Wiltshire Council
Where everybody matters

AGENDA

Meeting: Audit

Place: Council Chamber - County Hall, Trowbridge.

Date: Tuesday 23 June 2015

Time: 10.30 am

Please direct any enquiries on this Agenda to Kieran Elliott of Democratic Services, County Hall, Trowbridge, direct line (01225) 718504 or email kieran.elliott@wiltshire.gov.uk

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Membership:

Cllr Tony Deane (Chairman)   Cllr Jeff Osborn
Cllr Richard Britton (Vice   Cllr Linda Packard
Chairman)   Cllr Sheila Parker
Cllr Rosemary Brown   Cllr David Pollitt
Cllr Stewart Dobson   Cllr James Sheppard
Cllr Julian Johnson
Cllr Stephen Oldrieve

Non-Voting Members

Cllr Jane Scott OBE   Cllr Dick Tonge

Substitutes
Cllr Terry Chivers   Cllr Jacqui Lay
Cllr Peter Evans   Cllr Dr Helena McKeown
Cllr Nick Fogg MBE   Cllr John Noeken
Cllr Mike Hewitt   Cllr Helen Osborn
Cllr George Jeans   Cllr Mark Packard
Cllr David Jenkins   Cllr Ian West

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Part I

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

1   Apologies

To note any apologies or substitutions for the meeting.

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

To confirm and sign the minutes of the Audit Committee meeting held on 10 March 2015.

3   Chairman's Announcements

To receive any announcements through the Chair.

4   Members' Interests

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

5   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 Corporate Director) no later than 5pm on Tuesday 16 June 2015. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

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

6   Internal Audit - Annual Report *(Pages 11 - 36)*

7   Annual Governance Statement 2014-15 *(Pages 37 - 62)*

8   KPMG External Audit Technical Update *(Pages 63 - 80)*

9   KPMG: Interim Audit Report 2014/15 *(Pages 81 - 102)*

10   Date of next meeting

To note that the next ordinary meeting of the Committee will be held on 29 July 2015.

11   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

Wiltshire Council
Where everybody matters

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 10 MARCH 2015 AT COUNCIL CHAMBER - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Britton (Vice Chairman), Cllr Rosemary Brown, Cllr Tony Deane (Chairman), Cllr Stewart Dobson, Cllr Julian Johnson, Cllr Stephen Oldrieve, Cllr Helen Osborn (Substitute), Cllr Linda Packard, Cllr Sheila Parker, Cllr David Pollitt and Cllr James Sheppard

Non-voting Committee Members:

Cllr Jane Scott OBE and Cllr Dick Tonge

Also Present:

Suella Coman, Mr Darren Gilbert, Carolyn Godfrey, David Hill, Michael Hudson, David Parkes, Matthew Tiller and Cllr Dick Tonger (Chief Accountant).

12	**Apologies and Membership Changes**

Membership change - Cllr Jeff Osborn had been appointed as a full committee member in place of Cllr Helen Osborn who had become a substitute.

Apologies were received from Corporate Director Carlton Brand.

Apologies were received from Cllr Jeff Osborn who was substituted by Cllr Helen Osborn.

13	**Chairman's Announcements**

The Chairman announced a training session that would take place in April 2015 which would be discussed later in the meeting. The Chairman also announced that significant work was being done on risk. Jason Teal (Head of Risk) would present to the Committee in June 2015.

14	**Minutes of the Previous Meeting**

Resolved:

The minutes of the previous meeting held on 27 January 2015 were approved with one amendment to the SWAP figures (item 57, second paragraph, there

were 97 recommendations and 38 had been completed. There were 59 recommendations outstanding).

15   **Members' Interests**

There were no declarations.

16   **Public Participation and Committee Members' Questions**

There was no members of the public present.

17   **Internal Audit Annual Plan (SWAP)**

The Internal Audit presentation was given by the Associate Director for Finance and the Executive Director (SWAP). It was noted by Members that there was a need to reduce the internal audit fee and future audits would be focussing on adding value. The Audit process would change and detailed training process would be provided. The new approach could be seen at other Local Authorities such as Lincolnshire. There was a need for the audit plan to be more risk focussed.

The presentation discussed how internal audit had changed. The need to ensure value for money was discussed. It was noted that managers must work with Audit to identify additional risks.

Changes to local authorities were raised, including fewer staff, less money and a greater reliance on IT. There was also an increased public demand and expectation of their local authority. The role of greater partnership working and external monitoring was also discussed.

The need to ask if Internal Audit was adding value was previously raised. Audit's focus was seen as being too broad and it was necessary to look at a different approach. There would be shared risk and a control assurance map for each functional area. Internal Audit would meet with managers to find issues and create assurances. Suggested key risks and projects were raised as a point of focus. The role of benchmarking in risk was also highlighted. It was heard that this should not be seen as a short-term audit plan.

The three lines of defence were explained: firstly, management controls, secondly, functions that oversee risk and finally, internal audit. Internal Audit would work outside of the first two lines of defence. It would focus on areas where there was the greatest need. The new approach would see a reduction in the number of audits and eliminate silos. This process would promote the efficient use of assurance resources and decrease the overall costs. It was explained to Members as a 'health check rather than heart check' as it looked at the organisation overall rather than a specific process in isolation. Gaps in service area risk profiles would be raised with the relevant manager.

Combined Assurance Planning was explained by the Executive Director (SWAP) and would be piloted in Children's Safeguarding and Public Health. It would be mapped across other SWAP Local Authorities. The model of Lincolnshire County Council would be used but this model would be new to Wiltshire Council. The Lincolnshire County Council public audit reports pack would be circulated to Members. Training sessions would supplement additional reading materials to explain the changes that were to be made. The Associate Director for Finance explained that this approach would be stopped should it not be successful.

It was noted that this approach would be reviewed with the Audit Committee before being taken to Cabinet. The Associate Director for Finance explained that this approach had been presented to the Corporate Directors and the need to add value was emphasised.

The Chairman invited Members to give their input on the changes proposed during the presentation. Members discussed the evolution of the internal audit process and the Associate Director stated that this process would show dividends. The need for managers to provide evidence in relation to their performance data and risks was raised. The need for a cultural change in the approach to Internal Audit was stated; it was necessary for peer to peer interaction to see the benefits of this process. Concern was raised that this would be a bottom up approach but reassurance was given that the Corporate Leadership team supported the plans at this time.

Feedback would be given in July 2015 by the senior management who were involved in the piloting phase.

The Associate Director stated that all audits that were in process would be completed as planned. The Audit Committee's potential input into which areas would be prioritised was discussed. Members would be given the opportunity to steer towards the prioritisation at the training session.

Members asked questions in regards to the work of the risk management team and the continuing reduction of the internal audit fee. It was explained that the audit fee could change should new risks be identified. The Executive Director (SWAP) explained that there had been personnel changes that had had an impact on risk. It was stated that there had been no rate change in regards to the Internal Audit fee. It was explained that audits would only be carried out when absolutely necessary.

Debate continued to discuss the changes to internal audit with focus on the need for an open culture from managers. The Associate Director for Finance gave assurances that the process proposed encouraged a culture in line with the Council's Behaviours Framework.

The Chairman wished the Internal Audit team success on behalf of the Committee.

Resolved:
To note the report and request further training in next six weeks. To also request a further progress report and presentations in relation to the pilot work being undertaken.

18   **External Audit Plan (KPMG)**

The External Audit Plan was presented by Darren Gilbert (KPMG) , which summarised key aspects for the year ahead. Responsibilities remained unchanged. The pension fund was discussed with focus on the regulatory reform process. The estates strategy was also discussed.

Members had the opportunity to ask questions. It was asked whether KPMG had been involved in discussions with internal audit and the finance team in regards to the change of approach in internal audit.

Members discussed the proposed audit in regards to the potential £70M of proposed funding for Wiltshire Council Hubs. It was stated that the audit team would through the planning process, to consider any focused scope of audit to address risk that could include how value for money was assessed. The Associate Director, Finance noted that further reports would continue to be brought to Cabinet, noting the value and cost of the project.

The BBLP audit was raised but not discussed as it was now a scrutiny matter. The Associate Director, Finance, would update Members on where this particular audit would be discussed.

Resolved:
To adopt the External Audit Plan.

19   **Forward Work Programme**

The forward plan was noted by the Committee.

20   **Date of next meeting**

The next meeting would take place on 23 June 2015 in the Council Chamber, County Hall, Trowbridge.

21   **Urgent Items**

There were no urgent items.

(Duration of meeting: 10:30 – 12:05)

The Officer who has produced these minutes is David Parkes, of Democratic Services, direct line (01225) 718220, e-mail david.parkes@wiltshire.gov.uk

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WILTSHIRE COUNCIL   **AGENDA ITEM NO.**

AUDIT COMMITTEE

23rd June 2015

<u>**INTERNAL AUDIT ANNUAL REPORT**</u>

<u>**Purpose of the Report**</u>

1.   Executive Summary

1.1   There is a statutory requirement for the Council to have an adequate internal audit function, and for that function to provide an annual opinion on the system of control operated at the council. The attached report at Appendix A and other appendices sets out the conclusions of the South West Audit Partnership (SWAP – the Council's Internal Audit provider). Overall, SWAP has assessed the control environment as providing 'reasonable assurance'. This is in line with previous years.

1.2   During the year the audit plan was reviewed by the Section 151 officer and reported to Audit Committee, this identified a number of audits would be deferred until 2015/16 or were no longer required due to changes in the risk environment following or anticipated from operational changes being / to be made. Internal Audit also underwent significant restructure in the later part of the year. Despite all of this a review by the Council's external auditors (KPMG) found that the service was fully compliant in most areas with only minor deficiencies in a small number of areas. Action plans are in place to address all points raised by KPMG.

1.3   SWAP carried out 90 audit assignments in year, with 85% of the planned audits to be delivered completed by 31st March 2015, and the remainder expected to be completed by 30th June 2015. From these audits 375 recommendations were made with the majority accepted and only 5 (1.3%) being identified as high risk. A total of 13 audits concluded 'partial assurance' and three (5%) 'no assurance' – action plans are in place to address all these areas and findings have been reported at previous Audit Committees.

1.4   There remains a longer than targeted delay in finalising reports. It is hoped that this will in the main be addressed by the new audit approach in 2015/16, however this needs to be continually reviewed by the Committee.

1.5   This report sets out in more detail the performance and conclusions of SWAP, with reference to their reports and records at Appendices A and B. It is also my opinion that the Committee can take assurance from the Council's overall arrangements, as outlined in Section 3, that an "effective internal audit" function is in place and that this has been evidenced.

2. Introduction

2.1 The Accounts and Audit (Amendment) (England) Regulations 2011 place a statutory duty on local authorities to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.

2.2 The guidance accompanying the Regulations recognises the 'Public Sector Internal Audit Standards' as representing 'proper internal audit practices'. The Standard defines the way in which the internal audit service should be established and undertakes its functions.

2.3 The Regulations also require the Authority, at least once in each year, to conduct a '"review of the effectiveness of internal audit" and that the findings are used to inform the review of its "system of internal control". The Regulations also state that this should be undertaken by a committee of the Authority (or by members of the Authority meeting as a whole) prior to approving the Annual Governance Statement.

2.4 One of the key requirements is that Internal Audit should prepare a formal annual report and, in addition, should make arrangements for interim reporting during the course of the year to provide the Committee with an awareness of significant issues that are emerging from internal audit work.

2.5 These two reporting requirements are achieved through this report and the presentation of regular quarterly reports of internal audit's work and details of any significant risks that have been identified through this work throughout the year. Both reports include a full list of completed audits, together with their corresponding "assurance" rating and ranking of any recommendations that have been made.

2.6 The Standard also requires that an opinion is given on the overall adequacy and effectiveness of the internal control environment from the work undertaken by the Service. Following a re-structure of the SWAP Senior Management Team, this assurance is provided by the Director of Planning (SWAP).

2.7 It also places a further specific requirement that the report must draw attention to any issues judged relevant for consideration in the preparation of the Council's Annual Governance Statement.

3. Scope of Internal Audit Work

3.1 Internal audit work is programmed in accordance with the Audit Plan for the year which, following a wide ranging consultation process is reported to and approved by this Committee. This constitutes the operational work programme which is commissioned from, and undertaken by, the South West Audit Partnership (SWAP) on behalf of the Council.

3.2   The Annual Internal Audit Plan is compiled in accordance with the requirements of the Standard using a risk-based approach. This has regard to the full spectrum of the Council's operations and activities, not simply financial matters.

3.3   Reactive work assignments also strongly feature in the work delivered by the Service. These can occur for a variety of reasons and each looks to consider and address emerging issues that are either identified during audit review work, or which are brought to us by senior management and/or reported to the Council from external sources (e.g. Financial Irregularities, Whistle blowing referrals, Special Projects etc.). Dependent upon the specific circumstances these can lead to extremely time consuming pieces of work. However, these assignments represent an extremely important aspect of our support work for the Council in ensuring that the integrity and reputation of the Authority is upheld and that the control environment remains robust to support the effective stewardship of the public purse.

4.   Review of the Effectiveness of Internal Audit

4.1   The Accounts and Audit Regulations require that the Authority undertakes, at least once in each year, a "review of the effectiveness of internal audit". They also require that the findings of this review inform the Council's consideration of its "system of internal control" leading to the compilation of the Council's Annual Governance Statement.

4.2   Guidance suggests that where there is an Audit Committee, this is the appropriate group to receive and consider the results of the review as this committee already has oversight of internal audit. However, the guidance does not cover the form that the review should take.

4.3   Internal Auditing Standards

4.3.1 As explained earlier, for the 2014/15 year of audit, the Public Sector Internal Audit Standards (PSIAS) were recognised as the proper practice for the internal audit function in local authorities.

4.3.2 Following the decision by the Council to join the South West Audit Partnership with effect from November 2011, compliance with the requirements of these Standards are contained in the 'Internal Audit Charter', which is presented for consideration and approval to this Committee annually, alongside the Audit Plan.

4.4   External Audit's Assessment of the Internal Audit

4.4.1 The External Auditor reviews the work carried out by Internal Audit and, wherever possible, places reliance on this work to help them discharge their duties more efficiently and effectively in reaching their own independent assurance opinion. This is generally referred to as the 'managed audit approach' through which the Authority's key controls are examined.

4.4.2 In seeking to place reliance on the work of internal audit, the External Auditor also looks to satisfy themselves in respect of the respective competence of the Service. In 2013/14 this was with reference to the CIPFA Code of Practice for Internal Audit and the outcomes reported to this Committee in September 2013. Their review considers performance against the following key elements of the Standard, with assessment awarded against each element (i.e. either 'Non-Compliant'; 'Minor Deficiencies'; or 'Fully Compliant' with the Standard). Their conclusions were as follows;

Standard	Assessment of Internal Audit
Scope of internal audit	Fully Compliant
Independence	Fully Compliant
Ethics for internal audit	Fully Compliant
Audit Committee	Minor Deficiencies
Relationships with management, other auditors and other review bodies	Minor Deficiencies
Staffing, training and development	Fully Compliant
Audit strategy and planning	Fully Compliant
Undertaking audit work	Minor Deficiencies
Due professional care	Fully Compliant
Reporting	Fully Compliant
Performance, quality and effectiveness	Minor Deficiencies

4.4.3 These judgements are extremely pleasing and reassuring, especially as they are the subject of independent assessment.

4.4.4 The Council's external auditor, KPMG, is scheduled to present their 'Interim Audit Report' elsewhere on this Committees agenda which also provide their view on the performance of the Council's internal audit arrangements for 2014/15.

4.5   Service Improvement Plan - SWAP

4.5.1 The Council's Internal Audit Service is fully committed to a process of continuous improvement. Membership of SWAP provides an opportunity to work collaboratively with other councils; secure access to a much wider pool of staff; benefit from increased levels of knowledge and expertise; provide improved development and career opportunities for auditors; and, at the same time, deliver cost efficiencies.

4.5.2 SWAP has also benefited from a structured review involving a self-assessment and external validation process. This has sought to map its current service arrangements against the internationally recognised standards of the Institute of Internal Auditors (IIA). The review again provided a positive outcome judging the Partnership to be acting in accordance with recognised practice. This review also ensures that SWAP complies with the new requirement of the Public Sector Internal Audit Standards that a periodic independent review takes place, at least every 5 years.

4.6   Annual and Quarterly Reporting

4.6.1 Annual and quarterly reporting of Internal Audit activity to this Committee is well
      established. The reports detail any significant weaknesses identified during internal
      audit reviews and assist Committee in monitoring the timely rectification of them. This
      provides one of the key strands of evidence for the Council's Annual Governance
      Statement.

4.7   Performance Measures

4.7.1 In addition to other independent external judgements and measures referred to above,
      the Internal Audit Service has also established a number of key performance targets to
      measure service delivery and its quality. The previous year's results for SWAP are
      shown in brackets for comparison purposes.

Performance Target	Average Performance
Audit Plan Percentage Completion – 90% or more	**85% to 31st March 2015 (100%)**
Draft Reports Reports Issued within 5 days Reports Issued within 10 days	**52% (55%)** **74% (69%)**
Final Reports Reports Issued within 10 days of discussion of draft report	**29% (22%)**
Quality of Audit Work Individual Audit Assignment Feedback 'Customer Satisfaction Questionnaires'	**83% (82%)**

5.   **Conclusion**

5.1   This report, when considered in conjunction with the reports presented to the
      Committee for previous quarters of the financial year, highlights a considerable amount
      of work undertaken by the Internal Audit Service during 2014/15.

5.2   It is also my opinion that the Committee can take assurance from the Council's overall
      arrangements, as outlined in Section 3, that an "effective internal audit" function is in
      place and that this has been evidenced.

5.3   I would also welcome any further observations that Members may have on areas for
      improvement that would strengthen the current arrangements.

Proposal

1. Members are asked to note the opinion of the Director of Planning (SWAP).

Reasons for Proposals

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

Michael Hudson
Associate Director, Finance, S.151 Officer

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

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

Appendices: A – IA Annual Report 2014/15
                      B – IA detailed Audit Plan and monitoring statement 2014/15

SWAP
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Delivering Audit Excellence

Wiltshire Council

Annual Report and Opinion 2014-15

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

The contacts at SWAP in connection with this report are:

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Delivering Audit Excellence

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Annual Opinion:

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

"generally risks are well managed"

Director of SWAP Opinion

Over the year SWAP have found Senior Management of Wiltshire Council to be supportive of SWAP findings and responsive to the recommendations made. In addition there is a good relationship with Management whereby they feel they can approach SWAP openly into areas where they perceive potential problems and again welcome the opportunity to take on board recommendations for improvement. The follow up work confirms the responsive nature of management at Wiltshire Council in implementing agreed recommendations to mitigate any exposure to risk.

Considerable work has been undertaken to address the gaps in the corporate risk management processes and I am pleased that this has improved significantly. The introduction of recommendation monitoring and the new style of reporting to the Audit Committee by Internal Audit has also strengthened the overall risk, governance and control framework of the Council.

Therefore, I have considered the balance of audit work and outcomes against this environment and am able to offer reasonable assurance in respect of the areas reviewed during the year, as most were found to be adequately controlled. Generally risks are well managed but some areas require the introduction or improvement of internal controls to ensure the achievement of objectives. Whilst I have limited concerns regarding some aspects of the control environment, I do not consider there to be any areas of significant corporate concern.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS.

Annual Opinion:

The Director of Planning is required to provide an annual opinion report to support the Annual Governance Statement.

Purpose of Report

The Accounts and Audit Regulations (England) 2011 requires public authorities to publish an Annual Governance Statement (AGS). The Statement is an annual review of the Systems of Internal Control and gathers assurance from various sources to support it. One such source is Internal Audit. The Head of Internal Audit should provide a written annual report to those charged with governance to support the AGS. This report should include the following:

- an opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment

- disclose any qualifications to that opinion, together with the reasons for the qualification

- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies

- draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement

- compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria

- comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content.

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Internal Audit Service:

The Internal Audit Service for Wiltshire Council is provided by South West Audit Partnership (SWAP).

Background

The Internal Audit service for Wiltshire Council is provided by the South West Audit Partnership (SWAP). SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS. The work of the partnership is guided by the Internal Audit Charter which is reviewed annually. Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work of the service is based on the Annual Plan agreed by Senior Management and this Committee. This report summarises the activity of SWAP for the year April 2014 to March 2015.

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SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS.

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Summary of Work 2014/15

The agreed Annual Audit Plan covers the following key areas of Activity:

- **Operational Audit**
- **Key Control Audit**
- **Governance Audit**
- **Schools Audit**
- **ICT Audit**
- **Grants**
- **Follow Up**
- **Other Reviews**

Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits agreed for inclusion in the Annual Audit Plan 2014/15 and the final outturn for the financial year (included audits carried forward from 2013-14). In total, 90 audit reviews have been undertaken during the year. Members will note that the audit plan should always remain flexible and for 2014-15 there were many changes. In addition, the approach for 2015-16 audit plan is focussed on Combined Assurance so it has been agreed that we will not carry forward audits that would clearly be included with the potential for duplication.

Any changes to the plan have been reported to the Committee on a quarterly basis and the final position is as shown in Appendix B.

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.

A breakdown of these 90 audit assignments is as follows:

Advice	5	Follow Up	5	Governance	3
Grant Certification	9	ICT	8	Key Financial Control	11
Non Opinion	3	Operational	27	Schools	17
Special Projects	2				

Each completed assignment includes its respective "assurance opinion" rating together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit "Audit Framework Definitions".

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Completed Audit Assignments 2014/15

The Annual Audit Report and Opinion covers the following key areas of Activity:

- **OPERATIONAL AUDITS**
- **SPECIAL PROJECTS**
- **CERTIFICATON WORK**
- **FOLLOW UP WORK**

Audits Completed

Operational Audits are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

83 Audits (excluding Special projects and Follow Up work) were undertaken by SWAP for the period April 2014 to March 2015. 10 audits are at "draft report status", 13 are "in progress" or at "discussion stage" or "review stage" and 60 have now been completed to "final report status". Of the 60 reports that have been issued to final stage 13 received "partial assurance" rating, however only three (5%) were considered to represent a significant risk to the Authority. Of the 60 reports that were issued to final report status, some 375 actions for improvement were agreed with Management.

Special Projects - Occasionally when Management identify a potential area for specific attention or an unexpected problem arises in a service area, Internal Audit are requested to undertake a review to provide advice and, if appropriate, recommendations for improvement. In some cases it may be necessary to defer planned reviews in order to complete these special reviews, but where ever possible the impact on the delivery of the plan has been minimised. Two additional unplanned audits were undertaken during the period April 2014 to March 2015 all of which have been completed and noted to previous Audit Committees.

Follow Up Work - is carried out to confirm that any recommendations from the original audit, where a "partial" or "none" opinion was afforded, have been completed as agreed. Five Follow Up Audits were undertaken during the period April 2014 to March 2015 and it is pleasing to note that all high priority actions have been reviewed and management action to address these confirmed.

SWAP SOUTH WEST AUDIT PARTNERSHIP Delivering Audit Excellence

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS.

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Completed Audit Assignments 2014/15

The Annual Audit Report and Opinion covers the following key areas of Activity:

- **OPERATIONAL AUDITS**
- **SPECIAL PROJECTS**
- **CERTIFICATON WORK**
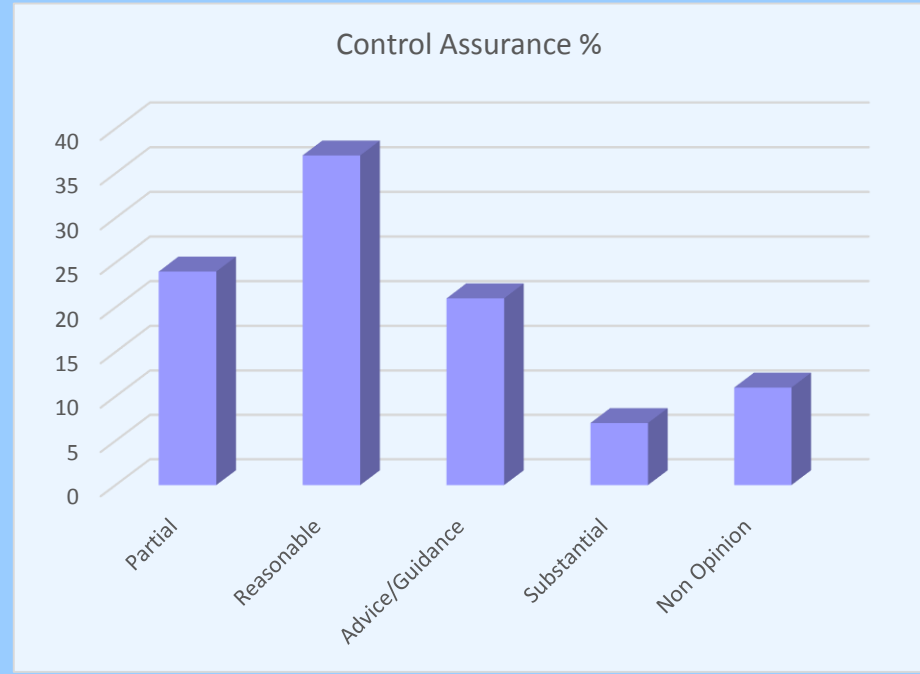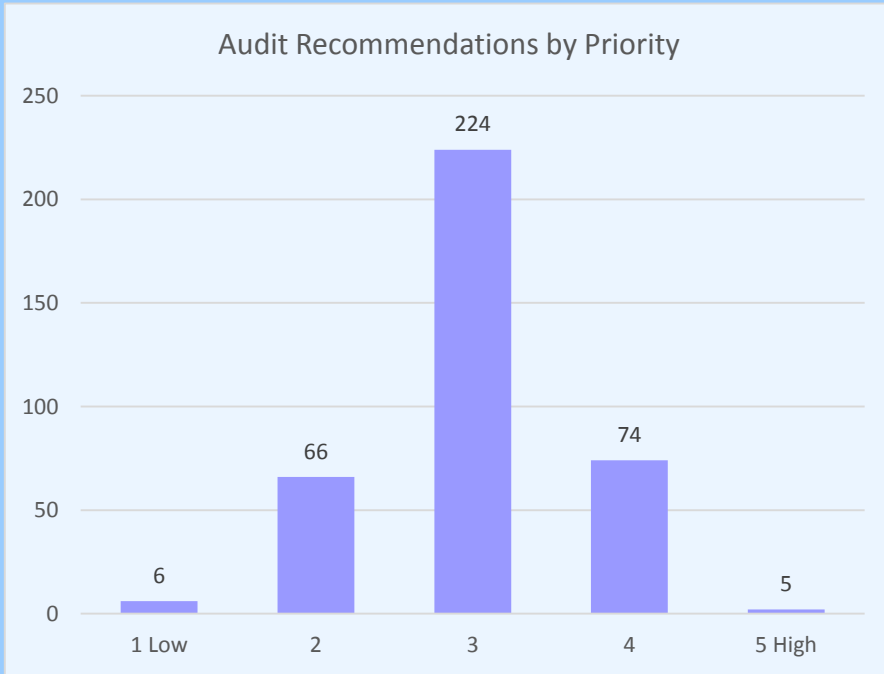- **FOLLOW UP WORK**

Audits Completed

Advice and Guidance – Internal Audit are always keen to provide advice and guidance to all Wiltshire Council staff in any matters relating to Finance, Governance, Risk and Control. Sometimes the valuable nature and benefits derived from this ongoing advice to the organisation can be overlooked.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS.

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Summary of Control Assurance and Recommendations

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Audit Recommendations by Priority

Priority	Value
1 Low	6
2	66
3	224
4	74
5 High	5

Control Assurance %

Categories: Partial, Reasonable, Advice/Guidance, Substantial, Non Opinion

Performance:

The Chief Executive of the Partnership reports performance on a regular basis.

SWAP Performance

SWAP now provides the Internal Audit service for 14 Councils and additionally many subsidiary bodies.

Performance Target	Average Performance
Audit Plan Percentage Completion 90% or more	**85%** *(2013/14 – 100%)* The remaining 13 reviews will be completed by the end of June 2015
Draft Report Reports Issued within 5 working days Reports issued within 10 working days	**52%** *(2013/14– 55%)* **74%** *(2013/14 – 69%)*
Final Reports Reports issued within 10 working days of discussion of draft report	**29%** *(2013/14 - 22%)*
Quality of Audit Work Individual Audit Assignment Feedback - *'Customer Satisfaction Questionnaires'*	**83%** *(2013/14 – 82%)*

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS.

Performance:

The Chief Executive of the Partnership reports performance on a regular basis.

SWAP Performance

Plan Delivery

With regards to the 2014/15 Annual Plan for Wiltshire Council, 83 reviews undertaken of which 13 remain in progress equating to a completion rate of 85% although it is anticipated that by the end of June this will be 100% which is normal given the timing of audit work for many systems is skewed to the end of the financial year. It was necessary to defer or remove a number of assignments to accommodate the transformational change agenda and other assurance work undertaken. For those reviews still showing as 'In Progress', testing in most cases has been completed and these are targeted to be finalised before the end of June 2015.

The KPI's regarding the timely issue of draft and final reports appears disappointing and certainly requires improvement and we are in discussions with the Section 151 Officer over plans to address this. However, the quality of work and acceptance of recommendations has improved and is a significant factor in the completing of audits. Also the nature of some of the work during year was advisory and responsive and therefore delays in agreeing the content of some reports was somewhat inevitable. To put the targets into context the actual average days are below:

Draft report within 5 days – actual average 9 days
Final report within 10 days - actual average 32 days.

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 questionnaires is to gauge satisfaction against timeliness, quality and professionalism. As part of the Balanced Scorecard presented to the SWAP Board, a target of 85% is set where 75% would represent good. The latest Scorecard across the Partnership shows the current average feedback score to be 78%. For Wiltshire Council the average feedback score was 83% which is an improvement from 2013-14.

SWAP strives to deliver audit excellence and works hard to demonstrate VFM, increased productivity and quality outputs for its Partner Councils

SWAP Performance

External Review by Local Partnerships

Two years ago now, SWAP became a publically owned Company Limited by guarantee. During the year, a review of SWAP by Local Partnerships, an organisation jointly owned by HM Treasury and the Local Government Association was undertaken. The purpose of the review was to assess the benefits realised by the Partnership and its on-going commercial delivery. In short the conclusion of the review, in relation to SWAP, was that "all of its key objectives have been achieved".

The review team summarised the following as positive outcomes achieved since incorporation:

- More efficient decision-making
- Scope for more flexible and proactive management
- Economies of scale which facilitate the development of specialist skills enabling more resilience
- Effective leveraging of technology
- Training and professional development opportunities for staff
- Effective partnership working and 'best practice' knowledge transfer across member organisations
- Ability to provide a cost effective service tailored to individual members budgetary needs.

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SWAP Performance

PSIAS and Financial Control

The Public Sector Internal Audit Standards (PSIAS) require that there should be an external quality review to validate that Internal Audit Teams are conforming to the International Professional Standards at least every five years. SWAP carried out such an assessment in 2012 and at that time agreed that it would be best practice to complete such a review every three years and therefore we have commissioned our next review to take place in September 2015. As a result of the quality review, a Quality Assessment Improvement Plan (QAIP) is produced. This document is a live document, reviewed regularly by the SWAP Board to ensure continuous improvement.

And finally, just like any other Company and Wiltshire Council itself, our accounts are subject to both Internal and External Audit Review. Again, purely for information, I attach the report of the Internal Auditors and provide assurance that all actions have been completed or in progress.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS.

Audit No	Directorate/Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
							PROJECTS CURRENTLY IN PROGRESS (STATUS GREEN)											
1	Adult Social Care Operations	Adult Social Care	Operational	Monitoring Capacity of Social Workers	April 2014	2 - In Progress		15/10/2014		29/10/2014		0	0	0	0	0	0	This is to recommence in 2015-16 due to resource issues.
2	Transformation	Programme Office	Grant Certification	Wilts on line project	July 2014	2 - In Progress		14/06/2015		28/06/2015		0	0	0	0	0	0	This audit has nearly been concluded with approximately 4 days work to complete. Target date for completion June 2015.
3	Finance	Trust Funds	Operational	Trust Funds Administration	July 2014	2 - In Progress		16/06/2015		30/06/2015		0	0	0	0	0	0	This audit was delayed due to staff redundancies and sickness but will now be completed in June 2015.
4	Finance	VAT	Operational	Payment and Recovery of VAT	July 2014	2 - In Progress		06/06/2015		20/06/2015		0	0	0	0	0	0	This audit was delayed due to staff redundancies and sickness but will now be completed in June 2015.
5	Schools - Secondary (incl Upper)	Abbeyfield School	School	Abbeyfield School	July 2014	2 - In Progress		04/06/2015		18/06/2015		0	0	0	0	0	0	This as at 04/06/2015 was agreed to be deferred to quarter 2 by the LEA.
6	Transformation	Programme Office	Operational	SIBS Project	August 2014	2 - In Progress		N/A		N/A		0	0	0	0	0	0	Additional work agreed with Programme Office - Terms of Reference still to be agreed - discussions still ongoing awaiting further confirmation from client. This is likely to be an advisory piece of work.
7	Children's Social Care	Foster Carers	Follow Up	Foster Carer Reports Follow Up	January 2015	2 - In Progress		19/06/2015		30/06/2015		0	0	0	0	0	0	Completion due June 2015.
							AUDITS AT REVIEW, DISCUSSION OR DRAFT STAGE (STATUS GREEN)											
8	Finance	Imprests	Operational	Unannounced imprest sites visits	April 2014	3 - Fieldwork Completed/Review	Non Opinion	19/06/2015	N/A	30/06/2015		0	0	0	0	0	0	
9	Economic Development & Planning	Economic Development	Special Investigation	LEP	October 2014	3 - Fieldwork Completed/Review		14/04/2015	12/05/2015	28/04/2015		0	0	0	0	0	0	
10	Schools - Primary (incl First, Infant & Junior)	Ogbourne St George & St Andrew VC CE Primary School	Special Investigation	Obgbourne St George & St Andrew Investigation	January 2015	3 - Fieldwork Completed/Review		25/02/2015	N/A	11/03/2015		0	0	0	0	0	0	
11	Children's Commissioning & Performance	Troubled Families	Grant Certification	Troubled Families Phase 1 14/15	February 2015	3 - Fieldwork Completed/Review		N/A	N/A	N/A		0	0	0	0	0	0	This is a grant claim and key dates are not applicable.
12	Children's Commissioning & Performance	Safeguarding (Child Protection)	Operational	Safeguarding	July 2014	4 - Discussion Document		31/03/2015	12/05/2015	14/04/2015		0	0	0	0	0	0	
13	Finance	Payroll	Key Control	Payroll	October 2014	4 - Discussion Document		04/02/2015	20/01/2015	18/02/2015		0	0	0	0	0	0	
14	Information Services	IT Infrastructure	ICT	WUC_Corporate ICT Processes	October 2014	4 - Discussion Document		25/05/2015	01/05/2015	08/06/2015		0	0	0	0	0	0	
15	Schools & Learning	Themed Reviews	Operational	Prevention of Fraud	June 2014	4 - Discussion Document	Non Opinon	N/A	N/A	N/A		0	0	0	0	0	0	
16	Schools & Learning	Themed Reviews	Governance, Fraud & Corruption	Business Continuity Arrangements	May 2014	4 - Discussion Document	Non Opinion	N/A	N/A	N/A		0	0	0	0	0	0	
17	Economic Development & Planning	Development Control	Operational	S.106 monies/Community Infrastructure Levy (CIL)	April 2014	5 - Draft	Substantial	23/09/2014	27/05/2015	11/06/2015		0	0	0	0	0	0	
18	Core Cross-Cutting	Corporate Governance	Governance, Fraud & Corruption	Risk and Performance Management	July 2014	5 - Draft	Reasonable	23/12/2014	29/05/2015	11/06/2015		0	0	0	0	0	0	
19	Adult Care Commissioning & Housing	Housing Rents	Key Control	Housing Rents	October 2014	5 - Draft	Reasonable	06/03/2015	02/03/2015	20/03/2015		0	0	0	0	0	0	

Audit No	Directorate/Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
20	Finance	Accounts Receivable	Key Control	Accounts Receivable	October 2014	5 - Draft	Substantial	24/02/2015	29/04/2015	10/03/2015		0	0	0	0	0	0	The key financial controls reports were amalgamated into one overall report to aid a more efficient report clearance process.
21	Finance	General Ledger & Financial Accounting	Key Control	GL & Financial Accounting	October 2014	5 - Draft	Substantial	06/02/2015	29/04/2015	20/02/2015		0	0	0	0	0	0	
22	Finance	Housing & Council Tax Benefits	Key Control	Housing & Council Tax Benefits	October 2014	5 - Draft	Reasonable	10/02/2015	29/04/2015	24/02/2015		0	0	0	0	0	0	
23	Finance	Pensions	Key Control	Pensions	October 2014	5 - Draft	Substantial	06/02/2015	29/04/2015	20/02/2015		0	0	0	0	0	0	
24	Finance	Treasury Management	Key Control	Treasury Management	October 2014	5 - Draft	Substantial	06/02/2015	29/04/2015	20/02/2015		0	0	0	0	0	0	
25	Information Services	Civica Cash Receipting	Follow Up	WUC_Civica Cash Receipting	October 2014	5 - Draft	Non Opinion	30/03/2015	07/04/2015	13/04/2015		0	0	0	0	0	0	
26	Schools - Primary (incl First, Infant & Junior)	Heytesbury CofE Primary School	School	Heytesbury CofE Primary School	July 2014	5 - Draft	Reasonable	03/02/2015	09/03/2015	17/02/2015		0	0	0	0	0	0	
27	Schools - Primary (incl First, Infant & Junior)	Somerfords Walter Powell VA CofE Primary School	School	Somerfords Walter Powell VA CofE Primary School	July 2014	5 - Draft	Partial	23/10/2014	17/02/2014	06/11/2014		0	0	0	0	0	0	
										RECOMMENDATIONS		0	0	0	0	0	0	

2014 - 15 AUDITS COMPLETED (STATUS GREEN)

Audit No	Directorate/Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	5	4	3	2	1	Comments
28	Highways & Transport	Car Parking Services	Operational	Residential Parking Permits	April 2014	7 - Completed	Reasonable	03/09/2014	02/10/2014	17/09/2014	19/03/2015	15	0	0	14	1	0	
29	People & Business Services	Expense Claims	Operational	Expense Claims - HMRC	July 2014	7 - Completed	Partial	08/10/2014	17/10/2014	22/10/2014	19/12/2014	5	0	1	4	0	0	
30	Finance	Pensions	Operational	Administration of Pensions	April 2014	7 - Completed	Reasonable	23/09/2014	18/02/2015	07/10/2014	01/04/2015	9	0	0	9	0	0	
31	Environment, Waste & Leisure	Neighbourhood	Grant Certification	Local Sustainable Transport Fund Grant Certification	April 2014	7 - Completed	Non Opinion	N/A	N/A	N/A	16/03/2015	0	0	0	0	0	0	
32	Schools - Primary (incl First, Infant & Junior)	Bowerhill Primary School	School	Bowerhill Primary School	May 2014	7 - Completed	Partial	30/06/2014	23/06/2014	14/07/2014	16/10/2014	24	0	4	16	4	0	
33	Finance	Council Tax	Key Control	Council Tax & NDR	October 2014	7 - Completed	Reasonable	06/02/2015	19/03/2015	20/02/2015	19/03/2015	3	0	0	1	2	0	
34	Finance	Non Domestic Rates	Key Control	NDR	October 2014	7 - Completed	Reasonable	06/02/2015	19/03/2015	20/02/2015	19/03/2015	0	0	0	0	0	0	
35	Information Services	Northgate Benefit System	ICT	WUC_IT - Revenues & Benefits (Northgate)	October 2014	7 - Completed	Substantial	03/02/2015	10/04/2015	17/02/2015	29/04/2015	0	0	0	0	0	0	
36	Information Services	QL Housing Management System	ICT	WUC_QL Housing Management System IT Controls	October 2014	7 - Completed	Non Opinion	27/01/2015	27/01/2015	10/02/2015	27/01/2015	0	0	0	0	0	0	
37	Information Services	SAP IT Key Control	ICT	WUC_IT General Controls - SAP	October 2014	7 - Completed	Reasonable	14/04/2015	23/04/2015	28/04/2015	12/05/2015	15	0	1	10	4	0	
38	Schools - Primary (incl First, Infant & Junior)	Coombe Bissett CofE Primary School	School	Coombe Bissett CofE Primary School	July 2014	7 - Completed	Reasonable	04/12/2014	04/12/2014	18/12/2014	13/02/2015	9	0	1	3	5	0	
39	Schools - Primary (incl First, Infant & Junior)	Kennet Valley	School	Kennet Valley	July 2014	7 - Completed	Reasonable	24/11/2014	20/11/2014	08/12/2014	04/12/2014	2	0	0	1	1	0	

Audit No	Directorate/Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
40	Schools - Primary (incl First, Infant & Junior)	Chilmark & Fonthill Bishop CofE Aided Primary School	School	Chilmark & Fonthill Bishop CofE Aided Primary School	July 2014	7 - Completed	Reasonable	12/11/2014	06/11/2014	26/11/2014	21/11/2014	8	0	0	4	3	1	
41	Transformation	Closure of Offices	Follow Up	Access Passes	August 2014	7 - Completed	Substantial	03/11/2014	25/09/2014	17/11/2014	02/10/2014	0	0	0	0	0	0	
42	Economic Development & Planning	Economic Development	Grant Certification	Growth Hub	January 2015	7 - Completed	Non Opinion	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
43	Adult Social Care Operations	Care Management & Quality	Follow Up	Referrals & Assessments Follow Up	January 2015	7 - Completed	Non Opinion	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
44	Adult Care Commissioning & Housing	Court of Protection	Operational	Court of Protection	April 2014	7 - Completed	Partial	04/08/2014	17/09/2014	18/08/2014	15/12/2014	14	0	3	7	4	0	
45	Public Health & Public Protection	Emergency Planning	Operational	Emergency Planning	April 2014	7 - Completed	Reasonable	16/09/2014	15/10/2014	30/09/2014	03/11/2014	8	0	2	4	2	0	
46	Public Health & Public Protection	Environmental Health	Operational	Private Water Supplies	April 2014	7 - Completed	Reasonable	22/07/2014	16/10/2014	05/08/2014	11/11/2014	7	0	2	4	1	0	
47	Children's Social Care	Special Educational Needs & Disability (SEND)	Non Opinion	SEN Provision	April 2014	7 - Completed	Non Opinion	09/09/2014	11/11/2014	23/09/2014	05/02/2015	4	0	0	4	0	0	
48	Public Health & Public Protection	Public Health	Grant Certification	Public Health Grant Certification	April 2014	7 - Completed	Non Opinion	04/08/2014	29/09/2014	18/08/2014	29/09/2014	0	0	0	0	0	0	
49	Client Support	Committee Reporting & Attendance	Advice	Committee reporting and Attendance	April 2014	7 - Completed		N/A	N/A	N/A	N/A	0	0	0	0	0	0	
50	Client Support	Corporate Advice	Advice	Corporate Advice	April 2014	7 - Completed		N/A	N/A	N/A	N/A	0	0	0	0	0	0	
51	Client Support	Planning/Client Liaison	Advice	Planning/Client Liaison	April 2014	7 - Completed		N/A	N/A	N/A	N/A	0	0	0	0	0	0	
52	Highways & Transport	Highways	Operational	Highways & Streetscene Contract	July 2014	7 - Completed	Partial	01/09/2014	10/10/2014	15/09/2014	03/02/2015	10	0	7	3	0	0	
53	Information Services	Active Directory	ICT	WUC_Active Directory	April 2014	7 - Completed	Advice	N/A	N/A	N/A	N/A	0	0	0	0	0	0	Service carrying out their own review of this area. Audit will advise as appropriate.
54	Schools - Secondary (incl Upper)	Matravers School	School	Matravers School	May 2014	7 - Completed	Partial	05/08/2014	13/08/2014	19/08/2014	15/12/2014	22	0	4	13	5	0	
55	People & Business Services	Carbon Reduction Commitment Scheme	Operational	Carbon Reduction Commitment Scheme	April 2014	7 - Completed	Reasonable	28/07/2014	30/07/2014	11/08/2014	23/09/2014	8	0	0	5	1	2	
56	Legal & Democratic	Information Assurance	Non Opinion	WUC_Corporate Information Groups	April 2014	7 - Completed	Advice	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
57	Schools & Learning	Schools Support	School	Schools Support	April 2014	7 - Completed	Advice	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
58	Schools - Secondary (incl Upper)	Audit Area	School	Avon Valley College	April 2014	7 - Completed	Partial	14/07/2014	04/07/2014	28/07/2014	29/07/2014	37	0	8	24	5	0	
59	Environment, Waste & Leisure	Waste Collection	Operational	Waste Collection	October 2014	7 - Completed	Advice	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
60	Schools & Learning	School Reviews (Contingency)	Advice	Contingency for Additional Work and advice	April 2014	7 - Completed	Advice	N/A	N/A	N/A	N/A	0	0	0	0	0	0	

Audit No	Directorate/Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
61	Schools & Learning	Themed Reviews (Contingency)	Advice	Contingency for Additional Work and advice	April 2014	7 - Completed	Advice	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
62	Adult Care Commissioning & Housing	Safeguarding (Adults)	Operational	Safeguarding	January 2015	7 - Completed	Partial	08/10/2014	28/11/2014	22/10/2014	22/12/2014	36	2	9	22	3	0	
63	Adult Social Care Operations	Care Homes	Operational	Client Property	January 2015	7 - Completed	Reasonable	19/12/2014	27/11/2014	02/01/2015	16/12/2014	4	0	0	4	0	0	
64	Highways & Transport	Highways	Grant Certification	Highways Maintenance Grant Certification	June 2014	7 - Completed	Non Opinion	27/08/2014	29/09/2014	10/09/2014	29/09/2014	0	0	0	0	0	0	
65	Schools - Primary (incl First, Infant & Junior)	Ludwell Community Primary School	School	Ludwell Community Primary School	July 2014	7 - Completed	Reasonable	23/10/2014	07/11/2014	06/11/2014	04/12/2014	4	0	0	0	4	0	
66	Schools - Primary (incl First, Infant & Junior)	St Katharine's CofE (VC) Primary School	School	St Katharine's CofE (VC) Primary School	July 2014	7 - Completed	Reasonable	07/08/2014	20/08/2014	21/08/2014	13/02/2015	7	0	0	0	6	1	
67	Schools - Primary (incl First, Infant & Junior)	The New Forest CofE (VA) Primary School at Landford	School	The New Forest CofE (VA) Primary School at Landford	July 2014	7 - Completed	Reasonable	06/10/2014	09/10/2014	20/10/2014	06/11/2014	10	0	0	6	4	0	
68	Schools - Primary (incl First, Infant & Junior)	Woodborough CofE Aided Primary School	School	Woodborough CofE Aided Primary School	July 2014	7 - Completed	Partial	16/12/2014	04/02/2015	30/12/2014	13/02/2015	16	0	1	11	2	2	
69	Schools - Secondary (incl Upper)	The Stonehenge School	School	The Stonehenge School	July 2014	7 - Completed	Partial	15/10/2014	14/11/2014	29/10/2014	01/12/2014	14	0	3	11	0	0	
70	Finance	Accounts Payable	Governance, Fraud & Corruption	Creditor Warnings	July 2014	7 - Completed	Non Opinion	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
71	Transformation	Programme Office	ICT	WUC_SAP Insourcing Project	September 2014	7 - Completed	Advice	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
72	Highways & Transport	Passenger Transport	Grant Certification	Bus Subsidy Grant	September 2014	7 - Completed	Non Opinion	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
73	Highways & Transport	Highways	Non Opinion	Highways & Streetscene contract phase 2	October 2014	7 - Completed	Non Opinion	09/01/2015	29/01/2015	23/01/2015	03/02/2015	1	0	0	1	0	0	
74	Children's Commissioning & Performance	Troubled Families	Grant Certification	Troubled Families phase 2	January 2015	7 - Completed	Non Opinion	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
75	Schools & Learning	Schools Advice	Operational	SFVS Compliance	October 2014	7 - Completed	Advice	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
											RECOMMENDATIONS	292	2	46	181	57	6	
REMOVED / DEFERRED WORK (STATUS AMBER) - THIS IS ALWAYS AGREED WITH THE S151 OFFICER																		
76	People & Business Services	Absence Management	Operational	Absence Management	April 2014	8 - Deferred						0	0	0	0	0	0	Audit deferred until 2015-16 to allow findings from a number of absence management audits being carried out to inform the audit of Wiltshire.
77	Finance	Disposal of Assets	Operational	Disposal of Assets	April 2014	8 - Deferred						0	0	0	0	0	0	S151 request to defer to Q3 as an Accelerated Disposal Strategy is currently being discussed with Members. This will now be undertaken in 2015-16.
78	Environment, Waste & Leisure	Fleet	Operational	Depots	January 2015	8 - Deferred						0	0	0	0	0	0	Audit deferred until 2015-16.

Audit No	Directorate/Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
79	Finance	Imprest Accounts	Operational	Imprest Year End returns	April 2014	8 - Deferred						0	0	0	0	0	0	Audit deferred until 2015-16 pending implementation of previous audit recommendations
80	Corporate & Procurement	Procurement	Operational	Corporate Procurement	April 2014	8 - Deferred						0	0	0	0	0	0	A corporate review of procurement is currently being undertaken. Audit work is to be deferred until 2015-16 when the review will have been completed.
81	People & Business Services	Training Records	Operational	Training Records	January 2015	8 - Deferred						0	0	0	0	0	0	Deferred until 2015-16 but picked up during the Healthy Organisation and Combined Assurance approach.
82	People & Business Services	Absence Management	Operational	Absence Management 2	October 2014	8 - Deferred						0	0	0	0	0	0	Associate Director for People & Business services did not consider this a business priority at this time. Agreed to defer audit to 15/16 when we could use the findings from the audits at the other partner sites to inform the work.
83	Adult Social Care Operations	Care Homes	Operational	Contract Monitoring	July 2014	8 - Deferred						0	0	0	0	0	0	Rolled into 2015-16.
84	Economic Development & Planning	Development Control	Operational	Planning Applications	July 2014	8 - Deferred						0	0	0	0	0	0	Rolled into 2015-16.
85	Legal & Democratic	Information Management	Governance, Fraud & Corruption	WUC_Information Management	July 2014	8 - Deferred						0	0	0	0	0	0	Audit delayed to allow service to progress with plans of paper management.
86	Environment, Waste & Leisure	Leisure Centres	Operational	Leisure Centres - Income	July 2014	8 - Deferred						0	0	0	0	0	0	Rolled forward to 2015-16
87	Children's Social Care	Referrals & Assessments	Operational	Common Assessment Framework	January 2015	8 - Deferred						0	0	0	0	0	0	To be discussed as to whether this should be undertaken in 2015-16
88	Corporate & Procurement	Business Plan	Operational	Budget monitoring	October 2014	8 - Deferred						0	0	0	0	0	0	Business Plan is being updated and as such will be review in 2015-16 as part of the overall audit arrangements
89	Adult Social Care Operations	Management Review	Operational	DCS Care Home	January 2015	8 - Deferred						0	0	0	0	0	0	This is now being undertaken as part of the Healthy Organisation and Combined Assurance work 2015-16.
90	Children's Social Care	Capacity of Social Care Workers	Operational	Capacity to deliver front line services.	January 2015	8 - Deferred						0	0	0	0	0	0	This is now being undertaken as part of the Healthy Organisation and Combined Assurance work 2015-16.
91	Children's Social Care	Looked After Children	Operational	Looked After Children	January 2015	8 - Deferred						0	0	0	0	0	0	This is now being undertaken as part of the Healthy Organisation and Combined Assurance work 2015-16.
92	Corporate & Procurement	Business Plan	Operational	Service Plan Delivery	January 2015	8 - Deferred						0	0	0	0	0	0	Service Plans have now been produced and during April and May been subject to an internal quality review. These plans are intergral to a successful Assurance Mapping process and will now be used during 2015-16 to support this.
93	Corporate & Procurement	Performance Management	Operational	Data Quality	January 2015	8 - Deferred						0	0	0	0	0	0	Service Plans have now been produced and during April and May been subject to an internal quality review. These plans are intergral to a successful Assurance Mapping process and will now be used during 2015-16 to support this.
94	Corporate & Procurement	Procurement	Operational	Tendering Procedures	January 2015	8 - Deferred						0	0	0	0	0	0	To be reviewed as part of the Healthy Organisation and Combined Assurance review 2015-16.
95	Environment, Waste & Leisure	Waste Management & Landfill Strategy	Operational	Waste Disposal/Recycling	January 2015	8 - Deferred						0	0	0	0	0	0	Rolled forward in 2015-16 plan.
96	Finance	Revenues & Benefits	Operational	Welfare Reform Act	January 2015	8 - Deferred						0	0	0	0	0	0	Rolled forward in 2015-16 plan.
97	Finance	Accounts Receivable	Follow Up	Debt Management	July 2014	8 - Deferred						0	0	0	0	0	0	To be undertaken in 2015-16
98	Adult Care Commissioning & Housing	Continuing Health Care	Operational	Continuing Health Care	January 2015	8 - Deferred						0	0	0	0	0	0	To be undertaken in 2015-16

Audit No	Directorate/Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
99	Adult Social Care Operations	Care Management & Quality	Operational	Reassessments and Reviews	October 2014	8 - Deferred						0	0	0	0	0	0	Consideration for roll forward 2015-16.
100	People & Business Services	Employment Tracking	Operational	Employment Tracking	January 2015	8 - Deferred						0	0	0	0	0	0	Consideration for roll forward 2015-16.
101	People & Business Services	Occupancy Data	Operational	Occupancy Data	January 2015	8 - Deferred						0	0	0	0	0	0	Consideration for roll forward 2015-16.
102	Transformation	Campus Programme	Operational	Campus Programme	January 2015	8 - Deferred						0	0	0	0	0	0	Consideration for roll forward 2015-16.
103	Information Services	Asset Management	ICT	WUC_Configuration Management Database	July 2014	9 - Removed						0	0	0	0	0	0	Audit removed until restructure of I.T. Service. This will now been considered durng 2015-16 following the outputs from the ICT Healthcheck that is currently in progress.
104	Core Cross-Cutting	Corporate Governance	Governance, Fraud & Corruption	Corporate Governance	April 2014	9 - Removed						0	0	0	0	0	0	This review will now be undertaken as part of the Healthy Organisation and Combined Assurance approach - work on this is already in progress.
105	Legal & Democratic	Information Assurance	ICT	WC_Quality Assurance Checks	January 2015	9 - Removed						0	0	0	0	0	0	Information Assurance Steering Group (IASG) 8/1/15 confirmed that the Information Commissioner Office (ICO) would be undertaking an audit of the Council's information assurance arrangements. Internal Audit will now consider the outcomes and potential gaps in assurance. This is an excellent example where documented assurance mapping will ensure no unneccessary duplication but also provide the Council with an overview of other assurance streams.
106	Children's Social Care	Youth Centres	Operational	Unofficial Fund Accounting/Procedures	April 2014	9 - Removed						0	0	0	0	0	0	From discussion with finance funds have now been closed and no significant anomalies identified and it was no longer felt that the audit work was needed (see email in attachments for confirmation).
107	Corporate & Procurement	Procurement	Operational	E-Procurement	July 2014	9 - Removed						0	0	0	0	0	0	Corporate Procurement audits to be removed from plan, agreed with Associate Director. Full re-structure and re-design of procurement to be undertaken during 14/15.
108	Children's Social Care	Transitions	Operational	SEN Provision Phase 2	July 2014	9 - Removed						0	0	0	0	0	0	Agreed with AD to postpone phase 2. The days will be used in Phase 1 to cover analysis on an additional 33 clients in residential educational settings.
109	Information Services	Asset Management	ICT	WUC_Software Licensing	January 2015	9 - Removed						0	0	0	0	0	0	Information Assurance Steering Group (IASG) 8/1/15 confirmed that the Information Commissioner Office (ICO) would be undertaking an audit of the Council's information assurance arrangements. Internal Audit will now consider the outcomes and potential gaps in assurance. This is an excellent example where documented assurance mapping will ensure no unneccessary duplication but also provide the Council with an overview of other assurance streams.
110	Information Services	HelpDesk	ICT	WUC_Helpdesk Targets & Performance	January 2015	9 - Removed						0	0	0	0	0	0	As above.
111	Legal & Democratic	Information Security	ICT	WUC_Information Security Breaches	January 2015	9 - Removed						0	0	0	0	0	0	As above.
112	Transformation	Programme Office	Advice	SCV Project	April 2014	9 - Removed						0	0	0	0	0	0	Agreed with S151 not to carry out any further work on this audit. Audit initial work identified no PID so more work needed in the service to clarify scope and way forward for this project.
113	Transformation	Programme Office	Deferred/Removed	Fleet Review	October 2014	9 - Removed						0	0	0	0	0	0	The service is about to carry out a review of its startegy and as such an audit would overlap with this and as such it is no longer appropriate to review in 2014/15.
CARRIED FORWARD 2013 - 14 COMPLETED (STATUS GREEN)																		
114	Information Services	Systems Administration	ICT	Systems Administration	2013/14	Final	Partial					3	0	2	1	0	0	
115	Information Services	IT Infrastructure	Key Control	Corporate ICT Processes	2013/14	Final	Reasonable					14	0	4	8	2	0	
116	Children's Social Care	Disclosure and Barring Service (DBS)	Operational	Disclosure and Barring Service (DBS)	2013/14	Final	Reasonable					10	0	3	7	0	0	
117	Adult Social Care Operations	Vulnerable Adults	Follow Up	Vulnerable Adults follow up	2013/14	Final	Non Opinion					0	0	0	0	0	0	

Audit No	Directorate/Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
118	People & Business Services	Restructuring & Redundancies	Operational	Voluntary redundancies	2013/14	Final	Substantial					0	0	0	0	0	0	
119	Legal & Democratic	Electoral Services	ICT	Xpress Payroll	2013/14	Final	Reasonable					3	0	0	3	0	0	
120	Children's Social Care	Child Placements	Operational	Independent Reviewing Process	2013/14	Final	Reasonable					5	0	1	3	1	0	
121	Children's Social Care	Foster Carers	Operational	Foster Carer Reports	2013/14	Final	Partial					23	3	11	8	1	0	
122	Environment, Waste & Leisure	Leisure	Operational	Legionella and COSHH	2013/14	Final	Reasonable					7	0	0	5	2	0	
123	Finance	General Ledger & Financial Accounting	Key Control	General Ledger & Financial Accounting	2013/14	Final	Substantial					4	0	0	1	3	0	
124	People & Business Services	Workforce	Operational	Employment Tracking	2013/14	Final	Partial					8	0	5	3	0	0	
125	Schools & Learning	Benchmarking	School	Schools - Benchmarking	2013/14	Final	Non opinion					0	0	0	0	0	0	
126	Schools & Learning	Payment Cards	School	Schools - Payment Cards	2013/14	Final	Non opinion					0	0	0	0	0	0	
127	Core Cross-Cutting	Expenses Fraud	Operational	Members Expense Claims	2013/14	Final	Partial					6	0	2	4	0	0	
						RECOMMENDATIONS						83	3	28	43	9	0	
						TOTAL RECOMMENDATIONS						375	5	74	224	66	6	

23 June 2015

Draft Annual Governance Statement 2014-15

Purpose

1. To ask the Audit Committee to consider a draft Annual Governance Statement (AGS) for 2014 -15 for preliminary comment before final approval is sought from the Committee at its meeting on 31 July 2015.

Background

2. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an AGS for 2014-15. This will be signed by the Leader of the Council and the Corporate Directors after final approval by the Audit Committee on 31 July 2015. The AGS will form part of the Annual Statement of Accounts for 2014-15.

3. Based on advice from the Chartered Institute of Public Finance and Accountancy (CIPFA), the AGS should include:

   - an acknowledgement of responsibility for ensuring there is a sound system of governance, incorporating the system of internal control;

   - an indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide;

   - a brief description of the key elements of the governance framework, including reference to group activities where those activities are significant;

   - a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements;

   - an outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan.

4. The AGS for Wiltshire Council should demonstrate how the Council is meeting the six principles of good governance adopted in its Code of Corporate Governance. These principles are:

- focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area;

- councillors and officers working together to achieve a common purpose with clearly defined functions and roles;

- promoting values for the council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

- taking informal and transparent decisions which are subject to effective scrutiny and managing risk;

- developing the capacity and capability of councillors and officers to be effective;

- engaging with local people and other stakeholders to ensure robust accountability.

5. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2014-15, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts in July 2015. The AGS should outline the actions taken or proposed to address any significant governance issues identified.

6. The AGS is drafted by members of the Governance Assurance Group, which comprises senior officers who have lead roles in corporate governance and a member representative from the Audit Committee.

7. The evidence for the AGS comes from a variety of sources, including assurance statements from associate directors, relevant lead officers within the organisation, internal and external auditors and inspection agencies.

Draft AGS - Content

8. Work on the draft AGS 2014-15 is in progress. A copy of the latest draft is attached at Appendix 1. The draft will be revised in the light of further reviewing of assurance sources by the Governance Assurance Group and any observations of the Audit Committee, Cabinet, Standards Committee and the Council's external auditors, KPMG.

9. The draft reflects the elements described in paragraph 3 of this report and has regard to revised guidance from CIPFA.

10. Section C of the AGS describes the Council's governance framework for the relevant period. The final version will need to reflect the position up to the date of approval and signature in July 2015.

11. Section D provides a review of the effectiveness of the Council's governance framework. This section has been structured to reflect the key governance principles set out in the Council's Code of Corporate Governance.

12. The overall audit opinion of the Council's internal auditors on the effectiveness of the council's control environment for 2014-15 will be advised at the meeting.

13. Assurance statements are being obtained from associate directors. These are being reviewed and any potential significant governance issues arising from these will be included in the final version of the AGS and highlighted at the July meeting.

14. Section E of the draft AGS requires the Council to identify any significant internal control issues affecting the Council during the relevant period.

15. CIPFA guidance suggests that an internal control issue is to be regarded as significant if:

- the issue has seriously prejudiced or prevented achievement of a principal objective;

- the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;

- the issue has led to a material impact on the accounts;

- the audit committee, or equivalent, has advised that it should be considered significant for this purpose;

- the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;

- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;

- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

16. At this stage it is proposed to include three significant governance issues in this section:

- Delivery of the Council's Business Plan 2013-17
- Information Governance
- Safeguarding Children and Young People

Details are set out in paragraph 89 of the draft AGS.

17. Any further potential significant governance issues that are identified will be reported to the Audit Committee when the AGS is brought back for final approval on 31 July 2015.

18. KPMG will be consulted on the draft AGS and their comments will be taken into account in the presentation of the final version to the Audit Committee.

Financial implications

19. There are no financial implications arising directly from the issues covered in this report.

Risk Assessment

20. The production of the AGS is a statutory requirement. Ongoing review of the effectiveness of the Council's governance arrangements is an important part of the Council's risk management strategy.

Environmental Impact

21. There is no environmental impact regarding the proposals in this report.

Equality and Diversity Impact

22. There are no equality and diversity issues arising from this report.

Reasons for the Proposal

23. To prepare the AGS 2014-15 for publication in accordance with the requirements of the Audit and Accounts Regulations.

Proposal

24. The Audit Committee is, therefore, asked:

    a. to consider the draft AGS as set out in Appendix 1 and to make any amendments or observations on the content.

    b. to note that the draft AGs will be revised in the light of comments from the Committee, Cabinet, Standards Committee and further work by the Governance Assurance Group before being brought back to this committee for final approval and publication with the Statement of Accounts at the end of July.

Ian Gibbons

Associate Director Legal and Governance and Monitoring Officer

Report Author: Ian Gibbons

Unpublished documents relied upon in the production of this report.

None

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DRAFT

Annual Governance Statement

2014-15

Wiltshire Council
Where everybody matters

Draft 7

Contents

A. Scope of Responsibility

1. Wiltshire Council is responsible for ensuring that its 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

2. In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, including the management of risk, and facilitating the effective exercise of its functions.

B. The Purpose of the Governance Framework

3. The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which the Council accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

4. The assurance framework and the system of internal control are significant parts of that framework. They are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The assurance framework and the system of internal control are based on an ongoing process that is designed to:

   a. identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
   b. evaluate the likelihood of those risks being realised;
   c. assess the impact of the risks if they are realised;
   d. manage the risks efficiently, effectively and economically.

5. The assurance framework also provides a mechanism for monitoring and implementing a system of continuous governance improvement.

6. The governance framework has been in place at the Council for the year ended 31 March 2015 and up to the date of approval of the Statement of Accounts for 2014/15.

C. The Governance Framework

7. The Council's governance framework comprises a broad range of strategic and operational controls, which work together to ensure the sound operation of the Council. The key elements are summarised below.

8. Documents referred to are available from the Council or may be viewed on the Council's website (www.wiltshire.gov.uk).

9. The review of the Council's governance arrangements, through the Annual Governance Statement, is in accordance with CIPFA/Solace guidance Delivering Good Governance in Local Government, Delivering Good Governance in Local Government, Addendum 2012.

Purpose and Planning

10. In September 2013 the council adopted a new Business Plan for 2013-17 with the following priorities:

    • to protect those who are most vulnerable;
    • to boost the local economy – creating and safeguarding jobs; and,
    • to support and empower communities to do more for themselves.

11. These priorities serve to deliver the council's vision to create stronger and more resilient communities.

12. The Business Plan is supported by a Financial Plan, which demonstrates how it will be funded. The management of the Council's strategic risks helps achieve the Council's objectives.

Policy and Decision-Making Framework

13. The Council's Constitution provides the framework within which the Council operates. It sets out how decisions are made and the procedures which must be followed to ensure that these are efficient, effective, transparent and accountable.

14. The Constitution defines the role and responsibilities of the key bodies in the decision-making process - the Council, Cabinet, and Committees.

15. The Council's Health and Well-being Board is a committee of the council with a strategic leadership role in promoting integrated working between the council and the NHS, and in relation to public health services. It is the key partnership and focal point for strategic decision making about the health and well- being needs of the local community.

16. The Wiltshire Police and Crime Panel reviews and scrutinises decisions of the Police and Crime Commissioner. The Panel is a joint committee with Swindon Borough Council.

17. The Constitution is reviewed on an ongoing basis by the Monitoring Officer and the Standards Committee through its Constitution Focus Group to ensure that it reflects changes in the law and remains fit for purpose.

18. The Leader and Cabinet are responsible for discharging the executive functions of the Council, within the budget and policy framework set by the Council.

19. The Council publishes a Forward Work Plan once a month giving details of all matters anticipated to be considered by the Cabinet over the following 4 months,

including items which constitute a key decision.[1]

20. Schemes of Delegation are in place for Cabinet Committees, Cabinet Members and Officers to facilitate efficient decision-making. The Leader has established three Cabinet Committees - the Cabinet Capital Assets Committee, Cabinet Transformation Committee and the Cabinet Business Relief Committee.

21. The Council has established 18 area committees known as Area Boards. Each area board exercises local decision making under powers delegated by the Leader.

22. The Council's overview and scrutiny arrangements consist of an overview and scrutiny management committee supported by 3 select committees:

   - Health (including the NHS, public health and adult social care)
   - Environment (including highways, waste and transportation)
   - Children (including education, vulnerable children, youth services and early years)

23. The management committee co-ordinates the work of the select committees and also covers internal services such as finance, performance, staffing and business planning. Most overview and scrutiny work is done by small groups of elected members who meet to review single issues in detail. Interested parties are often invited to contribute to this work. The group then produces a report presenting their findings and recommendations to the cabinet and others as necessary on how the issue or service could be improved.

24. More rapid scrutiny exercises provide the opportunity to be able to react more readily to issues as they emerge.

25. Scrutiny member representatives can also be appointed to boards of major projects to provide challenge. Partners and contractors also contribute to the scrutiny process.

26. These arrangements serve to hold the Cabinet, its Committees, individual Cabinet Members and officers to public account for their executive policies, decisions and actions and serves to make sure that decisions are taken based on sound evidence and are in the best interests of the people of Wiltshire.

27. The Standards Committee is responsible for:

   - promoting and maintaining high standards of conduct by Members and Officers across the Council;
   - determination of complaints under the Members' Code of Conduct;
   - oversight of the Constitution, overview of corporate complaints handling and Ombudsman investigations, and the whistle blowing policy;

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[1] 'Key decisions' are defined in Paragraph 9 of Part 1 of the Constitution. They include any decision that would result in the closure of an amenity or total withdrawal of a service; any restriction of service greater than 5%; any action incurring expenditure or producing savings greater than 20% of a budget service area; any decision involving expenditure of £500,000 or more,(subject to certain exceptions), any proposal to change the policy framework; any proposal that would have a significant effect on communities in an area comprising two or more electoral divisions.

28. The Council has adopted a Code of Conduct for members and established arrangements for dealing with complaints under the code for Wiltshire unitary and parish councillors, including the appointment of 3 independent persons in accordance with the statutory requirements.

29. The Council has in place arrangements for considering complaints made about the conduct of the Police and Crime Commissioner for Wiltshire.

30. The Audit Committee is responsible for:

   • monitoring and reviewing the Council's arrangements for corporate governance, risk management and internal control;
   • reviewing the Council's financial management arrangements and approving the annual Statement of Accounts;
   • focusing audit resources
   • monitoring the effectiveness of the internal and external audit functions;
   • monitoring the implementation of agreed management actions arising from audit reports.

Wiltshire Pension Fund

31. The Wiltshire Pension Fund is overseen by the Wiltshire Pension Fund Committee. This Committee has its delegated power from the full Council, rather than the Executive (Cabinet), so as to avoid any conflict of interest (e.g. in relation to the setting of employer contributions).

32. This Committee is responsible for all aspects of the fund, including:

   • the maintenance of the fund;
   • preparation and maintenance of policy, including funding and investment policy;
   • management and investment of the fund;
   • appointment and review of investment managers;
   • monitoring of the audit process.

33. The Wiltshire Pension Fund Committee exercises its responsibilities in relation to investment management when it sets investment policy and appoints/monitors external investment managers.

34. The Council has established a Local Pension Board in accordance with new statutory requirements. The purpose of the Board is to assist the Council as the administering authority in its role as scheme manager for the Local Government Pension Scheme and to ensure the effective and efficient governance and administration of the Scheme.

35. A new governance and assurance framework has been developed to underpin the delivery of the Wiltshire and Swindon Economic Plan (SEP) by the Swindon and Wiltshire Local Enterprise Partnership (SWLEP). This includes an executive Strategic Joint Economic Committee with Swindon Borough Council to provide local democratic accountability for the delivery of the SEP.

Regulation of Business

36. The Constitution contains detailed rules and procedures which regulate the conduct of the Council's business. These include:

  • Council Rules of Procedure
  • Budget and Policy Framework Procedure
  • Financial Regulations and Procedure Rules
  • Procurement and Contract Rules
  • Members' Code of Conduct
  • Officers' Code of Conduct
  • Corporate Complaints Procedure

37. The statutory officers - the Head of Paid Service (see note [2] below), the Solicitor to the Council/Monitoring Officer and the Chief Finance Officer have a key role in monitoring and ensuring compliance with the Council's regulatory framework and the law. The statutory officers are supported in this role by the Council's HR, legal, governance and democratic services, finance and procurement teams, and also by the internal audit service.

38. Internal Audit services in Wiltshire are provided through a partnership with South West Audit Partnership.

39. The following bodies have an important role in ensuring compliance:

  • Audit Committee
  • Overview and scrutiny management and select committees and task groups
  • Standards Committee
  • Internal Audit
  • External Audit and Inspection Agencies.

40. The Council's Governance Assurance Group comprises senior officers with lead responsibility for key areas of governance and assurance, together with an elected member who is a member of the Audit Committee. Other officers and members attend by invitation to provide the Group with information about issues on which it is seeking assurance. Officers can also bring any concerns about the Council's governance arrangements forward to the Group for consideration.

41. The Governance Assurance Group meets monthly and has a forward work plan. It is responsible for gathering evidence for and drafting the Annual Governance Statement. It identifies any potential significant governance issues throughout the year, and seeks assurance on the effectiveness of measures to address these. It has a key role in promoting and supporting sound governance across the organisation and reports as required to the Corporate Leadership Team. [2]

[2.] The Corporate Leadership Team comprises the three Corporate Directors, supported by the Chief Finance Officer / Section 151 Officer, Solicitor to the Council / Monitoring Officer, Associate Director People and Business Services, the Associate Director of Communities and Communications and the Associate Director Corporate Function, Procurement and Programme Office. The statutory role of Head of Paid Service is rotated between the three corporate directors every four months.

Management of Resources, Performance and Risk

Financial Management

42. Financial management and reporting is facilitated by:

   • Regular reports to Cabinet on the Council's Revenue Budget and Capital Programme;
   • Regular review by the Corporate Leadership Team;
   • Regular consideration of these reports by the Financial Planning Task Group;
   • Budget monitoring by Service Managers;
   • Compliance with the Council's Budgetary and Policy Framework, Financial Regulations and Financial Procedure Rules;
   • Compliance with external requirements, standards and guidance;
   • Publication of Statement of Accounts;
   • Overseeing role of the Audit Committee.

43. The Council's financial management arrangements are consistent with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, issued in 2010.

Performance and Risk Management Reporting

44. At the heart of the Business Plan 2013 – 2017 is the vision to *create stronger and more resilient communities*. It sets out how we plan to achieve this and outlines our key priorities:

   • Protect those who are most vulnerable;
   • Boost the local economy – creating and safeguarding jobs;
   • Support and empower communities to do more for themselves.

45. Measuring success is about how we will know we are performing well and moving in the right direction to achieve our vision and priorities.

46. Measures and activities captured as part of the strategic performance framework demonstrate progress against the objectives set out in the Business Plan. These are monitored by the Corporate Leadership Team on a quarterly basis.

47. This reporting framework is underpinned by the *Strategic Performance and Risk Management Board* which takes the strategic lead on the development and management of the corporate planning cycle, including the organisation's approach to business planning and the monitoring of performance against the objectives outlined in the Business Plan.

48. The Board is supported by the *Operational Performance and Risk Management Group,* which provides the operational perspective in the refining of the performance and risk frameworks and acts as the conduit for embedding the

council's approach to performance and risk within service areas.

49. Risk management is a central component of the council's governance framework. Whilst risks are identified and monitored at service level, the Strategic Performance and Risk Management Board takes the strategic lead on the development and management of the council's Risk Management Strategy and ongoing monitoring of key strategic risks. The Board receives quarterly updates on the strategic risk register.

50. The diagram below demonstrates the cycle of managing risk.
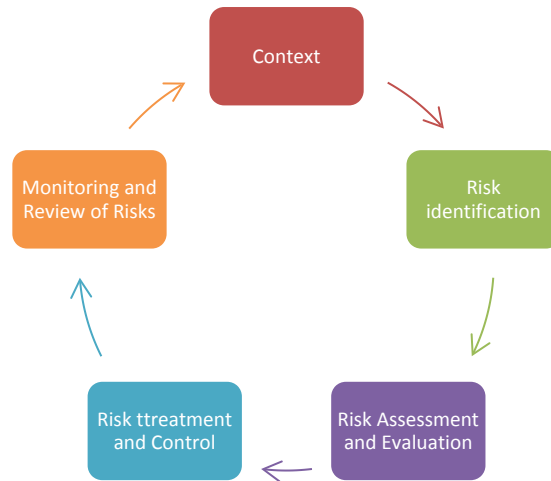
51. The risks associated with major projects are managed through project management arrangements with regular reporting to the relevant boards and member bodies.

52. The Council's Business Continuity Policy provides a framework to maintain and develop business continuity arrangements at both corporate and service levels. It sets out the responsibilities of different management levels and groups as part of this process.

Internal Audit

53. The main role of Internal Audit is to provide an independent and objective opinion on the Council's control environment.

54. Internal Audit has the following additional responsibilities:

- providing support to the Chief Finance Officer in meeting his responsibilities under Section 151 of the Local Government Act 1972, to make arrangements for the proper administration of the Council's financial affairs;
- investigating any allegations of fraud, corruption or impropriety;
- advising on the internal control implications of proposed new systems and procedures.

55. The annual Internal Audit Plan is based on an assessment of risk areas, using the most up to date sources of risk information, in particular the Council's Corporate and Service Risk Registers. However the approach for 2015-16 will involve a more comprehensive combined assurance review to identify the most appropriate focus for Internal Audit Work. The Plan is agreed with Corporate Directors, and presented to the Audit Committee for approval. The Committee receives reports of progress against the plan throughout the year. The Internal Audit Annual Report summarises the results and conclusions of the audit work throughout the year, and provides an audit opinion on the internal control environment for the Council as a whole.

External Audit and Inspections

56. The Council is subject to audit by its external auditors, KPMG LLP, specifically in relation to the Council's financial statements and the arrangements to secure value for money (VFM) in the use of resources. It is also subject to reviews by external inspection agencies, OFSTED, and the Care Quality Commission (CQC). The outcomes of external audit work and inspections are used to help strengthen and improve the Council's internal control environment and help secure continuous improvement.

Associate Directors' Assurance Statements

57. Associate directors' are required to complete assurance statements. Any significant governance issues identified will be included in Section E.

Monitoring Officer

58. The Monitoring Officer has not made any adverse findings in the course of the exercise of his statutory responsibilities.

D. Review of Effectiveness

59. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Council's internal audit function, and also by reports of external auditors and other review agencies and inspectorates.

60. The key principles of corporate governance are set out in the Council's Code of Corporate Governance as follows:

- Focusing on the purpose of the Council and on outcomes for

the community, creating and implementing a vision for the local area;

- Engaging with local people and other stakeholders to ensure robust public accountability;

- Ensuring that members and officers work together to achieve a common purpose with clearly defined functions and roles;

- Promoting high standards of conduct and behaviour, and establishing and articulating the Council's values to members, staff, the public and other stakeholders;

- Taking informed, risk based and transparent decisions which are subject to effective scrutiny; and

- Developing the capacity of members and officers to be effective in their roles.

61. The effectiveness of the Council's assurance framework and system of internal control is assessed against these six principles.

Focus on the purpose of the Council and on outcomes for the community, creating and implementing a vision for the local area

62. The Council's vision and priorities are set out in its Business Plan 2013-2017. This is consistent with the long term priorities that are set out in the Community Plan 2011-2026.

Engaging with local people and other stakeholders to ensure robust public accountability

63. The development of Wiltshire's area boards has played a key role in ensuring robust public accountability and democratic engagement in Wiltshire. The devolved governance arrangements are set out in the Council's Constitution. In 2014 a comprehensive review of the Area Boards was undertaken to more closely align governance arrangements with the aspirations set out in the Council's Business Plan. The conclusions and recommendations arising from the review were adopted by the Council on 22 April 2014 (Cabinet minute no. 47).

64. The Council monitors the performance of the area boards in a number of ways:

- Public reporting on all issues and grant applications referred to the boards through online systems (including a new grants evaluation process in 2014);

- Periodic scrutiny reviews and audit of financial arrangements;
- Feedback received following events;
- An annual satisfaction survey of people attending area board meetings;
- The Area Boards self evaluation process; and
- Ongoing lean systems reviews.

65. The Council seeks to align the resources delegated to area boards with the needs of local communities and to assess the impact of its devolved governance arrangements through the Joint Strategic Assessment process. This involves the prioritisation of issues by the local community, action and resource allocation by the area boards and the use of the boards' collaborative influence to initiate community-led action in the area. In 2014, revised arrangements were put in place to capture and monitor the effectiveness of this process, through improved reporting to the Health and Wellbeing Board.

66. In October 2014 Wiltshire's Health and Wellbeing Board invited a peer challenge team to review Wiltshire's arrangements for improving the health and well being of its residents. Overall feedback was very positive. The team were very impressed with the passion and commitment of everyone involved in health and wellbeing in Wiltshire and thought we are doing all the right things and we are doing them well. A copy of the peer challenge report may be found on: [*insert link*].

67. The Health and Wellbeing Board has developed an action plan to ensure that the recommendations from the peer challenge are implemented.

Ensuring that councillors and officers work together to achieve a common purpose with clearly defined functions and roles

68. The Constitution sets out clearly the roles and responsibilities of Councillors and Officers in the decision making process.

69. The Council has adopted a Councillor and Officer Relations Protocol which:

- outlines the essential elements of the relationship between councillors and officers;
- promotes the highest standards of conduct;
- clarifies roles and responsibilities;
- ensures consistency with the law, codes of conduct and the Council's values and practices; and
- identifies ways of dealing with concerns by councillors or officers.

Promoting high standards of conduct and behaviour, and establishing and articulating the authority's values to members, staff, the public and other stakeholders

70. All staff are required to meet high standards of ethical conduct under the Officers' Code of Conduct.

71. The Council has a code of conduct for officers which is underpinned by a behaviours framework. This framework clearly articulates the behaviours expected of council officers, and is explicitly referred to in recruitment and performance appraisal processes.

72. The Standards Committee is reviewing the Code of Conduct for Councillors to ensure that it is effective in promoting high standards of conduct. Any recommended changes will be reported to Council later this year.

73. The Council's Governance Team is responsible for overseeing compliance with access to information legislation, operation of the agreed arrangements under the standards regime, and the promotion of good governance within the Council and with key partners, including the town and parish councils of Wiltshire. This helps to ensure that robust governance arrangements are supported across the Council.

Internal Audit

74. Internal Audit represents an important element of the Council's internal control environment, and to be effective it must work in accordance with the Code of Practice for Internal Audit in Local Government, which lays down the mandatory professional standards for the internal audit of local authorities.

75. The Internal Audit Annual Report and Opinion 2014 -15 summarises the results and conclusions of the audit work throughout the year, and provides an independent audit opinion on the internal control environment for the Council as a whole. The Council's internal auditors, SWAP, have given an overall audit opinion of [   ] assurance on the adequacy and effective operation of the Council's control environment for 2014-15. [To be completed when final report is available]

External Audit

76. KPMG LLP's report to those charged with governance for 2014/2015 will be tabled at the meeting of the Audit Committee on 29 July 2015. This will summarises the key issues arising from the work at Wiltshire Council in relation to the 2014/15 financial statements and the work to support the 2014/15 value for money conclusions.

Taking informed, risk based and transparent decisions which are subject to effective scrutiny

77. Cabinet Members and Officers exercising delegated powers are required to take decisions in accordance with their respective schemes of delegation. The Leader's protocol for decision-making by Cabinet Members ensures transparency by requiring publication of the intention to make a decision on 5

clear days' notice and the final decision.

78. The Partnership Protocol and Register captures the Council's partnership arrangements. As of May 2015 the number of partnerships in operation is 42. During 15/16 a review of the protocol will be conducted. Once completed all arrangements will be reviewed with service areas to check all are aware of the requirements of the revised protocol and all partnerships are captured.

79. Cabinet members, scrutiny members and senior management across the council work closely to develop a single work programme of overview and scrutiny aligned to the Business Plan outcomes.

80. In responding to the recommendations made through the corporate peer challenge from 2013, the council invited the LGA to undertake a peer review of its overview and scrutiny arrangements in March 2015.

81. The reviewers recognised that overview and scrutiny in Wiltshire is evolving well and that the new approach is successfully bedding in. Some of the reviewers' key recommendations in moving forward included:

- Continuing to develop formal and informal relationships between cabinet and scrutiny members;
- Continuing to develop pre-budget scrutiny and the encouragement of wider member involvement through the select committees;
- Developing scrutiny communications to clearly articulate the role of overview and scrutiny and demonstrate its achievements and impact;
- Continuing to develop the capacity of members in this area.

82. The outcome of the review has provided the council with a helpful external perspective and feedback on our approach to overview and scrutiny in Wiltshire, and our ambitions for taking it forward in the future.

83. The work undertaken by the Audit Committee this year has included:

- review and approval of the Annual Governance Statement for 2013-14;

- review and approval of the Statement of Accounts for 2013-14;

- review of the work and findings of Internal Audit, including the Annual Report and audit opinion on the control environment;

- review of the Council's risk management arrangements;

- review of the work and findings of external audit, including the Annual Audit Letter and Report to Those Charged with Governance.

84. Public Health has continued to actively increase and embed Emergency Planning Resilience and Response arrangements for the county. As an essential part of Public Health, the new team has continued to strengthen resilience both within the organisation and throughout the community. Extensive training has

been delivered at all levels, and new simpler, more practical plans have been introduced. Substantial improvements have been made to the Council incident room, with improved IT and an innovative mobile application which allows instant reporting and photographs taken at an incident scene to be uploaded directly to the incident room system via mobile tablet devices. Community resilience workshops have been initiated across the 18 community areas, with 6 delivered this year (covering approximately 50 town and parish communities). These multi-agency workshops are delivered by representatives from the council's emergency planning, Public Health, drainage and highways teams, together with the emergency services. A full programme of work has been planned for 2015/16 which will concentrate on further strengthening resilience and preparedness based on the risks that face the county.

Developing the capacity of councillors and officers to be effective in their roles

85. The Council is committed to the ongoing development of its Councillors and recognises the importance of building up their capacity and effectiveness.

86. The Council's Councillor Development Policy:

   • Establishes Councillors' individual training needs and protocols and allocates budget according to the Council's priorities;

   • Ensures equality of access to funds and training events;

   • Evaluates the effectiveness of councillor development annually to inform the prioritisation and allocation of funding for future years.

87. The "People Strategy" is in place to support delivery of the business plan and the identified priorities. An action plan that outlines the activities needed to deliver the aims of the People Strategy is reviewed regularly and updated annually to ensure the actions are aligned with the priorities in the business plan. The People Strategy outlines priority areas for action which are critical to the delivery of this plan, ensuring that the Council has the workforce capacity it needs to work in different ways and successfully meet current and future challenges.

E) Significant Governance Issues

88. An internal control issue is regarded as significant if:

   • the issue has seriously prejudiced or prevented achievement of a principal objective;

   • the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources

from another aspect of the business;

- the issue has led to a material impact on the accounts;

- the audit committee, or equivalent, has advised that it should be considered significant for this purpose;

- the Head of Internal Audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment;

- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;

- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

89. The following have been identified as significant governance issues:

Delivery of the Council's Business Plan 2013-17

Delivering the Business Plan remains a significant challenge given an increasing demand for key services, such as care for vulnerable children and adults, and highways maintenance, as well as rising inflation costs, and less money from central Government. In order to achieve this the Council will continue to embrace change and adopt a transformational and innovative approach, aligning resources to priorities and challenging if or how services are provided. This will be underpinned by effective performance, financial and workforce information and sound risk management. The Council updates it financial plan annually to reflect current pressures and demands and this targets priorities in the Business Plan.

Information Governance

In March 2015 the Information Commissioner's Office (ICO) carried out a voluntary audit of the Council's information governance arrangements. The audit focused on the following areas:

Records management – the processes in place for managing both manual and electronic records containing personal data.

Subject access requests – the procedures in operation for recognising and responding to individuals' requests for access to their personal data.

Data sharing – the design and operation of controls to ensure the sharing of personal data complies with data protection legislation and good practice.

The overall conclusion was that there is a limited level of assurance that processes and procedures are in place and delivering data protection compliance and that there is considerable scope for improvement in existing arrangements to reduce the

risk of non- compliance with the Data Protection Act.

A detailed action plan is being developed to ensure that the ICO's recommendations are prioritised and implemented within the next 12 months.

Safeguarding Children and Young People

The Improvement Notice was lifted from Wiltshire Council in April 2014 after an OFSTED inspection the previous year. Consequently the inter-agency Improvement Board ended after a positive Local Government Association (LGA) review of the Wiltshire Safeguarding Children Board (WSCB), which had tested the governance arrangements for safeguarding by the council and its partners.

The Improvement Board has been replaced by a Wiltshire Council Improvement Board which is chaired by a Corporate Director in her statutory role of Director of Children's Services (DCS). This Board is serviced by four Improvement Groups chaired by senior managers. Each Group has responsibility for an Improvement Plan and ensuring that there is progression towards the OFSTED criteria of Good and Outstanding. The Cabinet Member for Children and portfolio holders are members of the Improvement Board and the chair of Children's Scrutiny is an invited member of the Board. Six weekly reports are provided to Cabinet Liaison by the Cabinet Member for Children.

Oversight and scrutiny is provided by the Children's Select Scrutiny Committee, the Safeguarding Children's Task Group and the Corporate Parenting Panel. The Multi-Agency Safeguarding Hub Governance Board meets every six months with a monthly operational board undertaking service delivery improvements.

LGA and peer reviews have taken place in respect of the WCSB, the Council and Partners' response to Neglect and the Looked After Children. These have concluded that the Council is fulfilling its statutory duties effectively.

The Council will continue to have a relentless focus on safeguarding improvement, and in order to monitor progress safeguarding remains a significant governance issue this year.

Jane Scott
Leader of the Council   _____

Corporate Directors   _____

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Dated   _____

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External audit technical update

Wiltshire Council

June 2015

External audit technical update – June 2015

The report highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

🔴 **High impact**
🟡 **Medium impact**
🟢 **Low impact**
⚪ **For info**

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KPMG resources

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Area	Comments
Governance Arrangements work over the Better Care Fund. Page 66	The £3.8 billion Better Care Fund (BCF) (formerly the Integration Transformation Fund) was announced by the Government in the June 2013 Spending Round, to ensure a transformation in integrated health and social care. The BCF is a single pooled budget to support health and social care services to work more closely together in local areas. The BCF not only brings together NHS and Local Government resources, but also provides a real opportunity to improve services and value for money, protecting and improving social care services by shifting resources from acute services into community and preventative settings. The governance arrangements for the BCF will therefore have to meet the requirements of all partners to achieve economy, efficiency and effectiveness in their use of resources. Each partner will also need to satisfy itself that the pooled budget complies with the requirements of its appropriate code of governance and annual governance reporting guidance. Each partner must also satisfy itself that all other regulatory requirements are met – for example, that discrete funding streams are only spent appropriately at a local level. Partners therefore need to make arrangements to ensure that that is happening. Additionally, there will be a requirement for an audit certificate on this expenditure and arrangements need to be in place to ensure appropriate records are kept to provide sufficient audit assurance. With this in mind, CCG governing bodies and Local Authority Executives are now considering whether governance arrangements and structures are fit for purpose and will ensure the effective management of the BCF and the pace of development and implementation. We are currently carrying out reviews of these governance arrangements and structures using the following Key Lines of Enquiry: ■ Governance arrangements. ■ Engagement and communication. ■ Hosting arrangements. ■ Signed agreement. ■ Performance management. ■ Financial management. For more information, please contact Adam Bunting (adam.bunting@kpmg.co.uk, 0117 905 4470 or 0787 613 7589)

Area	Comments
Better Care Fund Support Programme Page 67	The Better Care Fund Support Programme aims to help areas to overcome the barriers to the successful implementation of the Better Care Fund plans across England in 2015/16. KPMG is one of the partners that successfully bid to deliver the programme, on behalf of NHS England, alongside the Social Care Institute for Excellence ('SCIE'), PPL Consulting and the Berkeley Partnership. The focus has been on practical implementation support to deliver better care for the local population. Support has included: ■ Conferences, webinars and regional clinics – to explore the barriers to change and develop local plans to overcome them; ■ The Better Care Exchange – an online interactive space for knowledge sharing and collaboration (currently in development); ■ Virtual clinics – telephone support for BCF leads to discuss individual site issues with integration experts; and ■ Coaching and support – to enable good practice and insight gathering from within the BCF programme to support Better Care Learning Partners. A number of 'How to guides' have been developed on how to: ■ lead and manage Better Care implementation: www.scie.org.uk/about/files/nhs-england-bcf-leadership-how-to-guide.pdf ■ bring budgets together and use them to develop coordinated care provision: www.scie.org.uk/about/files/nhs-england-bcf-budgets-how-to-guide.pdf ■ work together across health, care and beyond: www.scie.org.uk/about/files/how-to-work-together-across-health-care-and-beyond.pdf The support programme also includes webinars. Further webinars are scheduled, but at present they cover the following topics: ■ Joint working; ■ Section 75 Arrangements – Pooled and unpooled budgets; and ■ Data sharing: More details on the programme, and a link to the webinar recordings, can be found on the SCIE website at www.scie.org.uk/about/partnerships-better-care.asp For more information, please contact Adam Bunting (adam.bunting@kpmg.co.uk, 0117 905 4470 or 0787 613 7589)

Area	Comments
Audit Committee Institute: Local Government Seminar Series – Winter 2015	Our Audit Committee Institute ('ACI') events have been designed to provide you with sessions that help you consider the challenges faced by Local Government bodies today, and to help you think about the questions you want to be asking in relation to the assurance you need.
	Our bespoke seminars are tailored to your needs, offering you the opportunity to discuss and share best practice with your peers. They will encourage and spark debate and give you the opportunity to reflect on your role and how your organisation can meet the challenges ahead.
	Our Winter Local Government sessions will be led by specialists from our dedicated Local Government practice and will focus on hot topics in the sector.
	The Leeds event will take place on 15 October 2015 from 6pm.
	Invites will be sent to Audit Committee members in Summer 2015.
	For more information, please contact Adam Bunting (adam.bunting@kpmg.co.uk, 0117 905 4470 or 0787 613 7589)
Integration of Health and Social Housing – Drinks Reception and Presentation	In the context of the General Election and the devolution of health and social care budgets in Greater Manchester, Stephen Dorrell will discuss his views on the links between health and social housing and the potential solutions that lie in greater partnership between these sectors.
	Stephen Dorrell is Senior Adviser to KPMG in the UK, Healthcare and Public Sector. Stephen was an MP for 35 years and is widely known as a reformer. He has a wealth of knowledge and experience having advised on sensitive political changes, major service reconfigurations and long term strategies for organisation – and system wide – reform.
	Stephen's presentation will be followed by a Q&A session and an opportunity to discuss this topic with senior figures from the worlds of social housing, health, property, and local government.
	The event takes place on Wednesday 24 June 2015 from 6.00pm to 7.30pm
	Venue KPMG office 1 St Peter's Square, Manchester, M2 3AE
	To accept the invitation or for further information contact: Rebecca Frost Tel:0113 2542986, email: rebecca.frost@kpmg.co.uk

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Technical update

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Area	Level of impact	Comments	Council Response
NAO report: Public Health England's grant to local authorities Page 70	🟡 **Medium**	This report finds that Public Health England ('PHE') has made a good start in supporting local authorities with their new responsibilities for public health. The National Audit Office ('NAO') considers however that it is too early to tell whether PHE's approach is achieving value for money. Auditors may find that the report is helpful when planning their work on the 2014/15 conclusion on arrangements to secure VFM. PHE provides advice to local authorities on public health and gives them a ring-fenced grant to carry out their new public health responsibilities – £2.7 billion in 2013/14. The agency has, however, encountered some problems with the accuracy of how local authorities record what has been spent on public health. Spending on different aspects of public health varies significantly between local authorities, reflecting the differing needs and circumstances of different areas. The NAO found, however, examples where spending decisions were not obviously aligned to local needs and priorities. The NAO found that PHE could do more to identify these examples and offer appropriate advice and support to local authorities. Authorities may find that the report is helpful when assessing their arrangements for their new responsibilities for public health. The report is available on the NAO website at www.nao.org.uk/report/public-health-englands-grant-to-local-authorities/	*The council is aware and has considered the matter in its planning.*

Area	Level of impact	Comments	Council Response
LAAP bulletin 101: accounting for non-current assets used by local authority maintained schools Page 71	🟡 **Medium**	In December 2014 CIPFA issued *LAAP bulletin 101: accounting for non-current assets used by local authority maintained schools*. The bulletin focuses on the accounting treatment for the non-current assets used by schools under the Code. The bulletin is based on information that CIPFA has received from the national faith representative bodies and CIPFA cannot confirm whether these arrangements operate as described locally. Paragraph 33 of the Bulletin therefore concludes: "Local authorities will need to establish that the situation and analysis exists for VA [voluntary aided], VC [voluntary controlled] schools and foundation schools where assets are owned by religious bodies in their area and assure themselves as to the extent to which this situation is applicable." However, it is the view of the bulletin that for most VA and VC schools, the local authority would not reflect the value of the school buildings or land within their financial statements. The bulletin also addresses the issue of foundation schools; at these schools, the school's main non-current assets are often owned by a trust. The bulletin advises that where the trust is under the common control of the school then the non-current assets should be recognized by the local authority. The bulleting can be found on CIPFA's website at www.cipfa.org/policy-and-guidance/laap-bulletins/laap-101	*The council is aware and has considered the matter in its planning.*

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Area	Level of Impact	Comments	Council Response
LAAP Bulletin 103: closure of the 2014/15 accounts and related matters Page 72	🟢 **Low**	On 27 March CIPFA issued *LAAP Bulletin 103: closure of the 2014/15 accounts and related matters* which clarifies a number of issues with regard to the preparation of 2014/15 financial statements in response to FAQs in relation to: ■ accounting for local authority maintained schools in England and Wales; ■ accounting for local authority maintained schools transferring to academy status; ■ *LAAP Bulletin 102: accounting for collaboration – transition issues*; and ■ amendments to the 2015/16 Code regarding the frequency of valuations. The Bulletin also highlights a number of other issues affecting the closure of the 2014/15 accounts: ■ accounting standards that have been issued but have not yet been adopted, including IFRS 13 Fair Value Measurement; ■ use of example financial statements for preparation of the 2014/15 accounts; and ■ technical alerts, including changes to holiday pay calculations following recent Employment Appeal Tribunal rulings and NDR provisions for refunds granted on appeal against the rateable value of business properties. For future accounting periods, the Bulletin also provides an update on issues affecting 2015/16 and on the measurement of transport infrastructure assets in 2016/17. The final section of the Bulletin includes an update from HM Treasury and the Department for Communities and Local Government covering the Whole of Government Accounts return for 2014/15. The bulletin can be found on CIPFA's website at www.cipfa.org/policy-and-guidance/laap-bulletins/laap-103-closure-201415-accounts	*The council is aware and has considered the matter in its planning.*

Area	Level of impact	Comments	Council Response
LAAP bulletin 102: accounting for collaboration – transition issues Page 73	🟢 **Low**	On 16 February CIPFA issued the *LAAP bulletin 102: accounting for collaboration – transition issues*. The bulletin provides guidance on issues that may arise when making the transition to the new requirements for collaborative arrangements under the revised provisions of the *Code of Practice on Local Authority Accounting in the UK 2014/15* ('the Code') . Chapter 9 Group Accounts of the Code contains revised provisions following the issue of new IFRS standards and the amendment of related existing standards. The bulletin deals with issues specifically relating to making the transition from the old to the new arrangements. The new provisions affect three main areas: 1. a new definition of subsidiaries based on a remodelled control test (IFRS 10 Consolidated Financial Statements); 2. new classifications for joint operations and joint ventures (IFRS 11 Joint Arrangements); and 3. extended and revised disclosure requirements for group accounts (IFRS 12 Disclosure of Interests in Other Entities). The bulletin deals with issues specifically relating to making the transition from the old to the new arrangements. The bulleting can be found on CIPFA's website at www.cipfa.org/policy-and-guidance/laap-bulletins/laap-102	*The council is aware and has considered the matter in its planning.*

Area	Level of impact	Comments	Council Response
The Accounts and Audit Regulations 2015	● **Low**	On 17 February 2015 the *Accounts and Audit Regulations 2015* ('the Regulations') were laid before Parliament, having been signed by the Minister under the *Local Audit and Accountability Act 2014* on 12 February. Authorities should note, however, that the 2011 regulations, which were issued under the Audit Commission Act 1998, continue to apply for the completion of 2014/15 audits. Wiltshire Council is a Category 1 authority under the Regulations. As such, the major changes arising from the regulations will be: ■ the removal of the 30 June deadline for the section 151 officer to certify the financial statements; and ■ moving the deadline for issuing the audit certificate and publishing the financial statements from 30 September to 31 July, from 2016/17 onwards. The rest of the 2015 regulations come into effect for financial years beginning on or after 1 April 2015 and therefore will first apply for 2015/16 audits. The Regulations can be found on the UK Legislation website at www.legislation.gov.uk/uksi/2015/234/contents/made	*The council is aware and has considered the matter in its planning.*
NAO Code of Audit Practice 2015/16	● **Low**	Following its public consultation, the NAO's final draft Code of Audit Practice was laid in Parliament on Monday 12 January 2015; it has now been approved. The Code will apply for audits relating to financial year 2015/16 and beyond. The former Audit Commission Code continues to apply for 2014/15 audits Further details can be found on the NAO website at http://www.nao.org.uk/code-audit-practice/	*The council is aware and has considered the matter in its planning.*

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Area	Level of impact	Comments	Council Response
Audit Commission VFM profiles: Update Page 75	🟢 **Low**	The Audit Commission's value for money ('VFM') profiles are now updated and contain the following changes: 1. The latest 2013/14 data for the revenue outturn returns now shows in all relevant sections. 2. A new section about public health spending contains the relevant spend data, context and performance measures. This section has six sub sections covering: - adults physical health; - children's physical health; - sexual health; - smoking and tobacco; - substance misuse; and - other services and programmes. 3. The nearest neighbours' groupings have been updated using the latest groupings published by CIPFA in November 2014. Although the methodology for the groupings has not changed, the data that is used within the methodology has been updated to create the new groupings. 4. The financial resilience section has been updated with the relevant expenditure data related to income from the rates retention scheme and the spend on administration of council tax local support. 5. All other performance and contextual datasets where possible have the latest available data (with the exception of the children and young people and adults sections which will be updated later in the year as more data becomes available). Auditors may find reference to the updated profiles helpful when planning their work on the 2014/15 conclusion on arrangements to secure VFM. The VFM profiles are now maintained by the PSAA and are available on their website at http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing	*The council is aware and has considered the matter in its planning.*

Area	Level of impact	Comments	Council Response
Transfer of Audit Commission responsibilities from 1 April 2015 Page 76	🟢 **Low**	As outlined in our January *External Audit Technical Update*, from 1 April 2015, Public Sector Audit Appointments ('PSAA'), set up by the Local Government Association as an independent company, oversees the Commission's audit contracts. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for housing benefit subsidy certification and for publishing the Commission's value for money profiles tool has also transferred to PSAA. The Commission's other functions have transferred to new organisations, with local value for money studies as well as responsibility for the Code of Audit Practice transferring to the NAO. Following its public consultation, the NAO's final draft Code of Audit Practice was laid in Parliament on Monday 12 January 2015. The Code will apply for audits relating to financial year 2015/16 and beyond; 2014/15 audits will continue under the existing Audit Commission's 2010 Code. The National Fraud Initiative continues and has now been transferred to the Cabinet Office. The Commission recently wrote to audited bodies and other stakeholders with more information about the transfer of the Commission's functions and where to find details on specific questions. The PSAA website: www.psaa.co.uk/ The NAO website: www.nao.org.uk/code-audit-practice/# The Cabinet Office website: www.gov.uk/government/collections/national-fraud-initiative	*The council is aware and has considered the matter in its planning.*

Area	Level of Impact	Comments	Council Response
CIPFA Treasury and Capital Management Panel bulletin – April 2015 update	🟢 **Low**	CIPFA's Treasury and Capital Management Panel has issued its latest bulletin. These bulletins contain topical treasury management issues which may be of relevance to local authority treasury teams. The latest bulletin covers: ■ Public Works Loan Board (PWLB) governance changes; ■ regulatory changes; ■ Lender's Option, Borrower's Option loans (LOBOs); ■ IFRS 13 and IFRS 9; ■ Islamic finance; ■ publications update; and ■ UK Municipal Bonds Agency. The bulletin can be found on CIPFA's website at www.cipfa.org/policy-and-guidance/technical-panels-and-boards/treasury-and-capital-management-panel/newsletters-and-bulletins	*The council is aware and has considered the matter in its planning.*

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Area	Level of impact	Comments
Audit Commission report: Data quality matters	● **For information**	In February 2015 the Audit Commission published its report, *Data quality matters*, which reports on the past work of the Commission and its appointed auditors in relation to data quality. The report reinforces the enduring importance of the standards for better quality data which the Commission had previously issued, summarising the past data quality work, drawing out key messages and highlights learning points for future consideration of arrangements to assure data quality by those responsible for governance in audited bodies. The report is available from the Commission's website at www.audit-commission.gov.uk/2015/02/data-quality-matters/

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Interim Audit Report 2014/15

Wiltshire Council

June 2015

Contents

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Darren Gilbert, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

This document summarises the key findings arising from our work to date in relation to the audit of the Authority's 2014/15 financial statements.

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Scope of this report

This report summarises the key findings arising from:

- our interim audit work at Wiltshire Council ('the Authority') in relation to the Authority's 2014/15 financial statements;

- our interim audit in relation to the 2014/15 financial statements for the Wiltshire Pension Fund ("the Pension Fund"); and

This report does not cover our 2014/15 value for money (VFM) conclusion. Our work in relation to this will be undertaken during June 2015.

Financial statements

Our *External Audit Plan 2014/15*, presented to you in March 2015, set out the four stages of our financial statements audit process.

During January to April 2015 we completed our planning and control evaluation work. This covered:

- review of the Authority's general control environment, including the Authority's IT systems;

- testing of certain controls over the Authority's key financial systems;

- assessment of the internal audit function; and

- review of the Authority's accounts production process, including work to address prior year audit recommendations and the specific risk areas we have identified for this year.

VFM conclusion

Our *External Audit Plan 2014/15* explained our risk-based approach to VFM work, which follows guidance provided by the Audit Commission (now replaced by Public Sector Appointments Authority Ltd), and detailed our initial risk assessment.

We will complete our work in response to the specific risks identified during our final visit in June. The results of this work will be reported in our *ISA 260 Report 2014/15*.

Structure of this report

This report is structured as follows:

- **Section 2** summarises the headline messages.

- **Section 3** sets out our key findings from our interim audit work in relation to the 2014/15 financial statements.

Our recommendations are included in **Appendix 1**. We have also reviewed your progress in implementing prior recommendations and this is detailed in **Appendix 2**.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

This table summarises the headline messages. The remainder of this report provides further details on each area.

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Organisational and IT control environment	Your organisational control environment is effective overall.
	Progress in improving the overall IT control environment has continued to be made during this period with one of the three prior year recommendations being fully implemented, and the priority one recommendation now reduced to a priority two recommendation.
	The prior year priority one recommendation was in relation to the limiting and monitoring of privileged access within the SAP system. Although CGI still hold the same level of access, further controls have been introduced within the period which mitigate the risk by allowing the Authority to confirm that there has been no unauthorised access during the period. As a result of enabling this control, we are able to fully rely on your IT control environment.
	A small number of additional issues have been identified in relation to the Authority's disaster recovery processes and the maintenance of access to the SAP system. Further details are provided in **Appendix 1**.
Controls over key financial systems	In relation to those controls upon which we will place reliance as part of our audit, the key financial systems are generally sound.
	Despite this, Internal Audit identified weaknesses in relation to the controls in operation around starters and leavers. As a result of this we will not be able to place reliance on these controls and additional substantive testing will be necessary at year end.
Review of internal audit	During the year we have met regularly with SWAP in order to maintain a close working relationship and to build on our joint working protocol.
	In relation to our work on the Authority's financial controls, we were able to place reliance upon the work of Internal Audit in those areas where we are intending to rely upon controls. Working papers produced by Internal Audit were of an appropriate standard, and were supported by the required evidence. However, we did identify one area where further improvement could still be made in relation to the clarity of documentation. Full details are set out page 6.
	We have again placed reliance on the work of Internal Audit in respect of IT controls where this has been performed. Whilst the scope of work undertaken by SWAP was subject to limitations that had been communicated to us prior to the commencement of our work and was incorporated into our planned procedures.
Accounts production and specific risk areas for the Authority	The Authority's overall process for the preparation of the financial statements is strong.
	The Authority has taken the key risk areas we identified seriously and made good progress in addressing them. However, these still present significant challenges that require careful management and focus. We will revisit these areas during our final accounts audit.
Pension Fund audit	We have completed our interim audit in relation to the Pension Fund's 2014/15 financial statements and have identified no issues to report at this stage.

Organisational control environment

Your organisational control environment is effective overall.

Work completed

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would have implications for our audit.

We obtain an understanding of the Authority's overall control environment and determine if appropriate controls have been implemented. We do not complete detailed testing of these controls.

Key findings

We consider that your organisational controls are effective overall.

Our findings in relation to the IT control environment reflects the results of our work undertaken on the general IT controls in operation with regard to each of the Authority's key IT systems.

During the year the Authority has continued to make progress in relation to the adequacy of IT Controls. Despite this we identified a number of new areas where further improvements could be made. These are identified on the following page and in **Appendix 1**.

Aspect	Assessment	
	2014/15	**2013/14**
Organisational controls:		
Management's philosophy and operating style	❸	❸
Culture of honesty and ethical behaviour	❸	❸
Oversight by those charged with governance	❸	❸
Risk assessment process	❸	❸
Communications	❸	❸
Monitoring of controls	❸	❸
IT control environment	❷	❷

Key: ❶ Significant gaps in the control environment.

❷ Deficiencies in respect of individual controls.

❸ Generally sound control environment.

Your IT control environment is effective overall and improvements over the IT control environment have continued to be made.

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Work completed

The Authority relies on information technology (IT) to support both financial reporting and internal control processes. In order to satisfy ourselves that we can rely on the use of IT, we test controls over access to systems and data, system changes and maintenance, system development and computer operations over the SAP and Civica environments.

In completing this work, we have been able to rely on internal audit's reviews of some of the SAP system controls. As a result of an agreed limitation to the scope of SWAP's work however, we have undertaken additional testing of both the SAP and Civica systems.

In reviewing Internal Audit's work it was identified that a number of control weaknesses had been identified, however, at the time of our audit these issues had not been discussed with officers and formally reported within an Internal Audit Report. Issues identified by Internal Audit include:

■ Improvements required within the processes for managing operational changes to the SAP system including the completeness of documentation being retained.

■ The reviews of SAP user roles within Finance and Procurement functions have not been completed.

As these weaknesses will be reported by SWAP, we are not repeating any of them within this report to prevent the duplication of recommendations.

Key findings

We again note that further improvements have been made in the current year in respect of the IT control environment, specifically in relation to the previous 'Access to systems and data' priority one recommendation that has been raised over the last few years.

Whilst the risk previously identified still exists, the physical relocation and in-sourcing of responsibility for the SAP environment to the Authority has facilitated the implementation of mitigating controls that have resulted in the Authority having assurance that no unauthorised

use of these high privilege accounts occurred during the relevant period. Despite this, we identified a number of ongoing issues still to be addressed as set out in **Appendix 2**.

Due to the issues highlighted by Internal Audit, we have again rated the processes in relation to "System changes and maintenance" as having deficiencies in respect of individual controls.

Although the overall number of recommendations requiring action, including outstanding prior year recommendations, has increased from three to five, the degree of risk attached to these recommendations has reduced, with no Category 1 issues identified.

We consider that, despite the issues identified, we are able to rely upon the Authority's IT control environment. In addition, as a result of improvements made during the year, we will not need to undertake additional testing to compensate for SAP deficiencies as has been the case in prior years.

Recommendations are included in **Appendix 1**.

Aspect	Assessment	
	2014/15	**2014/13**
IT controls:		
Access to systems and data	❷	❶
System changes and maintenance	❷	❷
Development of new systems and applications	❸	❸
Computer operations and end-user computing	❸	❸

Key: ❶ Significant gaps in the control environment.

❷ Deficiencies in respect of individual controls.

❸ Generally sound control environment.

Following our assessment of Internal Audit, we were able to place reliance on their work (as per agreed coverage) on both the key financial and IT systems.

Background

The United Kingdom Public Sector Internal Audit Standards ("PSIAS") apply across the whole of the public sector, including local government. These standards are intended to promote professionalism, quality, consistency and effectiveness of internal audit across the public sector. Additional guidance for local authorities is included in the Local Government Application Note on the PSIAS.

Work completed

The scope of the work of your internal auditors and their findings informs our audit risk assessment.

We work with your internal auditors to assess the control framework for certain key financial systems and seek to rely on any relevant work they have completed to minimise unnecessary duplication of work. Our audit fee is set on the assumption that we can place full reliance on their work.

Where we intend to rely on internal audit's work in respect of the Authority's key financial systems, auditing standards require us to complete an overall assessment of the internal audit function and to evaluate and test aspects of their work.

The PSIAS define the way in which the internal audit service should undertake its functions. Internal audit completed a self-assessment in 2011/12 against the standards set out in this document in advance of them becoming applicable and as a result developed an action plan against which they have been working to ensure full compliance. They are planning to begin an updated self assessment in the upcoming months.

We reviewed internal audit's work on the key financial systems and re-performed a sample of tests completed by them.

Key findings

Based on the self-assessment performed by internal audit, our assessment of their files, attendance at Audit Committee and regular meetings during the course of the year, we have not identified any significant issues which would indicate internal audit are not compliant with the PSIAS.

We did not identify any significant issues with internal audit's work and are pleased to report that we were able to place reliance on internal audit's work on a number of financial systems.

However, there is one ongoing improvement that could be made to further enhance the quality of internal audit's work:

■ Documentation of Mitigating Controls: Internal audit's work programmes set out the expected controls which are to be tested as part of any individual review. Where the expected control was not in place, appropriate work was undertaken in order to identify and test mitigating controls. In such instances, however, greater clarity of documentation was required in relation to how the alternative controls identified provided assurance over the same risk areas.

This matter has been discussed with SWAP officers and we have included a recommendation in **Appendix 1**.

We are mindful that internal audit try to cover testing that covers the whole of the Authority's financial year and in some instances because of the timing of their work, the close down meetings or draft internal audit reports have not been finalised in time for our interim work.

As a result of this there is a potential that findings will be revised. Where this happens, additional work may be required to meet our own requirements. No such work has been required to date, and we will liaise with the Authority in the event that such a need arises.

The controls over the key financial systems are generally sound, with the exception of Payroll which requires limited improvements required.

Internal audit have raised a number of recommendations during the year. Whilst the majority of these have no impact on our audit, weaknesses in the payroll system will need to be considered as part of our final visit.

Work completed

We review the outcome of internal audit's work on the financial systems to influence our assessment of the overall control environment, which is a key factor when determining the external audit strategy.

We also work with your internal auditors to update our understanding of some of the Authority's key financial processes where these are relevant to our final accounts audit.

Where we have determined that this is the most efficient audit approach to take, we test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Our assessment of a system will not always be in line with the internal auditors' opinion on that system. This is because we are solely interested in whether our audit risks are mitigated through effective controls, i.e. whether the system is likely to produce materially reliable figures for inclusion in the financial statements.

Key findings

Based on our work, and the work of your internal auditors, in relation to those controls upon which we will place reliance as part of our audit, the key financial systems are generally sound.

However, internal audit have identified a number of issues within starter and leaver payroll controls. In the sample of 25 there were five starter forms and four leaver forms unavailable to review. Whilst there were mitigating controls which provided assurance for some of the issues identified (in the form of evidenced approval of recruitment for the posts in question) they do not cover the full range of deficiencies identified. As a result we are not able to rely upon these payroll controls for our Audit.

Recommendations in relation to the weaknesses identified have already been raised by Internal Audit and as a result will not be repeated in this report.

Financial system	Assessment	
	2014/15	2013/14
Property, Plant and Equipment	❸	❸
Payroll costs	❷	N/a
Cash and Cash Equivalents	❸	❸
Pension Costs and Liabilities	❸	❸

Key: ❶ Significant gaps in the control environment.

❷ Deficiencies in respect of individual controls.

❸ Generally sound control environment.

N/a Not tested

The Authority's overall process for the preparation of the financial statements is strong.

Accounts production process

We issued our Accounts Audit Protocol to the Associate Director (Finance) on 24 February 2015. This important document sets out our audit approach and timetable. It also summarises the working papers and other evidence we require the Authority to provide to support our audit work.

We continue to meet with the finance team on a regular basis to support them during the financial year end closedown and accounts preparation.

Key findings

We consider that the overall process for the preparation of your financial statements is strong. During 2013/14, the timetable for the production of the financial statements was been brought forward by one month. The finance team managed well despite the additional pressures this caused.

Our *ISA 260 Report 2013/14* included one recommendation relating to the financial statements process. This recommendation related to the assurance gained over those assets that are not revalued as part of the rolling valuation programme. The progress made in relation to this recommendation will be assessed during our final visit.

Please note we have not specifically reviewed the accounts production process for the Pension Fund at this point in our work.

The Authority has a good understanding of the key audit risk areas we identified and is making progress in addressing them.

However, these still present significant challenges that require careful management and focus. We will revisit these areas during our final accounts audit.

Work completed

In our *External Audit Plan 2014/15*, presented to you in March, we identified the key audit risks affecting the Authority's 2014/15 financial statements.

Our audit strategy and plan remain flexible as risks and issues change throughout the year. To date there have been no changes to the risks previously communicated to you.

We have been discussing these risks with finance officers as part of our quarterly meetings. In addition, we will seek to review relevant workings and evidence, and agree the accounting treatment, as part of our final work.

Key findings

The Authority has a clear understanding of the risks and making progress in addressing them. However, these still present significant challenges that require careful management and focus. We will revisit these areas during our final accounts audit.

The table on the following page provides a summary of the work the Authority has completed to date to address these risks.

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The Authority has a good understanding of the key audit risk areas we identified and is making progress in addressing them.

However, these still present significant challenges that require careful management and focus. We will revisit these areas during our final accounts audit.

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Key audit risk	Issue	Progress
Accounting for Local Authority Maintained Schools	LAAP Bulletin 101 *Accounting for School Assets used by Local Authority Maintained Schools* issued in December 2014 has been published to assist practitioners with the application of the Code in this respect. The challenges relate to school assets owned by third parties such as church bodies and made available to school governing bodies under a variety of arrangements. This includes assets used by Voluntary-Aided (VA) and Voluntary-Controlled (VC) Schools as well as Foundation Schools. Authorities will need to review the agreements under which assets are used by VA/VC and Foundation schools and apply the relevant tests of control in the case of assets made available free of charge, or risks and rewards of ownership in the case of assets made available under leases. This is a key area of judgement and there is a risk that Authorities could omit school assets from, or include school assets in, their balance sheet. Particular risks surround the recognition of Foundation School assets which may or may not be held in Trust. Authorities should pay particular attention to the nature of the relationship between the Trustees and the school governing body to determine whether the school controls the Trust and the assets should therefore be consolidated into their balance sheet.	As at the time of our interim visit, the Authority's review and valuation exercises were still ongoing. As a result, this matter will be revisited as part of our final visit in June. As part of out year end work we will review the assessments undertaken by the Authority is order to ensure that they comply with the requirements of the LAAP Bulletin and any resulting transactions have been accounted for appropriately.

Key issues and recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

The Authority should closely monitor progress in addressing specific risks and implementing our recommendations.

We will formally follow up these recommendations next year.

Priority rating for recommendations		
❶ **Priority one**: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	❷ **Priority two:** issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	❸ **Priority three**: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
1	❷	**Disaster Recovery Planning and Risk Management** Currently there is only a very high level Disaster Recovery (DR) Plan in place which was originally developed in 2013 and has not been updated since, despite the recent changes to the Authority infrastructure. The current plan is not scenario based and only provides very general guidance for DR incidents. No DR rehearsals or tests have been carried out in the financial year. The absence of a detailed DR Plan creates an enhanced risk that, in the event of a system failure, the Authority's response will be either incomplete or inefficient. This may result in systems unavailability being protracted. The issue was discussed with management during the audit who recognized the risk posed by a lack of effective DR planning and testing but named resource constraints as reason for the lack of them. **Recommendation** A detailed DR plan should be developed, implemented and regularly tested.	We agree and endorse this recommendation and would say that we take DR very seriously. Whilst we do have an emergent DR Plan, we recognise that it is not complete and will seek to firm it up with scenarios and responses as appropriate and in line with the recommendations outlined in ISO22301. This will be a continuing process and so has no end date **Responsible Officer:** Steve Grieshaber (Acting Head of Service: ICT Infrastructure) **Due Date:** Ongoing

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Key issues and recommendations *(continued)*

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
2	❸	**Removal of user access - SAP** Testing of 100% of the leavers identified two accounts (SHAWDA and QUINTOJO) that had been accessed four and eight days after the users' leave date as recorded by HR. These accounts had been locked at the time of the audit and neither of them had access to financial or privileged transactions. For account SHAWDA, a service request to remove the account was received, detailing the user's leave date as different than the one outlined by HR. Based on the date included on the service request, the user would not have been able to log on after their leave date. For user QUINTOJO no service request was received but the account was locked as a result of mitigating controls. Where user accounts are not terminated on a timely basis there is a risk of unauthorised access to the Authority's IT systems. This is partially mitigated, however, by the effective operation of network level access controls. **Recommendation** The Authority should reiterate the importance of timely service requests to remove accounts of leavers to relevant officers.	We agree and endorse this recommendation and would reiterate that it was the compensating controls developed within ICT which picked up these late notifications from the business. The recommendation to reiterate the importance of timely notification of leavers has been escalated to the appropriate Associate Director via ICT Head of Service. This recommendation is therefore complete. **Responsible Officer:** Jason Atkinson (Senior Applications Specialist) **Due Date:** Complete

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No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
3	❸	**Password Parameters Configuration - SAP** We reviewed the SAP System Screen which records the password parameters (the RSPARAM SAP table). As a result of this we identified that one of the parameters ('min_password_diff') was set to "1". The result of this is that the difference between consecutive passwords would only need to be one character in order for the password to be valid. In our view this is an inadequate degree of change and new passwords may be too similar to the prior password and therefore reduce the security offered. Password parameters are a key element of any system's security arrangements. Where the parameters are not sufficiently robust there is an increased risk of user accounts becoming compromised and unauthorized access being obtained. **Recommendation** The Authority should amend the system parameter so as to require a higher degree of variation between passwords and force users to define more secure passwords.	SAP password parameters are maintained in accordance with the Corporate Password policy and, as in this case, where specific detail is not in said policy, aligned to the prevailing corporate network password configuration. By implementing this recommendation we would be moving away from alignment to the Council's approved network password standard. Given that a user must first log on to the network before they can access SAP, we feel that the increase in support overhead and calls to the service desk generated by such a change would significantly outweigh the perceived security benefit. This recommendation will therefore not be implemented. **Responsible Officer:** Stuart Honeyball (Application Support Manager) **Due Date:** N/A - Rejected

The Authority has made progress in the implementation of the recommendations raised in our *Interim Audit Report 2013/14.*

We re-iterate the importance of the outstanding recommendations and recommend that these are implemented as a matter of urgency.

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This appendix summarises the progress made to implement the recommendations identified in our Interim Audit Report 2013/14 and re-iterates any recommendations still outstanding.

Number of recommendations that were:		
	Non-IT	**IT**
Included in original report	1	3
Implemented in year or superseded	-	1
Remain outstanding (re-iterated below)	1	2

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at April 2015
1	❷	**Access and Monitoring of high privilege SAP Access** *A number of recommendations have been raised over previous years in relation to SAP access which have now been combined.* CGI provide support to the SAP environment through an agreed contract and consequently have access to the 'Access to all' system privileges for example the SAP_ALL profile. As a result of CGI working practices a large number (approximately 230) of CGI staff could access these key accounts which we consider to be excessive when limited monitoring controls are in place. Direct changes to data via the SAP Graphical User Interface (GUI) is restricted by technical controls to lock the live production environment and enforce changes to be actioned through non-production environments. Monitoring is carried out to ensure that these controls are operating effectively and it was identified that this had identified an occurrence where a change had been inappropriately processed by CGI. There is a risk that unauthorised changes are made to the data in the live system which remain undetected.	This matter was fully discussed with KPMG at the last audit. Wiltshire's approach to this control is in line with industry standards and other local authorities in respect of their ERP systems. Reports and other compensating controls are in place to minimise the risk.	**Remains outstanding but the risk has reduced** Significant improvements have been noted in the controls around SAP privileged access. Access to critical financial transactions and the ability to unlock production are being appropriately monitored. However, two issues remain outstanding: ■ CGI still hold access to the SAP_ALL profile ■ Accounts TMSADM and SAPCPIC on a number of non-production environments have well known passwords

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at April 2015
1	❷	**Access and Monitoring of high privilege SAP Access** *(continued)* **Recommendation** Restrict access to the underlying database to a minimal number of users, particularly where write/amend/delete access is granted. Such access should be appropriately logged and monitored. The Authority should also consider enabling the tracking of changes to the data held within SAP database tables (table logging). Where possible, periodic review of table logs should be implemented to reduce the risk of unauthorised changes.		**(continued)** Our sample testing has also identified that CGI has granted itself the SAP_NEW profile for 36 seconds without following the appropriate process. We recommend that CGI's access is restricted to transactions relevant for providing support and that the aforementioned passwords are changed. **Management response update** **CGI hold SAP_ALL profile** – As in previous audits, this level of access is an agreed, accepted and necessary part of the support arrangements we have in place with CGI. No action required. **System accounts with well-known passwords** – as noted, these accounts were in non-production clients, and the passwords have now been amended.

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No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at April 2015
1	❷	**Access and Monitoring of high privilege SAP Access** *(continued)*		**(continued)** **SAP_NEW profile added by CGI** – This was added in error for a period of 36 seconds but this did not represent any increase in risk. The concern identified was the addition of the profile without recourse to the correct procedure for requesting such access; this has been reiterated to our CGI account manager for cascading to the relevant teams. **Restrict CGI access to limited transaction** – As agreed in previous audits, this level of access is an agreed, accepted and necessary part of the support arrangements we have in place with CGI. Significant operational difficulties for both the business users and ICT would result in limiting CGI access in as proposed, due to the proactive monitoring and 24x7 response requirements of the support delivered by CGI under our contract with them.

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Follow-up of prior year recommendations (continued)

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at April 2015
2	❸	**Internal audit review** We have identified one improvement point in relation to clearer documentation on working papers of the linkage between expected controls found to be absent, and mitigating controls identified. **Recommendation** SWAP should ensure that the where control deficiencies or absences are identified any mitigating controls are appropriately tested and documented.	Agreed and in progress **Responsible Officer:** Michael Hudson (Associate Director, Finance and Pension Fund Treasurer) and David Hill (Director of Planning, SWAP) **Due Date:** September 2014	**Remains outstanding** Although there has been increased effort to document linkage between controls and mitigating controls it still is not evident through all of the work that we reviewed. Specifically in payroll where the mitigating control over missing starter forms was not clearly documented in the work, we were only able to note it through discussions with internal audit. **Management response update** David Hill (Director of Planning, SWAP) has reviewed this and accepted that there is room for improvement and will therefore be delivering further training for all staff on this.

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Follow-up of prior year recommendations (continued)

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at April 2015
3	❸	**Removal of user access - Civica** Leavers cannot be clearly identified on the Civica WebPay system as a result of limited information within the system and the fact that the Syntax for the userID does not allow for the full user name. The Civica Workstation system does not permit the disablement or deletion of user accounts. Passwords are reset when the system administrator is notified that a user has left, however, there is no mechanism whereby this can be verified. The system administrator also confirmed that regular reviews of users are not carried out to ascertain if all system users are current and the level of access appropriate for their role. By not removing user accounts for users who have left, there is a risk that access to Authority data could be gained by unauthorised persons. **Recommendation** Due to the system limitation it is more vital that regular reviews of users are carried out to identify where users have left or have changed roles and no longer require their current level of access.	Procedures have now been put in place whereby the Civica System Administrators receive monthly updates on starters, leavers and movers from the HR system. This list is used to revoke / update access to the system. A full review post audit has now been carried out and open accounts where staff known to have left have been disabled. **Responsible officer:** Neil Salisbury **Date:** 1 December 2012	**Remains outstanding** Despite improvements to the process, our testing of 100% of leavers have identified nine Webpay accounts that had been disabled between 10 and 89 days after the users' leaving dates. It was confirmed that none of these accounts had accessed the system after the users' leaving date. **Management response update** The Civica administrators receive a weekly report of starters, leavers and role changes. Therefore, a delay of up 7 days may have already occurred. This report is actioned swiftly, but a small additional delay may elapse before an account is disabled. The system will automatically disable any account that is inactive for a period of 90 days. Also, a valid Wiltshire network login is required to access the system.

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Follow-up of prior year recommendations (continued)

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at April 2015
3	❸	**Removal of user access - Civica** **(continued)**		**(Continued)** A small number of these delays fall outside of our expected timescale however the compensating controls mentioned mitigate the already small risk involved. This process will be reviewed to try and capture all required disablements within expected timescales

KPMG

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