

Appendix 2 – Outcomes of Follow-up of Individual Audits

Audited Activity	Audit Opinion	Main Risks	Management Actions Proposed	Follow Up Audit Review: Management Actions Taken / Completed
<p>Highways Maintenance IT System (Exor)</p>	<p>Limited Assurance 3 High Risks</p>	<ul style="list-style-type: none"> • Payment approvals and the ability to override budget constraints should be made by authorised personnel only, and there should be appropriate segregation of duties. Without this, there is a risk that budget overruns could occur and incorrect payment approvals be made. Regular budget monitoring reports could alleviate the risk of major overspends, but payment approvals mean that any excess monies cannot be recovered after the event • Since there is in effect no password security in place, there is a risk that any user could use another user's credentials to enter fraudulent transactions. This lack of accountability is even more important in the case of System Administrator access. 	<ul style="list-style-type: none"> • Payment approvals and ability to override budget will be segregated. To discuss with Finance Team proposals to separate the various functions where appropriate and put resultant agreed outcomes in place • Exor has been asked whether it is possible to incorporate forced automatic password changes within the system. Exor have advised that this function can be invoked outside of Exor using Oracle tools. A change request will be made to investigate and implement the password security required. In conjunction with the change request, Exor will be asked to advise on the creation of a second 	<ul style="list-style-type: none"> • Not completed. Mouchel's SAP implementation has been completed however on further investigation of the roles and how the security works it is felt that the advice of Exor would be sought before the change is made. In the meantime the DNP finance team carry out the alternative processes when dealing with payments through Exor which demonstrate that any risk is currently being managed. It is intended to wrap this work up with Exor carrying out the changes for password security and a date for this work is being planned. • This action was completed on 17th November 2010 and password changed will be forced from now on at a 28 day interval.

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		<ul style="list-style-type: none"> The primary risks to the security of the system are in relation to the sharing of user accounts and the lack of robustness of passwords. When coupled with the non-use of audit tools, the risk that unaccountable changes can be made to the system is high. The insecurities surrounding Exor have the potential to compromise the objectives of the system and therefore service delivery. 	<p>system user ID which can be used within all the batch processes etc and not be included within the password change routines.</p> <ul style="list-style-type: none"> Exor has been asked whether it is possible to incorporate forced automatic password changes within the system. Exor have advised that this function can be invoked outside of Exor using Oracle tools. A change request will be made to investigate and implement the password security required. In conjunction with the change request, Exor will be asked to advise on the creation of a second system user ID which can be used within all the batch processes etc and not be included within the password change routines. 	<ul style="list-style-type: none"> Not completed. Exor upgrade only took place on the 11th October 2010 and Exor has been contacted regarding requirements to implement this change. The job has been allocated by Exor and we are waiting for a date in the near future
<p>Special Educational Needs (Recoupment)</p>	<p>Limited Assurance 4 High Risks</p>	<ul style="list-style-type: none"> The process to challenge other local authorities to ensure that the 'banding' or level of support remains appropriate throughout a pupil's time at a school may not be robust. The method used to ensure that annual price increases are monitored, investigated and challenged where necessary, is 	<ul style="list-style-type: none"> Methods used to challenge and review to be considered and strengthened as appropriate. Price increases will be monitored and investigated 	<p>Actions completed as follows:</p> <ul style="list-style-type: none"> Challenge takes place at the time of a placement being made and at annual reviews (see also below). Increases are monitored and reviewed regularly, with current arrangements also being compared at south west

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		<p>not regularly reviewed.</p> <ul style="list-style-type: none"> • There is uncertainty as to whether actual or budgeted costs should be used when calculating special school place charges. • The methods used for recording placement decisions may be inconsistent and not evidenced clearly. 	<ul style="list-style-type: none"> • Decision will be made as to whether budgeted or actual costs are used • Documentation used for recording decisions will be reviewed and improved as necessary to ensure consistency 	<p>regional level.</p> <ul style="list-style-type: none"> • Budgeted costs are used consistently across all authorities. Within the south west, authorities are moving to in year charging and all charges will therefore be based on budgeted figures. • All decisions regarding placements are taken at the SEN panel meetings and recorded and signed on the panel sheet. At that stage the placements are agreed 'in principle' subject to financial confirmation from the other LA. This is then separately recorded once received. At that stage case officers double check costs and banding against the information we hold.
CRB Records for Schools and Childrens Centres	<p>Limited Assurance</p> <p>5 High Risks</p>	<ul style="list-style-type: none"> • If staff, including volunteers and parent helpers, are not CRB cleared, there is a risk to the children and a reputational risk to the Council that due diligence has not been applied. • If risk assessments are not 	<ul style="list-style-type: none"> • All staff to have CRB or have a risk assessment carried out if waiting for clearance. All visitors to be challenged and the status will be recorded in the Visitors Book. • Status of all visitors to be checked so that those who do not qualify for 	<ul style="list-style-type: none"> • Schools - Standard procedure for schools who buy HR Advisory or SST/Payroll Services – staff set up on Wiltshire Council Payroll, CRB cleared or CRB Risk Assessment in place. (Spot checking of records to be

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		<p>carried out, there will be no evidence that people have been cleared as suitable to be in the School or Centre, whether supervised or not.</p> <ul style="list-style-type: none"> • The retention of CRB Certificates for more than 6 months or holding copies of Certificates is in contravention to the Code of Practice. • There is a risk that regular visitors are assumed to be CRB cleared. • A lack of control over access to personnel records contravenes Data Protection and could result in appropriate access. 	<p>CRB checks are escorted whilst on the school or centre premises.</p> <ul style="list-style-type: none"> • ISA/CRB Team to issue an instruction not to keep employee's certificates or make copies of certificates. • No assumptions will be made. Follow up initial discussions with PCT to ensure letters of reassurance are carried by NHS staff. • Where poor practice is identified this will be rectified immediately. 	<p>carried out).</p> <ul style="list-style-type: none"> • Childrens Centres – procedures checked at every quarterly monitoring visit and will be included in the annual contract review. • Further training provided to Schools in July/August, training not mandatory so not all schools/centres covered. A global instruction is still required. • The PCT are using model letters of reassurance as provided to their HR Manager. • Safe procedures for accessing documents have been implemented.
Financial Reporting	<p>Limited Assurance</p> <p>4 Medium Risks</p>	<ul style="list-style-type: none"> • Issues with the implementation of SAP may have affected the robustness of revenue budget monitoring reports earlier in the financial year. 	<ul style="list-style-type: none"> • Ongoing work is being undertaken to improve quality of reports in SAP. 	<ul style="list-style-type: none"> • Ongoing. Monthly outturn reports are taken to Cabinet. The quality and frequency of this information is subject to continual review.

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		<ul style="list-style-type: none"> • As opening balances are being loaded late in the financial year, this may result in a back log of reconciliation work needed at year end. • Whilst the identified suspense and holding accounts are generally well managed, without a central review of all accounts there is a risk that the balance sheet may be misstated. • Whilst budget managers may query journals, there is a risk that, without authorisation or any independent review, inappropriate journals may be deliberately or accidentally 	<ul style="list-style-type: none"> • Technical and reporting issues delayed the opening balance loads. A new technical solution that will allow breakdown of balance sheets is expected to be implemented for 1/4/2010. This new solution will allow SAP balance sheet reporting, and mean this problem does not recur in 2010/2011. Spreadsheet currently used to produce required information until new solution is in place. Reconciliation work is now a top priority for finance teams across the Council. • A control account master has been produced and held centrally. This will be reviewed regularly in future. • Processes were not finalised for go-live. They were formalised during the year, and access will need to be reviewed to reflect current processes. A review of authorisation process is being 	<ul style="list-style-type: none"> • Completed. 2009-10 opening balances were loaded into SAP in March 2010 and all statutory deadlines for completing the 2009-10 Statement of Accounts were met. The 2009-10 closing balances were rolled forward into the 2010-11 financial year in SAP in early July 2010. It is anticipated that this will be much earlier in future years. • Ongoing. Control Account Master spreadsheet was implemented and a responsible officer assigned to each and every balance sheet account. This is to be expanded further in future to include details on frequency of reconciliation and dates of reconciliation and review by named appropriate officers. • Completed. New process notes for finance journals were issued by Central Finance in September 2010 in order to tighten up the controls over the roles and numbers of staff who

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		<p>processed resulting in inaccurate financial accounts. Also the SAP authorisation list requires review to justify those who should have the facility to process journals.</p>	<p>undertaken.</p>	<p>have authorisation to process journals.</p>
<p>Accounts Receivable - Debt Management</p>	<p>Limited Assurance 5 Medium Risks</p>	<ul style="list-style-type: none"> • Without an approved Debt Management Policy, staff throughout the Council will be unclear of the escalation process to be followed for debts which are not paid on time. • In the absence of debt reporting, service departments may continue to provide goods and services to customers even though payment has not been received. 	<ul style="list-style-type: none"> • Debt Management Policy is currently being written to include this process. This Policy will be in line with Financial Regs. • Accepted, working with Passenger Transport Unit, Building Regs Teams and Waste Management to enable service to be withheld if payments not received. Debt reporting however needs to be in place for all departments as soon as possible. 	<ul style="list-style-type: none"> • Completed. A Corporate Debt Recovery Policy has been approved under delegated powers by the Portfolio Member for Finance, Performance and Risk. • Ongoing. Debt reporting is currently being developed to ensure its usefulness for service departments. All documents (except unallocated income and instalment lines) now have SAP "Sales Office" numbers which would enable partial reporting for departments. As an alternative to reporting by Sales Office Number, the SAP Competency Centre are investigating the possibility of adding reporting as part of the budget manager role within SAP. This would enable reporting by cost centre which would be more appropriate. There are around 8000 entries

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		<ul style="list-style-type: none"> Debts that are not followed up on a timely basis may prove to be irrecoverable. 	<ul style="list-style-type: none"> Dunning from 1st March will take place on a weekly basis to ensure that current year debt is recovered in a timely manner. Extra resource to target legacy debt is being put in place. 	<p>reflecting unallocated income (due, for example, to document references not equating to SAP references). These are being investigated by SST on a planned basis but this work is subject to resource availability.</p> <ul style="list-style-type: none"> Completed. Dunning takes place automatically every Monday (for level 3) and Tuesday (levels 1 and 2). Daily dunning is being discussed to decide if it would add value. Current weekly dunning generates approximately 100 letters. Invoices are automatically set to level 1 if unpaid after 30 days and to level 2 after 44 days. After a further 14 days, following contact with the debtor, the invoice is manually moved to level 3 and thence through levels 4, 5 and 6 as set out in the draft Service Specification. <p>The total level of debt at 15 November 2010 is £15.3m of which debt over 210 days old is £3.8m. The total level of debt inevitably fluctuates over time, but in mid November was about the same as that at 31 March</p>

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		<ul style="list-style-type: none"> • Service departments may not be making sufficient provision for bad debts within the revenue accounts • Debts can be written off without the authorisation of Service Directors. 	<ul style="list-style-type: none"> • Regular reporting will allow service departments to identify a provision for bad debts within the revenue accounts. This will start as soon as possible. Inclusion in Financial Regulations and Debt Management Policy. • Write-offs will be approved in accordance with the Financial Procedure Rules pending adoption of the Debt Management Policy referred to above and any consequential amendments to the Constitution. 	<p>2010. The level of debt over 210 days old is a little lower in November compared to March (£4.0m).</p> <ul style="list-style-type: none"> • Ongoing. See comments against second bullet point above. • Ongoing. In the absence of other suitable procedures, the draft Write-Off Policy is currently being followed pending its formal approval.
Service Charges on Council Properties	Substantial Assurance 4 Medium Risks	<ul style="list-style-type: none"> • Failure to formally finalise and adopt policies and procedures risks challenge to their enforceability, inconsistencies in implementation and non-compliance with legislation. • Due to restrictions placed on the council by Housing legislation, and previous inadequate 	<ul style="list-style-type: none"> • The draft policy and procedures will be updated and put before Cabinet by December 2010. • We will continue with our policy of reducing the deficit annually 	<ul style="list-style-type: none"> • Not done. Due to the pressure of work on delivering the Improvement Plan following the Audit Commission inspection there have been no resources available to progress this. April 2011 would be a more realistic deadline for this • Ongoing. The deficit will be further reduced in April as part of the annual rent and service

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		<p>increases in charges to tenants, the council will be unable to levy charges and recover adequate income to meet all reasonable service costs associated with the fulfilment of its responsibilities.</p> <ul style="list-style-type: none"> • Not allocating all costs and income to schemes undermines the provision of effective financial management information. • Inadequate and incomplete financial information on the performance of schemes precludes proper review, because transactions are not correctly identified and allocated in the ledger. 	<ul style="list-style-type: none"> • We will work with our colleagues in Finance to improve the information they make available to us • We will work with our colleagues in Finance to improve the information they make available to us. 	<p>charge increase.</p> <ul style="list-style-type: none"> • Ongoing. Good progress has been made and will be fully implemented in time for the next budget round. • Ongoing. Good progress has been made and will be fully implemented in time for the next budget round.
<p>Council Tax</p>	<p>Substantial Assurance 3 Medium Risks</p>	<ul style="list-style-type: none"> • Failure to monitor, review and confirm single occupancy or entitlement to student exemption risks loss of Council Tax receipts. • Failure to monitor voids and contact owners liable for Council Tax promptly risks loss of 	<ul style="list-style-type: none"> • Out of the LEAN review we plan to harmonise the method we use to review discounts. Currently discounts are being reviewed on a rolling, albeit, ad-hoc basis. This will be formalised when both the LEAN methodology is rolled in and the structure is in place. • Resources are being diverted to those areas where inspections may not be as regular as the other hubs. 	<ul style="list-style-type: none"> • Ongoing. A full SPD review has been carried out in the North hub, due to be completed by dec 2010. A rolling review has started in the south hub and also in the west hub. It is our intention to start a rolling review in the east in the 4th quarter 2010/11. • Ongoing. New property inspectors have now been appointed, these posts will be

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		<p>revenue to the Council.</p> <ul style="list-style-type: none"> • Absence of a clear write-off policy allowing relatively minor and routine losses to be dealt with by responsible senior managers is inefficient and bureaucratic. 	<p>The new structure will address this potential medium risk, by way of allocating specific resource to carrying out void inspections.</p> <ul style="list-style-type: none"> • The write off policy is only Draft; representations have been made that delegation of write offs is built into the scheme. We currently operate on the basis: <ul style="list-style-type: none"> • Section 151 officer - over £5K • Head of service – between £1k-£5k • Revenue manager - up to £1k <p>This does and has worked well; it provides a level of efficiency and puts checks in place. Our representations will ask for this to continue.</p>	<p>full by end of Nov 2010. This will provide adequate resource in each hub to carry out prompt inspections in each hub. An Inspection regime will be in place by the end of the 4th quarter 2010/11.</p> <ul style="list-style-type: none"> • Ongoing. Draft write off policy to be adopted by mid Nov 2010
Gas Servicing	<p>Substantial Assurance</p> <p>3 Medium Risks</p>	<ul style="list-style-type: none"> • Failure to formally finalise policies risks challenge to their enforceability. • Failure to explicitly state an enforceable requirement for an annual gas safety check by a Gas Safe engineer in the 	<ul style="list-style-type: none"> • Policy has been written and passed to Democratic Services for approval by Cabinet. • Request sent to Legal to investigate possibilities of inserting clause in leasehold contracts requiring annual gas safety checks to be 	<ul style="list-style-type: none"> • In process (awaiting approval by Cabinet) • Request has been sent to Legal (awaiting response from Legal Services)

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		<p>leaseholder agreement risks ineffective arrangements to ensure the safety of tenants in neighbouring properties.</p> <ul style="list-style-type: none"> • Failure to establish a timelier programme of servicing will result in-delays in annual servicing and non compliance with Gas Safety Regulations. 	<p>carried out and certificates supplied to council. Also to see if this can be done retrospectively.</p> <ul style="list-style-type: none"> • Move cycle of servicing to 10 month programme. 	<ul style="list-style-type: none"> • This cycle will be included in the new contract when next let.