

AGENDA

Meeting: Audit
Place: Council Chamber - Council Offices, Monkton Park, Chippenham,
SN15 1ER
Date: Wednesday 19 September 2012
Time: 10.30 am

Please direct any enquiries on this Agenda to Stuart Figini of Democratic Services, County Hall, Trowbridge, direct line (01225) 718376 or email stuart.figini@wiltshire.gov.uk

All public reports referred to on this agenda are available on the Council's website at www.wiltshire.gov.uk .

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

Membership:

Cllr John Brady
Cllr Richard Britton
Cllr Nigel Carter
Cllr Peter Doyle
Cllr Mark Griffiths
Cllr George Jeans
Cllr David Jenkins
Cllr Julian Johnson

Cllr Alan MacRae
Cllr Helen Osborn
Cllr Mark Packard
Cllr Sheila Parker (Vice Chairman)
Cllr Pip Ridout
Cllr Jane Scott OBE
Cllr Roy While (Chairman)

Non-Voting Members
Cllr John Brady

Cllr Jane Scott OBE

Substitutes
Cllr Chris Caswill
Cllr Ernie Clark
Cllr Michael Cuthbert-Murray
Cllr Rod Eaton
Cllr Mollie Groom

Cllr Francis Morland
Cllr Jeff Osborn
Cllr Paul Sample
Cllr Bridget Wayman

Part I

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

1 Apologies and Membership Changes

2 Chairman's Announcements

3 Members' Interests

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

4 Public Participation and Committee Members' Questions

The Council welcomes contributions from members of the public.

Statements

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

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution. Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of the agenda (acting on behalf of the Director of Resources) no later than **5.00pm on Wednesday 12 September 2012**. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

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

5 South West Audit Partnership - Governance Arrangements

To receive a presentation from SWAP on changes to their governance arrangements.

6 Internal Audit Progress Report 2011-2012 (Pages 1 - 28)

A report by the Service Director of Finance is attached.

7 External Audit (KPMG)/SWAP Audit Protocol (Pages 29 - 64)

A joint report by South West Audit Partnership and KPMG is attached.

8 Audit Fee Letter 2012/13 (Pages 65 - 72)

A report by the Service Director of Finance and a letter from KPMG is attached.

9 IT Control Systems

A report by the Service Director Business Services will follow.

10 Risk Management Update (Pages 73 - 80)

A report by the Head of Risk and Assurance is attached.

11 Date of next meeting

To note that the next regular meeting of the Committee will be held on 19 December 2012.

12 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

This page is intentionally left blank

WILTSHIRE COUNCIL

AUDIT COMMITTEE

19th September 2012

SWAP INTERNAL AUDIT 2012/13 FIRST UPDATE REPORT

Purpose of the Report

1. This progress report presents the Committee with an update on the performance of the Internal Audit Section. In particular, it provides a summary of:
 - the outcomes of audits completed during the period,
 - the results and outcomes of follow-up reviews carried out during the period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year
 - an update on the delivery of the 2012/13 IA Plan, including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits.

Executive Summary

2. The attached quarterly update (Appendix A) summarises the main findings by SWAP. In summary, the Service has started 65 audits, 17 carried forward from 2011/12 (14 now complete, 2 deferred and 1 in-progress), and a further 21 completed or at final report stage of the audits started in 2012/13. From this work no significant 'corporate' risks have been identified, with only four reviews resulting in a partial assurance (definition at page 8 of SWAP summary report at Appendix A of this report). Those four reviews all relate to audits carried forward from 2011/12 and are summarised at Appendix D and relate to:
 - Out of County Placements
 - Safeguarding
 - Traffic and Network Management
 - IT Networks

3. All of these reports have been agreed as final and management responses and actions agreed to address the issues raised. In relation to the looked after children out of county placement audit which raised issues of electronic case recording, the Corporate Director and service managers have emphasised that case recording is vitally important. The overall limited assurance judgement in relation to looked after children out of county placements, based on the findings of a misfile of a low risk piece of information by a worker between two of their cases, was very disappointing to the service. The finding was taken seriously, the importance of recording has been reinforced and senior manager auditing will specifically monitor this issue. The recommendations from the safeguarding audit form part of the safeguarding action plan in response to the Ofsted inspection and progress is being rigorously monitored.
4. Overall therefore the 137 recommendations have been made by SWAP to date, broken down as follows:

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	Total
2011/12 carry forward audits	7	0	19	0	44	66
2012/13 audits	0	1	42	8	21	71
Totals	7	1	61	8	60	137

5. Overall SWAP thus concluded as per assurance definitions at page 8 of SWAP report at Appendix A of this report:

Assurance (per definitions at Appendix A)	Number
Substantial	6%
Reasonable	57%
Partial	14%
None	0%
Advice / Follow up audits	23%

The detail by each audit is set out at Appendix B of the SWAP report.

6. Appendix B identifies two audits have been deferred to later in the financial year and one until 2013/14 as follows:

- Streetscene audit – deferred until quarter 4 due to new contract award timetable.
- Temporary staff and consultant procedures – deferred to quarter 4 to assess new control environment over a longer period.
- Behaviours framework – deferred to 2013/14 to enable to embed and testing of application over a longer period.

All these are support and it is recommended that the 2012/13 IA plan is amended for future reporting to the Audit Committee to reflect this.

7. Overall the performance of SWAP is on track with the partnership performance measures. Members will note that 100% of reports have been issued within the agreed timescales, however, as identified at Appendix B a review of the dates requested by Audit Committee and now included shows that in some cases there have been delays between the dates reports (draft and final) were expected to be issued and when they were. Discussions with SWAP have identified this is due to.

- Delays in clearing reports by Wiltshire in certain cases;
- Summer Holidays, both SWAP and Wiltshire staff; and
- Some delays caused by SWAP staff still completing MKi – training and gaining awareness of using that system (SWAPs recording and database system).

8. These issues are not due to internal audit and in relation to the first issue a new protocol has been agreed with SWAP for improving the timeliness and resolution of reports. As such no issues are raised regarding performance to date.

Proposal

9. Members are asked to note the findings from SWAP audits to date and confirm the changes to the audit plan set out at paragraph 6 of this report relating to deferral of certain audits.

Reasons for Proposals

10. To ensure an effective IA function and strong control environment.

Michael Hudson
Director of Finance, S.151 Officer

Report author: Michael Hudson
01225 713601
michael.hudson@wiltshire.gov.uk

Unpublished documents relied upon in the preparation of this Report: None.

Appendices: A – IA First Progress Report 2012/13
B – IA detailed Audit Plan and monitoring statement 2012/13
C – Significant Corporate Risks
D – Summary of audits deemed 'Partial / No' assurance



Wiltshire Council

Report of Internal Audit Activity 2012/13
September 2012

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox

Head of Internal Audit Partnership
Tel: 01935 462371
gerry.cox@southwestaudit.gov.uk

David Hill

Group Audit Manager
Tel: 01935 462374
david.hill@southwestaudit.gov.uk

Denise Drew

Audit Manager
Tel: 01225 712702
denise.drew@southwestaudit.gov.uk

Estelle Sherry

Audit Manager
Tel: 01722 434618
estelle.sherry@southwestaudit.gov.uk

Audit Opinion	Page 1
Role of Internal Audit and Audit work	Page 2
Internal Audit Work Programme 2012/13	Page 3
Summary of Control Assurances and Recommendations	Page 4
SWAP Performance	Page 5 - 6
Approved Amendments to Annual Plan	Page 7
Control Framework Definitions	Page 8

The Group Audit Manager is required to provide an opinion to support the Annual Governance Statement.

Audit Opinion

Overall, based on the work completed to date this financial year, I can report that risks are generally well managed and the systems of internal control are working effectively. Management respond positively to internal audit suggestions for improvements and corrective action is often taken quickly, wherever this is possible or practical.

Our audit activity is split between:

- Operational Audits
- Key Control Audits
- Governance, Fraud & Corruption Audits
- IT Audits
- Special Reviews

Role of Internal Audit and Audit Work

The Internal Audit service for Wiltshire Council is provided by South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors, but also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit Committee at its meeting on 14th December 2012.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness.

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Chief Financial Officer (Section 151 Officer), following consultation with Members, the Corporate Leadership Team and External Auditors. This year's Audit Plan was reported to this Committee at its meeting on 21st March 2012.

Key Control Audits are undertaken in quarter three of each year and these are planned in conjunction with the Council's External Auditor to assist in their assessment of the Council's financial control environment. This reduces the overall cost of audit to the Council.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, risk and control. This audit assignment activity is broken down into various categories of work as outlined in the bullet points shown in the column on the left of this page.

Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action

Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2012/13 and also records the status of any outstanding work carried forward from the 2011/12 plan. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed on pages 8 and 9 of this document.

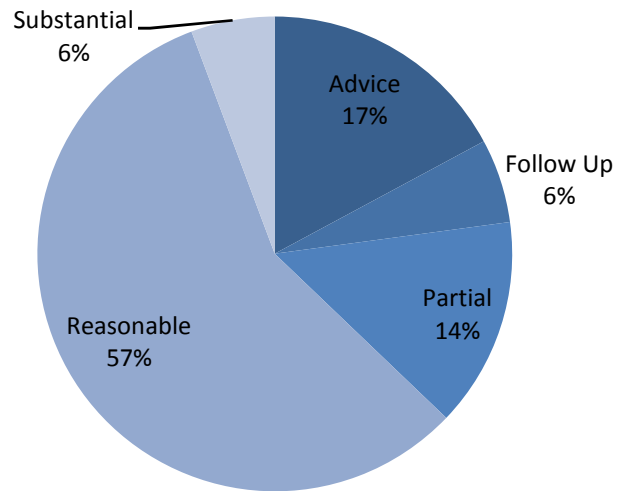
To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘Partial Assurance Opinion’ have been summarised in Appendix D.

However, in circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised in Appendix C. These items will remain on this schedule for monitoring by the Committee until the necessary management action is taken and appropriate assurance has been provided that the risks have been mitigated / addressed. It is pleasing to report that no such items have been identified from Internal Audit work during the quarter.

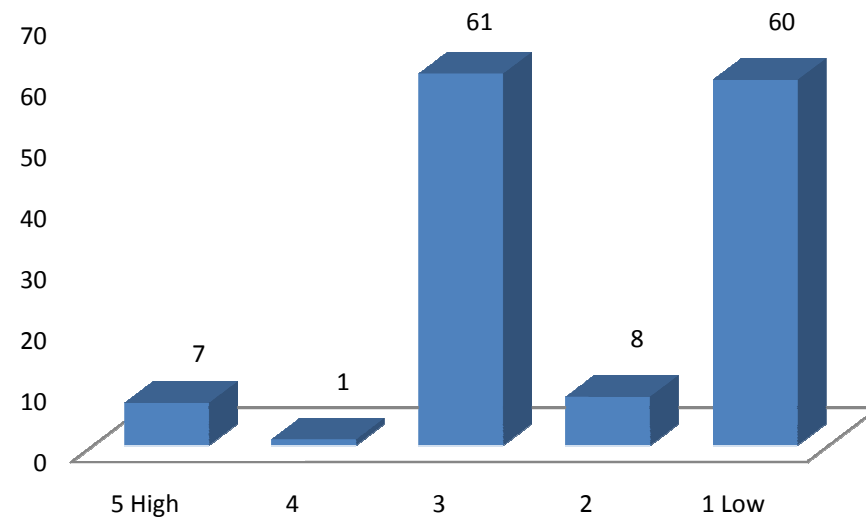
Summary of Control Assurance and Recommendations

Page 10

Control Assurance Outcomes



Audit Recommendations by Priority



Summary of Internal Audit Work in the Quarter

A total of 65 audit assignments were progressed during the period 1st April 2012 to 31st August 2012. Of these 35 reached completed or final report stage; 16 draft reports; and 14 are currently in progress. The diagrams above summarise the outcomes of final reports.

Audit Follow Up Work

Follow-up Audits are carried out to confirm that any recommendations from the original audit, where a “partial” or “none” opinion has been given. It is pleasing to note that all high priority actions (priority 4 and/or 5’s) have been reviewed and management action to address these confirmed.

Performance:

The Head of Internal Audit Partnership reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

SWAP now provides the Internal Audit service for 12 Councils and also many subsidiary bodies. SWAP performance is subject to regular monitoring review by both the Management and Partnership Boards. The respective outturn performance results for Wiltshire Council for the 2012/13 (as at the end of July 2012) year are as follows;

Performance Target	Performance
<u>Audit Plan – Percentage Progress</u>	
2011/12 Work C/Fwd (as at 04/09/2012) completed	100%
Reports at Final, Draft and Discussion stages	21%
% of Fieldwork Completed but awaiting report	5%
% of audits in progress	14%
% of audits yet to commence	60%
<u>Draft Report (2012/13 Audits only excluding Schools)</u>	
% of reports issued within 5 working days	100%
% of reports issued within 10 working days	100%
<u>Final Reports</u>	
% of reports issued within 10 working days of discussion of draft report.	75%
<u>Quality of Audit Work</u>	
Customer Satisfaction Questionnaire	See comments page 6.
<u>Audit Fee</u>	
Increase/Decrease in approved Internal Audit Budget	£nil

Performance:

The Head of Internal Audit Partnership reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 85% is set where 75% would represent a score of good.

There has to date, during 2012-13 been no questionnaires returned. This is mainly due to the transition of working practices from Wiltshire to SWAP but it is hoped that feedback will be available for the next Committee report.

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

Approved Amendments to Annual Audit Plan 2012-13

Planned audit work is as detailed in Appendix B. Audit work remains under constant review to ensure that, if necessary, internal audit resources can also be targeted at emerging issues in a timely manner. Any changes that are required are agreed with the Chief Financial Officer and are reported to the Committee.

During quarter 1 specific requests for Internal Audit support has resulted in a requirement to complete additional audit work. At present these additions are covered from the agreed contingency allowance.

The additional work covers review activity in the following areas:

- Youth Service – Review of Procurement Procedures
- Police – review into Income Procedures

Assurance Definitions:

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- Substantial
- Reasonable
- Partial
- None

Audit Framework Definitions

Control Assurance Definitions

Substantial	▲☆☆☆☆	I am able to offer comprehensive assurance as 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.
Reasonable	▲☆☆☆☆	I am able to offer reasonable assurance as 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.
Partial	▲☆☆☆☆	I am able to offer Partial assurance 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.
None	▲☆☆☆☆	I am not able to offer any assurance. The areas reviewed were found to be inadequately

Categorisation of Recommendations

When making recommendations to Management it is important that they 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. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

Quarter 1 Outturn:

Recommendations that are made as a result of audit assignments are ranked on a scale of 1 to 5 to indicate their relative priority/potential impact.

Audit Framework Definitions

Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.

Priority 4: Important findings that need to be resolved by management.

Priority 3: The accuracy of records is at risk and requires attention.

Priority 2: Minor control issues have been identified which nevertheless need to be addressed.

Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

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

This page is intentionally left blank

CARRY FORWARD WORK 2011-12 AUDIT PLAN																
Audit No.	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	DRAFT ISSUED	FINAL ISSUED	
							5	4	3	2	1					
1	Children & Education	Child Placements Out of County	Operational	2011-12	Final	Partial	7	1	0	3	0	3	30/01/12	30/01/12	08/05/12	10/08/2012
2	Children & Education	Safeguarding (Child Protection)	Operational	2011-12	Final	Partial	18	1	0	7	0	10	01/04/12	01/04/12	11/07/12	02/08/12
3	ICT	Core Financial Systems - Benefit Systems	ICT	2011-12	Completed	Non Opinion - additional External Audit Testing	0	0	0	0	0	0	01/01/12	01/01/12	N/A	N/A
4	ICT	Core Financial Systems - Cash Receipting (Civica)	ICT	2011-12	Final	Reasonable	13	0	0	0	0	13	01/01/12	01/01/12	06/07/12	29/08/12
5	ICT	Core Financial Systems - Housing Rents (Simdell)	ICT	2011-12	Final	Reasonable	2	0	0	0	0	2	01/01/12	01/01/12	15/05/12	21/06/12
6	ICT	IT Infrastructure	ICT	2011-12	Final	Partial	7	2	0	1	0	4	01/01/12	01/01/12	05/04/12	02/07/12
7	ICT	New Revenues & Benefits System (Northgate)	ICT	2011-12	Final	Reasonable	7	0	0	6	0	1	01/01/12	01/01/12	08/06/12	24/08/12
8	Neighbourhood & Planning	Leisure Services Management	Operational	2011-12	Final	Reasonable	6	0	0	0	0	6	21/03/12	02/05/2012	30/04/12	14/06/12
9	Children & Education	Child Placements Foster Carers	Operational	2011-12	Final	Reasonable	0	0	0	0	0	0	17/07/2012	17/07/12	13/08/12	13/08/12
10	Community Services	DCS Systems Thinking Review Programme	Operational	2011-12	Completed	Advice	0	0	0	0	0	0	18/05/2012	18/05/2012	14/06/12	14/06/12
11	Corporate	Income	Operational	2011-12	Completed	Advice	0	0	0	0	0	0	N/A	N/A	N/A	N/A
12	Finance	Procurement & Contract Management	Operational	2011-12	Completed	Advice	0	0	0	0	0	0	N/A	N/A	N/A	N/A
13	Neighbourhood	Car Parking Services	Operational	2011-12	In Progress		0	0	0	0	0	0	20/06/2012	20/06/2012	12/09/12	N/A
14	Neighbourhood	StreetScene	Operational	2011-12	Deferred	Deferred Q1 2012-13 Plan	0	0	0	0	0	0	N/A	N/A	N/A	N/A
15	Neighbourhood	Traffic and Network Management	Operational	2011-12	Final	Partial	6	3	0	2	0	1	26/04/12	26/04/12	02/07/12	02/08/12
16	Neighbourhood & Planning	Section 106 Agreements	Operational	2011-12	Final	Advice	0	0	0	0	0	0	15/06/2012	15/06/2012	26/06/12	26/06/12
17	Transformation & Resources	Temporary Staff / Consultants	Operational	2011-12	Deferred	Deferred to Q4 2012-13 Plan	0	0	0	0	0	0	N/A	N/A	N/A	N/A
Total Number of Recommendations							66	7	0	19	0	40				
2012-13 AUDIT PLAN																
Directorate/Service	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	DRAFT ISSUED	FINAL ISSUED	
							5	4	3	2	1					
FINAL REPORTS ISSUED																
18	Neighbourhood	StreetScene	Operational	April 2012	Final	Reasonable	3	0	0	2	0	1	18/06/2012	18/06/2012	13/08/12	28/08/12

19	Schools - Primary (incl First, Infant & Junior)	Bellefield Primary & Nursery School	School	April 2012	Final	Reasonable	2	0	0	1	0	1	18/04/12	18/04/12	10/05/12	25/06/12
20	Schools - Primary (incl First, Infant & Junior)	Bratton Primary School	School	April 2012	Final	Reasonable	3	0	0	3	0	0	18/05/2012	18/05/2012	07/07/2012	02/08/12
21	Schools - Primary (incl First, Infant & Junior)	Burbage Primary School	School	April 2012	Final	Reasonable	5	0	0	3	0	2	09/05/12	09/05/12	26/06/12	10/07/12
22	Schools - Primary (incl First, Infant & Junior)	Chapmanslade CE VC Aided Primary School	School	April 2012	Final	Partial	10	0	0	7	0	3	16/05/12	16/05/12	07/06/12	21/06/12
23	Schools - Primary (incl First, Infant & Junior)	Cherhill CE Primary School	School	April 2012	Final	Reasonable	4	0	0	2	0	2	25/04/12	25/04/12	18/05/12	18/06/12
24	Schools - Primary (incl First, Infant & Junior)	Crockerton CE VA Primary School	School	April 2012	Final	Reasonable	6	0	0	3	0	3	18/05/12	18/05/12	14/06/12	15/08/12
25	Schools - Primary (incl First, Infant & Junior)	Figheldean St Michael's CE Primary School	School	April 2012	Final	Reasonable	5	0	0	4	0	1	22/05/12	22/05/12	26/06/12	Awaiting Completed Action Plan from the school.
26	Schools - Primary (incl First, Infant & Junior)	Five Lanes Primary	School	April 2012	Final	Reasonable	4	0	0	4	0	0	11/05/12	11/05/12	14/06/12	N/A
27	Schools - Primary (incl First, Infant & Junior)	Holbrook Primary School	School	April 2012	Final	Reasonable	2	0	0	1	0	1	01/05/12	01/05/12	07/06/12	Awaiting Completed Action Plan from the school.
28	Schools - Primary (incl First, Infant & Junior)	Kington St Michael CE Primary School	School	April 2012	Final	Reasonable	2	0	0	2	0	0	03/05/12	03/05/12	21/05/12	10/07/12
29	Schools - Primary (incl First, Infant & Junior)	Larkrise School	School	April 2012	Final	Substantial	0	0	0	0	0	0	16/05/12	16/05/12	21/06/12	Awaiting Completed Action Plan from the school.
30	Schools - Primary (incl First, Infant & Junior)	Pembroke Park Primary School	School	April 2012	Final	Reasonable	3	0	0	2	0	1	20/04/12	20/04/12	03/05/12	Awaiting Completed Action Plan from the school.
31	Schools - Primary (incl First, Infant & Junior)	Princecroft Primary School	School	April 2012	Final	Reasonable	4	0	0	2	0	2	23/05/12	23/05/12	14/06/12	11/07/12
32	Schools - Primary (incl First, Infant & Junior)	Stratford-sub-Castle CE VC Primary School	School	April 2012	Final	Reasonable	8	0	1	0	7	0	15/06/12	15/06/12	12/07/12	Awaiting Completed Action Plan from the school.

33	Schools - Primary (incl First, Infant & Junior)	West Ashton CE VA Primary School	School	April 2012	Final	Reasonable	4	0	0	2	0	2	18/05/12	18/05/12	10/07/12	23/07/12
34	Schools - Primary (incl First, Infant & Junior)	Wilton & Barford CE Primary School	School	April 2012	Final	Reasonable	2	0	0	2	0	0	24/05/12	24/05/12	10/07/12	Awaiting Completed Action Plan
35	HR & Organisational Development	Restructuring and Redundancies	Operational	July 2012	Final	Substantial	4	0	0	2	1	1	21/05/12	18/06/12	17/08/12	29/08/12
Total Number of Recommendations							71	0	1	42	8	20				
2012-13 AUDIT PLAN																
	Directorate/Service	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	DRAFT ISSUED	FINAL ISSUED
								5	4	3	2	1				
COMPLETED FOLLOW UP WORK																
36	Finance	Procurement Cards	Follow Up	April 2012	Final	N/A	0	0	0	0	0	0	03/05/2012	03/05/2012	17/05/2012	31/05/12
37	Finance	Imprests/Cash Remote Offices	Follow Up	April 2012	Final	N/A	0	0	0	0	0	0	16/05/2012	16/05/2012	17/05/12	31/05/12
2012-13 AUDIT PLAN																
	Directorate/Service	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	DRAFT ISSUED	FINAL ISSUED
								5	4	3	2	1				
DRAFT REPORTS																
38	Communities	Housing Repairs	Operational	April 2012	Draft	TBC	0	0	0	0	0	0	17/05/12	21/05/12	04/07/12	N/A
39	Communities	Libraries	Operational	April 2012	Draft	TBC	0	0	0	0	0	0	26/04/12	26/04/12	24/07/12	N/A
40	Core Cross-Cutting	Creditor Fraud	Governance, Fraud & Corruption	April 2012	Draft	TBC	0	0	0	0	0	0	17/05/2012	17/05/2012	24/08/2012	N/A
41	Core Cross-Cutting	Partnerships	Operational	April 2012	Draft	TBC	0	0	0	0	0	0	18/06/12	18/06/12	31/07/12	N/A
42	HR & Organisational Development	Sickness Absence	Operational	July 2012	Draft		0	0	0	0	0	0	17/05/12	17/05/12	28/08/12	N/A
43	Legal & Democratic	Coroners	Operational	April 2012	Draft	TBC	0	0	0	0	0	0	13/06/12	13/06/12	23/07/12	N/A
44	Legal & Democratic	Electoral Services	Operational	April 2012	Draft	TBC	0	0	0	0	0	0	17/07/12	17/07/12	29/08/12	N/A
45	Public Health & Public Protection	Business Continuity	Governance, Fraud & Corruption	April 2012	Draft	TBC	0	0	0	0	0	0	30/04/12	30/04/12	01/08/12	N/A
46	Schools - Primary (incl First, Infant & Junior)	Great Bedwyn CE Primary School	School	April 2012	Draft	TBC	0	0	0	0	0	0	27/06/12	27/06/12	06/09/12	N/A
47	Schools - Primary (incl First, Infant & Junior)	Ogbourne St George & St Andrew VC CE Primary School	School	April 2012	Draft	TBC	0	0	0	0	0	0	20/06/12	20/06/12	06/09/12	N/A
48	Schools - Primary (incl First, Infant & Junior)	St George's CE Primary School	School	April 2012	Draft	TBC	0	0	0	0	0	0	20/06/12	20/06/12	06/09/12	N/A
49	Schools - Secondary (incl Upper)	The Clarendon College	School	April 2012	Draft	TBC	0	0	0	0	0	0	11/06/12	11/06/12	06/09/12	N/A

50	Schools - Primary (incl First, Infant & Junior)	Amesbury Archer Primary School	School	July 2012	Draft		0	0	0	0	0	0	12/07/12	12/07/12	06/09/12	N/A
51	Schools - Primary (incl First, Infant & Junior)	Dilton Marsh CE Primary School	School	July 2012	Draft	TBC	0	0	0	0	0	0	25/04/2012	25/04/2012	17/05/2012	N/A
52	Schools - Primary (incl First, Infant & Junior)	Great Wishford CE Aided Primary School	School	July 2012	Draft	TBC	0	0	0	0	0	0	30/05/2012	30/05/2012	17/07/2012	N/A
2012-13 AUDIT PLAN																
Directorate/Service	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	DRAFT ISSUED	FINAL ISSUED	
							5	4	3	2	1					
DRAFT REPORTS (continued)																
53	Schools - Primary (incl First, Infant & Junior)	St Michael's CE (Aided) Primary School, Aldbourne	School	July 2012	Draft	TBC	0	0	0	0	0	0	10/07/12	10/07/12	06/09/12	06/09/12
ADDITIONAL UNPLANNED WORK																
54	Children & Families	Youth Service	Requested Work	July 2012	Completed		0	Review into procurement procedures.					22/05/2012	22/05/2012	22/06/2012	13/07/12
55	External Work	Police	Requested Work	June 2012	In progress		0	Review into Income Procedures					28/06/12	28/06/12	N/A	N/A
2012-13 AUDIT PLAN																
Directorate/Service	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	PROPOSED DRAFT REPORT	DRAFT ISSUED	
							5	4	3	2	1					
CURRENT WORK IN PROGRESS																
56	Business Services	Capital Projects	Operational	April 2012	In Progress	TBC	0	0	0	0	0	0	01/05/12	01/05/12	12/09/12	
57	Core Cross-Cutting	SAP Administration	Operational	April 2012	In Progress		0	0	0	0	0	0	03/07/12	03/07/12	03/08/12	
58	Finance	Housing & Council Tax Benefits	Operational	April 2012	In Progress		0	0	0	0	0	0	09/07/12	09/07/12	04/09/12	
59	Information Services	Housing Management System	ICT	April 2012	Ongoing	Advice	0	0	0	0	0	0	N/A	N/A	N/A	N/A
60	Procurement	Contract Management	Operational	April 2012	In Progress		0	0	0	0	0	0	01/06/12	08/06/12	24/08/12	
61	Adult Care & Housing Strategy	Care Homes	Operational	July 2012	In progress		0	0	0	0	0	0	03/09/12	03/09/12	06/11/12	
62	Core Cross-Cutting	Financial Procedure Rules & Contract Standing Orders	Operational	July 2012	In Progress		0	0	0	0	0	0	01/08/12	15/08/12	30/09/12	
63	Core Cross-Cutting	Managing With Reduced Resources	Governance, Fraud & Corruption	July 2012	In Progress		0	0	0	0	0	0	20/08/12	20/08/12	15/10/12	
2012-13 AUDIT PLAN																
Directorate/Service	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	PROPOSED DRAFT REPORT	DRAFT ISSUED	
							5	4	3	2	1					
CURRENT WORK IN PROGRESS (continued)																
64	Information Services	Cloud Computing	ICT	July 2012	Ongoing	Advice	0	0	0	0	0	0	N/A	N/A	N/A	N/A
65	Information Services	Pensions	Follow Up	July 2012	In progress		0	0	0	0	0	0	17/08/12	17/08/12	15/09/12	
66	Schools - Primary (incl First, Infant & Junior)	Chilton Foliat CE VA Primary School	School	July 2012	In Progress		0	0	0	0	0	0	04/07/12	04/07/12	06/09/12	

67	Transformation	Closure of Offices	Operational	July 2012	In Progress		0	0	0	0	0	0	29/06/12	29/06/12	15/08/12	
68	Information Services	CareFirst	ICT	August 2012	Created		0	0	0	0	0	0				
69	Adult Care & Housing Operations	Help to Live at Home	Operational	January 2013	Created		0	0	0	0	0	0				
70	Adult Care & Housing Strategy	Care Transfers	Operational	January 2013	Created		0	0	0	0	0	0				
71	Adult Care & Housing Strategy	Community Budgets	Operational	January 2013	Created		0	0	0	0	0	0				
72	Adult Care & Housing Strategy	Housing Strategy	Operational	January 2013	Created		0	0	0	0	0	0				
73	Children & Families	Adoption & Fostering	Operational	January 2013	Created		0	0	0	0	0	0				
74	Children & Families	Care Placements	Operational	January 2013	Created		0	0	0	0	0	0				
75	Commissioning & Performance	Child Protection	Operational	January 2013	Created		0	0	0	0	0	0				
76	Communications	Communications	Operational	January 2013	Created		0	0	0	0	0	0				
77	Communities	Area Boards, Communities	Operational	January 2013	Created		0	0	0	0	0	0				
2012-13 AUDIT PLAN																
	Directorate/Service	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	PROPOSED DRAFT REPORT	DRAFT ISSUED
								5	4	3	2	1				
FUTURE PLANNED WORK (continued)																
78	Core Cross-Cutting	Change Management	Operational	January 2013	Created		0	0	0	0	0	0				
79	Core Cross-Cutting	Expenses Fraud	Governance, Fraud & Corruption	January 2013	Created		0	0	0	0	0	0				
80	Core Cross-Cutting	Project Management	Operational	January 2013	Created		0	0	0	0	0	0				
81	Information Services	Disaster Recovery	ICT	January 2013	Created		0	0	0	0	0	0				
82	Legal & Democratic	Data Quality	Operational	January 2013	Created		0	0	0	0	0	0				
83	Neighbourhood	Car Parking Services	Operational	January 2013	Created		0	0	0	0	0	0				
84	Public Health & Public Protection	Business Continuity	Operational	January 2013	Created		0	0	0	0	0	0				
85	Risk Management	Performance Management	Operational	January 2013	Created		0	0	0	0	0	0				
86	Strategic, Highways & Transport	Street Lighting	Operational	January 2013	Created		0	0	0	0	0	0				
87	Adult Care & Housing Operations	Vulnerable Adults	Operational	July 2012	Created		0	0	0	0	0	0				
88	Adult Care & Housing Strategy	Child/Adult Transition	Operational	July 2012	Created		0	0	0	0	0	0				
89	Adult Care & Housing Strategy	Continuing Health Care	Operational	July 2012	Created		0	0	0	0	0	0				
90	Adult Care & Housing Strategy	Housing Benchmarking	Operational	July 2012	Created		0	0	0	0	0	0				
91	Children & Families	Children and Families	Operational	July 2012	Created		0	0	0	0	0	0				
92	Core Cross-Cutting	Committee Reporting - Member Decisions	Governance, Fraud & Corruption	July 2012	Created		0	0	0	0	0	0				
93	Core Cross-Cutting	Contract Fraud	Governance, Fraud & Corruption	July 2012	Created		0	0	0	0	0	0				

2012-13 AUDIT PLAN															
Directorate/Service	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	PROPOSED DRAFT REPORT	DRAFT ISSUED
							5	4	3	2	1				
FUTURE PLANNED WORK (continued)															
94	Development	Planning Applications	Follow Up	July 2012	In Progress	0	0	0	0	0	0	21/08/12	28/08/12	30/09/12	
95	Economy & Regeneration	Economic Development	Operational	July 2012	Created	0	0	0	0	0	0				
96	Finance	Imprests	Operational	July 2012	In Progress	0	0	0	0	0	0	20/08/12	20/08/12	30/09/12	
97	HR & Organisational Development	Behaviours Framework	Deferred/Removed	July 2012	13/14 Audit	0	0	0	0	0	0				
98	Information Services	CareFirst	ICT	July 2012	Created	0	0	0	0	0	0				
99	Legal & Democratic	Complaints	Operational	July 2012	Created										
100	Legal & Democratic	Litigation Management	Operational	July 2012	Created	0	0	0	0	0	0				
101	Procurement	Procurement & Contract Management	Advice	July 2012	Ongoing	0	0	0	0	0	0				
102	Public Health & Public Protection	Emergency Planning	Operational	July 2012	Created	0	0	0	0	0	0				
103	Schools - Primary (incl First, Infant & Junior)	Baydon St Nicholas CE School	School	July 2012	Created	0	0	0	0	0	0				
104	Schools - Primary (incl First, Infant & Junior)	Broad Hinton CE Primary School	School	July 2012	Created	0	0	0	0	0	0				
105	Schools - Primary (incl First, Infant & Junior)	Greentrees Primary School	School	July 2012	Created	0	0	0	0	0	0				
106	Schools - Primary (incl First, Infant & Junior)	Lyneham Primary	School	July 2012	Created	0	0	0	0	0	0				
107	Schools - Primary (incl First, Infant & Junior)	Old Sarum Primary School	School	July 2012	Created	0	0	0	0	0	0				
108	Adult Care & Housing Operations	Assessments & Reviews (Care & Financial)	Operational	October 2012	Created	0	0	0	0	0	0				
2012-13 AUDIT PLAN															
Directorate/Service	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	PROPOSED DRAFT REPORT	DRAFT ISSUED
							5	4	3	2	1				
FUTURE PLANNED WORK (continued)															
109	Adult Care & Housing Strategy	Continuing Health Care	Operational	October 2012	Created	0	0	0	0	0	0				
110	Adult Care & Housing Strategy	Orders of St John (OSJ) Care Homes Contract	Operational	October 2012	Created	0	0	0	0	0	0				
111	Communities	Housing Rents	Operational	October 2012	Created	0	0	0	0	0	0				
112	Core Cross-Cutting	Corporate Governance	Operational	October 2012	Created	0	0	0	0	0	0				
113	Core Cross-Cutting	Direct Payments Fraud	Governance, Fraud & Corruption	October 2012	Created	0	0	0	0	0	0				

114	Finance	Accounts Payable	Key Control	October 2012	Created		0	0	0	0	0	0				
115	Finance	Accounts Receivable	Key Control	October 2012	Created		0	0	0	0	0	0				
116	Finance	Cash Investments & Borrowing	Key Control	October 2012	Created		0	0	0	0	0	0				
117	Finance	Council Tax	Key Control	October 2012	Created		0	0	0	0	0	0				
118	Finance	Fees & Charges	Operational	October 2012	Created		0	0	0	0	0	0				
119	Finance	Financial Reporting	Key Control	October 2012	Created		0	0	0	0	0	0				
120	Finance	Housing & Council Tax Benefits	Key Control	October 2012	Created		0	0	0	0	0	0				
121	Finance	Management Accounting / Budgeting	Key Control	October 2012	Created		0	0	0	0	0	0				
122	Finance	NNDR	Key Control	October 2012	Created		0	0	0	0	0	0				
123	Finance	Payroll	Key Control	October 2012	Created		0	0	0	0	0	0				
2012-13 AUDIT PLAN																
	Directorate/Service	Audit Area	Audit Type	Quarter	Status	Opinion	No. of recs	Recommendations					PROPOSED START DATE	ACTUAL START DATE	PROPOSED DRAFT REPORT	DRAFT ISSUED
								5	4	3	2	1				
FUTURE PLANNED WORK (continued)																
124	Finance	Pensions	Key Control	October 2012	Created		0	0	0	0	0	0				
125	HR & Organisational Development	Staff leavers	Operational	October 2012	Created		0	0	0	0	0	0				
126	Information Services	Core Financial Systems - Benefit Systems	Key Control	October 2012	Created		0	0	0	0	0	0				
127	Information Services	Core Financial Systems - Cash Reconciling (Civica)	Key Control	October 2012	Created		0	0	0	0	0	0				
128	Information Services	Core Financial Systems - Housing Rents (Sindell)	Key Control	October 2012	Created		0	0	0	0	0	0				
129	Information Services	Core Financial Systems - SAP	Key Control	October 2012	Created		0	0	0	0	0	0				
130	Information Services	IT Networks	Key Control	October 2012	Created		0	0	0	0	0	0				
131	Information Services	SAP Access Controls	ICT	October 2012	Created		0	0	0	0	0	0				
132	Legal & Democratic	Assets & Property	Operational	October 2012	Created		0	0	0	0	0	0				
133	Legal & Democratic	Litigation Management	Operational	October 2012	Created		0	0	0	0	0	0				
134	Public Health & Public Protection	Emergency Planning	Operational	October 2012	Created		0	0	0	0	0	0				
135	Public Health & Public Protection	Licensing	Operational	October 2012	Created		0	0	0	0	0	0				
136	Risk Management	Risk Management	Advice	October 2012	Ongoing		0	0	0	0	0	0				
137	Strategic, Highways & Transport	Traffic & Network Management	Operational	October 2012	Created		0	0	0	0	0	0				
138	Transformation	Campus Programmes	Operational	October 2012	Created		0	0	0	0	0	0				

This page is intentionally left blank

Schedule of Potential Significant Risks Identified from Internal Audit Work during the period 1 April 2012 to 31st July 2012

NEW RISKS IDENTIFIED DURING THE PERIOD 1 APRIL 2012 TO 31 JULY 2012								
Ref	No	Name of Audit	Weaknesses Found	Risk Identified	Recommended Action	Managers Agreed Action	Agreed Date of Action	Managers Update
NONE IDENTIFIED FROM INTERNAL AUDIT WORK DURING THIS PERIOD								

This page is intentionally left blank

Summary of Key Points Relating to “Partial Assurance” Reviews

AUDIT TITLE	AUDITORS OPINION
1. Out of County Placements	<p>The audit identified a high risk due to a mis-file on CareFirst. This related to an incident which was recorded in the wrong case file and there was insufficient information on CareFirst to confirm that the required action had taken place. The audit also highlights a number of areas where additional controls are needed to evidence decisions made relating to placements and action taken.</p> <p>It should be noted that an Ofsted inspection took place in March 2012 and found “the services for looked after children to be adequate”. The findings in this report should provide additional detail which will enable management to strengthen the controls currently in place.</p>
2. Safeguarding	<p>Audit recognise that increasing demand for services makes the task of safeguarding children more difficult. In the small sample of cases that Audit examined it has become clear that employees involved in safeguarding children are under increasing pressure to fulfil their obligations. Whilst most obligations were met, high risk issues were identified.</p> <p>It should be noted that an Ofsted Inspection took place in March and found “the effectiveness of Safeguarding in Wiltshire to be inadequate”. The findings in this audit report should provide additional detail which will address the risks identified in this report and also contribute to an overall plan of action for the Service</p>
3. Traffic and Network Management - Coordination	<p>The Service must co-ordinate all planned work activities, hold liaison meetings and inform the street works register of the street work activities. This is available for public viewing. The partial assurance was given due to the lack/inconsistency of information recorded on the schedule of planned and current work activities. There were also concerns with the lack of minutes which should confirm discussions at co-ordination meetings. Where works are carried out on behalf of the Council, planned and current work activities discussions are not recorded at pre-coordination meetings. Due to the lack of information, it was not possible to confirm how these meetings link into the overall quarterly meetings which are also attended by utility companies.</p> <p>The audit also found that the EXOR system is not being used to its full potential as a manual spreadsheet is being used to record overrun days which form the basis of charges to utility companies. Management have advised that logging on EXOR is not currently possible although this could be progressed through User Groups.</p>

Summary of Key Points Relating to "Partial Assurance" Reviews

AUDIT TITLE	AUDITORS OPINION
4.IT Networks	<p>This audit was given a Partial assurance. However, as not all requested information was available for audit to review, this level of assurance is given solely on the testing carried out. As such, further testing may have changed this opinion. The high risks identified related to the number of high privilege users and the need to carry out a review of groups and user access. The additional risk was concerning the site of the Basement Computer Room and the rare risk of flooding. The BCR is scheduled to be decommissioned as part of the data centre consolidation project within the Council, but is reliant upon the completion of the Old County Hall refurbishment.</p>

WILTSHIRE COUNCIL

AUDIT COMMITTEE

19th September 2012

EXTERNAL AUDIT (KPMG) & SWAP AUDIT PROTOCOL

Purpose of the Report

1. This report informs the Committee of the protocol agreed between our external (KPMG) and internal auditors (SWAP). The focus of the protocol is to strengthen further the working relationship and ability to place reliance on SWAP's work, and help ensure efficiencies for the Council as well as a strong control environment.

Executive Summary

2. The attached protocol is for member's information following a request at the last main Audit Committee so members could assess how both our auditors were working together. Following that Committee our auditors met to discuss and agree a protocol to inform their testing. This was done across all areas of the partnership where KPMG and SWAP are external and internal auditors respectively, so members will note the protocol is the same as applied to other local authorities.
3. The protocol sets out in detail some of the key requirements for SWAP and KPMG to follow in order to provide a strong foundation with a view to helping ensure testing by SWAP can be relied upon by KPMG. This is to be welcomed and its application and success will be reported to future Audit Committees.

Proposal

4. Members are asked to note the KPMG/SWAP Audit Protocol and receive further updates on its application and success.

Reasons for Proposals

5. To ensure effective external and internal audit functions and cost effective services.

Michael Hudson
Director of Finance, S.151 Officer

Report author: Michael Hudson
01225 713601
michael.hudson@wiltshire.gov.uk

Unpublished documents relied upon in the preparation of this Report: None.

Appendices: A – KPMG / SWAP Protocol



cutting through complexity™

Joint Internal Audit Protocol 2012/13

Page 31

Dorset County Council

Dorset Fire

Dorset Police

West Dorset District Council

Weymouth and Portland Borough Council

Wiltshire Council

August 2012

AUDIT

	Page
Report sections	
■ Engagement team	2
■ Introduction	3
■ General arrangements	4
■ Audit of the financial statements	5
Appendices	
■ Appendix A – Summary of controls to be tested	7

This report is addressed to the Authorities and has been prepared for the sole use of the Authorities. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission’s website at www.auditcommission.gov.uk.

External auditors do not act as a substitute for the audited body’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG’s work, in the first instance you should contact Harry Mears or Chris Wilson, the appointed engagement leads to the Authorities, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG’s work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission’s complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by email to complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421.



Engagement Team

The contacts at KPMG in connection with this protocol are detailed here:

Page 33

Key Contact Name	Contact Details	Authority
Chris Wilson	<i>Partner, KPMG LLP (UK)</i> Tel: 011 89642238 christopher.wilson@kpmg.co.uk	Wiltshire Council
Harry Mears	<i>Associate Partner, KPMG LLP (UK)</i> Tel: 023 80202093 harry.mears@kpmg.co.uk	Dorset County Council Dorset Fire Authority Dorset Police Authority West Dorset District Council Weymouth & Portland Borough Council
Darren Gilbert	<i>Senior Manager, KPMG LLP (UK)</i> Tel: 029 2046 8205 darren.gilbert@kpmg.co.uk	Dorset County Council Wiltshire Council
Claire Hollick	<i>Senior Manager, KPMG LLP (UK)</i> Tel: 023 80206000 claire.hollick@kpmg.co.uk	Dorset Fire Authority Dorset Police Authority West Dorset District Council Weymouth & Portland Borough Council
John Oldroyd	<i>Manager, KPMG LLP (UK)</i> Tel: 023 80202055 john.oldroyd@kpmg.co.uk	Dorset County Council
Alex McCabe	<i>Assistant Manager, KPMG LLP (UK)</i> Tel: 023 80202026 alexander.mccabe@kpmg.co.uk	Dorset County Council Dorset Fire Authority Dorset Police Authority
Rob Laidler	<i>IT Manager, KPMG LLP (UK)</i> Tel: 011 79054251 robert.laidler@kpmg.co.uk	Dorset County Council Wiltshire Council

This document sets out KPMG's approach to the audit of key controls in place at Dorset County Council, Dorset Fire, Dorset Police, West Dorset District Council, Weymouth and Portland Borough Council and Wiltshire Council ("the audited bodies").

Purpose and structure of this document

Auditing standards and KPMG policy in the UK prohibit auditors from seeking direct assistance from Internal Audit. We are, however, permitted to review any audit work that may have been carried out with a view to potentially placing reliance on this work, to support our work in relation to the audited bodies' financial statements. We therefore use joint working agreements, such as this document, to share information on possible testing that Internal Audit may choose to undertake, which would facilitate our ability to rely upon it.

This document identifies those key areas where KPMG may seek to rely on the controls operated by management over its financial systems.

The aim of this document is to link together all the mutual clients of KPMG and South West Audit Partnership (SWAP) and to produce one common working protocol between internal and external audit to enable efficiencies of working together.

Key Contacts

For the purposes of reviewing any work undertaken by Internal Audit or for regular discussion of their findings, our main contact within SWAP is Dave Hill (email: Dave.Hill@southwestaudit.gov.uk).

Suggested actions

This document is addressed to the audited bodies' management who may wish to share it with their Internal Auditors. Where the testing detailed in this document is undertaken by Internal Audit, we may seek to rely on this work in order to avoid duplication of work and increased costs to the audited bodies.

We have included in Appendix A a list of the controls we would expect to rely on in relation to our audit of the financial statements, and our testing requirements in relation to these. Internal Audit should confirm to us where their work will incorporate the testing specified.

Scope and responsibilities

The main areas where KPMG seeks to rely on work performed by Internal Audit centres on our responsibility as external auditors to give an independent assessment of:

- Whether the statements of accounts fairly present the financial position of the audited bodies and their income and expenditure accounts and balance sheets for the year in question, have been properly prepared in accordance with the appropriate legislation; and
- The adequacy of the audited bodies' arrangements for ensuring the economic, efficient and effective use of resources.

In completing this role we will have regard to both the adequacy of the audited bodies' financial systems and the adequacy of their arrangements for preventing and detecting fraud and corruption.

Internal Audit support these responsibilities primarily through cyclical reviews of systems. The following additional responsibilities also indirectly contribute:

- Ad hoc investigations into suspected fraud or corruption;
- Input to systems development and replacement; and
- Advising the audited bodies on the implementation of national initiatives.

Working together

In order to ensure that an effective working relationship is maintained, KPMG will, with Internal Audit:

- Discuss the risk assessment underlying our respective audit plans, to determine who is best placed to audit areas of common interest;
- Share terms of reference and final reports for specific reviews, including those performed by specialists (e.g. IT reviews);
- Share details of specific review kick-off meetings and debriefs, to give teams the opportunity to attend meetings; and
- Attend meetings of the Audit Committee, where necessary for our reports to be presented.

Where we have identified the opportunity to rely on work performed by Internal Audit, we will consider the findings of their report and review the supporting audit files. Auditing standards also require that we re-perform an element of Internal Audit's work, in order to place reliance on it.

Planning and liaison

Internal Audit's operational plan is fine-tuned, taking into account any carried forward risk from the previous year and/or local developments, on an annual basis. We will review the strategic and annual planning processes as part of our overall procedures for assessing the adequacy of internal audit arrangements (see 'Internal Audit effectiveness' below).

Regular liaison between the Head of Internal Audit and the KPMG Audit Managers will take place, typically through meetings. Standard agenda items are likely to include:

- Update against Internal Audit's and KPMG's audit plans.
- Confirmation of reports finalised.
- Confirmation of fraud flashes and warning bulletins issued and resulting "hits".
- Significant concerns about financial systems or the financial performance of the client.
- Details of special investigations.
- Other issues, for example Internal Audit involvement in system development work or new requirements from the Audit Commission

KPMG and Internal Audit will distribute finalised reports to each other, after the agreement of the findings with the audited bodies.

Internal Audit effectiveness

On a cyclical basis, and as a precursor to reliance on Internal Audit's work, KPMG will perform an overall management arrangements review of the Internal Audit function. The scope of this review will be shared with Internal Audit as part of this process. On an annual basis, through our audit approach we are required to form a judgement on the adequacy of the internal audit functions. Specifically we are required to review the risk based internal audit plan to ensure that Internal Audit have reviewed all high risk financial systems on an annual basis and medium risk financial systems on a cyclical basis.

The findings arising from the review will be sent in draft to the Head of

Internal Audit and the action plan discussed before it is shared with the audited bodies.

Review of IA working papers

Where KPMG intend to place reliance on Internal Audit work we will undertake a detailed review of their working papers. This encompasses the scope of work, sample sizes, audit evidence and review procedures. Work may be reviewed and reliance planned when work is not quite complete (for example, testing not complete, file not reviewed), however, KPMG will revisit the work to check appropriate completion later in the audit year.

The review of files will be arranged at a mutually convenient time and place. We would envisage this during our interim (financial systems) audit, which would typically take place between February and April of each financial year. KPMG will also re-perform Internal Audit's testing on a sample basis. Should the results of the review reveal particular strengths or weaknesses in the audit process these will be discussed with the Head of Internal Audit as soon as possible.

External Audit responsibilities

Under the Audit Commission's Code of Audit Practice external auditors are required to provide assurance that financial statements are: *"... free from material misstatement, whether caused by fraud or other irregularity or error;... comply with statutory and other applicable requirements...and comply with all relevant requirements for accounting presentation and disclosure"*

In addition, part of KPMG's approach is to work to understand the events, transactions and practices that, in our judgement, may have a significant effect on the financial statements, supporting our accounts objective. At our interim audit this involves using our knowledge of the financial systems to identify and test the overall high-level controls, for example reconciliations, which provide assurance over the figures used to prepare the accounts. This work will draw on that of Internal Audit where possible.

Consideration of Fraud Risk

As part of our audit we assess the risk of fraud in accordance with the revised International Standard on Auditing 240, *The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements* (revised ISA 240). We consider this standard to be a key component in ensuring the quality of audits, which is the cornerstone of our audit practice. Part of this process is to pragmatically and realistically consider fraud risk factors and plan our audit accordingly. We complete this through the incorporation and consideration of fraud risk concerns within our Fraud Audit Program. This provides our team with a step-by-step approach in their consideration of risk of material misstatement due to fraud in each phase of the audit process and addresses relevant documentation requirements.

The role of internal auditors is to ensure that a risk based approach is adopted to the audit of the audited bodies' systems of internal financial control. Additionally, Internal Audit should ensure that it performs its work while paying due regard to the risk of fraud and corruption as part of its risk based approach.

In addition, information in this area is required to flow both to and from the Audit Commission, in particular:

- *Flow of information to the Audit Commission* - auditors are required to return AF70 forms to the Audit Commission for any proven fraud with a value in excess of £10,000. We would ask that Internal Audit in their capacity take responsibility for completion of these forms as part of the routine investigation of cases of fraud.
- *Flow of information from the Audit Commission* – from time to time the Audit Commission publishes warning bulletins and fraud flashes. These will be passed to Internal Audit promptly for action. Internal Audit will inform KPMG of any “hits” and the subsequent action taken.

To ensure that there is on-going liaison Internal Audit will inform KPMG of all investigations as soon as possible. Where directed by

management, Internal Audit will also assist in ensuring that appropriate action is taken in response to the National Fraud Initiative (NFI) that is currently performed every two years by the Audit Commission.

Minimum sample sizes

KPMG's approach to testing significant financial systems ensures that we test samples taken throughout the financial year, although these do not need to cover the entire financial year (for example, alternate months across the year). For clarity, those controls upon which KPMG aim to rely on an annual basis for each Authority are set out in *Appendix A*. To ensure that we obtain sufficient assurance over the operation of these controls our samples (and therefore those of internal audit work on which we are to rely) must meet the certain minimum sample size criteria.

The extent of testing also depends on the risk of failure of the control being tested, which is the risk that the control might fail and, if it failed, that a material misstatement in the financial statements would result. We consider the following factors when assessing the risk of failure associated with a control:

- the nature and materiality of the misstatements which the control is designed to prevent or detect;
- the inherent risk associated with the relevant significant account and assertions;
- whether there have been changes in the volume or nature of transactions over which the control operates;
- the competence of the personnel who perform the control or monitor its performance, and whether there have been changes in such personnel;
- the complexity of the control and the significance of the judgments that must be made in connection with its operation; and
- whether the significant account has a history of errors.

This page reflects the minimum levels of the sample sizes for testing of the controls, presented in Appendix A.

Our audit work is completed in accordance with the KPMG Audit Manual (KAM). The KAM sets out standards to which we must adhere in our audit work. Similarly, if we are seeking to rely on the work of internal auditors, their testing would need to meet KAM requirements to avoid the need for us to carry out extra work.

In order to place reliance on this work, we expect working papers to demonstrate that:

- An appropriate sample size has been used;
- The sample has been appropriately selected – for example, details of where the sample was chosen from and how it was selected being set out on the working paper; and
- The testing covers the whole financial year, or year to date.
- The required work should include walkthroughs (testing of a single case to verify the documentation of systems and controls), testing of design, implementation and operation of controls.

It is important to apply a flexible approach to sample testing, for example:

- **If the expected control set out in this protocol does not operate in the Council (for example because of the way in which a system is configured), then it is important to consider whether there are alternative or compensating controls which exist that meet the objective and, if so, test these instead;** and
- **If sample testing identifies any errors** (for example, the inconsistent application of a control or lack of documentation that the control has operated) then it is **important for the auditor to consider whether additional sample testing is necessary, or if there are compensating controls which may provide the required assurance**, before concluding on the operating effectiveness of that control (the results of the original sample testing should of course be documented and reported appropriately).

It should be noted that our review of these controls considers the effectiveness of their design, their implementation and their effective operation. We are required by auditing standards to perform ‘walkthroughs’ of controls within a system to confirm that the controls are being implemented in a way consistent with our understanding. In order for us to rely on walkthroughs conducted by Internal Audit, these must document all relevant information, including transaction references at each stage of the process.

Frequency of control activity	Risk of Control is Lower The minimum sample size is:	Risk of failure of Control is Higher The minimum sample size is:
Quarterly	2 transactions or events (including period end)	2 transactions or events (including period end)
Monthly	2 transactions or events	3 transactions or events
Weekly	5 transactions or events	8 transactions or events
Daily	15 transactions or events	25 transactions or events
More than daily	25 transactions or events	40 transactions or events

We expect Internal Audit working papers to enable us to clearly identify the relevant factors for each area reviewed.

The KAM methodology aims to secure compliance with International Standards on Auditing (UK and Ireland) (ISAs). One key standard is ISA230 *Audit Documentation*.

We expect that the Internal Audit work we rely on enables us to meet the requirements of imposed by the ISA. In order to ensure compliance, we expect Internal Audit working papers to enable us to clearly identify the following factors for each area reviewed:

- Nature, timing and extent of audit procedures performed;
- Results of procedures and evidence obtained; and
- Significant matters arising, and conclusions reached.

We therefore expect the information contained within the audit files to detail the following for each high level control reviewed:

Feature of audit documentation	Purpose
Documentation of the identifying characteristics of specific items or matters being tested	Recording the identifying characteristics serves a number of purposes. It enables the audit team to be accountable for its work and facilitates the investigation of exceptions or inconsistencies. Identifying characteristics will vary with the nature of the audit procedure and the item being tested, for example: <ul style="list-style-type: none"> • For a detailed test of purchase orders, the auditor may identify the documents for testing by their dates and unique purchase numbers; • For a procedure requiring selection or review of all items over a specific amount from a population, the scope of the procedures, and population may be identified (for example, all journal entries over a specified amount from the journal register).
Significant matters	Judging the significance of a matter requires an objective analysis of the facts and circumstances. These may include: <ul style="list-style-type: none"> • Matters that give rise to significant risk; • Results of audit procedures indicating that financial information could be materially misstated; • Circumstances which cause the auditor significant difficulty in applying necessary audit procedures; and • Findings which could result in a modification to the auditor’s report (or, in the case of Internal Audit, this might be a significant matter which could lead to a “no assurance” opinion for the review). Discussions of a significant matter with officers should be documented on a timely basis.
Identification of Preparer and Reviewer	In documenting the nature, timing and extent of audit procedures performed, the auditor should record: <ul style="list-style-type: none"> • Who performed the audit work, and the date such work was completed; and • Who reviewed the audit work performed, and the date and extent of such review.



Appendix A Summary of controls to be tested

This appendix records the key controls that KPMG seek to test on an annual basis, to support our opinion on the accounts. Sample sizes for testing of controls should meet or exceed the minimum levels on page 6.

Key:

Blue: All Authorities

Green: DCC only

Orange: West Dorset, Weymouth and Portland and Wiltshire Council only.

Purple: Wiltshire Council only.

Grey: DCC and WC only.

Control	Specific area of testing	Detailed testing requirements
Debtors		
Periodic reconciliations of the general ledger to all material debtors codes/systems	Discuss with management the process for the reconciliation and review between the income/sundry debtors system and the general ledger, using one reconciliation as an example, showing how it is performed and any follow up of reconciling items.	For a sample in line with the sample size set out on page 6, confirm that reconciliations have been produced on a timely basis and evidenced as reviewed. Confirm that balances can be supported, no material reconciling items exist and the reconciliation casts.
Periodic reconciliation of the debtors system to the cash receiving system.	Discuss with management the process for the reconciliation and review between the debtors system and the cash receiving system, using one reconciliation as an example, obtaining explanations for any significant reconciling items.	For a sample in line with the sample size set out on page 6, confirm that reconciliations have been produced on a timely basis and evidenced as reviewed. Confirm that balances can be supported, no material reconciling items exist and the reconciliation casts.
Periodic production and independent review of sundry debtors arrears reports.	Review a sample of debtors arrears reports in line with sample sizes as set out on page 5, from the audited year to ensure that they are produced and independently reviewed with the frequency prescribed by the Authority's financial procedures.	Select a sample of debtors that are of an age such that recovery action should have been instituted and confirm with management the action being taken to recover them. Review the process and obtain supporting documentation, such as email trails, to confirm this process is being followed.
	Ensure that there are appropriate authorisation levels in place for the write-off of debtors. Discuss how this is distributed to staff.	Confirm that the write-off of debtors has been undertaken on a regular basis in line with the audited bodies' SFIs and SOs. Select a sample of write-offs across each service area and confirm that the appropriate authorisation has been obtained.
Monthly monitoring of income against budget.	Discuss with management the process for reviewing budgetary control information produced to ensure that income variances against budget are identified, reported and robustly investigated. Use one month as an example to follow the process through, ensuring that it has been performed and reviewed in line with management's assertions.	For a sample in line with the sample size set out on page 6, check that the reports were produced each month, and that information contained is consistent with the general ledger.
		For sampled months, identify all material variances and obtain evidence from management accountants to confirm that the variance has been robustly investigated and explanations documented.
<i>Walkthroughs: Setting up a new account; Invoice raising and dispatch; Cash receipting; Arrears Recovery; Debtors system updating of the general ledger.</i>		

Appendix A Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Non pay expenditure and creditors		
Periodic reconciliation of the creditors system to the general ledger.	Discuss with management the process for the reconciliation between the creditors system and the general ledger, agreeing significant reconciling items to source systems or other supporting documentation. Use one reconciliation as an example to walk through.	For a sample in line with the sample size set out on page 6, confirm that reconciliations have been produced on a timely basis and evidenced as reviewed. Confirm that balances can be supported, no material reconciling items exist and the reconciliation casts.
Implementation of procurement policy	Discuss with management the process for new contracts/supplier arrangements. Obtain the official documentation disseminated to staff detailing the process. For one purchase ensure it is followed.	For a sample in line with the sample size set out on page 6, Confirm that the authority has complied with the procurement policy for a sample of new contracts (eg where OJEU notices may be required, range of tenders obtained, checks on new suppliers)
Authorisation of purchase invoices and matching against PO and GRN.	Discuss with management how trade and non trade purchase invoices are authorised and matched against PO and GRN. Walk through one purchase invoice paid in year to ensure this process is followed.	For a sample in line with the sample size set out on page 6, ensure authorisation for purchase invoices is obtained from an appropriate person and within their authority limit. Ensure that it has been matched to a PO and GRN as appropriate.
Independent review of exceptions – e.g. payments to new suppliers, potentially duplicated payments, payments over a certain size	Discuss with management the process for production and review of any exception reports, frequency of reports and what they cover. Review one report which has been produced and ensure it is consistent with management's assertion.	For a sample in line with the sample size set out on page 6, ensure that payments requiring exception review, have had formal sign off. Scan review payment records and document frequency of payment made that would require exception review.
Monthly monitoring of non-pay expenditure against budget.	Discuss with management the process for reviewing budgetary control information to ensure that non pay expenditure variances against budget are identified, reported and robustly investigated. Use one month as an example to follow the process through, ensuring that it has been performed and reviewed in line with management's assertions.	For a sample in line with the sample size set out on page 6, check that the reports were produced each month, and that information contained is consistent with the general ledger. For sampled months, identify all material variances and obtain evidence from management accountants to confirm that the variance has been robustly investigated and explanations documented.
<i>Walkthroughs: Setting up a new supplier; Raising orders; Receipting Goods; Invoice processing (including 3 way match of order, goods received note and invoice); Creditors system update to general ledger.</i>		

Appendix A Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Housing and Council Tax Benefits – WDDC, WPBC and WC only		
Periodic reconciliation of Council Tax system to the Benefits system.	Discuss with management the process for the reconciliation of all benefits between the Council tax system and the benefits system, obtaining explanations for significant reconciling items. For one month review the reconciliation performed and ensure it is performed and reviewed in line with management's assertions.	For a sample in line with the sample size set out on page 6, confirm that reconciliations have been produced on a timely basis and evidenced as reviewed. Confirm that balances can be supported, no material reconciling items exist and the reconciliation casts.
Periodic reconciliation of the Housing Benefit system to the general ledger.	Discuss with management the process for the reconciliation. For one reconciliation ensure that it has been performed and reviewed in line with management's assertions. Obtain explanations for significant reconciling items.	For a sample in line with the sample size set out on page 6, confirm that reconciliations have been produced on a timely basis and evidenced as reviewed. Confirm that balances can be supported, no material reconciling items exist and the reconciliation cast.
Periodic reconciliation of the Council Tax Benefits per the Council Tax system to the general ledger.	Discuss with management the process for the reconciliation of all benefits between the benefits system and the general ledger. For one reconciliation ensure that it has been performed and reviewed in line with management's assertions, obtaining explanations for significant reconciling items.	For a sample in line with the sample size set out on page 6, confirm that reconciliations have been produced on a timely basis and evidenced as reviewed. Confirm that balances can be supported, no material reconciling items exist and the reconciliation casts,.
Exception reporting (e.g. to identify un-presented cheques)	Discuss the requirement for any exception reports which are produced and the frequency of production with management. Discuss the process for review and authorisation. For one report ensure that this has been performed in line with management's assertions.	For a sample of payment reports requiring exception reports, as per the sample sizes on page 6, confirm that formal sign off of the review exists. Scan review payment records and document frequency of payment made that would require exception review.
<i>Walkthroughs: Will be performed as part of the HBCTB grant claim audit performed by KPMG.</i>		

Appendix A
Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Housing Rent –WC only		
Periodic reconciliation of the rents system to the cash receipting system	Discuss the reconciliation process with management, ensuring it picks up all incoming rents. Assess whether the reconciliation, follow up of reconciling items and review are appropriate and timely. For one reconciliation ensure it has been performed in accordance with management’s assertions.	For a sample in line with the sample sizes on page 6, confirm that reconciliations have been produced in a timely fashion and have been evidenced as prepared and reviewed. Confirm that the reconciliation casts and agree systems balances and significant reconciling items to supporting documentation.
Periodic reconciliation of the rents system to the general ledger	Discuss the reconciliation process with management, ensuring it picks up all rents. Assess whether the reconciliation, follow up of reconciling items and review are appropriate and timely. For one reconciliation ensure it has been performed in accordance with management’s assertions.	For a sample in line with the sample sizes on page 6, confirm that reconciliations have been produced in a timely fashion and have been evidenced as prepared and reviewed. Confirm that the reconciliation casts and agree systems balances and significant reconciling items to supporting documentation.
Periodic review and reporting of arrears levels and rent accounts in credit	Ensure that arrears reports are produced routinely Confirm whether the control is designed in such a way that it would prevent and detect material misstatement or fraud.	For a sample in line with the sample sizes on page 6, ensure arrears reports and accounts in credit have been independently reviewed throughout the year with appropriate action taken.
<i>Walkthroughs:</i>		

Appendix A
Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
School Information Management Systems (SIMS) –DCC and WC		
Periodic reconciliation of the SIMS system to the general ledger	Discuss the reconciliation process with management. Assess whether the reconciliation, follow up of reconciling items and review are appropriate and timely. For one reconciliation ensure it has been performed in accordance with management’s assertions.	For a sample of reconciliations in line with the sample sizes on page 6, confirm that reconciliations have been produced in a timely fashion and have been evidenced as prepared and reviewed. Confirm that the reconciliation casts and agree systems balances and significant reconciling items to supporting documentation.
Production and review of exception reports (e.g. to identify individual items of significant expenditure)	Discuss the exception report process with management, ensuring it picks up all relevant, potential exceptions. Assess whether the follow up and investigation of exceptional items and review are appropriate and timely. For one report ensure it has been reviewed in accordance with management’s assertions.	For a sample of payments, in line with the sample sizes on page 6, highlighted by the exception report, confirm that these agree to supporting documentation
Reconciliation of schools bank balances	Discuss the process for reconciliations with management, including the process for investigating reconciling items and review. For one reconciliation ensure that this process has been followed.	For a sample in line with the sample sizes on page 6, confirm that reconciliations have been performed on a timely basis and evidenced as reviewed. Agree systems balances and significant reconciling items to supporting documentation. Ensure all bank accounts with a significant balance and all frequently used bank accounts are considered.
<i>Walkthroughs: None</i>		

Appendix A Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Payroll and pensions/IAS 19		
Periodic reconciliation of the payroll system to the general ledger.	Discuss with management the frequency of reconciliation between the payroll system and general ledger. For one reconciliation ensure it has taken place and reconciling items have been appropriately followed up and that the reconciliation is evidenced as reviewed.	For a sample in line with the sample sizes on page 6, confirm that reconciliations have been produced on a timely basis and evidenced as reviewed.
		Confirm that balances can be supported, no material reconciling items exist and the reconciliation casts.
Periodic reconciliation of the payroll system to personnel records.	Ensure that personnel and payroll records are reconciled periodically with respect to: <ul style="list-style-type: none"> • numbers of staff • hours/WTE basis of staff • pay grades of staff 	For a sample in line with the sample sizes on page 6, confirm that reconciliations have been produced on a timely basis and evidenced as reviewed.
		Re-perform the year end reconciliation, and one further reconciliation from the audited year to ensure that it was appropriately completed.
Either:		
Authorisation of starters and leavers.	Discuss with management the formal process for authorising new starters and what is required before they can start work, eg signed contract, right to work in UK etc. For leavers discuss the process for notification to HR and payroll. For one starter per the payroll system and one leaver per HR, ensure this process has been followed appropriately.	For a sample of joiners in line with the sample sizes on page 6, obtain signed copy of starters form, right to work in UK and signed contract and ensure that individual is added to the payroll in a timely fashion.
		For leavers agree the individuals leaving date to their leavers form and ensure that the individual is removed from the payroll in a timely manner.
Or:		
Periodic circularisation of establishment lists to Chief Officers / Budget Holders	Discuss with management whether establishment lists are been circularised to Chief Officers / Budget Holders on a monthly basis and discuss the process for review and investigation of any variances.	Review a sample of months, in line with the sample sizes on page 6, to ensure that positive confirmation of employee validity was received in all cases, and that action was taken to resolve issues.
Production and independent review of exception reports –e.g. movement in individual net pay >10% (not practical for DCC due to size of report)	Discuss what exception reports are produced with management, the process for investigating the exceptions and the review process. For one report ensure this process has been followed.	For a sample of exception reports as per the sample sizes on page 6, confirm that formal sign off of the review exists and that exceptional items have been appropriately investigated.
Management review of BACS payment run	Discuss with management how the payroll BACS runs are authorised. For one run ensure this process has been followed.	For a sample of BACS payment runs as per the sample sizes on page 6, ensure appropriate authorisation took place.

Appendix A Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Pension Fund audits – DCC and WC		
Authorisation of benefit payments to include lump sums on death, lump sums on retirement and transfer out payments.	Discuss the review and authorisation process for calculations of benefits on death, retirees and transfers out.	For a sample of lump sums on death, retirement and transfers out obtain copies of signed leaver forms and benefit calculations. Ensure that the benefit calculation and subsequent payment has been reviewed and authorised. For death benefits ensure that there is a death certificate on file.
Production and independent review of exception reports produced for pension payroll	Discuss the process for the production and review of exception reports. Ensure this is appropriate and for one report ensure this has been performed in line with our understanding.	For a sample of payments highlighted by the exception report, confirm that there is evidence of investigation and formal sign off of the review.
Authorisation of starters and leavers to the pension payroll	Discuss the process for adding and removing employees from the pension scheme. Ensure that this is appropriate. For one starter per the system, and one leaver per HR, ensure that the process has been performed appropriately and in a timely manner.	For a sample in line with the sizes on page 6, obtain signed copy of starters form and ensure that individual is added to the payroll accurately and in a timely fashion in accordance with the pension calculation. For a sample of leavers in line with the sizes on page 6, agree the individuals leaving date to their leavers form and death certificate. Ensure that the individual is removed from the payroll in a timely manner.
Periodic reconciliation of the pension payroll system to the general ledger	Discuss the reconciliation and review process with management. Ensure it is appropriate and done in a timely manner. For one reconciliation ensure that it has been performed and reconciling items appropriately followed up.	Confirm that reconciliations have been produced in a timely fashion and have been evidenced as prepared and reviewed. Confirm that the reconciliation casts and any material reconciling items exist and agree to supporting documentation.
Bank reconciliations	Discuss the reconciliation and review process with management. Ensure it is appropriate and done in a timely manner. For one reconciliation ensure that it has been performed and reconciling items appropriately followed up.	Confirm that reconciliations have been produced in a timely fashion and have been evidenced as prepared and reviewed. Confirm that the reconciliation casts and agree systems balances and significant reconciling items to supporting documentation.

Appendix A Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Pension fund audits – DCC and WC		
Evidence of regular discussions with Governors and the actuary on the pension deficit. (relates to DCC and WC only)	Ensure that discussions regarding the pension deficit have taken place during the year.	Obtain copies of any meeting minutes or notes available to confirm that appropriate discussions have taken place.
Management approval of IAS 19 assumptions. (relates to DCC and WC only)	Ensure that the assumptions used by the actuary in the IAS 19 valuation have been reviewed and approved by management.	Confirm that management have reviewed and approved the IAS 19 assumptions through enquiry, and observation of any supporting documentation. Eg. formal sign off.
<i>Walkthroughs: New Starters; Permanent amendments; Temporary amendments; Leavers; Payroll payment runs; Processing of payroll transactions into the general ledger.</i>		
Capital accounting and asset management (DCC)		
Five-year rolling programme of revaluation for fixed assets held at current cost	Ensure that the Authority has complied with its revaluation programme in the year and that all assets accounted for on a current value basis have been re-valued within the last five years.	Obtain from the asset register a report detailing all assets revalued in the year to date. Confirm that entries reconcile back to the list of assets scheduled for revaluation in year and any disposals undertaken.
		Confirm the five largest revaluations back to third party supporting evidence provided by the valuer.
		Ensure that all assets have had a professional valuation prior to disposal.
Annual impairment review of tangible and intangible fixed assets	Obtain a list of officers responsible for assessing whether impairment review of assets is necessary.	Consider the findings of the Authority's impairment review.
		Ensure that both types of impairment (market value or consumption of economic benefits) have been considered and that the Authority has made an impairment with the appropriate accounting treatment where the need for an impairment is identified.
		Confirm for a sample of 5 impairments and 5 other changes identified as part of the control process that the fixed asset register has been updated as required.

Appendix A Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Periodic reconciliation of the fixed asset register to the general ledger	Obtain a listing of all the general ledger codes used to record fixed asset expenditure and annotate this to show what reconciliation is performed to confirm the accuracy of each code	Review the year end reconciliation (and one further reconciliation from the audited year if the reconciliation is more than annual) between the fixed asset register and the general ledger, agreeing significant balances to supporting documentation. Consider comparing the asset register to other records –e.g. Asset Management Plan.
Review of capital expenditure against the capital programme	Discuss with management how often the expenditure against the programme is monitored and how variances against expectations investigated and documented. For one review ensure this has been appropriately performed.	For a sample in line with that on page 6, confirm that capital expenditure information used is consistent with the general ledger. Obtain an explanation for any material variances against the capital programme in those reconciliations.
Periodic physical verification of tangible fixed assets	Obtain a list of assets scheduled for verification in year & confirm whether this has been undertaken as planned.	Review the documentation of the latest physical verification/reconciliation exercise for fixed assets. Confirm that positive confirmation was received from all relevant managers, and that discrepancies raised have been resolved and the general ledger updated.
Controls in relation to accuracy of depreciation, eg. reconciliation of movement in depreciation from prior year to movement in fixed asset balance. (DCC only)	Discuss with management how often the depreciation charge is reviewed and the process for investigating variances and documentation of review. For one review ensure it has been completed in line with management assertions.	Select a sample of monthly reviews, in line with sample sizes as set out on page 6, from the audited year, and obtain evidence that depreciation review has been completed on a timely basis and evidenced as reviewed..
<i>Walkthroughs: Capital programme setting; Capital Expenditure; Reconciliation between the fixed asset register and the general ledger.</i>		

Appendix A Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Treasury management		
Monthly reconciliation of bank accounts and cash receipting system to the general ledger and cash book.	Discuss the process for reconciliations with management, including the process for investigating reconciling items and review. For one reconciliation ensure that this process has been followed.	For a sample in line with the sample sizes on page 6, confirm that reconciliations have been performed on a timely basis and evidenced as reviewed.
		Agree systems balances and significant reconciling items to supporting documentation and ensure reconciliation casts.
		Ensure all bank accounts with a significant balance and all frequently used bank accounts are considered.
Reconciliation of the cash receipting system to the general ledger (WC)	Re-perform a sample of reconciliations between the cash receipting system and the general ledger, obtaining explanations for any significant reconciling items.	<p>Confirm that reconciliations have been produced in a timely fashion and have been evidenced as prepared and reviewed.</p> <p>Confirm that the reconciliation casts and any material reconciling items exist and agree to supporting documentation</p>
Reconciliation of investment/borrowing records to the general ledger	Discuss the process for reconciliations with management, including the process for investigating reconciling items and review. For one reconciliation ensure that this process has been followed.	For a sample in line with the sample sizes on page 6, confirm that reconciliations have been performed on a timely basis and evidenced as reviewed.
		Agree systems balances and significant reconciling items to supporting documentation and ensure reconciliation casts.
		Confirm for a sample of short term investments and short term loans that the dates on which interest is payable and receivable are correctly flagged on the treasury management system
<i>Walkthroughs: None</i>		

Appendix A Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Collection of local taxes (WPBC, WDCC and WC only)		
Periodic reconciliation of Council Tax and NNDR systems to the general ledger	Discuss the reconciliation process with management, including the follow up of reconciling items and review process. For one reconciliation ensure that it has been completed and reviewed in line with management's assertions.	For a sample in line with the sample sizes on page 6, confirm that reconciliations have been performed on a timely basis and evidenced as reviewed. Ensure that reconciling items are supported by evidence and the reconciliation casts.
Periodic reconciliation of the Council Tax and NNDR systems to the cash receipting system.	Discuss the reconciliation process with management, including the follow up of reconciling items and review process. For one reconciliation ensure that it has been completed and reviewed in line with management's assertions.	For a sample in line with the sample sizes on page 6, confirm that reconciliations have been performed on a timely basis and evidenced as reviewed. Ensure that reconciling items are supported by evidence and the reconciliation casts.
Periodic reconciliation of Council Tax and NNDR systems to the Valuation Office listing.	Discuss the reconciliation process with management, including the follow up of reconciling items and review process. For one reconciliation ensure that it has been completed and reviewed in line with management's assertions.	For a sample in line with the sample sizes on page 6, confirm that reconciliations have been performed on a timely basis and evidenced as reviewed. Ensure that reconciling items are supported by evidence and the reconciliation casts.
Independent review of exceptions: e.g. banding changes; suppressed accounts; overpayments and refunds.	Confirm that independent exception reviews of the Council Tax and NNDR systems are routinely performed. For one reconciliation ensure that it has been completed and reviewed in line with management's assertions.	For a sample of exception reports confirm that they have been produced and reviewed in accordance with the Authority's timetable throughout the financial year. For a sample of exceptions requiring review, confirm that evidence of this review exists.
Amendments to standing data require appropriate authorisation.	Confirm that changes to NNDR standing data are appropriate and authorised.	Obtain confirmation of annual rise in NNDR rate. Confirm that the increases have been accurately input and authorised.
	Confirm that changes to council tax standing data are appropriate and authorised.	Obtain minutes of Executive meetings to confirm the annual council tax Band D increase. Confirm that the Band D increase and other changes to standing data have been accurately input and authorised.

Appendix A Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Periodic production and independent review of Council Tax and NNDR arrears and credit reports.	Ensure that Council Tax and NNDR arrears reports are produced routinely.	Confirm that a sample of arrears reports, based on the sample sizes on page 6, have been independently reviewed throughout the year with appropriate action taken.
<i>Walkthroughs: Confirm that a sample of arrears reports have been independently reviewed throughout the year with appropriate action</i>		
General ledger & financial accounting		
Access to the ledger and other IT systems is controlled and monitored	Confirm that appropriate password and access controls exist over the ledger and other IT systems	Obtain a list of all individuals with ledger / system access. For a sample of officers known to have recently left the audited body, confirm that these individuals no longer have access or profiles set up on the system. From the list of employees with ledger access, select a sample of employees and confirm that: - Each is an individual current employee of the audited body - Their system access is the minimum necessary to perform their role e.g. debtors clerks have access only to debtors ledger etc - Their ledger access and changes to it are supported by authorisation from their line manager or HR
	Exception reports are produced on a regular basis to monitor ledger use, for example to identify inactive user profiles, or ledger use at an unusual time or of an unusual nature	Document the range and frequency of exception reports produced. Test a sample of reports to confirm they were produced, reviewed and evidence of action taken documented.
Budgetary control: Management review of revenue income and expenditure against budget	Review budgetary control information produced to ensure that income and expenditure variances against budget are identified, reported and robustly investigated.	Select a sample of reports of income and expenditure against budget and check that they were produced for each month, and that the information contained is consistent with the general ledger.
		For sampled months, identify all material variances and obtain evidence from management accountants to confirm that the variance has been robustly investigated and explanations documented.

Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Journal entries to the general ledger are appropriately controlled	All journal entries are appropriately documented and reviewed by a second officer	<p>From general ledger records, obtain a sample of journal transactions posted by a sample of different officers. For each journal, confirm that:</p> <ul style="list-style-type: none"> - The accounting logic of the journal is appropriate; - The value of debits and credits posted is confirmed by supporting evidence; - An audit trail of who, when and why the journal was posted is retained; and - The journal has been reviewed by an appropriate second officer, and evidence of this documented. <p>-Consider using appropriate sampling software to determine any journals posted at a weekend, ending in 999 and duplicated entries</p>
	The ledger software will not allow one sided or unbalanced journal entries to be made.	Witness a member of staff trying to post a one-sided journal and an unbalanced journal.
Feeder systems are reconciled with the general ledger	Confirm that all material feeder system reconciliations are properly carried out	<p>Obtain a listing of ledger codes. Identify all those codes which receive material transactions from a feeder system or sub-ledger.</p> <p>In each case, confirm that a reconciliation process exists to confirm the accurate transfer of data between the ledger and feeder system, and document the frequency of this.</p> <p>For each reconciliation identified, confirm that a sample of reconciliations have been performed with the frequency and timeliness expected during the year to date.</p> <p>For each reconciliation tested, re-perform in detail, including:</p> <ul style="list-style-type: none"> - Agreeing balances to the ledger and feeder system; - Obtaining support for the validity of reconciling items; - Confirming that the reconciliation was reviewed by a second officer and that this was documented.

Appendix A
Summary of controls to be tested (continued)

Control	Specific area of testing	Detailed testing requirements
Suspense accounts are robustly reviewed and reconciled	All suspense accounts are reconciled on a regular basis, and action taken to ensure they do not contain material balances, supported by evidenced management review	Obtain a list of all suspense codes on the ledger. Ensure that each is reconciled on a regular basis and that no material items remain (either on a gross or net basis).
Closing balances from the prior year are accurately rolled forward to current year opening balances	Confirm that all current year opening balances are consistent to the closing balances reported in the audited prior year statutory accounts.	Obtain a ledger report of all opening balances (or trial balance as at 1 April 2011). Annotate all balances, including zero balances, to confirm that they agree to the closing balances in the prior year audited accounts.
Period and year end closedown processes are robustly controlled	Confirm that monthly and year end closure of the ledger is performed on a timely basis	For a sample of months, confirm that the ledger was closed and that no further accounting entries were made after period end financial reporting procedures were carried out.



Appendix A Summary of controls to be tested (General IT Controls)

This section of the appendix reflects the complete set of General IT Controls from which KPMG select those appropriate to test on an annual basis, to support our reliance upon automated controls within the in-scope IT applications. Sample sizes for testing of General IT Controls should meet or exceed the minimum levels on page 6.

Recently, we have not sought to rely on General IT Controls in respect of Dorset Fire and Dorset Police, as we have undertaken alternative procedures for efficiency. However, our view on this may change over time.

Page 53

Control	Specific area of testing	Detailed testing requirements
Access to Programs and Data		
The entity has a comprehensive IT security policy in place which is regularly reviewed (and updated where necessary) by appropriate IT management and is brought to the attention of all relevant staff	Through enquiry with relevant management and inspection of documents, determine whether: - IT Security Policy documentation is in place, with coverage of expected aspects of the IT environment relevant to financial reporting - a process is in place to ensure periodic review, update and approval of documentation by management - a process is in place to ensure users (including relevant third parties) are made aware of security requirements	For a sample of new joiners, inspect evidence of sign-up to security awareness and agreement to comply with security requirements. e.g. signed policy acceptance statement, security awareness training records
Data centres hosting production server environments for in-scope IT applications are secured from damage and unauthorised use	Through enquiry and observation, determine whether servers related to the systems in-scope are adequately physically protected from hazards, accidental and malicious damage, and environmental conditions. Through enquiry and observation of relevant documentation, determine whether procedures and controls exist to restrict access to data centres to appropriate personnel (including visitors, temporary staff, contractors and other third parties) and that access to data centres is reviewed on a periodic basis.	For a sample of new joiners with access to data centres, inspect evidence that appropriate request and authorisation was provided prior to access being granted. For a sample of leavers, confirm that access to data centres has been revoked in a timely manner. If required, where access for staff leavers has not been revoked, inspect the data centre access logs to identify where any access with leavers credentials may have occurred.

Appendix A Summary of controls to be tested (General IT Controls)

Control	Specific area of testing	Detailed testing requirements
Access to Programs and Data		
Access within each in-scope IT application is controlled via the assignment of user roles, groups, profiles, etc. which enforces the segregation of duties set out in financial procedures and is appropriately documented	<p>Through enquiry and observation, determine the method used in each in-scope IT application for restricting user access.</p> <p>Determine whether adequate controls are implemented to identify and monitor and resolve potential segregation of duties conflicts.</p>	<p>On an appropriate sample basis, determine whether controls related to segregation of duties have been operated as designed during the period.</p> <p><i>Note: if segregation of duties is not enforced due to resource limitations, evaluate mitigating or compensating controls, e.g. periodic review of user activity where SoD conflicts are known.</i></p>
Evidenced, independent review of user access rights to in-scope IT applications is performed on an appropriately regular basis	<p>Through enquiry and inspection of documentation, determine whether adequate procedures are in place to ensure user access rights are reviewed and subsequently updated on a periodic and regular basis.</p> <p>Inspect whether IT users' access rights are defined in a security policy or authorised access matrix.</p>	<p>For a sample of access reviews performed during the period, inspect evidence that reviews have been carried out in a timely manner and by appropriately knowledgeable members of staff.</p> <p>Determine whether these reviews have been formally documented and resulting actions and access amendments have been completed.</p>
For each in-scope IT application, appropriate approvals are given for assignment of new/amended access	<p>Through enquiry and inspection of documentation, determine whether adequate procedures are in place to establish user access, and whether management procedures require formal approval by appropriate line management for the establishment of users and granting of access rights.</p> <p>Where possible, perform a walkthrough of an example user addition and a user access amendment to ensure controls are in place as described.</p>	<p>For a sample of new user access and existing user access amendment (population produced via system-generated method directly from each in-scope IT application where possible), inspect evidence that access was granted subject to appropriate request and authorisation.</p> <p>For the sample selected, agree that the access approved and allocated as per each request has been assigned as such to the relevant user account.</p>

Appendix A Summary of controls to be tested (General IT Controls)

Control	Specific area of testing	Detailed testing requirements
Access to Programs and Data		
For each in-scope IT application, revocation of user access where required is performed in a timely manner	<p>Through enquiry and inspection of relevant documentation, determine whether adequate procedures are in place to ensure that user access is revoked in a timely manner from in-scope IT applications where required.</p> <p>Review whether these procedures include all members of staff e.g. permanent (full-time and part-time), temporary, contracted, etc.</p> <p>Where possible, perform a walkthrough of an example user access revocation and ensure controls are in place as described.</p>	<p>Obtain from HR a listing of employees that have left. Obtain a listing of all active user accounts (system-generated directly from each in-scope IT application where possible).</p> <p>Reconcile the leavers listing with the active system accounts to validate that access has been revoked for all employees that have left. Where access has been retained, inspect system access logs to determine whether last use of user account exceeds related staff member's leaving date and investigate discrepancies.</p> <p>Obtain from HR a listing of employees that have transferred internally, where use of an in-scope IT application is reduced or no longer required.</p> <p>For a sample of these staff, determine whether access has been amended to reflect their new position, including appropriate documentation of request and authorisation for amendments in access to be made.</p>
Adequate authentication methods and password-based access restrictions are enforced within each in-scope IT application	<p>Through enquiry and inspection, determine whether adequate methods and controls are in place for user authentication to in-scope IT applications.</p> <p>Inspect security standards to validate that password configuration settings are defined, e.g. min length, complexity, max duration, invalid login attempts threshold</p> <p>Through enquiry and inspection determine the procedures implemented to allow passwords to be reset in the event of loss or lockout. Walkthrough the procedure for one user to ensure controls are in place as described.</p>	<p>Determine whether password settings are applied globally to all users or if exceptions exist e.g. different for certain groups of users.</p> <p>For each applicable set of password settings, inspect the password configurations in place for each in-scope IT application (e.g. through system generated report or screen print) and determine if adequate and in line with defined policies.</p>

Appendix A Summary of controls to be tested (General IT Controls)

Control	Specific area of testing	Detailed testing requirements
Access to Programs and Data		
All applications have individual user ID's for business users as well as IT users. In case shared or system accounts exist, compensating controls are in place where needed	<p>Through enquiry and inspection of policies and procedures, determine if appropriate standards for allocation of user ID's are in place.</p> <p>Determine how controls are implemented to restrict the use of any generic, shared and temporary user accounts. If any are identified, determine whether adequate procedures are in place to monitor their use.</p>	<p>Obtain a listing of all active user accounts (system-generated directly from each in-scope IT application where possible) and inspect for uniqueness and user naming conventions applied. Query the user ID listings to identify whether each individual user possesses only one user account and, for any discrepancies identified, inquire further for adequate reasons.</p> <p>Inspect the listing of user accounts to confirm that any generic, shared or temporary user IDs have been established according to policy.</p> <p>Validate that any unused standard / default system accounts have been locked or their password has been changed from default and secured.</p>
Access to perform system administration duties within each in-scope IT application (e.g. user administration, changes to configuration, changes to password policies, etc.) and direct access to the underlying database is restricted only to appropriate individuals, use of this powerful access is governed by a suitable policy and monitored where deemed appropriate	<p>Through enquiry and inspection of documentation, determine whether adequate procedures are in place to control:</p> <ul style="list-style-type: none"> - the allocation of powerful application level accounts, how these are restricted, who is supposed to have access and who should approve such access privileges. - direct data access (e.g. SQL utilities, ODBC tools), access requirements (passwords and specific access restrictions) and logging/audit trails to track the usage of these facilities. <p><i>Note: Powerful and system level functions and accounts can include access via standard super user accounts, or access to sensitive transactions, functions or profiles.</i></p> <p>Where monitoring procedures are in place, determine adequacy of scope, review and documentation (e.g. specific user activity, access to sensitive data, etc.) in line with allocation of powerful access.</p>	<p>Obtain listings of all user accounts (system-generated directly from each in-scope IT application where possible) with powerful or sensitive access, access to system level functions, or access to perform direct data maintenance.</p> <p><i>Note: Where possible, include those user accounts that have had this level of access assigned temporarily during the period under audit.</i></p> <p>Validate the appropriateness of these powerful access through discussions with management, comparison to organisational charts / authorised forms,</p> <p>Where monitoring procedures are in place, inspect sample of any formal documentation retained and assess whether performed in line with stated procedures.</p>

Appendix A Summary of controls to be tested (General IT Controls)

Control	Specific area of testing	Detailed testing requirements
Program Changes		
<p>Business or IT requests for program change are logged and tracked through an appropriate method of documentation, approval and tracking and follow formal change management processes that enforces the use of change controls</p> <p>Program changes requested are prioritised for business criticality, assessed for potential impact to the business, and approved prior to development</p>	<p>Inquire of change management staff and inspect relevant documentation to confirm whether the organisation has a formally documented and approved change management process applicable to in-scope IT applications.</p> <p>Inquire of change management staff and inspect relevant documentation to confirm that all changes are tracked, prioritised, assessed and approved by an appropriate level of management prior to development.</p> <p>Conduct a walkthrough for one program change made to an in-scope IT application to determine whether controls are in place as described.</p>	<p>Obtain a listing of all program changes made during the period (system generated where possible).</p> <p>For a sample of program changes, inspect evidence that:</p> <ul style="list-style-type: none"> - each change has been appropriately logged and documented, including assessment of business impact and priority - each change has been approved by appropriate management prior to development
<p>Program changes are subject to formal testing by both IT personnel as Business. Test requirements are predefined and level of testing required is risk based. Test results are signed-off if the requirements have been met sufficiently. Separate test environments are used where appropriate</p>	<p>Inquire of change management staff and inspect relevant documentation to confirm the existence of a formal test strategy and methodology to test program changes.</p> <p>Validate that this includes appropriate specification of roles and responsibilities, types of tests required, detailed test requirements, requirements regarding test environments, approvals on test results from both business and IT, etc.</p> <p>Conduct a walkthrough for one program change to determine whether controls are in place as described.</p>	<p>For the sample of program changes already selected, inspect evidence that these have been tested and documented as required by the test strategy and procedures</p>

Appendix A Summary of controls to be tested (General IT Controls)

Control	Specific area of testing	Detailed testing requirements
Program Changes		
Program changes are formally approved before migration to production environment	<p>Enquire of change / release management staff and inspect relevant documentation to confirm program changes are explicitly approved before release to production</p> <p>Conduct a walkthrough for one program change to determine whether controls are in place as described.</p>	For the sample of program changes already selected, inspect evidence that these were appropriately approved before being released for migration to the production environment.
Implementing a program change into the production environment of an in-scope IT application is limited to specific change management personnel that had no involvement in the development of the change	<p>Through enquiry and observation, validate that adequate segregation of duties exists in the change control process that enforces appropriate segregation between requesting, developing, testing and implementing program changes where possible.</p> <p>Determine whether change release access to the in-scope IT application's production environment is limited to change management personnel.</p> <p>Conduct a walkthrough for one program change to determine whether controls are in place as described.</p>	<p>For the sample of program changes already selected, inspect evidence that segregation of duties was enforced throughout the change process, including segregation between requesting, developing, testing and implementing changes where possible.</p> <p><i>Note: if segregation of duties is not possible due to resource limitations, evaluate other mitigating controls in place, e.g. periodic independent review of changes migrated to production</i></p>
Separate environments exist between development, test and production, with developers having no or restricted access within the production environment	<p>Through enquiry and observation, validate that separate environments exist for development, test and production.</p> <p>Determine whether policies exist to appropriately restrict developer access to the production environment.</p>	<p>Obtain evidence of the existence of separated environments for (at least) development, test and production (e.g. Screen print, system generated report, etc.)</p> <p>Obtain listings of developer access to the environments identified and review these for appropriate segregation.</p> <p><i>Note: if restriction of developer access to production is not possible due to resource limitations, evaluate other mitigating controls, e.g. logging, monitoring and review of developer activity in production.</i></p>

Appendix A Summary of controls to be tested (General IT Controls)

Control	Specific area of testing	Detailed testing requirements
Program Changes		
<p>Changes to the 'configuration' of in-scope IT applications (i.e. changes to configurable parameters within the application) are documented and are subjected to an appropriate methodology that includes documenting, testing, and approving changes</p>	<p>Inquire of change management staff and inspect relevant documentation to confirm whether the organisation has a formally documented and approved process for making configuration changes to in-scope IT applications.</p> <p>Inquire of change management staff and inspect relevant documentation to confirm that all configuration changes are documented, tested and approved prior to implementation.</p> <p>Conduct a walkthrough for one configuration change to determine whether controls are in place as described.</p>	<p>Obtain a listing of all configuration changes made during the period (system generated where possible).</p> <p>For a sample of configuration changes, inspect evidence that:</p> <ul style="list-style-type: none"> - each change has been appropriately logged and documented - each change has been tested prior to implementation in production - each change has been approved prior to implementation in production <p><i>Note: if process does not differ from that followed for standard program changes, testing could be performed across the full population of standard and configuration changes</i></p>
<p>Emergency changes (i.e. changes that are urgent and therefore require to be fast-tracked for implementation outside of normal program or configuration change procedures) are appropriately approved before implementing to production</p>	<p>Inquire of change management staff and inspect relevant documentation to confirm whether the organisation has a formally documented and approved process for making emergency changes to in-scope IT applications.</p> <p>Inquire of change management staff and inspect relevant documentation to confirm that all emergency changes are subject to the key controls that apply for regular changes (tracked, approved, tested, test signed-off, migrated, etc), whether retrospectively or in advance.</p> <p>Conduct a walkthrough for one emergency change to determine whether controls are in place as described.</p>	<p>Obtain a listing of all emergency changes made during the period (system generated where possible).</p> <p>For a sample of emergency changes, inspect evidence that emergency change procedures have been adhered to, and key controls that apply for regular changes are implemented effectively (tracked, approved, tested, test signed-off, migrated, etc) in retrospect where applicable.</p>

Appendix A Summary of controls to be tested (General IT Controls)

Control	Specific area of testing	Detailed testing requirements
Program Development (if applicable – to be determined by KPMG in audit scoping and planning)		
IT Projects (including new acquisition and major developments of existing in-scope IT applications) are logged and tracked through an appropriate documentation, approval and tracking tool and follow company policy and processes that enforces the use of controls regarding prioritisation, funding, testing and approving	<p>Enquire of relevant staff and inspect documentation to confirm whether the organisation has a formally documented and approved Software Development Life Cycle (SDLC) process applicable to relevant in-scope IT applications.</p> <p>Inquire of relevant staff and inspect documentation to confirm whether the organisation has a formally documented and approved Program and/or Project Management process applicable to relevant IT projects.</p>	<p>Inspect evidence to validate that relevant IT projects have followed the applicable SDLC and Project Management processes.</p> <p>Ensure that these projects have progressed through appropriate stage-gate controls during key project phases, such as definition, prioritisation, approval, design, development, testing and implementation</p>
IT Projects (including new acquisition and major developments of existing in-scope IT applications) are subject to formal testing by both IT personnel and relevant business personnel. Test requirements are predefined and level of testing required is risk based. Test results are signed-off if the requirements have been met sufficiently before go-live	<p>Inquire of relevant staff and inspect documentation to confirm the existence of a formal test strategy and methodology to be used for acquisition and major development projects.</p> <p>Validate that this includes appropriate specification of roles and responsibilities, types of tests required, detailed test requirements, requirements regarding test environments, approvals on test results from both business and IT, etc.</p>	For relevant IT projects, verify that adequate test scripts, go-live criteria, and test results are available as required by the test strategy and procedures and have been signed-off as such by appropriate level of management.
Migration of data follows appropriate data migration processes that enforces the use of strict controls to ensure data integrity during and after migrations	<p>Enquire of relevant staff and inspect documentation to confirm whether the organisation has a formally documented and approved data migration process applicable to relevant IT projects.</p> <p>Validate that this includes requirements for sufficient design, testing and sign-off of data migration.</p>	<p>Inspect evidence to validate that relevant IT projects have followed the applicable data migration process.</p> <p>Verify that testing has been performed with sufficient detail, and any exceptions found were corrected where appropriate.</p> <p>Verify that data migration has been signed-off by an appropriate level of business and IT management.</p>

Appendix A Summary of controls to be tested (General IT Controls)

Control	Specific area of testing	Detailed testing requirements
Computer Operations (if applicable – to be determined by KPMG in audit scoping and planning)		
Appropriate backup polices and procedures are followed to ensure timely backups are made of in-scope IT applications and data, and appropriate availability and retention of backup tapes is ensured	<p>Enquire of IT Operations staff and inspect relevant documentation to confirm whether the organisation has a formally documented and approved backup process applicable to in-scope IT applications.</p> <p>Inquire of relevant staff and inspect documentation to assess whether in-scope IT applications and data are being included in the backup process.</p>	<p>Obtain evidence of backup log files to validate that a sample of backups for in-scope IT applications were completed successfully.</p> <p>If failures are noted, ensure these have been captured as incidents and are subject to relevant Incident Management controls that ensure eventual completion of the backup.</p>
Appropriate system restoration polices and procedures are followed to ensure in-scope IT applications and data can be restored successfully after an incident, and that system recovery procedures are tested periodically.	<p>Inquire of IT Operations staff and inspect relevant documentation to confirm whether the organisation has a formally documented and approved system restoration process applicable to in-scope IT applications.</p> <p>Determine whether system recovery procedures are tested at least annually to ensure recovery success in the event of a major incident that would require this.</p>	<p>Obtain a schedule of system / data restoration tests performed and validate completeness by ensuring all in-scope IT applications have been subject to a restoration test during the stated period.</p> <p>For a sample of restoration tests, inspect evidence to confirm that restoration procedures were performed according to the defined procedure and test results were signed-off by an appropriate level of management.</p> <p>Validate that relevant documentation has been appropriately amended, where necessary, following restoration tests.</p>
Appropriate incident and problem management processes are in place to capture incidents and failures relating to in-scope IT applications, to prioritise for business criticality, and to ensure these are tracked through an appropriate resolution. Formal incident response procedure and escalation procedures are developed and implemented.	<p>Inquire of IT Operations staff and inspect relevant documentation to confirm whether the organisation has a formally documented and approved Incident and Problem Management process.</p> <p>Determine whether Problem and Incident Management governance exists through the reporting and monitoring of KPIs, SLAs and problem trends.</p> <p>Observe a walkthrough of the Problem and Incident Management process to determine all requirements are met.</p>	<p>For a sample of incidents deemed to be high / urgent priority, inspect evidence to validate that:</p> <ul style="list-style-type: none"> - the tickets had been assigned the appropriate priority and incident resolution team - the processes followed to resolve the issue were reasonable and done on a timely basis based on assigned priority/defined SLAs <p>Inspect a sample of Problem and Incident management monitoring reports/dashboards to validate that the monitoring and governance process was adequately performed.</p>

Appendix A Summary of controls to be tested (General IT Controls)

Control	Specific area of testing	Detailed testing requirements
Computer Operations (if applicable – to be determined by KPMG in audit scoping and planning)		
Appropriate job monitoring processes are followed to monitor key system jobs and interfaces to ensure completeness and timeliness of system and data processing, and to identify any interruptions in time for follow-up and resolution	<p>Enquire of IT Operations staff and inspect relevant documentation to confirm whether the organisation has a formally documented and approved job monitoring process applicable to in-scope IT applications.</p> <p>Observe a walkthrough of the job monitoring process to determine all requirements are met.</p>	<p>Obtain a list of relevant system/scheduled jobs.</p> <p>For a sample of jobs, inspect evidence that jobs are being controlled in line with the job monitoring requirements.</p> <p>Verify that errors in job processing have been captured as incidents and are subject to Incident Management controls that ensure eventual completion of the job processing.</p> <p><i>Note: testing of changes to scheduled jobs should be covered in Program Change and Access to Programs and Data, unless specific processes exist for batch / scheduled jobs.</i></p>

Appendix A
Summary of controls to be tested (IT Controls) (continued)

Scope of system affecting opinion
With regards to general IT controls, the following systems are within scope for external audit for the 12/13 audit year:
SAP (AP, AR, GL) (DCC and WC)
Academy, Sage, Northgate (WPBC and WDDC)
Simdell and new housing system (WC)
Civica Icon (WC)
Northgate – Revenue & Benefits system
Agresso- Dorset Police – System changeover



cutting through complexity™

© 2012 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).

WILTSHIRE COUNCIL

AUDIT COMMITTEE

19th September 2012

EXTERNAL AUDIT (KPMG) AUDIT FEE 2012/13

Purpose of the Report

1. This report informs the Committee of the likely external audit fee for 2012/13 audit.

Executive Summary

2. The Audit Commission have confirmed KPMG as our external auditors for the next five years. In setting the fee for 2012/13 the attached Appendix A sets out the proposed fee for this work. Following changes to the Audit Commission, the letter identifies a £148,104 indicative reduction in our proposed fee (excluding VAT) from £370,260 to £222,156, plus grant fees.
3. The savings will be applied to the 2012/13 budget. However, the letter identifies that these fees are based on certain assumptions and are thus indicative at the moment. Also discussions are ongoing about separate reviews of Internal Audit now that the new arrangements are embedding in; and the new housing rents system being implemented now. This would be carried out in addition to the audit fee.

Proposal

4. Members are asked to note the KPMG proposed fee and receive further updates on this and any amendments or additional costs.

Reasons for Proposals

5. To ensure an effective external audit function and cost effective service.

Michael Hudson
Director of Finance, S.151 Officer

Report author: Michael Hudson
01225 713601
michael.hudson@wiltshire.gov.uk

Unpublished documents relied upon in the preparation of this Report: None.

Appendices: A – KPMG Letter

This page is intentionally left blank



KPMG LLP
 100 Temple Street
 Bristol BS1 6AG
 United Kingdom

Tel +44 (0) 118 964 2238
 Fax +44 (0) 118 964 2222
 DX 149280 Bristol 29

Private & confidential

M Hudson Esq
 Finance Director
 Wiltshire Council
 County Hall
 Bythesea Road
 Trowbridge
 Wiltshire BA14 8JN

Our ref cw/rlt

7 September 2012

Dear Michael

Annual audit fee 2012/13

I am writing to confirm the audit work and fee that we propose for the 2012/13 financial year at Wiltshire Council. Our proposals are based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission.

As we have not yet completed our audit for 2011/12, the audit planning process for 2012/13, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

The proposed indicative fee for the audit for 2012/13 is £222,156 (plus VAT). This compares to the planned fee of £370,260 for 2011/12.

Audit area	Planned fee 2012/13	Planned fee 2011/12
Code of Audit Practice audit fee	222,156	370,260

The proposed audit fee represents a 40% reduction compared to the previous audit year and is in line with the scale fee recommended by the Audit Commission.

From 2012/13, the Audit Commission is replacing the previous schedule of hourly fee rates with a composite indicative fee for certification work for each body. The Commission has calculated an indicative fee based on actual certification fees for 2010/11, adjusted to reflect the fact that a number of schemes will no longer require auditor certification, and incorporating the general reduction to its fee scales. Based on these changes, I estimate that the fee for the certification of 2012/13 grants and returns will be £34,550 (plus VAT). This based on the Council requiring the following schemes to be certified:

- Pooling of housing capital receipts;

- Teachers Pension Return;
- National non-domestic rates return; and
- Housing and Council tax benefit scheme.

The indicative fee(s) is/are based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. My assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fees I have assumed that the general level of risk in relation to the audit of the financial statements and certification work is not significantly different from that identified to 2011/12.

We have recently discussed completing an Internal Audit effectiveness review as SWAP will have been in place for a year in November. I have completed an initial high level scoping and consider that the following should be included:

- review the process to set the annual strategy and assess SWAP's consideration of the impact of corporate risks and change programmes and how gaps in assurance are identified;
- review internal audit's charter and service level agreement;
- review internal audit's key performance indicators;
- review a sample of internal audits detailed working papers and reports;
- review a sample of Audit Committee reporting in form of annual strategy, progress reports and annual opinions together with the detailed;
- review SWAP's quality assurance processes; and
- complete a series of interviews with key stakeholders to gain direct feedback on their views internal audit's performance.

The fee proposal set out above does not currently include this review. We will discuss this with you in more detail when we agree of the scoping of the work.

In addition, the fee does not, reflect any additional audit work and fee that may be required as a result of the Council's planned replacement of its Housing Rents system, Simdell, during 2012/13. We are still considering the audit implications of this system change and discussing the approach with officers. I will therefore discuss and agree with you separately any additional work and fee that may be required, although I anticipate that this would be a one-off factor affecting the only 2012/13.

A more detailed audit plan will be issued later this year. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report for the Audit Committee, outlining the reasons why the fee needs to change.

I expect to issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 2.

The proposed fee excludes any additional work we may agree to undertake at your request. Any such piece of work will be separately discussed and a detailed project specification agreed with you.

The key members of our audit team for the 2012/13 audit are:

Name	Role	Contact details
Darren Gilbert	Senior Manager	Darren.gilbert@kpmg.co.uk 029 2046 8205
Rachael Tonkin	Manager	Rachael.tonkin@kpmg.co.uk 0117 905 4654

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact KPMG's national contact partner for Audit Commission work, Trevor Rees (trevor.rees@kpmg.co.uk).

If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet '*Something to Complain About*', which is available from the Commission's website (www.audit-commission.gov.uk) or on request.

Yours sincerely

Chris Wilson
Partner

Appendix 1 – Audit fee assumptions

In setting the fee, I have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2011/12;
- you will inform us of significant developments impacting on our audit;
- internal audit meets the appropriate professional standards;
- internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
- you will identify and implement any changes required under the CIPFA IFRS-based Code of Practice on Local Authority Accounting within your 2012/13 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- complete and materially accurate claims and returns are provided for certification, with supporting working papers, within agreed timeframes;
- the grant claims and returns requiring certification are as listed above; and
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Improvements to the above factors may allow reductions to the audit fee in future years. Where these assumptions are not met, we will be required to undertake additional work which is likely to result in an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the external audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by the Audit Commission, KPMG or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

Appendix 2: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

Planned output	Indicative date
External audit plan	March 2013
Interim audit report	June 2013
Report to those charged with governance (ISA260 report)	September 2013
Auditor's report giving the opinion on the financial statements, value for money conclusion and audit certificate	September 2013
Opinion on Whole of Government Accounts return	September 2013
Annual audit letter	November 2013
Certification of grant claims and returns	February 2014

This page is intentionally left blank

WILTSHIRE COUNCIL

AUDIT COMMITTEE

19th September 2012

Subject : WILTSHIRE COUNCIL STRATEGIC RISK UPDATE

Cabinet Member: John Brady – Finance, Performance and Risk

Key Decision: No

Purpose of Report

1. Risk Management plays a key part in the Corporate Governance of the council and the Risk Management Strategy clearly endorses the importance placed on good governance by the Council.
2. The Risk Management and Assurance Team have completed a quarterly review of the operational and strategic risks identified facing Wiltshire Council. This report is to update Members on the current position of these risks, Health & Safety Occupational Health and Business Continuity/Emergency Planning.

Background

3. A key component of the Council's Risk Management Strategy is the regular review of the strategic risks which affect the Council corporately. The review is carried out by senior officers, supported by members of the Corporate Risk Management Group (CRMG), and gives consideration to any changes which may have affected the risk and any opportunities that can benefit the council and its partners and stakeholders from the proper management of those risks.
4. A review of service risks reported has also been undertaken by the CRMG to assess whether any of the existing risks within service areas need closer focus upon their progress that could have strategic implications and require escalation. **Appendix A** indicates these Operational Risks that could influence the overarching Strategic Risks.
5. As part of continual improvement to the reporting process, financial risks are reported separately in the budget monitoring and decision making reports and not repeated here. The report endeavours to concentrate on the overall corporate/strategic risks, rather than individual operational risks. These are still collated in operational risk registers for individual service areas. The risk around the budget setting and monitoring processes is however monitored through this process.

Main Considerations for the Council

6. Following a review of the strategic risks facing the Council the Corporate Risk Management Group (CRMG) have identified the following:
 - 0 High
 - 9 Medium
 - 7 Low
7. These have been identified and scored by officers using the Councils agreed risk scoring criteria. The changes from the last report to this Committee are:
 - 7.1 There has been an increased risk in **one** of the Medium risks - **1186 - Violence and aggression to employees from members of the public**. This is an operational issue that has far reaching strategic implications for the Council. A Risk Action Plan is included (**Appendix B**) that highlights the issue and the steps taken to mitigate the risk from rising further and ultimately reduce it.
 - 7.2 Risk **1173 - Failure to implement the Safeguarding Improvement Plan** has been reduced from High to Medium as a result of progress and resourcing of the current plan.
 - 7.3 Due to improved awareness and training the risk - **1175 - Inability to adequately fulfil the requirements as a Category 1 responder in the event of an incident or training** has been subsequently reduced.
 - 7.4 Risk **1063 - Ability to corporately control the maintenance and monitoring of contracts** has been further reduced as the Contract Regulations and new rules for entering contracts have been approved are now live. There may be further reduction in this risk once the standard contracts are put on a centralised database and training for contract officers is complete.
 - 7.5 The remaining risks have sustained their current status based on the following factors – *agreed tolerance within resources available; awaiting further measures to mitigate risk down*. These risks will continue to receive the appropriate level of oversight from the Risk & Assurance Team and CRMG.

Service Update

Emergency Planning

8. The revised Major Incident Plan has been approved by Cabinet and will be recommended to Council for adoption. The revised plan reflects the current structure of the Council and has been enhanced to assist officers in unfamiliar circumstances by the inclusion of “action cards” for all major roles.
9. Cabinet has also recognised and supported the need for ongoing training and exercising, which is planned.

10. Experience of participating in the Jubilee visit by the Queen, the Olympic torch relay and evening celebration has enhanced officers' knowledge of the dynamics in major event planning.

Business Continuity Management (BCM)

11. The Senior Emergency Planning Officer who led the co-ordination of BCM has left the authority. The vacant post has been successfully recruited to. There are plans to undertake a systems thinking approach to BCM. The opportunity has also been taken to review the approach to BCM with the assistance of external consultants; with the intention of introducing a more streamlined approach that is focussed on critical services.

Health and Safety (H&S)

12. The audit of corporate management of health and safety is well underway. All but four senior managers at time of writing have completed the attitude survey. Over 30 other managers have provided evidence regarding the management practices within their team. An external peer reviewer has met with three Corporate Directors, Business Services Service Director and one elected member. The Head of Occupational Health and Safety will report the findings of the audit in October 2012.

Occupational Health (OH)

13. Increased demand for management referrals coupled with significant staff absences from within the small OH team itself has meant that agency nurse cover has been needed to keep clinic waiting times down to a reasonable level. The brief respite in the numbers of referrals being received, provided by the peak holiday season, should enable normal services to be resumed by September. The increase in management referrals is seen as a positive response to the recent Managers' Workshops on dealing with sickness/absence thus increasing awareness of the services provided.
14. A new pilot is now set up which will fast-track employees, seen by OH with stress-related health issues, onto a half day workshop for coping strategies.
15. Two cases of whooping cough have been confirmed in employees based at Bradley Road. General advice was issued to the workforce via Public Health.

Risk Management Arrangements

16. The CRMG is continuing its work to ensure that the Council's risk management arrangements are working well, that appropriate action is being taken, and that good quality information is being made available to managers and members as appropriate.
17. Neighbourhood services are currently undertaking a review of their service risk register, and the risks will be discussed in the next Management Team meeting. Particular focus will be on safeguarding.

18. The risks are being considered on the resilience of key service areas. As a pilot a full review of risks in Human Resources, Operations are being looked at to include their business continuity plan.
19. A quarterly risk update specifically for Service Directors is being considered. The update would inform Service Directors of risks in their service, highlight any cross cutting risks found in other areas and report issues of risk management within their service. It could also form part of one to one discussions with their Corporate Director on service business arrangements.

Risk Assessment

20. None have been identified as arising directly from this report.

Equality and Diversity Impact of the Proposal

21. None have been identified as arising directly from this report.

Environmental Impact of the Proposal

22. None have been identified as arising directly from this report.

Financial Implications

23. None

Legal Implications

24. None have been identified as arising directly from this report.

Recommendations

25. To note the latest position regarding the Council's Strategic Risks as detailed in **Appendix A** and to support the continued monitoring of these risks.

Michael Hudson
Director of Finance

Report author: Eden Speller
Head of Risk and Assurance on behalf of CRMG
eden.speller@wiltshire.gov.uk

Unpublished documents relied upon in the preparation of this Report: None

APPENDIX A

KEY: S = Strategic; O = Operational

Ref	Direction Of Travel	Risk	Current Impact	Current Likelihood	Current Score	Current Risk Rating
1	↔	1014 - Inability to assess, manage / monitor fraud and corruption activity (S)	2	3	6	Medium
2	↔	1018 - Launch of Workforce Planning across the organization (S)	2	3	6	Medium
3	↔	1026 - Inability to deliver and implement the People Strategy (S)	2	3	6	Medium
4	↔	1027 - Ability to ensure the Corporate Health, Safety & Wellbeing of the organization (S)	3	2	6	Medium
5	↔	1037 - Poor quality data used by the Council and associated Partners/Contractors (O)	3	2	6	Medium
6	↓	1173 - Failure to implement the Safeguarding Improvement Plan (O)	4	2	8	Medium
7	↔	1174 - Failure to maintain an up to date and accurate Partnerships Register (S)	3	3	9	Medium
8	↓	1175 - Inability to adequately fulfill the requirements as a Category 1 responder in the event of an incident or training (S)	4	2	8	Medium
9	↑	1186 - Violence and aggression to employees from members of the public (O)	3	3	9	Medium

1	↔	1045 - Managing the volatile nature of care placement requirements within the resources available – Adult (O)	2	2	4	Low
2	↓	1063 - Ability to corporately control the maintenance and monitoring of contracts (S)	2	2	4	Low
3	↔	Failure of Transformation Programme to deliver expected savings (S)	2	2	4	Low
4	↔	Significant Public Health Incident (S)	4	1	4	Low
5	↔	Severe weather incident (O)	4	1	4	Low
6	↔	1180 - Transfer of Public Health function to Wiltshire Council (S)	2	2	4	Low
7	↔	1182 - Inability of Private/Voluntary sector to deliver services effectively/efficiently (S)	4	1	4	Low

APPENDIX B

Risk Ref: 1186	Risk: Violence and aggression to employees from members of the public		Date of Action Plan Update: August 2012
Current Risk Rating: I = 3 L = 3 Current Score = 9	(High, Med, Low) Medium	Target Risk Rating: I = 2 L = 2 Target Score = 4	(High, Med, Low) Low Progress on Risk RAG = Amber
Comment on Current Status of Risk (for use in risk management update reports)			
The risk of violence and aggression to employees continues to be a source of concern. There is a significant difficulty in addressing this risk corporately given the very considerable number of different services, control strategies and communication systems being used to help counter the risk and the historical nature of such differences. The current H&S audit is specifically targeting this risk as one of its key considerations and will report its outcomes in October 2012.			
Action Plan			
Risk Owner	White, Jacqui	Key Officers	Collyer, Paul
Scope / Background to Risk (Insert information about the risk that explains it further including any history, cause of risk and potential impact and likelihood evaluation information)			
<p>Cause: Employees encounter and interact with members of the public (MOP) in a wide variety of circumstances. In some instances these points of contact can result in employees being physically or verbally assaulted or otherwise being subjected to unwanted and unpleasant anti-social behaviours. Such incidents may occur in council buildings, during visits to domestic or commercial premises, during community events and meetings or in a non-work environment where an employee is recognised by a member of the public.</p> <p>Often incidents go unreported due to either being adjudged to be relatively minor or simply because it would be too time-consuming to report them.</p> <p>All services where this risk exists have a control strategy in place but there are inconsistencies of approach, particularly in the use of technology and safety aids, and evidence that some employees are not engaging diligently in those strategies anyway.</p> <p>An attempt to co-ordinate existing knowledge about members of the public known to present a risk to employees has also been less than completely successful. This misinformation has resulted in at least one serious incident which might otherwise have been avoided. Services continue to rely predominantly on their own parochial knowledge only.</p> <p>Violence and aggression is often associated with lone working and a toolkit to guide managers in lone working arrangements has been available for some time.</p> <p>Culturally, the tolerance of the risk of violence as being 'part of the job' still exists in some areas particularly in services working with young people and disaffected adults.</p> <p>The latest annual statistics show that 167 of 638 reported incidents (26%) relate to violence or aggression to non-school employees.</p> <p>Primary Impact: Personal safety of employees</p> <p>Secondary Impact: Reputational impact; Legal enforcement</p>			
Controls in place to manage risk			
<ol style="list-style-type: none"> 1. Corporate H&S Policy in respect of Violence and Aggression and Lone Working including a manager's toolkit with specific exemplar guidance. 2. Employee Safety Register provides details of MOP known to present a risk plus dangerous animals and unsafe premises. 			

3. Individual services maintain other local databases relating to known offenders.
4. Many employees will have had bespoke and generic training in skills relating to recognising signs of danger; defusing difficult situations, handling aggressive phone calls; breakaway techniques.
5. Services engage a variety of communication tools and techniques to record employee movements and escalate assistance in the event of an incident.
6. Some public access points in council premises are designed or set up to mitigate the risk of physical contact or to facilitate easy withdrawal and summon assistance.
7. All relevant services are expected to have local risk assessment and procedures specifically designed to reduce the potential for violence and aggression.

Actions to take to improve the management of this risk OR Contingency Arrangements	Responsibility for action	Date for completion	Progress / Status Report for Improvement Actions
Corporate Health & Safety Audit is examining the management of the risk in 10 specific services.	Collyer, Paul	31 October 2012	Underway
Establish project plan to promote a consistent and proportionate control strategy across all services.	Collyer, Paul	31 December 2012	Pending outcome of audit report and steer from CLT and CRMG
Legal and data Protection advice being sought regarding the scale and scope of information that can/should be held on a central database of MOP known to present a risk to employees.	Collyer, Paul	31 December 2012	Underway
Review if other local authorities have the equivalent of an Employee Safety Register and if they do; how it is managed and is it a successful tool.	Speller, Eden	31 October 2012	Underway
Review of reported incidents	Collyer, Paul	31 October 2012	Underway

This page is intentionally left blank