

AGENDA

Meeting: Audit Committee

Place: [Online Meeting](#)

Date: Friday 25 September 2020

Time: 10.00 am

Please direct any enquiries on this Agenda to Jessica Croman, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718262 or email jessica.croman@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225) 713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr Richard Britton (Chairman)
Cllr Stewart Dobson (Vice-Chairman)
Cllr Gavin Grant
Cllr Mike Hewitt
Cllr Nick Holder
Cllr Edward Kirk

Cllr Andy Phillips
Cllr Pip Ridout
Cllr Ian Thorn
Cllr John Walsh
Cllr Stuart Wheeler

Substitutes:

Cllr Anna Cuthbert
Cllr Peter Evans
Cllr Ross Henning
Cllr Ruth Hopkinson

Cllr Jim Lynch
Cllr Ricky Rogers
Cllr Jo Trigg

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AGENDA

Part I

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

1 **Apologies**

To receive any apologies or substitutions for the meeting.

2 **Minutes of the Previous Meeting** (*Pages 5 - 10*)

To confirm and sign the minutes of the meeting held on 22 July 2020.

3 **Declarations of Interests**

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

4 **Chairman's Announcements**

5 **Public Participation**

The Council welcomes contributions from members of the public. During the ongoing Covid-19 situation the Council is operating revised procedures and the public are able participate in meetings online after registering with the officer named on this agenda, and in accordance with the deadlines below.

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Statements

Members of the public who wish to submit a statement in relation to an item on this agenda should submit this electronically to the officer named on this agenda no later than 5pm on Tuesday 22 September (2 clear working days before the meeting).

State whom the statement is from (including if representing another person or organisation), state points clearly and be readable aloud in approximately 3 minutes. Up to three speakers are allowed for each item on the agenda.

Questions

Those wishing to ask questions are required to give notice of any such questions electronically to the officer named on the front of this agenda no later than 5pm on 18 September 2020 (4 clear working days before the meeting) 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 22 September (2 clear working days before the meeting).

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 members prior to the meeting and made available at the meeting and on the Council's website; they will be taken as read at the meeting.

6 **Q1 Internal Audit Report** (*Pages 11 - 50*)

To consider the Q1 internal audits report.

7 **Proposed Q3 Internal Audit Plan** (*Pages 51 - 54*)

To approve the proposed Q3 audit plan.

8 **SWAP - New Ways of Working**

To receive a presentation.

9 **2018/19 Accounts Update Report** (*Pages 55 - 60*)

To receive an update on the 18/19 accounts.

10 **Accounting Policies 19/20** (*Pages 61 - 78*)

To consider the accounting policies 19/20 for approval.

11 **Appointment to Constitution Focus Group**

To appoint a member of the Audit Committee to the Constitution Focus Group.

12 **Forward Work Programme** (*Pages 79 - 80*)

To note the Forward Work Programme

13 **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on 18 November 2020.

14 **Urgent Items**

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

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

None

Audit Committee

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 22 JULY 2020 AT ONLINE MEETING.

Present:

Cllr Richard Britton (Chairman), Cllr Gavin Grant, Cllr Mike Hewitt, Cllr Nick Holder, Cllr Edward Kirk, Cllr Pip Ridout, Cllr John Walsh, Cllr Peter Evans (Substitute - Part II), Cllr Ruth Hopkinson (Substitute - Part II), Cllr Stuart Wheeler and Cllr Pauline Church

Also Present:

Ian Howse, Ian Gibbons, David Hill, Jessica Croman, Andy Brown, Lizzie Watkin, Tara Shannon and Charlotte Wilson

19 Apologies

Apologies were received from:

Cllr Stuart Dobson who was substituted by Cllr Peter Evans

Cllr Ian Thorn who was substituted by Cllr Ruth Hopkinson

Cllr Andy Philips

Cllr Philip Whitehead

20 Minutes of the Previous Meeting

RESOLVED

The minutes of the meeting held on the 12 February 2020 were approved as a true record.

21 Declarations of Interests

The Chairman declared a non-pecuniary interest that he was a member of the SWAP board.

22 Chairman's Announcements

The Chairman made the following announcements:

Members were reminded about an informal meeting taking place at 1pm to discuss the 2018/19 accounts.

Andy Brown, Interim Corporate Director of Resources, explained that meetings to discuss the ongoing issues preventing the signing off of the accounts, had taken place with the external auditors, Deloitte, and steps were being taken to finalise the accounts. The issues related to the unusable reserves and would not impact the council's bottom line, funding or council tax payers, although depending on the results of the sampling work being carried out, this could have an ongoing impact on the Council's future accounts audited opinion.

Questions were asked on why the issues were not picked up by the previous auditors, their accountability and costs. It was noted that different auditors looked at different areas. Auditors presented an audit plan which they believed looked at the areas with most risk according to the audit code and not the whole organisation, which was also agreed by the Audit Committee. There were wider debates in the field on trust and the expectation gap of what the public, organisation and auditors expected. There were no plans to raise the issues with KPMG as they would have looked at areas based on the audit code, more recently the area of valuations had been under additional audit scrutiny which was why it was now being looked at in more detail. There would be more costs involved and discussions would take place with Deloitte to review those.

Members briefly discussed the previous resolution for the accounts to be signed off by the S151 officer in consultation with the Chairman of the Audit Committee and Members were confident for the delegation to remain providing assurance was given.

The Chairman informed the committee that a draft paper had been produced to rename the committee the Audit and Governance Committee, this was a result of previous research which identified and reflected the wider role of the Audit Committee.

23 **Public Participation**

No questions or statements were received from members of the public.

24 **Wiltshire Council 2019-20 Annual Report and Opinion**

Charlotte Wilson, SWAP, introduced the item noting that, although the current pandemic had disrupted the final month of the plan SWAP were still able to give an opinion of reasonable assurance.

Key areas highlighted were: There had been two significant risks identified throughout the year and due to the additional work load an update on those risk was not yet available, although they would be followed up. Seven audits had received a partial assurance opinion and one audit receiving no assurance opinion, all eight areas would be followed up.

An update on the outstanding recommendations was not available due to the pandemic and additional work, however a list of the outstanding recommendations was planned to be passed onto the Head of Corporate Finance and SWAP would work collaboratively to review and ensure the recommendations were implemented. An update would be brought to the next committee.

Questions were asked on the no assurance of gross loans and the risk that had for clients. It was noted that the issues related to Adult Social Care payments for care. The service area was aware of the issues within their current processes, a deep dive was taking place to review the processes that support the policy and work was being done to align the teams enabling them to be more joined up. There was no risk to clients care packages, the review would aim to understand how much undercharging if any had taken place. Once officers understood their position a decision would be made on whether to recoup those charges.

A question was asked on the schools mentioned in the report and whether more work was required to give assurance. It was noted that there were a number of lower level issues, the aim was to implement more analytics and focus on areas of higher risk which would provide greater assurance and focus. Members requested a future report on school governance.

In relation to a question asked on the assurance of contract management. It was noted that a sample of contracts had been looked at and there was a plan in place to carry out a strategic level review of the governance.

The Chairman emphasised the importance of understanding the impact COVID-19 had on services areas implementing the outstanding recommendations. SWAP noted that they would work with the Head of Corporate Finance to review the implementation of all of the outstanding recommendations.

SWAP External Assessment

David Hill, SWAP, introduced the item, gave an overview of the assessment process and explained that SWAP had received top marks with some recommendations.

A question was asked on the content and timeline of the recommendation to create a SWAP Internal Audit Strategy. It was noted that the strategy would be created with partners and it was hoped that the new strategy would be in place by the next meeting.

A brief discussion took place on how long the contract with SWAP was and market testing the partnership. It was noted that Wiltshire Council had a part share of SWAP, as such there was no contract end date, although 12 months' notice could be given.

RESOLVED

Members noted the Internal Audit Annual Report, Internal Audit Annual Opinion and the SWAP External Assessment.

25 **Updated Internal Audit Plan 2020/21**

Charlotte Wilson, SWAP, introduced the internal audit plan noting that SWAP had an updated approach for the remainder of the year with employees of SWAP being redeployed to help in high risk areas. An assessment of the risks was carried out which resulted in having to review the audit plan for Q2, while the Council was moving into its recovery stage, there were likely to be capacity issues. A timeline for the audit plan had not been included as it was important to keep the plan flexible in order to be able to react to risks.

The Director of Finance and Procurement explained that he was happy with the plan. SWAP had been asked to look at a number of issues especially in areas where the council had to come up with processes very quickly, as officers wanted to be reassured that robust controls were in place.

Responding to a question asked about how the risk level was assigned, It was explained that the high risk areas were areas of work that were on-going and medium risk areas was where the work had already been done and SWAP would look back at lessons learnt from them.

It was noted that SWAP were introducing new software which would align corporate risks with audits, and corporate risk performance would be reported as the council moved into the recovery stage.

SWAP reassured members that they had sufficient resources to carry out their work.

RESOLVED

The internal audit plan was approved.

26 **Draft Annual Governance Statement**

Andy Brown, Director of Finance and Procurement, introduced the draft AGS. It was noted that there could be more changes to the AGS as the councils recovery progressed. The process of approving the AGS was explained.

The following changes were requested:

- To keep in mind that the Audit Committee would potentially have a new title which would need updating to the Audit & Governance Committee.
- Wording about the pandemic and how the councils current form was under threat would be pulled up in an audit. Officers noted that the wording would be changed to reflect the current situation, since writing

the AGS the government had made an announcement about more local authority funding.

- Principal A (top left box) to change to – the constitution would be kept under review by the Standards Committee, who could request the Constitutional Focus Group to review sections.
- Principle B (bottom left) – this had been approved at Full Council and would to be updated.
- Section E/ principle E (staff engagement/matters) – employee exit interviews should be included.
- Principle F/G (top right box) – Members requested a stronger reference to the Audit Committees role in following up on the implementation of internal audit recommendations.
- Principle F – the Committee’s responsibilities should be more explicit.

27 **Annual SIRO Report**

Ian Gibbons, Director of Legal, Electoral & Registration, introduced the report and thanked Robin Townsend, Liz Creedy, the Information Governance team and colleagues for their professional, commitment and comprehensive work.

Key points highlighted included; the need for effective storage of physical records to meet statutory rules but working with retention schedules to reduce storage costs; the team had met time scales on responding to freedom of information requests on average of 96%; a referral had been made to the commissioner due to a data breach and lessons had been learnt; information/cyber security posed serious and diverse issues. A grant had been received from the Local Government Association to work on strengthening arrangements which would start in due course, and, that a lot of data sharing had taken place during COVID-19, it was important for the Information Governance team to be involved at the early stages to consider risks.

Members commented that the report should mention that the council has an Information Governance team earlier in the report, and to re-word the last paragraph on page 24 to state that there were no significant changes in the trend.

RESOLVED

The Annual SIRO report was noted.

28 **SWAP - New Ways of Working**

This item was deferred to the next meeting.

29 **2019/20 Accounts**

Lizzie Watkin, Head of Corporate Finance, explained that there had been a change to the timeline for approving the statement of accounts. The deadline for the draft accounts was the 31 August 2020 and the final published accounts was due by the 30 November 2020.

30 **Urgent Items**

There were no urgent items.

31 **Date of Next Meeting**

The next meeting would take place on the 25 September 2020.

32 **Exclusion of the Public**

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 Numbers 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 paragraphs 1 & 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.

33 **Minutes**

RESOLVED

The part 2 minutes of the meeting held on the 12 February 2020 were approved.

(Duration of meeting: 10.00 am - 12.35 pm)

The Officer who has produced these minutes is Jessica Croman of Democratic Services, direct line 01225 718262, e-mail jessica.croman@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115

Wiltshire Council

Report of Internal Audit Activity

Plan Progress 2020/21 – August 2020

Page 11

Agenda Item 6

The Assistant Director is required to provide an annual opinion to support the Annual Governance Statement.

As part of our plan progress reports, we will provide an ongoing opinion to support the 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 by audit.

The contacts at SWAP in connection with this report are:

Charlotte Wilson
Assistant Director
Tel: 07732688 505
Charlotte.wilson@swapaudit.co.uk

Becky Brook
Principal Auditor
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Audit Opinion and Summary of Significant Risks

Introduction

In liaison with the Authority's S.151 Officer and the Chair of the Audit Committee, we effectively 'paused' our programme of internal audit work in March (through to the end of June) to allow the Authority to fully focus on the response effort to COVID-19. Internal Audit staff were redeployed into areas of high need (Business Grant Payments & advice). However, we did maintain a level of internal audit work including investigations and grant certifications.

It is unfortunate, but unavoidable and inevitable, that audit plans for SWAP partners will suffer from some reduction. We would normally expect to complete one quarter of the agreed plan by end of June, but completion in the first quarter of the year has been impacted by COVID-19. Whilst we would, ideally, like to make up lost time in the rest of the year this, as previously recognised and accepted, is unachievable.

Consequently, SWAP is proposing that, for each Partner, we re-assess each internal audit plan for 2020/21. This process will make the assumption that, as at 30th June, one quarter of the year's internal audit resources will have been utilised, leaving three quarters of the resources available for the rest of the year. We have consulted with other audit partnerships in the Audit Together group and the collective view from this is that the majority of partnerships are taking a similar approach in agreeing this course with their respective partners.

Significant Risks:

There have been no new significant risks identified during this period.

Follow Up:

When we undertake follow up audits, we would ideally hope to find all our recommendations implemented, however often this is not the case, sometimes for good reason. However, we monitor and report to members the recommendations that have passed their target implementation date.

Within this period, we have completed two follow up reviews. We would draw members attention to the figure of 73% on page 3 below, which provides the percentage of recommendations that are not implemented at the time of our follow up audits despite the implementation date having passed. whilst we recognise the percentage

Executive Summary

of recommendations not yet complete is high, good progress has been made on these recommendations despite delays caused by the COVID-19 pandemic and we expect the majority to have been fully implemented by the end of September 2020 for Direct Payments and November 2020 for Gross Loans. We have also included in Appendix C, a summary of all outstanding recommendations along with a progress update from management where received. Where we feel insufficient progress has been made, we have agreed a revised implementation date and will continue to follow the progress of these outstanding recommendations and report to members on a regular basis.

Internal Audit Plan Progress 2020/2021

The Chief Executive Officer for SWAP reports performance on a regular basis to the SWAP Directors and Owner Bords.



SWAP Performance

SWAP performance is subject to regular review by both the Directors and Owners meetings. The respective outturn performance results for Wiltshire Council for the 2020/21 year (as at 17 September 2020) are as follows:

Performance Target	Average Performance
<p><u>Audit Plan – Percentage Progress*</u></p> <p>Completed 27.5%</p> <p>Work at Report Stage 4%</p> <p>Fieldwork 30.5%</p> <p>Scoping 19%</p> <p>Yet to commence 19%</p> <p>* The above percentages are based on the internal audit work plan presented in July, covering the first six months of the financial year and make the assumption that as at 30th June, one quarter of the internal audit resources have been utilised</p>	
<p><u>Quality of Audit Work</u></p> <p>Overall Client Satisfaction 98%</p> <p><i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i></p>	
<p><u>Outcomes from Follow Up Audit Work</u></p> <p>Percentage of recommendations for Partial assurance audits, that remains outstanding when the follow up audit is undertaken 73%</p>	

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

SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

In a previous report to members, we outlined our intention to expand on our current regular data analytics work to develop a range of reports to identify potential fraud and errors within the Council's transaction base. This work is progressing, and SWAP have appointed two Data Analysts who are assisting our auditors as part of the routine audit work.

In addition, SWAP is progressing a programme of Continuous Auditing. This is a method whereby audit testing of key controls of an areas or activity, is performed on a more frequent basis. It changes the audit approach from periodic reviews incorporating a small sample of transactions, to ongoing testing of a larger overall sample, with audit results produced shortly after testing. The benefits are a more reactive and timely approach to auditing which gives a continuous assurance on systems and processes throughout the year.

Aged Analysis of Audit Recommendations Exceeding the Originally Agreed Target Implementation Date



Summary of Recommendations

Outstanding Audit Recommendations by Priority 2017/18, 2018/19 and 2019/20 Non Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	3	5	4	1	49	62
2	0	0	2	1	20	23
1	0	0	0	0	1	1
Totals	3	5	6	2	70	86

Outstanding Audit Recommendations by Priority 2017/18, 2018/19 and 2019/20 Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	1	4	1	4	130	140
2	0	2	0	0	29	31
1	0	0	0	0	1	1
Totals	1	6	1	4	160	172

Appendix C provides a summary of the outstanding Priority 1, 2 and 3 non schools recommendations.

Note: Schools recommendations are only followed up should a school be awarded a Partial or No Assurance audit opinion.

Internal Audit Plan Progress 2020/2021

We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time.



Changes to the Audit Plan

We will regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems, and controls.

Due to the COVID-19 Pandemic, our approach to planning for 2020/21 has changed. Instead of preparing a full twelve-month plan, we proposed the preparation of a quarterly 'Agile' work plan, containing key areas of coverage, to ensure we are auditing the right areas at the right time. At the meeting of the Audit Committee on 22nd July 2020 the audit plan for Quarter 2 was approved, and work has commenced on delivering this plan.

As a result of being able to bring new work into the plan part-way through the year, this means there will be fewer changes and amendments to the plan. The following changes have been made to our plan of work presented within our last update report. Full details of our current on-going work are detailed in Appendix B on page 9.

Audit	Amendment	Reason
Brokerage	Split	Following initial discussions, the Brokerage audit has now been split into two separate pieces of work for Brokerage – Adults and Brokerage – Children's.
COVID-19 Discretionary Grants	Addition	To provide assurance on the process for distributing COVID-19 Discretionary Funds.

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 provide an assurance opinion. We have four opinion ratings defined as follows:

Assurance Definitions	
None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Page 18

Advisory – As well as our opinion-based work we will provide consultancy services. The advice offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

In addition to the assurance definitions above we have also introduced an ‘assurance dial’ which indicates on a range of high medium or low where within the range of that assurance a particular audit assurance sits.



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

We provide the Committee with details of the overall assurance opinion for all completed audits and they can be seen in the plan progress table in Appendix B below.

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level. Each recommendation has been given a priority rating at service level with the following definitions:

Categorisation of Recommendations	
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Definitions of Risk	
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Recommendation		
						1	2	3
						Outstanding 2019/20 Plan Progress		
Complete								
Operational	Pension Fund Investment Transfer	Q4	Completed	Substantial	1			1
In Progress								
Healthy Organisation	Healthy Organisation	Q1-Q2	Fieldwork					
2020/21 Plan Progress								
Complete								
Follow Up	Direct Payments	Q2	Completed	Follow Up	N/A			
Follow Up	Gross Loans	Q2	Completed	Follow Up	N/A			
Reporting								
Advice	COVID Business Grants Process Assurance Review	Q2	Reporting					
In Progress								
Grant Certification	Troubled Families	Q1-Q4	Ongoing					
Governance, Fraud & Corruption	National Fraud Initiative (NFI)	Q1-Q4	Advice and Guidance					
Operational	Pension Fund Key Control Review	Q2	Fieldwork					
ICT	Cyber Security Framework	Q2	Fieldwork					
Grant Certification	COVID-19 Bus Services Support Grant (Restart)	Q2	Scoping					

Page 20

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Recommendation		
						1	2	3
						Grant Certification	Local Authority Bus Subsidy	Q2
Grant Certification	Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund	Q2	Fieldwork					
Operational	Brokerage - Adults	Q2	Scoping					
Operational	Brokerage - Children's	Q2	Scoping					
Key Control	Continuous Assurance and Data Analytics	Q2	Scoping					
Grant Certification	COVID-19 Discretionary Grant	Q2	Fieldwork					
Grant Certification	Local Transport Capital Grants	Q2	Fieldwork					
Grant Certification	Public Health Grant	Q2	Scoping					
Yet to Commence								
ICT	ICT Strategy	Q2						
Grant Certification	Infection Control Funding Assurance	Q2						
Advisory	Assurance work over the Authority's COVID-19 recovery plan; specifically gains made and lessons learnt	Q2						
Grant Certification	Test and Trace Service Support Grant	Q2						
Operational	Budget Management	Q2						

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Wiltshire Council Outstanding Recommendations 31.08.2020
Non Schools

Director ICT, Digital and Organisational Innovation							
Digital Transformation (Audit Report Issued 5th April 2019)							
Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
40975 Page 23	We recommend that the Interim Director: Digital Transformation & IT ensures that the ICT Disaster Recovery Plan is updated in line with changes under the transformation programme.	2	Outstanding	30-Jun-19	28-Feb-21	Director Digital, Data & Technology	The need for this work is fully acknowledged and a thorough approach is planned, this will incorporate the transformation programme and Recovery work to date. Grant funding from DHCLG has been secured and a tender document for consultancy services is partially completed. Legal and Procurement are engaged and the intention is to go to market in Sept/Oct 2020 with a start date soon after, likely Nov/Dec 2020.

Interim Corporate Director Resources							
Gross Loans (Audit Report Issued 18th June 2019)							
Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
41541	We recommend that the Council ensures that correct procedures are followed when invoicing a customer to ensure that the debt is appropriately accounted for in a timely manner and debt recovery procedures can be followed.	1	Outstanding	25-Jun-19	30-Nov-20	Head of Business Finance	A process is now in place to review and take action on cases where debt recovery is required for pre ContrOCC cases and that there is a monthly reconciliation completed for all gross loans on ContrOCC which will ensure action is taken in a timely manner and continually monitored. Once all "on hold" Gross Loans have been reviewed, Internal Audit will complete further testing to verify that this work is complete.

44205	We recommend that the Placements Finance Manager ensures that the procedure notes are completed and that the frequency reports are required (monthly, quarterly, year-end etc) is added to the existing guidance.	2	Outstanding	25-Jun-19	30-Nov-20	Head of Business Finance	This recommendation superceeds a previous recommendation (41539) in relation to ensuring monthly and year end reconciliations are carried out. Monthly reconciliations are now in place, however, procedure notes still require updating to include this process.
44204	We recommend that the Placements Finance Manager continues to prepare Journals for Accountancy to action for the pre ControCC gross loans to ensure the accounts are brought up to date.	2	Outstanding	25-Jun-19	30-Nov-20	Interim Head of Finance, Adult Social Care / Placements Finance Manager	This recommendation superceeds a previous recommendation (41539) in relation to providing further financial training to the Placements team to ensure journals are completed accurately. Journals are now being completed accurately, however, due to the COVID pandemic, approximately 170 balances still need to be cleared/corrected as part of the year end process. This is now in progress.

Deferred Payments (Audit Report Issued 10th September 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39503	We recommend that performance indicators relating to Deferred Payment Agreements are fed into both the Executive Director with responsibility for Finance and the Executive Director with responsibility for Adult Social Care's scorecards to ensure that there is sufficient reporting and oversight so that the figures can be challenged. Furthermore, the Section 151 Officer and Adult Care Directors should receive regular, at least quarterly, information on the current debt position for Deferred Payment Agreements.	2	Outstanding	31-Oct-19	31-Dec-20	Head of Finance, Adults	A review of the process for debt reporting is being undertaken and the oversight function will be considered to ensure the relevant stakeholders receive adequate reports of debts outstanding.

39501	We recommend that the DPA application form is improved to clarify what is expected by maintaining the property.	3	Outstanding	30-Nov-19	31-Dec-20	Head of Finance, Adults	Responsibility of Deferred Payment Agreements has recently transferred to the Head of Finance, Adults. The application form will be reviewed and improvements implemented where considered necessary.
39552	We recommend that the process for allocating, undertaking and monitoring the 6 monthly review is revisited to ensure that reviews are undertaken in a timely manner. During this process, the Council should also seek assurance from the client that the property has been appropriately maintained and insured. We recommend that the process for allocating, undertaking and monitoring the 6 monthly review is revisited to ensure that reviews are undertaken in a timely manner. During this process, the Council should also seek assurance from the client that the property has been appropriately maintained and insured.	3	Outstanding	30-Nov-19	31-Dec-20	Head of Finance, Adults	Responsibility of Deferred Payment Agreements has recently transferred to the Head of Finance, Adults. The process followed for the 6 monthly reviews will be reviewed and improvements implemented where considered necessary.

Supply Chain Management (Audit Report Issued 17th January 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39455	We recommend that exit strategies are tailored to corresponding contracts.	3	Outstanding	30-Jun-19	30-Jun-20	Senior Category Manager	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
39495	We recommend that Procurement documentation is updated to state a requirement for a current and periodically tested business continuity plan for each supplier.	3	Outstanding	30-Jun-19	30-Jun-20	Senior Category Manager	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

39509	We recommend that the Council requests that Cyber Attack response is covered in its suppliers' business continuity plans with evidence of periodic testing.	3	Outstanding	30-Jun-19	30-Jun-20	Senior Category Manager	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
39510	We recommend that the storage of contract documentation is reviewed to consider ease of location and review.	3	Outstanding	30-Nov-19	30-Jun-20	Senior Category Manager	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
39653	We recommend that a written contingency plan is outlined for all contracts. This should be proportionate to the criticality of the supplier and the service provided.	3	Outstanding	31-Dec-19	30-Jun-20	Senior Category Manager	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

Pensions (Audit Report Issued 30th April 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
Page 26 41018	We recommend that a full reconciliation be undertaken between Altair and SAP Payroll. This recommendation is carried over from last year's audit report.	3	Outstanding	01-Dec-19	31-Dec-20	Head of Pensions Administration and Relations	This work has not been completed and will be planned alongside other priority work to be delivered.
41008	As full implementation of the i-Connect system is several months away, we recommended that in the interim: A review of the current templates in use is completed to ensure that only relevant data is requested and the template framework is not editable; A review of the feedback process is undertaken for when employers are not complying (for documentation and late payments); and Ensure employers are aware of their GDPR responsibilities.	3	Outstanding	31-Mar-20	31-Dec-20	Head of Pensions Administration and Relations	All recommendations are planned to be reviewed and implemented where not already included within business practices by the end of the calendar year.

41020	We recommend that the Improvement Plan be put in place, as intended, to prioritise the workflow and reduce the backlog of work.	2	Outstanding	31-Mar-20	31-Dec-20	Head of Pensions Administration and Relations	All recommendations are planned to be reviewed and implemented where not already included within business practices by the end of the calendar year.
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Pension Code of Practice 14 Compliance (Audit Report Issued 23rd July 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
41851	We recommended that the Fund Governance and Compliance Manager complete random sample testing of the responses received in the self-assessment to confirm the responses are correct.	2	Outstanding	30-Jun-20	31-Dec-20	Fund Governance and Compliance Manager	A restructure of the team has recently been implemented and this recommendation will be implemented as roles and responsibilities are aligned.

Highways Contract - Use of Subcontractors (Audit Report Issued 16th January 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
41947	We recommend that the Council maintains it's own list of the sub-contractors it has approved to work on it's projects, so there is a full permanent record of the firms employed and more specifically any that have been excluded due to performance issues.	3	Outstanding	31-Mar-20	31-Dec-20	Category Manager, Place	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

Contract Management - Street Lighting and Grounds Maintenance (Audit Report Issued 24th October 2029)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42150	We recommend the Interim Director of Finance and Procurement ensure the Strategic Procurement Hub agree GDPR compliant supplemental terms with each of the Council's contractors.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

Procurement Process Review (Audit Report Issued 25th September 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42426	We recommend that all required signatories must be sought and documented on the exemption form prior to orders being placed or work commissioned;	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42428	We recommend that Directors should be reminded of their responsibility to provide all documentation to the Strategic Procurement Hub and no payments should be released until authorisation is in place.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42430	We recommend that the Council identify where the costs already incurred as part of the services provided by Glenesk should be posted and rectify where not correct.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42432	The budget arrangements between the three ASC Directors should be discussed and any underspends in other areas should be considered for virement.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Finance, Adult Social Care	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42433	We recommend that all decision-making involving expenditure of public funds should be evidenced and retained.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42434	We recommend that evidence of the outcomes to support the expenditure on consultancy projects should be provided to Finance on a timely basis.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

Page 28

42435	We recommend that all Directors should have an appropriate understanding of their budget and should engage with the open-door policy with Finance should they require assistance.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42436	We recommend that the Strategic Procurement Hub should confirm the status of the other programmes of work with Glenesk. For those programmes where all the relevant paperwork has not yet been received, work should not commence with Glenesk until this has been completed. Directors should be reminded that it is their responsibility to submit the necessary paperwork, not the SPH's to request it.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

Contract Management (Audit Report Issued 13th February 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42719	We recommend that the Strategic Procurement Hub ensures that the published Contracts Register is complete and that they liaise with Legal Services to decide who should filter the information that is published to ensure it complies with the Local Government Transparency Code.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
42720	We recommend that the Council's Legal Department holds all contract variation agreements. The Strategic Procurement Hub should forward all variation agreement documents that relate to GDPR to the Legal Department.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

42901	We recommend that Contract Managers ensure that performance of the contract is regularly measured against Key Performance Indicators that are determined at the pre-tender stage and included in the contract specification. Any underperformance should be reported in a timely manner.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.
43007	We recommend that Contract Officers and staff involved in managing or monitoring contracts complete a declaration that documents any conflicts of interest as well as stating when they do not have an interest.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	The new Head of Procurement is currently reviewing all process and a programme of improvements is underway. This recommendation will be considered as part of the review and improvements.

Accounts Receivable (Audit Report Issued 19th January 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42722	We recommend that Accounts Receivable continue to develop and seek approval of the draft procedural guides that would allow for clear guidelines across all service areas.	3	Outstanding	29-Feb-20	31-Mar-20	Corporate Income and Admin Manager	The approval of new procedural guides is underway and it is expected that the roll-out of these will be complete by the end of the financial year.
42723	We recommend that all credit notes should have authorisation, and documented reasoning, attached in SAP in order to show clear segregation of duties. This should be enacted across all service areas - this will be incorporated within a different recommendation to ensure that one main procedural guide is created.	3	Outstanding	30-Jun-20	on-going	Corporate Income and Admin Manager	The new procedural guides will include requirements for processing credit notes. Monitoring will be in place following the roll-out of the new procedural guides to ensure that there is compliance and additional training provided where services require this.

43132	We recommend that invoices are raised with sufficient information, and in a timely manner, in order to ensure that the process for the customer, those chasing the debt, and those answering enquiries, is as easy and efficient as possible.	2	Outstanding	29-Feb-20	on-going	Corporate Income and Admin Manager.	The new procedural guides will include requirements for raising invoices. Monitoring will be in place following the roll-out of the new procedural guides to ensure that there is compliance and additional training provided where services require this.
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Accounts Payable (Audit Report Issued 25th February 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
43212	We recommend that Accounts Payable cleanse the data held on the P: Drive in line with Wiltshire Council's guide 'Records Management - Cleansing your information - deciding what to keep and what to delete' and GDPR guidance. A list of our findings has been provided to the Accounts Payable Manager.	3	Outstanding	30-Jun-20	31-Mar-21	Head of Procurement	The responsibility for Accounts Payable has recently transferred to the Head of Procurement. This recommendation will be considered alongside other improvement priorities.
43211	We recommend that the Council should explore whether SAP capabilities will allow for the tasks outside of the Accounts Payable role to be moved from the APADMIN profile immediately in order to ensure that the system forces appropriate segregation of duties, and that additional manual checks become obsolete, therefore improving efficiencies within the team. If this is not possible, it should be taken into consideration when exploring options for the new ERP system and monitored appropriately until fully implemented.	3	Outstanding	31-May-20	on-going - dependent on programme timelines	Head of Corporate Finance	Roles, access and authorisations will be considered within the scope of the ERP replacement programme (Evolve). The design is dependent on the target operating model (TOM) and access and authorisation will be aligned to business roles.

43258	We recommend that all exception reports are checked on a monthly basis and annotated in detail to evidence what actions have been taken as a result of the report. If there are no findings that require further action this should be noted on the report as confirmation. The reports should be checked and signed off by an independent officer such as the Head of Business Services, Finance.	3	Outstanding	31-Mar-20	31-Mar-21	Head of Procurement	The responsibility for Accounts Payable has recently transferred to the Head of Procurement. This recommendation will be considered alongside other improvement priorities.
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Main Accounting (Audit Report Issued 11th June 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
43577 Page 32	We recommend that a process is introduced to share details of the transactions posted to Suspense Accounts with the wider finance team to ensure corrective actions are taken as quickly as possible.	3	Outstanding	31-Jul-20	30-Nov-20	Head of Corporate Finance	A full review of the control and suspense account reconciliation process will be undertaken and signed-off by the Head of Corporate Finance. This will include steps for items that are not reconciled and timelines for the correction of outstanding items in these accounts.
43577	We recommend that in future years the Control Accounts spreadsheet should be modified to provide evidence that the accounts subject to monthly reconciliation have been reviewed in April, May and June.	3	Outstanding	31-Jul-20	30-Sep-20	Head of Corporate Finance	Responsibility has been passed to the Head of Corporate Finance and this will be implemented with immediate effect

Council Tax (Audit Report Issued 8th June 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
43735	We recommend that the Council ensures that the process for closing council tax accounts includes the requirement to refund credit balances.	3	Outstanding	30-Jun-20	30-Sep-20	Revenues and Benefits Operations Manager	The process will be reviewed to ensure credit balances are refunded where appropriate and able to do so.

43736	We recommend that when an account is placed on Hold, a reason for allocating this status is recorded in the account notes and that an end date is set for review/monitoring purposes.	3	Outstanding	30-Jun-20	30-Sep-20	Revenues and Benefits Operations Manager	An email will be sent to the team to remind them of the importance of using system notes for this process and that a review is required.
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Housing Benefit and Council Tax Reduction (Audit Report Issued 2nd April 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
43407	We recommend that the team members responsible for reviewing the Exception Reports produced as part of each payment run are reminded of the importance of carrying out this process on a timely basis to reduce the risk that incorrect payments are made to claimants. They should also ensure that justification for the action taken is fully recorded.	3	Outstanding	26-Jun-20	30-Sep-20	Corporate Benefits and Systems Manager	An email will be sent to the team to remind them of the importance of this process.

Programme Management (Audit Report Issued 4th October 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42099	We recommend that the existing framework is developed to capture all projects and programmes being delivered across the whole Council so there is consistency of approach and a clear corporate wide view.	2	Outstanding	30-Nov-19	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.

42100	We recommend that a process is developed to capture the benefits to be realised from the start of a project. This should be continually reviewed throughout the life of the project to ensure the benefits set out at the project initiation stage have been realised and to identify improvement opportunities or the opportunity to halt/alter the project.	3	Outstanding	31-Dec-19	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.
42101	We recommend that the lessons learned processes are reviewed and a set of key themes developed.	3	Outstanding	31-Dec-19	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.
42102	We recommend that the Project Initiation Document (PID) is amended to include a Quality Management section. Furthermore, the Quality Assurance strategy should be reviewed to ensure quality is reviewed throughout the life of, and at the end of, each project.	3	Outstanding	30-Nov-19	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.
42103	We recommend that a new Project Board or similar is established to review and approve all projects established across the whole Council and ensure all projects demonstrate clear links to service plans and council objectives.	2	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.
42344	We recommend that Governance Gateway Reviews are completed throughout the project to ensure it is still aligning with the benefits as set out initially.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.

42345	We recommend that there is a clear framework developed to ensure that lessons learnt are shared across the Council and all SRO's follow a consistent process.	3	Outstanding	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.
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Project Management Framework (Audit Report Issued 5th November 2018)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
38028	We recommend that the format of the 'Corporate' programmes report is updated to clearly distinguish between programme office data and other data and to provide brief updates from non-Programme office programmes reported at status Amber or Red.	3	Outstanding	31-Dec-18	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.

Transformation Delivery - Lessons learnt (Audit Report Issued 27th October 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42212	We recommend that the lessons that were learnt from phase one of the transformation project are agreed and form an action plan. The agreed lessons learnt should then be shared across the Council to help inform other transformation projects.	2	Agreed	31-Mar-20	31-Mar-21	Interim Corporate Director Resources	The responsibility for PMO has recently transferred to the Interim Director of Resources. A review will be undertaken to ensure all recommendations are considered in future work and activity.

Director Education & Skills							
Traded Services with Schools (Audit Report Issued 6th March 2019)							
Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39704	We recommend that the Council review the position of Traded Services with Schools and the roles and responsibilities of the service itself to ensure clear accountability & governance at all levels to include oversight, scrutiny and decision making.	2	Outstanding	31-Jul-19	01-Mar-20	Director of Education and Skills Traded Services Manager	An update on the progress of this recommendation has not yet been received from the Director Education & Skills.
39710	We recommend that Traded Services with Schools put into place a clear budget that demonstrates how all costs involved will be funded and that it is a viable commercial venture long term.	2	Outstanding	31-Dec-19	31-Dec-20	Traded Services Manager	An update on the progress of this recommendation has not yet been received from the Director Education & Skills.

Director Housing & Commercial							
Property Management - Third Party Income (Audit Report Issued 19th February 2019)							
Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39959	We recommend that the Asset Manager ensures operational procedures are produced, documented and implemented to ensure that there is comprehensive guidance for current and new operational staff.	3	Outstanding	01-Nov-19	01-Nov-20	Asset Manager, Estates & Asset Use, Strategic Assets & FM.	CLT have agreed identification of premises officers and sites are now visited to compile this information. To be completed by Nov 2020 subject to competing priorities

39960	<p>We recommend that the Council implements the Third-Party Charging Policy (and Approach to Asset Management) as a priority to ensure whilst still working within the principles of partnership, rental income is optimised.</p> <p>The Third-Party Charging Policy should include the decision process governing the letting of office space to ensure it is transparent, consistently applied and supports the reasons for any discounts or free lets applied. This should be complemented by a Corporate Concessionary Rent Policy, allowing the Council to be transparent in charging less than market charges.</p>	2	Outstanding	30-Jun-19	01-Dec-20	Head of Strategic Asset & Facilities Management and Asset Manager, Estates & Asset Use, Strategic Assets & FM.	A third party charging policy will be presented to CLT for consideration by November 2020. A report proposing charges for preferred partners has already been submitted to CLT for consideration.
39956	We recommend that the Asset Manager ensures the Service adopts the full functions of Concerto as soon as possible to improve the raising of invoices from all the Council's property portfolio.	2	Outstanding	31-Mar-20		Asset Manager – Asset Condition & Business Management and FM Delivery Manager – Building Management.	This recommendation is likely to be overtaken by the Evolve project and as such is pending
39666	We recommend that Service ensures ongoing reviews of all commercial properties are carried out to ascertain performance, including occupancy, comparing market rates and benchmarking.	3	Outstanding	30-Mar-20	01-Mar-21	Asset Manager, Estates & Asset Use, Strategic Asset & FM and Estate Manager, Strategic Asset & FM.	Reviews take place on regular basis but full review to be completed by end of financial year

Premises Health and Safety (Audit Report Issued 11th June 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
41128	We recommend that the Council ensures it is complying with corporate policy and health and safety regulations by committing greater resources into monitoring the completion of key safety tasks by Premises-Controlling Managers and by identifying persons to complete these tasks in shared occupancy premises. The Council should ensure that all arrangements are clearly documented to allow for easy identification of missing resources in the future and should consider the arrangements for filling these resource gaps, even if temporary, should they occur.	2	Outstanding	30-Sep-19	31-Dec-20	SA&FM Asset Portfolio Manager Asset Condition	See reference 39959 above.
41198	We recommend that all sites have an identified person with responsibility to ensure key safety tasks, as set out in the corporate policy, are completed. Consideration should be made to ensuring that these tasks are clearly identified for each site and for training to be provided for the persons required to undertake them. Furthermore, an up to date list of all Responsible People should be maintained in order to be able to quickly and effectively send out relevant email communications.	2	Outstanding	30-Sep-19	31-Dec-20	SA&FM Asset Portfolio Manager Asset Condition	See reference 39959 above.

Page 38

Maintenance of Property (Audit Report Issued 10th December 2018)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39101	We recommend that Facilities Management ensure they meet their contractual obligation to monitor all key performance indicators of each property maintenance contract to achieve good performance, value for money and good satisfaction from stakeholders. Key performance indicators that are not monitored should be reviewed to consider their application, replacement or deletion from the contractual agreement. The Procurement guidance on Contract Management should be finalised and made available on the relevant section of the intranet.	2	Outstanding	06-Dec-18	31-Jan-20	Facilities Management Delivery Manager	key performance indicators are being reviewed either to go to market or extend. This will be complete December 2020.

Page 3

Director Communities & Neighbourhood Services

Passenger Transport (Audit Report Issued 8th October 2018)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39374	We recommend that management resources are identified to carry out the periodic monitoring of contracts to ensure adequate performance during the contract term, including best value reviews.	2	Outstanding	28-Feb-19	16-Nov-20	Head of Passenger Transport	Prior to lockdown, a mini-restructure of the team was started. As part of this, a post was created of "Contracts Officer" with the responsibility to oversee the procurement and contract management of the £27m per annum contract spend. However, this restructure was suspended due to the pandemic. It is anticipated that recruitment for the Contracts Officer post will commence once the procedural process has been undertaken.

Director Commissioning**Adult Social Care Contracts (Audit Report Issued 21st June 2019)**

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
41378 Page 40	We recommend that the Commissioner – Community Services continues to develop and embed the governance structure for the Help to Live at Home Alliance Partnership to ensure key objectives and outcomes can be met. This should include documenting what levels of authority are required to approve procurement and commissioning decisions, and how this can be confirmed as not being circumvented. The governance board should also document how the achievement and performance of the HTLAH activity will be monitored, including frequency and reporting requirements.	2	Outstanding	31-Dec-19	30-Nov-20	Commissioning Programme Lead – Community Services	<p>ToR for an annual HTLAH provider forum were agreed in July 2019. Post-restructure and COVID-19 these require review. The bi-monthly Board meeting with HTLAH providers was suspended during COVID-19 response and replaced with regular-session focussed conference calls with providers aimed at securing consistency of supply and risk management during the acute stage of the pandemic. The HTLAH Board structure reconvenes as of October 2020. Annual provider forum to take place in 20/21 Q4.</p> <p>A schedule of contract monitoring meetings is being developed that will take a risk-based approach with the intention all providers are reviewed at least annually.</p> <p>Monitoring will continue to develop alongside improvements in data from brokerage and performance and will be supported by the Programme Outcomes Group and Board.</p> <p>Financial reporting on HTLAH contract will, from Sept 2020, be reported through dashboards for adults commissioning and brokerage. To be further developed and reviewed regularly.</p> <p>A sub delegation scheme has been put in place for commissioning.</p>

<p>41379</p> <p>Page 41</p>	<p>We recommend that the Commissioner – Community Services ensures clear performance measures are put in place, and actively monitored, which can both measure and capture planned benefits and savings. This should include KPIs for the providers and internal support services.</p>	<p>2</p>	<p>Outstanding</p>	<p>30-Dec-19</p>	<p>31-Dec-20</p>	<p>Commissioning Programme Lead – Community Services</p>	<p>Providers now submit monthly returns based on existing KPI's. This forms part of the commissioning dashboards submitted through POG/POB. Commissioners continue to develop KPI's and will review proposed changes with providers through the HTLAH Board membership. Customer survey & overall review HTLAH contract framework: The original drafted survey was not published prior to COVID-19. The wishes of customers will now be picked up as a service user / carer engagement workstream within the homecare transformation project. The HTLAH framework expires in October 2021 and work has commenced through this project to review the performance of the overall HTLAH contract and identify improvements for future commissioning. PID is in draft and final timeframe to be confirmed.</p>
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<p>41414</p> <p>Page 42</p>	<p>We recommend that the Commissioner – Community Services ensures a supplier management framework is developed which identifies key suppliers in terms of capacity and capability. Business continuity plans and contingency plans should also be put in place for key suppliers.</p>	<p>2</p>	<p>Outstanding</p>	<p>31-Dec-19</p>	<p>31-Mar-21</p>	<p>Commissioning Programme Lead – Community Services</p>	<p>See response to 41378 re: brokerage dashboard and 41379 re: KPIs. In addition, risk and budget management is informed by identifying package volumes and level of spend for each HTLAH provider.</p> <p>Capacity / demand issues within the market are included within the POG dashboards, which continue to be developed.</p> <p>The potential exposure to provider failure is clear. However, this will be improved by:</p> <ul style="list-style-type: none"> • Creation of a provider oversight support team within the Resources function (being implemented): • Adapting the care homes closure policy to homecare (ongoing. Date TBC). • Undertaking a fair cost of care exercise • Reviewing the HTLAH contract to include providers' BC plans within contract reviews (schedule to be completed by end of November 2020) <p>Providers BC plans were reviewed in the early stage of the pandemic.</p> <p>The design and implementation of a strategic contingency planning framework for care is included within the adults commissioning service plan.</p>
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Director Legal & Governance**Corporate Complaints (Audit Report Issued 3rd July 2018)**

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
38485	We recommend that a policy is implemented that informs all staff of the processes and procedures for dealing with a complaint, including guidance on when to pass the complaint to the Corporate Complaints department.	3	Outstanding	02-Jan-19	01-Apr-21	Public Law & Compliance Manager	Work is underway on a review of the council's corporate complaints procedure. This will be taken through CLT, Constitution Focus Group and Standards Committee before the end of this year with awareness raising and training of staff in January - March next year for implementation from 1 April 2021.
38659	We recommend that all Council staff are trained in the corporate complaints process, the information that may be required of them, the timescales involved and the importance of sticking to these timescales.	3	Outstanding	02-Jan-19	01-Apr-21	Public Law & Compliance Manager	As above

Officers Declarations of Interest, Gifts & Hospitality (Audit Report Issued 31st October 2018)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
36283	We recommend that declaring potential conflicts of interests, gifts & hospitality is covered during induction training for all staff.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	The employee register of interests, gifts and hospitality is being refreshed and will pick up all of the agreed actions. This will be completed and promoted with staff by 31 December 2020.
36284	We recommend that there a formal process of regular communication to remind staff and managers of the need to record potential conflicts of interest and the offering/acceptance of gifts & hospitality.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above

36285	We recommend that Close Personal Relationships should be reported through the online register of interests. Policy and guidance should be updated accordingly.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36286	We recommend that assessment procedures should include an email to the manager to advise when a potential conflict of interest has been registered.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36287	We recommend that the compliance team develop procedures to advise managers which members of their team have a current active declaration. This could be via an annual email or perhaps via a flag on a SAP/HR record.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36288	We recommend that the Managers are provided with guidance on how they can find out about existing declarations of interest.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36289	We recommend that archive policies and procedures should be developed. Consideration should be given to length of time to keep records of former officers and any records that are no longer current/accurate.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36290	We recommend that procedures are put in place to ensure the register entries is kept current.	3	Outstanding	31-Mar-19	31-Dec-20	Head of Legal Services	As above
36385	We recommend that guidance should be updated to include advice on the level of detail that should be included and of any mandatory information (such as estimated value and date hospitality received). It could also advise a minimum threshold for a declaration.	3	Outstanding	31-Dec-19	31-Dec-20	Head of Legal Services	As above

42389	We recommend that specific groups of staff to be required to make annual declarations of interests and these be reviewed by Heads of Service.	3	Outstanding	31-Dec-19	31-Dec-20	Head of Legal Services	As above
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Data Breaches (Audit Report Issued 31st May 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
40431	We recommend that policy documentation is reviewed and updated where appropriate.	3	Outstanding	30-Jun-19	31-Dec-20	Head of Legal Services	The Council's information governance policies are kept under review and updated when required. Specifically in relation to this audit the Data Protection and Subject Access Policy has been updated with a review date for March 2021 and we expect to complete the review of the Information Incident Management Policy by 31 December 2020.

Director Economic Development & Planning

Community Infrastructure Levy & S106 Agreements (Audit Report Issued 18th October 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
39741 Page 46	<p>We recommend that evidence of a robust checking process is kept, to ensure that all planning applications are routinely assessed for CIL liability, so none are missed. This would include retention of records showing planning applications reviewed, with decision taken and by who, with regular random checks carried out by another experienced Officer to ensure a consistent approach, completeness of application coverage and accuracy in determination of whether liable or not.</p> <p>Also, to ensure a consistent approach and reinforce the checking process the procedures should be documented.</p>	3	Outstanding	31-Aug-20	30-Nov-20	Performance Delivery Manager	Ongoing. Currently records are being checked and processed manually, however with the implementation of the new IT system, monitoring reports will be available (Nov 2020)
39742	<p>We recommend that the central record of all CIL receipts and how the funds are split should be kept up to date to provide accurate information for all interested parties and to support the financial statements made in the Annual Report. This should also be supported by a regular reconciliation of the actual receipts and payments made through the Council's financial management system, which is signed and dated to validate its accuracy.</p>	3	Outstanding	31-Aug-20	31-Dec-20	Performance Delivery Manager	The Government have introduced an annual Infrastructure report which sets out all CIL receipts and how they are split. This will be published on the website by December 2020, and will be submitted to central government. There are also additional checks in Finance where vendor codes and SIO codes are cross referenced by planning application reference numbers.

Director Access & Reablement

Financial Assessments and Deprivation of Assets (Audit Report Issued 14th January 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42592	We recommend the Team Manager Advice, Contact and FAB ensures that the FAB Team's procedures guidance documents and the Charging Policy are updated to document the new ways of working and reflect the new IT system. This should be made available for all staff to refer to in order to aid efficiencies.	3	Outstanding	31-Mar-20	31-Oct-20	Team Manager Advice, Contact and FAB.	<p><u>Charging Policy</u> There are no changes to be made to the Charging Policy to support FAB's new ways of working. The Policy is in the process of being updated in terms of language and clarity.</p> <p><u>Procedural Guidance</u> This task has been started but is yet to be completed - a new deadline of 31st October 20 has been implemented by the team manager to ensure completion.</p>

Court of Protection (Audit Report Issued 13th February 2019)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
40680	We recommend that the Court of Protection Team Manager gives consideration to the most cost effective and efficient manner of document storage for the service.	3	Outstanding	31-Aug-19	31-Dec-20	Court of Protection Team Manager	At present there is work being carried out to look at the future storage under Caspar Cloud, an updated version of the current database (Caspar) that the team uses, it has a document storage facility. However, this has been put on hold by the owning company (Trojan) due to COVID-19. We are working with IT and Procurement on a timeline for this, once Trojan are ready to release this to the market. Additional funding will be required to upgrade the Caspar database to Casper Cloud and a business case will be written to set out the rationale for this. This will be completed by end of Dec 20 to determine most effective option and associated benefits. Full implementation of an enhanced IT system will require significant implication and be dependent on provider capacity.

Director Learning Disabilities & Mental Health

Adult Social Care - CTPLD Pop Team Review (Audit Report Issued 6th March 2020)

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
432 Page 48	<p>We recommend that there is sufficient opportunity for management supervision and quality assurance review which should include:</p> <p>Ensuring that the appropriate letters have been sent following the assessment; Confirmation of the visit from the Registered Manager has been documented (see recommendation below); and Ensuring the information obtained is sufficient to support the assessment.</p> <p>Management should determine the number of reviews that will be subject to a secondary check, however, best practice suggests that a random selection of 10% of all allocated officers' cases is a good starting point. With this being proportionately higher for new officers to guide their induction and learning.</p>	3	Outstanding	01-Apr-20	30-Nov-20	Head of Service - CTPLD	<p>Managers/supervisors complete case file audits on at least one case per month. Prior to lockdown there was an audit of the entire caseload on a quarterly basis. However due to the additional demands during lockdown, the quarterly audits stopped. The quarterly audits are now restarting. The audits are overseen by the adult social care principle social worker who is responsible for quality assuring social care practice. Files are reviewed when cases are presented to Quality Assurance Meetings (QAM). This ensures that the assessments and other documentation contains the required information.</p> <p>New staff's caseloads are monitored closely and caseloads are capped for new staff. Work for new staff is quality assured by their supervisor before it is sent to customers/families/providers as appropriate.</p> <p>Due to covid-19 restrictions the action for managers to confirm that visits have been completed was not fully implemented due to the number of visits being completed by staff being limited. However now that the team is visiting customers again then supervisors are starting to make follow up calls. The way that this is collated is being reviewed.</p>

43177	<p>We recommend that further testing is undertaken to ensure that the data reports from LiquidLogic are accurate and can be fully relied upon. This will increase efficiency and resilience as separate spreadsheets will not need to be maintained by a single person within each team. In addition, correct reporting structures should be embedded within the system.</p>	2	Outstanding	01-Jun-20	30-Dec-20	Head of Service - CTPLD	<p>The Head of Service is working closely with the performance team to help ensure that the data from LAS are accurate. In addition to this, a business support office is in the process of being recruited for CTPLD. A key function of this role will be to scrutinise the data from LAS and work in partnership with performance and LAS teams to cleanse the data. This will improve the efficiency and validity of the data.</p> <p>There are now monthly performance outcome groups (POG's) where performance data is scrutinised. The POG reports into the Performance Outcome Board (POB) which adds a further layer of quality assurance. The head of performance attends the POG and POB's and this is helping to ensure that the data is accurate.</p>
43176	<p>We recommend that consideration is made as to whether the operational aspects of Commissioning can be split from those of the CTPLD/Pop team to ensure that where issues arise from a Commissioning aspect, this does not delay the completion of and trigger date for annual assessments and support plans.</p>	2	Outstanding	01-May-20	31-Oct-20	Head of Service - CTPLD	<p>Since the audit was completed the POP team has ended it's pilot period. The pilot has not been extended and POP no longer exists. There have been ongoing discussions between CTPLD and commissioning on how best to review provider services.</p> <p>Work is being undertaken by the Heads of Service for CTPLD, Mental Health, the ongoing support team, brokerage and whole life commissioning to ensure that there is clarity about each services roles and responsibilities. There was an initial meeting on 01/09/2020 and a follow up meeting has been scheduled for 21/09/2020. This work will prevent future delays in the completion of work if there are issues within commissioning.</p>

Director Highways and Environment**Waste Management Contract (Audit Report Issued 6th July 2020)**

Reference Number	Recommendation	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
43484	We recommend that formal approval of the change to Lot 1 contract is approved by Cabinet and record of approval is held on file.	3	Outstanding	31-Jul-20		Head of Service – Waste Management	An update on the progress of this recommendation has not yet been received from the Director Highways & Environment.
43482	We recommend that, for Lot 2, resolution and agreement of the outstanding financial model is obtained through receipt of the required information from the Contractor to ensure that the appropriate sums can be paid to the Contractor.	3	Outstanding	31-Aug-20		Head of Service – Waste Management	An update on the progress of this recommendation has not yet been received from the Director Highways & Environment.
43485	We recommend that the Council seeks the required Open Book data from the Contractor to ensure that all financial models can be substantiated. If the Open Book data is not received the Contractor should be considered in breach of contract and appropriate actions taken to resolve.	3	Outstanding	06-Jul-20		Head of Service – Waste Management	An update on the progress of this recommendation has not yet been received from the Director Highways & Environment.

Wiltshire Council

Proposed Internal Audit Plan & Planning Approach Quarter 3 – 2020/21

Page 51

Agenda Item 7

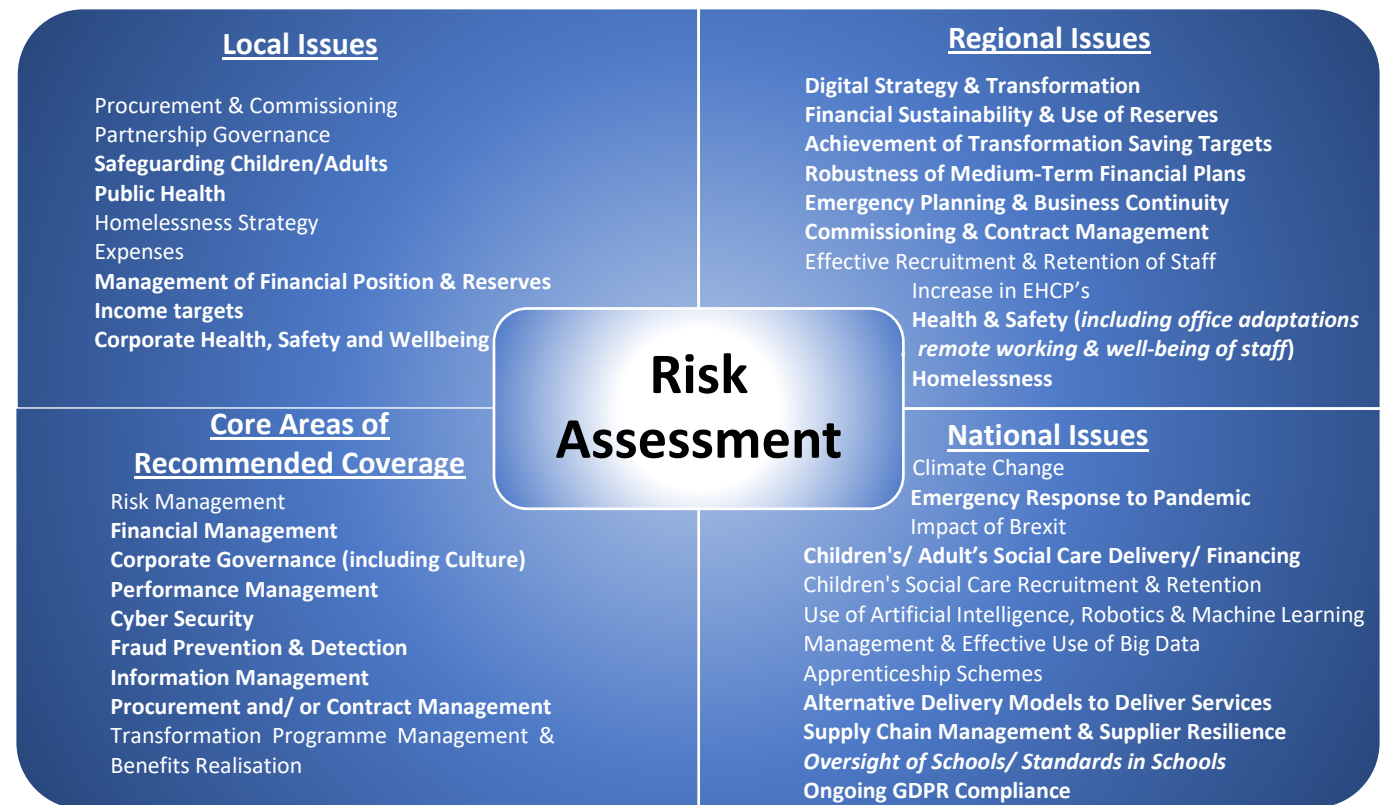
Our documented risk assessment helps to ensure that sufficient and appropriate areas are identified for consideration in our internal audit programme of work.

As above, it is the responsibility of the Authority's Senior Leadership Team, and the Audit Committee to ensure that, with consideration of our risk assessment, the overall programme of work throughout the year contains sufficient and appropriate coverage.

Internal Audit Risk Assessment (updated)

Our original 2020/21 internal audit programme of work was based on the documented risk assessment below.

We have now updated this to highlight key areas where we believe the risk profile has increased following the COVID-19 pandemic (included in bold), as well as any new risk areas (included in italics):



It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific Terms of Engagement for the piece of work, which includes the objective and scope for the review.

Areas of Coverage and Brief Scope	Senior Leadership Team Lead	Priority (H, M, L) and Proposed Timing (Earlier, Later)
<p>Key Financial Controls Review of the Authority’s fundamental business processes and key services</p> <ul style="list-style-type: none"> - Main Accounting - Accounts Payable - Accounts Receivable - Payroll - Council Tax - Business Rates - Housing Benefit and Council Tax Support - Housing Rents - Capital Accounting - Treasury Management 	<p>Interim Corporate Director Resources</p>	<p>High / Earlier</p>
<p>Continuous Assurance and Data Analytics – Key Financial Controls A programme of regular assurance over the Authority’s key financial controls</p>	<p>Interim Corporate Director Resources</p>	<p>High / Ongoing</p>
<p>Council Oversight of Maintained Schools An audit to ascertain what internal controls are operating over maintained schools.</p>	<p>Director Education & Skills</p>	<p>Medium / Later</p>
<p>Deprivation of Liberty Safeguards Review of processes and preparedness for Liberty Protection Safeguards.</p>	<p>Director Learning Disabilities & Mental Health</p>	<p>Medium / Later</p>
<p>Third Party Spend – Purchase to Pay To ensure that the Council's current purchasing and procurement processes and procedures are robust and have been consistently applied, and that the Council is meeting its legal and statutory requirements when purchasing goods and services.</p>	<p>Interim Corporate Director Resources</p>	<p>High / Earlier</p>

The Internal Audit Plan

Areas of Coverage and Brief Scope	Senior Leadership Team Lead	Priority (H, M, L) and Proposed Timing (Earlier, Later)
Medium Term Financial Strategy An audit of the process for the Medium-Term Financial Strategy to ensure it is produced in line with corporate objectives, accurately compiled, approved and effectively monitored.	Interim Corporate Director Resources	Medium / Later
Additional Dedicated Home to School and College Grant Grant certification	Director Communities & Neighbourhood Services	Medium / Later
Culture and Ethics To assess whether the authority has high ethical standards and that staff are aware of and follow shared values, attitudes and patterns of behaviour that align with the seven principles of public life.	Core area of recommended coverage	High / Earlier
Follow Up Work Follow up of audits awarded Partial or No Assurance opinions.	Various	Medium / Ongoing
National Fraud Initiative (NFI) To assist the Council in monitoring and investigation of matches	CLT	Medium / Ongoing
Assurance work over the Authority's COVID-19 recovery plan; specifically gains made and lessons learnt	CLT	High / Later
Further requested assurance/ advisory/ support work, as required	CLT	High / Ongoing
Reactive investigations & independent complaint support work, as required	CLT	Medium / Ongoing

Wiltshire Council

Audit Committee

25 September 2020

Subject: Statement of Accounts 2018/19 Update

Executive Summary

This report presents an update to the progress of the outstanding audit and approval of the Statement of Accounts 2018/19.

Proposal(s)

- a. To approve the update on the progress of the 2018/19 audit.
- b. To receive the Statement of Accounts 2018/19 at its November meeting to enable the Committee to provide the formal and final sign off on the 2018/19 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 2018/19 Statement of Accounts approval was 31 July 2019.

Andy Brown

Interim Corporate Director for Resources (S.151 Officer)

25 September 2020

Subject: Accounting Policies 2019/20

Purpose of Report

1. This report presents an update on the progress made on the outstanding audit and approval of the Statement of Accounts for the financial year 2018/19.

Relevance to the Council's Business Plan

2. 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.

Background

3. The Statement of Accounts for the financial year 2018/19 was presented to Audit Committee at its meeting on 24 July 2019. During this meeting it was noted that there had been a delay in releasing the audit report as Deloitte had identified an issue with the presentation of the fixed assets in note 15, Property, Plant & Equipment. Although the overall net book value was correct on the Balance Sheet, the split between the opening balance on the cost or valuation and the opening balance on the depreciation and impairments needed to be restated.
4. It was anticipated that the additional work to support the restatement of the accounts would be relatively straight forward, the audit process then complete within a short timescale and due to the technical nature of the issue and the very limited impact on the accounts it was approved that the final sign off was delegated to the Director of Finance and Procurement (S.151 Officer) in consultation with the Chairman of the Audit Committee, once agreement had been finalised with Deloitte.

Actions to date

5. The work required to support the assurance for the audit process has been considerably more onerous than anticipated for both the council and Deloitte resources.
6. A new asset accounting system was purchased and implemented to ensure in year transactions were compliant with proper accounting practice. All Wiltshire assets that require valuations for accounting purposes were loaded into the new system, with source data taken from date the individual assets were last valued. This meant that all current values were correct and accounting entries

concerning revaluation values and accumulated depreciation were corrected for the year 2018/19 and the previous two financial years.

7. This changed the presentation of the Comprehensive Income and Expenditure Statement, albeit with no change to the net, bottom line figures, and the two non-usable reserve notes, the Revaluation Reserve and the Capital Adjustment Account were also restated.
8. There has been continued work to provide evidence to support assurance on the opening balances of the reserves, and it was mutually agreed with the auditor that a timeframe on finalising this work should be provided. We have now passed that timeframe and there has not been enough evidence provided for those opening balances to satisfy the auditors to be assured on the level of balances stated.

Main Considerations for the Council

9. From the outset it is imperative to understand that the majority of the 2018/19 accounts have been resolved to satisfaction. Whilst it is disappointing that we have been unable to resolve the issues with respect to these two technical accounts, given the time that this has gone on, the technical nature of the reserves on the accounts and therefore its relevance to the taxpayer balanced with the additional audit fees to resolve, it is time to sign the accounts off and plan properly to resolve the issue for 2020/21.
10. Therefore, to ensure the 2018/19 accounts are concluded and to allow for the 2019/20 accounts and audit process to be concluded within the statutory deadline it is the intention to accept an audit opinion with these technical areas removed from the scope of the audit opinion.
11. This will result in an audit opinion that will be 'qualified, except for' meaning that except for the matters detailed in the audit report relating to the balances on the two technical reserves the accounts will present a true and fair view
12. The impact for the Statement of Accounts is very limited. There is no impact on the net financial position of the council that has been reported, there is no impact on the General Fund Reserve, no impact for the council tax payer nor for the resources available for delivery services and it does not affect any decision for financial planning purposes.
13. By signing the accounts off now it will demonstrate that, apart from these two technical issues, the Councils accounts do represent a true and fair view. The focus must remain on ensuring that value for money is delivered through the work to support the audit and the cost of additional audit services, that council resources are focused on recovery alongside statutory requirements, and finance support the priorities of the council.
14. The Section 151 Officer has consulted with the chairman of the Audit Committee in respect to the delegation to sign off the final accounts. Given the significance of the outcome, it is felt that the appropriate course of action is for the 2018/19 accounts to be presented in full to the next audit committee

and then formally receive the requisite approval rather than utilise the previous delegation.

Next Steps – Plan of action

15. It should be made clear that this is still an important issue that needs resolving, and this task will not be complete until the issue has been resolved to satisfaction in the opinion received on the 2020/21 accounts.
16. Due to timing, the scale of the work that is required to assure the auditors and the current capacity of technical resource within the finance team this opinion will also apply to the accounts for the financial year 2019/20, on the basis no other audit findings arise.
17. There is full commitment to undertake all the work required to provide assurance on the balances before the close of the financial year 2020/21 to ensure that the proposed qualification applies only to the two financial years and will not apply to the accounts for 2020/21.
18. A full review will be undertaken with Deloitte to ensure the scale of work required, based on proportionality and audit sample approach is known and understood so that the required work can be delivered, with focus.
19. Equally there is a commitment to reviewing the level of technical resource within the Councils accountancy team and to ensure there is sufficient technically skilled resource to not only deal with resolving the issues on the audit but is sustainable to deal with the changing technical demands in the accounting code for Local Government as well as the activities being undertaken by the Council e.g. consolidated group accounts.

Overview and Scrutiny Engagement

20. No overview and scrutiny engagement has taken place due to the statutory nature of the annual accounts process. Those charged with governance i.e. Audit Committee, are responsible for the review and approval of all matters concerning the annual accounts.

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

25. 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

26. The annual accounts are required to be approved as part of the overall statutory requirement of the annual accounts process. If the accounts and audit process is not concluded the process for 2019/20 will not be able to be concluded.

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

27. Additional work is required by both council and audit staff, which will result in additional audit fees. 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

28. The financial implications have been set out in the body of this report. There are no financial performance or planning implications, and the implications of the outstanding assurances lie have no impact on usable reserves and no impact on the funds available for the delivery of services to the public.

Legal Implications

29. There are no legal implications associated with this report.

Workforce Implications

30. There are no workforce implications associated with this report.

Options Considered

31. To leave the accounts and audit process without conclusion impacts directly on the ability to conclude both the 2018/19 and the 2019/20 accounts, and potentially longer without any planned action to resolve.

32. Given the context of the opinion in that the majority of the accounts are to satisfaction, the current capacity of technical resource within the finance team, the need to drive value for money in delivering the work to support the audit and the cost of additional audit services, and to ensure that the limited council resources are focused on recovery priorities of the council the work to draw the 2018/19 to conclusion by approving the accounts now is the best option of the Council at this time, with a firm plan and commitment to resolving the issues for the 2020/21 financial year.

Conclusions

33. To note the approach of the conclusion of the 2018/19 annual accounts, and the subsequent approach and impact for the 2019/20 annual accounts.

Andy Brown

Interim Corporate Director for Resources (Section 151 Officer)

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15 September 2020

Appendices

None

Background Papers

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

Draft Statement of Accounts 2018/19

Audit Committee meeting 24 July 2019 – Agenda Item 8

Wiltshire Council

Audit Committee

25 September 2020

Subject: Accounting Policies 2019/20

Executive Summary

This report presents the Accounting Policies for the 2019/20 financial year end and used in the preparation of the draft Statement of Accounts for the financial year ending 31 March 2020.

Proposal(s)

To recommend the approval of the council's accounting policies for the financial year 2019/20 by those charged with governance.

Reason for Proposal(s)

Adopting policies in line with proper accounting practice supports the production of a high-quality set of annual accounts that meet the requirements of accounting codes of practices.

Terence Herbert
Executive Chief Officer

25 September 2020

Subject: Accounting Policies 2019/20

Purpose of Report

1. This report presents the Accounting Policies for the 2019/20 financial year end and used in the preparation of the draft Statement of Accounts for the financial year ending 31 March 2020 and recommends the approval of these policies for the final Statement of Accounts for that financial year.

Relevance to the Council's Business Plan

2. Adopting policies in line with proper accounting practice supports the production of a high-quality set of annual accounts that meet the requirements of accounting codes of practices.

Background

3. The production of annual accounts is a statutory requirement and provides financial information on a consistent basis on which the council can be compared to other Local Authorities. The accounts include disclosure of the accounting policies that set out the basis on which the accounts have been prepared and are presented, and includes all key accounting matters that affect the figures disclosed in the accounts.
4. The policies are in line with Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Local Authority Accounting for the year ending 31 March 2020 and take account of local circumstances. However, there is little discretion to the Council, as the proper accounting practises, which apply to all local authorities, are set down in the Code.
5. The disclosed policies are those which are fundamental to the understanding of the Statement of Accounts. The matters covered in the proposed policy statement have a significant impact on the way the accounts are prepared and are those commonly adopted by other local authorities.

Main Considerations for the Council

6. The Council's accounting policies are regularly reviewed by suitably qualified officers to ensure they are up to date. The policies also fall within the scope of the annual audit of the Statement of Accounts and therefore independently reviewed by the council's external auditors to ensure they are in line with the Code of Practice.
7. There have been no significant changes to the accounting regulations since last year (2018/19) and there are no changes required to the accounting

policies that were considered and approved last year. The accounting policies therefore remain the same as the previous year.

8. The accounting policies are included annually in the Statement of Accounts that is approved by Audit committee each year. They are included in Appendix A.

Overview and Scrutiny Engagement

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

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

14. 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

15. The accounting policies are required to be approved by the Audit Committee as part of the overall requirement of the approval of the annual accounts. This paper gives the committee the opportunity to review the policies in advance of the statutory deadline for approval of the annual accounts and before the annual accounts are brought forward following the audit process.

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

16. The accounting policies will be presented again as part of the presentation of the annual accounts to Audit Committee.

Financial Implications

17. The accounting policies presented have been used in the production of the draft annual accounts and these policies and the annual accounts are currently being reviewed by officers and the council's independent external auditors.

Legal Implications

18. There are no legal implications associated with this report.

Workforce Implications

19. There are no workforce implications associated with this report.

Options Considered

20. There is a statutory requirement for the approval of the annual accounts by Audit Committee. These accounts are produced and based on the accounting policies. The accounting policies could be considered and approved alongside the annual accounts, which will be presented to this committee at its meeting on 18 November 2020 however this does not allow for early discussion and adoption to allow for any changes to be made and any subsequent amendments applied to the annual accounts.

Conclusions

21. It is recommended that Audit Committee approve the council's accounting policies for the financial year 2019/20.

Andy Brown

Interim Corporate Director of Resources (s151 Officer)

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8 September 2020

Appendices

Appendix A – Accounting Policies 2019/20

Background Papers

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

Draft Statement of Accounts 2019/20

Notes to Accounts Annex 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/2019 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared on a "going concern" basis. The accounting conventions adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be

made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Landfill Allowance Schemes

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Council (WDA) are recognised as current assets and are initially measured at fair value.

Landfill allowances allocated by DEFRA are accounted for as a government grant. After initial recognition, allowances are measured at the lower of cost and net realisable value. As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination).

The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset, the existence of which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

iv. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and included in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

v. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support development in the area.

CIL is received without outstanding conditions, it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income & Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

vi. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are

charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Council are eligible to join the following separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The Local Government Pension Scheme, administered by Wiltshire Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Wiltshire pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (based on the indicative rate of return on high quality corporate bonds (the Iboxx Sterling Corporates Index, AA over 15 years).

The assets of Wiltshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pension liability is analysed into the following components:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- contributions paid to the Wiltshire pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than when benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

vii. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty’s Revenue & Customs. VAT receivable is excluded from income.

viii. Overheads and Support Services

The costs of overheads and support services are not recharged to services as part of normal management accounts reporting. Therefore, there are no recharges for overheads and support services within the Comprehensive Income & Expenditure Statement.

ix. Intangible Fixed Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrated that the project is technical, feasible and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributed to the asset and is restricted to that incurred during the development phase.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

Amortisation, impairment losses and disposal gains and losses can be charged to the Comprehensive Income and Expenditure Statement. However, they are not permitted to have an impact on the General Fund Balance, so the gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement.

x. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition: Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council does not have a fixed de-minimis level for the recognition of capital expenditure but recognises expenditure as capital where appropriate.

Measurement: Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use value (EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the remaining useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – Straight line allocation over a useful life of 5 years or in the case of services within buildings remaining useful life of the services as estimated by the valuer
- Infrastructure – straight-line allocation over 60 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received from a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets) are payable to the Government.

The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement).

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing.

xi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at the highest and best use. Properties are not depreciated but revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance and are therefore reserved out in the Movement in Reserves Statement.

xii. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance of a Minimum Revenue Provision (MRP).

Housing Revenue Account capital charges are calculated in accordance with the prescribed statutory determination.

xiii. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xiv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as a gain or loss on disposal.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received)
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Loans and receivables

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measures at:

- Amortised cost;
- Fair value through profit or loss; and
- Fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments, are not solely payment of principal and interest.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Income and Expenditure line in the Comprehensive Income & Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance sheet is the outstanding principal receivable (plus accrued interest) and interest is credited to the Comprehensive Income & Expenditure Statement is the amount receivable for the year in the loan agreement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only life time leases are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk platys a crucial part is assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime bases of 12 month expected losses.

Financial Assets measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices - the market prices
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following 3 levels:

- Level 1 inputs– quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset.

xvi. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvii. Interest in companies and other entities

The Council has no material interest in any companies or other entities.

xviii. Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- i. Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- ii. Finance cost – an interest charge made on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- iii. Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- iv. Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- v. Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xix. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

xx. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

xxi. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

xxii. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

xxiii. Non-Compliance with Code of Practice

For operational reasons, the accounts do not fully comply with the Code of Practice on minor points. The main non-compliance is in relation to debtors and creditors. Whilst the accounts are maintained on an accruals basis, i.e. all sums due to or from the Council are included whether or not the cash has actually been received or paid in the year, exceptions are made for quarterly utilities payments based on meter reading dates. Since these policies are applied consistently year-on-year, they have no material effect on any one year's accounts.

xxiv. Foreign Currency

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date of the transaction. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xxv. Heritage Assets

The Council's Heritage Assets are assets that are kept to increase the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below.

If items are of a material nature a separate external revaluation exercise would be commissioned and the assets carried at market value in the Balance Sheet; alternatively insurance valuations would be used to establish value. If this was the case these assets would be reviewed for impairment on a regular basis and the figures in the Balance Sheet updated accordingly. Any disposals would be treated in the same way as other assets. If the values of the assets are of limited or no value, then they will be disclosed in a note to the accounts only and not brought onto the Balance Sheet with a value. This decision is made based on whether the cost of obtaining a valuation exceeds the benefits to the users of the accounts.

For Wiltshire Council, which does not hold museum or art collections, the costs of commissioning external valuations exceeds the benefit to the users of the accounts therefore the assets are disclosed in a note to the accounts only. The assets disclosed in note 20 include a property (the East Grafton Windmill), the White Horse in Westbury, and a small collection of art held across the county.

xxvi. Carbon Reduction Commitment scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. Phase 2 of this scheme began from 1 April 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

xxvii. Fair value measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

xxviii. Council Tax and Non-domestic Rates

Billing authorities act as agents. Collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund, (the Collection Fund) for the collection and distribution due in respect of council tax and NDR. Under legislation framework for the Collection fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

Accounting for Council Tax and Non-Domestic Rates (NDR)

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the accrued income for the year. However, regulations determine the amount of the council tax and NDR that must be in the Council's General Fund. Therefore, the difference between the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears impairment allowances for doubtful debts, overpayments and prepayments and appeals.

PROPOSED WORK PROGRAMME FOR THE AUDIT COMMITTEE

Meeting Date	Item	Responsible Officer	Draft Report to CLT	Report Deadline	Publication Deadline
25-Sep-20	SWAP Presentation - New Ways of Working	SWAP		16-Sep	17-Sep
	Q1/ Q4 IA Report	SWAP			
	Appointment of a member to the Constitution Focus Group	Chairman			
	Report on School Governance	SWAP			
	18/19 accounts update report	lizzie watkin			
	Accounting Policies	Andy Brown/ Lizzie Watkin			
	verbal update on Chief Accountant position	Lizzie Watkin			

18-Nov-20	Q2 IA Report	SWAP		09-Nov	10-Nov
	AGS	Ian Gibbons			
	Grant Certification Report	KPMG			
	Statement of Accounts 19/20	Lizzie Watkin/ Andy Brown			
	Pension Assurance on account	Pension Fund Minutes			
	Report to those charged with Governance (ISA 260) 2019/2020	Deloitte			
	Risk and performance Management Policy - Update	Toby Elliott			
	Risk Management Post Covid-19	Lizzie Watkin/ Andy Brown			
	Governance Action Log update	Ian Gibbons			
	Private Meeting with External Auditors	Deloitte			

10-Feb-21	Q3 IA Report	SWAP			
	Corporate Governance Update	Ian Gibbons			
	Service Area Risk Presentation (TBD)				
	Governance Action Log update	Ian Gibbons			
	Private meeting with SWAP (after committee)				

Date Agreed Item	Additional Items	Responsible Officer
Jul-20	School Governance Report	SWAP

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