For example, an assessment of the impact of IFRS 16 on the accounting in advance of the standard being applied to Local Government.	A review of the PFI arrangements has taken place and significant improvements made to the accounting for these arrangements. Management will consider what additional changes are required to ensure the accounting remains robust, including options on the models used.	Chief Accountant	This is will be considered as part of any changes required by the impact of IFRS16 on PFI accounting in 2024/25.
2	During the testing of the expected credit loss provision, we noted that the Council apply a specific percentage to each aged debt category in order to calculate the expected credit loss provision. The Council have not updated the percentages applied for a significant number of years and therefore there is a risk these are no longer appropriate. Additionally, the Council have not performed an assessment of these percentages for the current financial year to explain why these percentages remain appropriate for 2019/20. Under IFRS 9 which was introduced in the prior year, this assessment is a critical part of the requirements.	High	We note that the percentages are not causing a material misstatement for 2019/20, however, it is recommended that a detailed review of the methodology and judgements applied is completed to ensure they remain appropriate for 2020/21 and this is then completed on a regular basis.	Management have reviewed the percentages used in 2020/21 to ensure these are representative of the expected impact of credit losses, particularly having regard to the Covid 19 pandemic.	Chief Accountant	Management will review the percentages used in each year to ensure these are representative of the expected impact of credit losses.
3	During the testing of the expected credit loss provision, Deloitte was unable to obtain the year end report used to disclose the Housing Benefit Overpayment balance of £6.9m. We were informed that the report can only be run at a point in time and the report was not saved as at 31/03/2020. We instead obtained the report as at 30/09/2020 and noted that the value per this report was not materially different, and that the Council provides for 100% of housing benefit overpayments.	High	We appreciate this is a limitation within the finance system however it is recommended that the Council save all working papers and reports used in the financial reporting process so that the auditors can evidence the workings and test the balances accordingly.	Agreed, management will ensure controls are put in place to ensure time critical reports are run at the relevant time.	Chief Accountant	No further action required - the revised process will be used for all future year end and accounts processes and will include saving all reports used in the financial reporting process.

	<b>Deloitte Observation</b>	<b>Severity</b>	<b>Deloitte Recommendation</b>	<b>Council Response</b>	<b>Responsibility</b>	<b>Council Action Update</b>
4	During the testing of schools balances, Deloitte identified that the cash, debtors and creditors for four schools which had been transformed into academies in the financial year were included in the schools balances of the financial statements despite no longer being under Council control.	Medium	It is recommended that a control is implemented to ensure that schools that are subsequently transformed into academies in the financial year are removed from the Council's account balances appropriately.	Management have introduced a revised schools consolidation process for the 2020/21 balances and transactions, which includes controls to identify schools that have converted to academies.	Chief Accountant	No further action required - the revised process will be used for all future year end and accounts processes.
5	During the testing of creditors/debtors, Deloitte were informed that the balances of various General Ledger (GL) codes are split between the categories in the creditor/debtor note for disclosure. For example, the GL code 943704 DCE Schools Balance Sheet Creditors with a year end balance of £8.5m is split between Sundry Creditors (£3.5m) and Receipts in Advance (£5m). As the balances are not material this could not lead to a material classification misstatement. However, the working papers provided to Deloitte were manually coded and no additional support could be obtained. Therefore, no evidence could be obtained to show how the GL codes had been split. We also note that the original working papers used to manually split the GL codes were not saved and therefore have been lost.	High	It is recommended that all working papers to support the values in the financial statements are saved so they can be provided to the auditors for testing. This should also be standard practice in case staff members who performed the work are absent or leave the Council preventing access to the working papers.	Agreed, management have implemented additional controls for 2020/21, including preparer and reviewer support and checks, rationale for splits etc.	Chief Accountant	No further action required - the revised process will be used for all future year end and accounts processes.
6	Deloitte have been unable to identify sufficient or appropriate controls in place at the Council to ensure accrued expenditure is complete. We would expect the Council to implement additional controls to mitigate the fact they do not have a common PO system. We also note that the budget management process at the Council does not mitigate this risk as we have not been able to evidence the review of the monthly budget variance reports and subsequent investigation into any variances. As part of our audit we have completed detailed testing to significant risk level sample sizes to identify any understatement of expenditure. Some errors have been identified as reported in our misstatements schedules later in this report, however they are not material.	High	It is recommended that the Council implement additional controls to ensure the completeness of accrued expenditure. This could include a manual review to check for open POs/invoices which should be accrued for, and a manual review of post year end bank statements or invoices received to check that an accrual had been raised for a sample of payments/invoices.	Deloitte recommendations opposite are now in place.	Chief Accountant	No further action required - the revised process will be used for all future year end and accounts processes.

	<b>Deloitte Observation</b>	<b>Serverity</b>	<b>Deloitte Recommendation</b>	<b>Council Response</b>	<b>Responsibility</b>	<b>Council Action Update</b>
7	Deloitte note that the valuer has not been instructed to provide land and building value apportionment for the Non Specialised Operational fixed assets. We understand that this is normally required for accounting depreciation purposes.	Medium	It is recommended that the Council instruct the valuer to provide this level of detail to ensure depreciation is recorded accurately.	The controls around PPE valuations have been strengthened for 2020/21 closedown, including providing instructions for splitting assets into components.	Chief Accountant	No further action required - the revised process will be used for all future year end and accounts processes.
8	During our PPE revaluations testing, we noted that one of the sampled items had not been revalued since 2011 and therefore has not been included in the 3 year revaluation programme. Deloitte were informed that this asset was not selected for revaluation due to the asset having previously been transferred from investment property to operational property. (The asset in question was Warminster Car Park Garages with a carrying value of £65k in the Fixed Asset Register).	Medium	It is recommended that the Council introduce a control to review items that have been transferred between asset types to determine if any of the assets should be removed or included in the revaluation programme for the financial year.	Management have implemented additional controls for 2020/21, whereby: 1. a cross check has been carried out between what was valued by the external valuers and the valuation dates in the fixed asset register, to identify assets that needed to be revalued in accordance with the Council's valuation policy; 2. the valuation dates in the fixed asset register are up to date.	Chief Accountant	No further action required - the revised process will be used for all future year end and accounts processes.
9	During the testing of the fixed asset revaluations, we understand that circa 53 properties were inspected this year by the valuers and further inspections were limited due to the restrictions imposed by Covid 19 related lockdown from late March 2020. This is understandable but in future years it would be advisable that a detailed inspection programme is undertaken and details of the inspections undertaken is confirmed in the valuation report.	Medium	It is recommended that more detailed information on the extent of the inspection of the assets valued in the year should be provided and the Council ensures that the valuer undertakes inspections of at least a representative sample of properties.	The external valuers must comply with their professional standards and inspections form part of the standards. 2019/20 was an exceptional year due to the national lockdown and for a period only essential travel was permitted. We are hoping that such restrictions do not apply for the valuation process for 2020/21.	Estates Management team	Covid restrictions impacted on the quantity of inspections that could be carried out in 2020/21. The number of inspections increased in 2021/22, and it is expected that this will be improved on again in 2022/23.
10	During our controls testing for fixed asset valuations, we have not been able to identify a control in place relating to how the Council assures itself that there are no material impairments or changes in value for the assets not covered by the annual valuation. Our work in this area, in discussion with our Valuation Specialists, did not identify any significant issues.	High	It is recommended that a full review of assets not being revalued in the year based on the cyclical programme is completed to ensure that any assets with impairment indicators or potential increases in value are identified and revalued by the valuers.	A review of impairment events will be undertaken and evidenced and has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.	Chief Accountant	No further action required - the revised process will be used for all future year end and accounts processes.

	<b>Deloitte Observation</b>	<b>Severity</b>	<b>Deloitte Recommendation</b>	<b>Council Response</b>	<b>Responsibility</b>	<b>Council Action Update</b>
11	<p>During the testing of the fixed assets valuations, we note that a number of times updated information was incorrectly sent to the valuer (such as HRA stock numbers) which caused errors in the valuations (although immaterial changes).</p> <p>We also noted that, similarly to last year, not all of the rent of housing stock is being set at social rental levels. The valuer confirmed that if they were provided with this information and asked to make the appropriate adjustments this would be possible in the future. We have considered the impact of this with our Valuation Specialists and not identified any material issues.</p>	Medium	It is recommended that the Council provides the valuers with updated and accurate information, so the correct valuations are produced.	The proportion of affordable Housing stock will be kept under review to ensure that there is no material misstatement in the valuation of the overall HRA Council Dwellings.	Chief Accountant	The different types of housing stock have been identified and separated out in 2020/21's accounts. They have been revalued separately.
12	<p>From our revaluations review last year and this year, we understand that the Finance team discusses with the Estates team any potential areas where impairments may apply, identifying these and forwarding to the valuer for an updated valuation to be prepared.</p> <p>We have not been able to obtain evidence to show what considerations have been made to assess and identify impairment indicators. We have not been able to understand what was considered nor obtain meeting minutes for the meeting which was recommended in the prior year.</p>	High	In line with our advice last year, we would recommend that in the future the Council documents the process either in the form of minutes or an impairment review paper detailing the discussions and considerations made between the Finance team, Estates and their appointed valuer confirming all the points that are considered in their impairment review, i.e. build cost movements, changes in the property market, physical changes to the assets etc. and the actions taken to impair any relevant assets or justifications for the conclusions reached if no impairment is deemed necessary.	An electronic record of the assets identified to be discussed as part of the impairment review discussion between Accountancy, Estates and the external valuers is retained. The impairment review discussions will be followed up in writing confirming the formal agreement. Consideration of all elements that might impact the need to impair assets will be taken into account and documented every year as part of the formal recording of the agreement.	Chief Accountant	No further action required - the revised process will be used for all future year end and accounts processes.
13	<p>During the testing of the fixed assets valuations, we noted that the Council does not have sufficient oversight of the terms of the occupational lettings. The Council is entitled to receive a set percentage of rents received from the occupational tenants of the related assets and the rent that the Council receives is subject to review every 5 years. However, the Council does not receive detailed information from the head tenant on the occupational leases and income nor a tenancy schedule and current rental information.</p> <p>We note that a similar finding was raised in the prior year in relation this lack of oversight.</p>	Medium	It is recommended that the Council obtain this information which would assist in the management of the rental income received. This position applies to all ground lease investments. Accordingly we would recommend that the Council reviews what information is currently received from head tenant and pursue the position if the information is not sufficiently detailed.	Agreed. The Council is already taking action to address this recommendation.	Estates Management team	The Estates Management team have a system in place to request this each year



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14	<p>During the testing of the fixed assets valuations, we noted that the HRA beacons/archetype groupings are unchanged from the last year and a review of the groupings has not occurred in the last three years. There is a risk that the groupings are incorrect and the onus to ensure the grouping is correct is on both the Council and valuer who should consider whether changes are required.</p> <p>Through our testing we have identified an issue with incorrect groupings. This has been included in our misstatements schedule further in this report.</p>	Medium	<p>It is recommended that the Council and valuers conduct a review of archetypes to ensure these remain appropriate. We recommend this is included in the valuers report or confirmed by the Council.</p>	<p>We are not aware of any changes to the rules for grouping HRA assets since the inception of beacon/archetype groupings, and therefore we do not consider a review is required. However, we will ensure any new HRA properties are included in the correct beacons/archetype groupings, and this is checked by a senior member of the finance team.</p>	<p>Estates Management team and Chief Accountant</p>	<p>No further action required - the revised process is now in place</p>
15	<p>Throughout our audit testing of property, plant and equipment for 2019/20 and 2018/19, we have raised numerous findings in relation to fixed assets and the related account balances. We therefore note that there are significant improvements that should be made in relation to accounting procedures and policies for PPE to ensure the accuracy of the related account balances.</p>	High	<p>It is recommended that the Council complete a thorough review of PPE and management processes, including implementing additional controls (refer to findings raised in update report), conducting an asset verification exercise (and ensure this is conducted on a regular basis) updating the depreciation, valuation, additions and disposals policies and accounting practices to ensure these balances are recorded correctly.</p>	<p>Staff leaving the employment of the Council over the last couple of years together with implementing a new Asset Management system has had an impact on procedures and technical accounting processes with regard to PPE. For the 2020/21 final accounts process an external technical accounting support is being used to improve the controls and accounting treatment of PPE. A development programme is also being designed to ensure expected standards are met in future years.</p>	<p>Estates Management team and Chief Accountant</p>	<p>A significant amount of work has been done to cleanse and improve the fixed assets data. Balances and asset classes have been reviewed. The use of Asset Manager will ensure the correct accounting treatment for fixed assets and accountancy will continue to work with the services based teams to improve controls. For the 2022/23 accounts the property, plan and equipment listings from the Asset Manager system will be sent to Heads of Service to confirm that the assets are still owned and in use. Along with reviews of the general ledger, this will provide a 'belt and braces' approach to ensure all additions and depreciations are captured.</p>

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16	There were numerous errors within the first three sets of draft accounts presented for audit.	High	It is recommended that a robust review is undertaken of the accounts which are presented for audit, along with any subsequent versions of the accounts containing amendments. It is also recommended that the Council completes the CIPFA checklist as part of the closedown process, and references each requirement within the checklist to where the requirement has been satisfied within the accounts, or note that the requirement is not applicable with an explanation why. The completed checklist should then be reviewed along with the accounts prior to being presented for audit. In addition, it is also recommended that the working papers which support the balances in the accounts also undergo a review and quality assurance process in order to reduce errors in the accounts.	A detailed 2020/21 closedown timetable has been developed which includes working paper requirements [cross referenced to external audit requests] mapped to the financial statements and disclosure notes, which have a named individual responsible for completing the working paper(s). Additional control and quality assurance reviews will be implemented as part of the closedown process to ensure the accounts are presented in line with requirements. The CIPFA disclosure checklist will form part of this process and will be fully completed and reviewed prior to publication of the draft accounts and being presented for audit. This checklist will also form part of robust working papers that are being designed and implemented as part of the financial accounting improvement plan.	Chief Accountant	Additional control and quality assurance checks, as well reviewing against the CIPFA disclosure checklist will be undertaken as the 2021/22 Statement of Accounts are drafted and for all subsequent years.
17	No listing is maintained setting out all properties subject to revaluation and when they were last revalued.	Medium	It is recommended that a listing is maintained detailing all assets subject to revaluation, along with their date of last valuation, and that this is reviewed on an annual basis to check that all assets due for a revaluation are included in the list sent to the valuers.	The Asset Management system that is used holds dates when assets were revalued. A full report will be run every year to ensure that all assets that are due for a revaluation are valued in line with the accounting policy. A check will be made to ensure that all assets are valued with appropriate frequency and there are no erroneous dates.	Chief Accountant	No further action required - the revised process is now in place

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18	<p>SAP has two types of journal access rights for finance employees; Park Access &amp; Park and Post/Authorisation Access. Park Access allows a member of staff to prepare journals within the system which are then 'parked' until they are approved by a member of staff with Post Access. However, employees with 'Park Access' can upload an excel document with a number of journals and the journals can be automatically posted within SAP without secondary review. Employees with 'Post Access' can prepare and post journals directly into SAP, without a secondary review.</p>	High	<p>It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval.</p>	<p>The Council has to consider the costs of implementing such a control as suggested, which are potentially high. Action to address the issue would include the need to reconfigure SAP and to pay to do so and prioritisation of this work considering a new system is due to be implemented during 2023/24 financial year. Wiltshire Council officers view the significance of the risk associated with potential lack of journal authorisation by a second person as minimal. From a fraud perspective, there are controls already in place in the AP and AR systems, including segregation of duties around key tasks. Journals do not actually involve expenditure or income, so the inherent risk to the Council is absolutely minimal. Regular internal audit work on our AP and AR systems have not demonstrated any risks that would need an additional authorisation to journals in the general ledger. This work provides on going evidence of the strength of controls in those systems fundamental to the Council's internal control framework.</p>	Chief Accountant	<p>No further action required at this stage as management consider the current controls to be sufficient to address this low risk issue. The new ERP solution may resolve this issue, planned for implementation in November 2023.</p>

	<b>Deloitte Observation</b>	<b>Severity</b>	<b>Deloitte Recommendation</b>	<b>Council Response</b>	<b>Responsibility</b>	<b>Council Action Update</b>
19	<p>We sought to identify further controls to mitigate the management override of controls risk presented by the lack of segregation of duties in journal postings. On a monthly basis, budget monitoring of I&amp;E cost centres is carried out by budget managers and a detailed narrative for any large variances should be documented. This is presented monthly to the Corporate Leadership Team (CLT) meetings and quarterly to Members.</p> <p>We have identified that, although budget monitoring occurs at the Council, the control has not been formalised appropriately. We were unable to evidence any formal review of budget variance reports by budget managers so we cannot determine what challenge or investigation is undertaken. We were informed that the threshold for budget managers to investigate variances is at their discretion.</p>	Medium	<p>It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval.</p> <p>In addition, it is recommended that the process for budget managers to undertake a review and investigation of their budget reports is formalised and an audit trail is maintained.</p>	<p>Robust budget monitoring processes are followed on a regular basis, with high risk and volatile budgets being reviewed monthly and all budget areas at least quarterly. This process includes a review from a finance officer to ensure independent challenge is carried out. As part of an improvement action plan for finance and accountancy the implementation of a checklist for those undertaking budget monitoring processes will be designed and implemented to ensure all relevant areas are discussed and a formal note made to ensure consistency of application is evidenced.</p>	Heads of Finance	A checklist is being designed currently and will be implemented during 2023-24.
20	<p>We sought to identify further controls to mitigate the management override of controls risk presented by the lack of segregation of duties in journal postings. On a quarterly basis, a report should be run directly from SAP for all journals posted during the period by journal value and by staff member who posted the journal. This report is reviewed by the Chief Accountant to identify if any journals are posted by unauthorised staff members and inconsistencies are investigated.</p> <p>As the focus of the review is on the users who are posting journals, rather than the journals themselves or their value, we have not deemed the design of this control to be effective in mitigating the management override of controls risk.</p> <p>We have also identified that no formal evidence could be provided to show that this control was implemented during the financial year and we were informed that the control did not operate consistently throughout the financial year due to the Chief Accountant leaving in August 2020 and no one else taking responsibility for this control.</p>	Medium	<p>It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval.</p>	<p>Agreed this control is set but has not been followed. The Assistant Director Finance will ensure it is fully implemented and quarterly checks carried out to support mitigation of the system process weaknesses for journal approval. Additional Balance sheet controls have been implemented following the appointment of a Chief Accountant and a comprehensive schedule listing balance sheet GL codes, the officer responsible for monitoring and producing reconciliation statements and the frequency of these reconciliations is maintained. This is reviewed by the Chief Accountant.</p>	Chief Accountant	<p>The balance sheet listing is sent each month to the wider accountancy team. Reconciliations are carried out in accordance with the schedule set and are reviewed by the relevant manager. This is then reviewed by the Chief Accountant.</p> <p>Also see the response to Observation 18.</p>

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21	We sought to identify further controls to mitigate the management override of controls risk presented by the lack of segregation of duties in journal postings. On a monthly basis, the Head of Finance (Corporate) should review each balance sheet GL code against the previous month values and investigate the reasons for any unexpected variances (including suspense accounts). We have identified that this control had not been in place since the departure of the Head of Finance (Corporate). The Chief Accountant undertook a year end full review as at 14 July 2020. We do not deem this to mitigate the risk of Management Override of Controls as there are thousands of journal postings so this control cannot be relied upon to identify incorrect journal postings.	Medium	It is recommended that segregation of duties in relation to journal postings is enforced, or an alternative control is implemented to mitigate the risk that journals can be posted by staff without approval. In addition, it is recommended that the review of balance sheet GL codes is undertaken on a monthly basis.	Additional Balance sheet controls have been implemented following the appointment of a Chief Accountant and a comprehensive schedule listing balance sheet GL codes, the officer responsible for monitoring and producing reconciliation statements and the frequency of these reconciliations is maintained. This is reviewed by the Chief Accountant. In addition to this control, as part of the improvement plan additional internal reporting of balance sheet items is being designed so that the Assistant Director – Finance and Corporate Director of Resources have full oversight of the balance sheet monitoring alongside the revenue and capital monitoring	Chief Accountant	No further action required - this is now a monthly process Also see the response to Observation 18.
22	As part of the controls to ensure all potential liabilities are disclosed in the Financial Statements there should be a documented process for the Finance team to consult with the legal team. Whilst we understand the difficulties of doing this in the Covid-19 environment the failure to complete this process increases the risk of potential liabilities being unrecorded. Our substantive testing has not however identified any undisclosed potential liabilities.	Medium	It is recommended that a meeting takes place between the Finance Team and the Legal Team at year end and that all potential legal liabilities are discussed, with the results of this meeting minuted.	Agreed – as part of the assessment of year end liabilities the finance team will consult with the legal team and document consideration of liabilities discussed. This will ensure adequate evidence is provided of liabilities disclosed (accrual, provision or contingent liability) and those not disclosed due to not meeting the criteria for disclosure.	Chief Accountant	Any potential legal liabilities are discussed as part of the budget monitoring meeting with the Head of Finance and the Head of the legal team. As part of the year end closedown process the Chief Accountant also contacts the Head of Legal via email to ascertain the accounting requirements for all potential legal liabilities.
23	The Council did not submit the first Whole of Government Accounts return by the 30 September 2020 deadline. This was instead submitted in February 2021.	High	It is recommended that the Council introduce controls to ensure that the Whole of Government accounts return is completed , reviewed and submitted by the required deadline.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process	Chief Accountant	No further action required.

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24	We have identified that approximately 15% of purchases follow a purchase order (PO) process, whilst the remainder follow an alternative 'non PO' process. We identified this by obtaining the Accounts Payable scorecard which details some KPIs for the AP team, such as time from invoice received to payment and the types of invoices being raised. This percentage in the prior year was nearer 20% so performance is declining. As a result, there is a risk that inappropriate purchases are made without a PO and authorisation. There is also a risk that year end expenditure may not be complete because purchases committed to are not yet available on the finance system.	High	It is recommended that the Council introduces a full PO process which all purchases should follow where appropriate.	The implementation of a new ERP and the implementation of standard processes as part of the Evolve programme will help support compliance to the control processes. Significant change and training support is included in the programme plan to help understand and address non-compliance	Head of Procurement and Chief Accountant	There will always be a need for exceptions to the full PO process and the list of exceptions is being drawn together as part of the new ERP implementation. This is will reviewed again once the new ERP solution is in place to check for compliance to the control processes.
25	We identified that the reconciliation between SAP and Asset Manager system is performed by the Chief Accountant but there is no review of this reconciliation.	High	It is recommended that the reconciliation between SAP and Asset Manager is reviewed (by someone more senior than the preparer)	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.	Chief Accountant	The Chief Accountant reviewed the reconciliation that was conducted by another officer as part of the 2020/21 statement of accounts review process.
26	During our Design and Implementation (D&I) testing of controls over accrued expenditure, we identified one item for £3,060.90 where the invoice date was 01/09/2019, the Goods Received Note (GRN) date was 12/12/2019 and a delivery date (for services) on 11/12/2019, however the system showed the invoice received date as 18/06/2020. We have evidenced the invoice which related to 'on track education services' and was invoiced to the SEND Department at Wiltshire Council. We were informed that the invoice was input in the system late due to a workload issue in which the requisitioner did not have sufficient time to input the invoice into the system immediately and therefore this was input late and appeared as though the invoice was not received until after year end. The invoice was therefore input into the system 9 months after the Council had received it. This highlights a weakness in the Council's purchasing controls. Where invoices are posted late to the system there is a risk that services/goods received prior to the year end are not accrued especially where a GRN is not raised pre year end. Also, the Council will not have paid the supplier for this invoice for a significant period of time so there is a risk of reputational damage to the Council.	Medium	Whilst the amount identified in this specific instance is not significant, we have only looked at this one invoice as part of our controls testing, so there is a risk that this may be a wider issue. It is recommended that invoices are processed and paid in a timely manner and that controls are introduced to monitor this.	The implementation of a new ERP and the implementation of standard processes as part of the Evolve programme will help support compliance to the control processes. Significant change and training support is included in the programme plan to help understand and address non-compliance.	Head of Procurement and Chief Accountant	This is will reviewed again once the new ERP solution is in place and fully functioning. Vairance analysis is undertaken as part of the budget monitoring process and also again as part of the year end review and accruals assessments. This is will reviewed again once the new ERP solution is in place to check for compliance to the control processes.

	<b>Deloitte Observation</b>	<b>Serverity</b>	<b>Deloitte Recommendation</b>	<b>Council Response</b>	<b>Responsibility</b>	<b>Council Action Update</b>
not in current version of ISA260	We have not been able to identify a control in place relating to how the Council assures itself that there are no material impairments or changes in value for the assets not covered by the annual valuation.	High	It is recommended that on an annual basis the Council undertakes a review of assets not scheduled for revaluation to determine whether these are likely to be materially impaired or whether there may have been any changes in value which result in a material difference between the market value and the carrying value of the asset.	A review of impairment events will be undertaken and evidenced and has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.	Chief Accountant	No further action required - the revised process is now in place
27	The reconciliation between Asset Manager and valuer's report which is prepared by the Capital Management Accountant is not reviewed by another member of staff.	High	It is recommended that the reconciliation between Asset Manager and the valuer's report is reviewed.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process.	Chief Accountant	No further action required - the revised process is now in place
28	The Council's valuer does not provide updated useful lives for the properties revalued. As a result of this there are a number of properties which have not had their useful lives updated, so there is a risk that useful lives are not accurate which may affect the depreciation charge.	Medium	It is recommended that the useful lives of fixed assets are reviewed and updated on a regular basis.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process	Chief Accountant	After review between Estates and Accountancy we have agreed a revised approach to useful lives.
29	Our review of the year end bank reconciliations found evidence of preparer sign off but no evidence of reviewer sign off.	High	It is recommended that bank reconciliations are reviewed	Additional Balance sheet controls have been implemented following the appointment of a Chief Accountant and a comprehensive schedule listing balance sheet GL codes, the officer responsible for monitoring and producing reconciliation statements and the frequency of these reconciliations is maintained. This is reviewed by the Chief Accountant. Bank reconciliations form part of this listing.	Chief Accountant	No further action required - the revised process is now in place
30	We were informed that there are a number of assets included in the disposals figure within the 2019/20 accounts which were actually disposed of in previous financial years, however were not recorded as disposals in the relevant financial statements.	High	It is recommended that the Council reviews the process in place for recording disposals in the fixed assets system, and what controls are in place to ensure that this system is kept up to date with disposals.	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process	Chief Accountant	Agreed – this has been incorporated within the agreed timetable for the 2020/21 accounts and audit process

	<b>Deloitte Observation</b>	<b>Serverity</b>	<b>Deloitte Recommendation</b>	<b>Council Response</b>	<b>Responsibility</b>	<b>Council Action Update</b>
31	The Useful Economic Lives (UELS) of infrastructure assets are impacted by various factors such as climate change, new technologies, changes in traffic volumes etc. This is something that should be kept under consideration going forward.	Low	It is recommended that the UELs of Infrastructure assets is reviewed if new technology, climate changes or changes in traffic volumes may impact the expected lives of assets.	As part of the annual assessment of UEL the Chief Accountant will liaise with the highways department to determine if technology, climate changes or changes in traffic volumes may impact the UEL of assets.	Chief Accountant	As part of the 2020/21 closedown process the Chief Accountant reviewed the UEL for infrastructure with the Highways Asset Manager. As a result new additions for the were analysed by category and specific UEL given to each rather than a weighted average which had been used in previous years.
32	We identified that assets included within the category of Infrastructure were not separately identifiable on the FAR, and instead combined into one large overall asset covering different financial years. For example, the largest asset by cost within the infrastructure category is Structural Maintenance Schemes Completed 15-16 with a cost value of £41,843,483.41.	Medium	It is recommended that infrastructure assets are recorded separately on the FAR rather than all grouped together as one asset per financial year.	Recent expenditure on infrastructure assets is already recorded separately within broad categories within the FAR i.e. roads, bridges, land drainage, major structures. The cost [i.e. staff time] of identifying assets at a more granular level than these broad categories is considered to outweigh the benefits [i.e. annual depreciation charges that better reflect the consumption of assets to support services]. Recording assets based on these broad categories will be further enhanced through the Chief Accountant liaising with the highways department to identify UEL for each of the broad categories of assets, as opposed to using an average 60 years for all categories [which is current practice]. For historic balances transferred at the time the unitary authority was formed, the information needed to allocate the spend to these broad categories is not available and therefore these will continue to held at overall totals and an average 60 UEL used.	Chief Accountant	As part of the 2020/21 closedown process the Chief Accountant reviewed the UEL for infrastructure with the Highways Asset Manager. As a result new additions for the were analysed by category and specific UEL given to each rather than a weighted average which had been used in previous years.  There is an on-going discussion with the external auditor on this issue for the historical balances.



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33	A error was identified in the accounts relating to the understatement of the Monkton Park loan balance (see page 57 for the error)	High	It is recommended that a record of all loans is maintained and that this is kept up to date.	The Council has a record of all treasury management and capital loans, including this loan. However, it was being accounted for incorrectly as a PFI scheme as opposed to a loan. Management will put in place additional controls to ensure that where there are changes to loan facility agreements [i.e. in this case the contract was revised in January 2011. Therefore, only the loan associated with the capital and interest cost of building Monkton Park still has to be repaid], the advice of the Chief Accountant will be sought to ensure the proper accounting treatment is adopted'	Chief Accountant	No further action required - the revised process is now in place
34	We identified that the Council does not accrue for housing benefit payments at year end. We are satisfied that this does not significantly impact expenditure recorded in the year and that the impact on the balance sheet is immaterial.	High	It is recommended that the Council undertakes an assessment at year end to determine the potential under accrual related to housing benefit payments in order to determine whether this is material	Management will work with external auditors to agree an accepted process [have regard to cost/benefit] to determine that any potential under accrual related to housing benefit payments is not material	Chief Accountant	A review will be carried out annually to determine whether this is material on both expenditure and the balance sheet.
35	We identified that similar assets (i.e. wheelie bins) are grouped together on the FAR and accounted for as one larger asset. The accounting policies per the accounts do not explain that this takes place.	Low	It is recommended that the accounting policies are updated to make it clear in what circumstances assets may be grouped together and accounted for as one larger asset	The accounting policy for Property, Plant and Equipment [effective from 2020/21 SOA] will be updated to include the following text; 'Where there are large volumes of low value similar assets, these assets are grouped together on the fixed asset register and accounted for as one larger asset.'	Chief Accountant	No further action required - this was updated for 2020/21
36	As part of the Nil NBV asset review undertaken by the Council, it was identified that there was a balance of approximately £11m of assets with a nil NBV which were still in use, mainly relating to Vehicles, Plant and Equipment, indicating that these have been depreciated over too short of a period.	Medium	It is recommended that the Council reassesses the useful economic lives assigned to assets categorised as Vehicles, Plant and Equipment to determine whether these are accurate.	Management will put in place a process to reassess UELs before assets are fully depreciated to ensure annual depreciation is more reflective of the period the asset is in use.	Chief Accountant	No further action required - this was updated for 2020/21

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37	We have noted throughout our audit a number of errors in relation to accounting for academies. We have therefore determined that there are insufficient controls in place to correctly dispose of schools that have converted into academies.	High	We recommend that additional controls are put in place to ensure that all related balances (cash, receivables etc) for academies are removed from the Council's financial systems/accounts and that the assets are subsequently disposed of from the FAR in a timely manner.	It is acknowledged that the two academy schools (previously PFIschools) were incorrectly recorded in the Council's fixed asset register ("FAR") and financial statements (i.e. balance sheet). The Council has introduced the following controls to ensure academy school transactions are appropriately reflected in the financial statements going forward: <ul style="list-style-type: none"> <li>• An 'existence' check of all the school assets recorded on the FAR to underlying Council school records; and</li> <li>• Consolidation [into the financial statements] of school transactions [which remain under the 'control of the Council] using school's trial balances, which are cross reference to the Council's FAR records.</li> </ul>	Chief Accountant	No further action required - revised processes are now in place
38	There are no controls in place to ensure that the accounts are updated for lease arrangements.	High	It is recommended that the Council introduces appropriate controls in order to mitigate the risk that leases are entered into and the accounts are not updated for these.		Chief Accountant	Management accepts previous controls were not sufficient to ensure lease disclosures in the accounts were accurate and complete. Steps have already been taken to improve the control environment and will continue to be improved. For example; there is now a complete list of all the Council's leases, which will be maintained by finance and periodically updated for new and expired leases through liaison with service department

	<b>Deloitte Observation</b>	<b>Severity</b>	<b>Deloitte Recommendation</b>	<b>Council Response</b>	<b>Responsibility</b>	<b>Council Action Update</b>
39	We identified a weakness in how the Council document their considerations for assessing recoverability of debtors and these could be improved.	Medium	It is recommended that a detailed review is undertaken in relation to the recoverability of debtors by type of debtor i.e. schools debtor, general debtors etc. A working paper should be produced as part of this exercise which documents the considerations applied to each type of debtor as well as what evidence there is to support those considerations based on past experience. Once the exercise has been completed and the working paper has been produced, this should be reviewed by the chief accountant or a member of the team who is suitably senior.		Chief Accountant	As per the action response to Observation 2: Management will review each year to ensure that the expected impact of credit losses is appropriate.
40	We identified that nil balances are presented inconsistently throughout the accounts. In some disclosures nil balances will be presented as '0' and in other places these are left as blanks.	Low	It is recommended that nil balances are included in the accounts rather than being shown as blanks. Alternatively, if the Council decides not to present nil balances then this decision should be applied consistently, i.e. not showing some nil balances as '0' and some as blanks	Management will consider implementing this recommendation in future years but don't consider this a high priority alongside prioritising implementation of other key recommendation.	Chief Accountant	No further action required - this will be incorporated in future years.
41	We identified a number of intangible assets (£4.128m) have been included within the AUC column of the PPE disclosure and then shown as a transfer out of AUC	Medium	It's recommended that intangible assets are disclosed in the intangible assets disclosure in the accounts in the first instance rather than being included within the PPE disclosure and subsequently transferred out to the intangibles disclosure.	This practice has been corrected within the 2019/20 accounts and Intangible assets [operational and AUC] are not reflected in PPE but classified separately as intangible assets on the face of the Balance Sheet and supporting disclosure note.	Chief Accountant	No further action required - revised processes are now in place
42	We identified that the 2020/21 draft provisions note included three provisions which had been disclosed as short term provisions in the 2019/20 accounts but that the draft note was showing had not been utilised.	Medium	It is recommended that the Council reviews provisions balances and determines whether or not these are short- or long term provisions.	From 2020/21 management will review provision balances at the balance sheet date [and based on available evidence], make a judgement on whether specific balances [i.e. insurance claims], are short or long term, and classify on the face of the Balance Sheet accordingly.	Chief Accountant	No further action required - revised processes are now in place

	<b>Deloitte Observation</b>	<b>Severity</b>	<b>Deloitte Recommendation</b>	<b>Council Response</b>	<b>Responsibility</b>	<b>Council Action Update</b>
43	We identified errors in the prior year figures included in the cashflow statement and associated notes as well as an error in the number included for the adjustment for non cash movements in 2019/20 caused by the incorrect signs being applied to investing and financing activities. Also the first three versions of the draft accounts did not include the movement on PFI contracts for 2018/19 of £3,351k in note 41.	Low	It is recommended that the Council review their cashflow workings and presentation	The Council recognised there were issues in the presentation of the Cashflow statement and have subsequently completely restated it.	Chief Accountant	No further action required - this was updated for 2020/21

**Audit and Governance Committee**  
**Proposed Forward Work Plan 2023/24**

Please note that the FWP is a dynamic document, updated on a regular basis as required

<b>Meeting Date</b>	<b>Item</b>	<b>Responsible Officer</b>	<b>Draft Report Deadline</b>	<b>Publication Deadline</b>
<b>Tue 19 September 2023 2.30pm</b>	Stone Circle annual governance update	Perry Holmes / Amy Williams	5 Sep 2023	11 Sep 2023
	Statement of Accounts 2019/20 - TBC	Lizzie Watkin/ Andy Brown/ Deloitte		
	Whistle blowing activity update - TBC	Perry Holmes / Maria Doherty / Jo Madeley		
	Service update on S106 financial controls (following a limited assurance audit)	Nic Thomas / Sally Canter		
	Independent Co-opted Members on the Audit and Governance Committee	Lizzie Watkin / Perry Holmes/ Tara Hunt		

**Audit and Governance Committee**  
**Proposed Forward Work Plan 2023/24**

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<b>Meeting Date</b>	<b>Item</b>	<b>Responsible Officer</b>	<b>Draft Report Deadline</b>	<b>Publication Deadline</b>
<b>Wed 22 November 2023 10.30am</b>	Statement of Accounts 2020/21 - TBC	Lizzie Watkin/ Andy Brown/ Deloitte	8 Nov 2023	14 Nov 2023
	Internal Audit Update Report	SWAP		
	Anti-fraud risk update	Lizzie Watkin		

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<b>Meeting Date</b>	<b>Item</b>	<b>Responsible Officer</b>	<b>Draft Report Deadline</b>	<b>Publication Deadline</b>
<b>Wed 7 Feb 2024 2.30pm</b>	Statement of Accounts 2021/2022 - TBC	Lizzie Watkin/ Andy Brown/ Deloitte	24 Jan 2024	30 Jan 2024
	Internal Audit Update Report	SWAP		
	Governance update on AGS 2022/23 actions – TBC	Perry Holmes/Maria Doherty/David Bowater		
	Corporate Risk Management -: <ul style="list-style-type: none"> <li>• Performance and Risk Management Policy</li> <li>• Appetite for Risk</li> </ul>	Catherine Pink		

**Audit and Governance Committee**  
**Proposed Forward Work Plan 2023/24**

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<b>Meeting Date</b>	<b>Item</b>	<b>Responsible Officer</b>	<b>Draft Report Deadline</b>	<b>Publication Deadline</b>
<b>Late April 2024 Date TBC</b>	Statement of Accounts 2022/23 TBC	Lizzie Watkin/ Andy Brown/ Deloitte	TBC	TBC
	Internal Audit Update Report	SWAP		
	Introduction to new auditors and External Audit Plans 2023/24	Grant Thornton		
	Accounting Policies 2023/24	Lizzie Watkin / Sally Self		
	Policy updates: <ul style="list-style-type: none"> <li>• Anti-Fraud Corruption and Bribery</li> <li>• Anti-Tax Evasion</li> <li>• Whistleblowing</li> <li>• Anti-Money Laundering</li> </ul>	Lizzie Watkin / Perry Holmes / Maria Doherty		
Corporate Risk Update	Catherine Pink			



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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