

AGENDA

Meeting: Audit
Place: Kennet Committee Room
Date: Wednesday 27 July 2016
Time: 10.30 am

Please direct any enquiries on this Agenda to Libby Beale of Democratic Services, County Hall, Trowbridge, direct line (01225) 718214 or email elizabeth.beale@wiltshire.gov.uk

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

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

Membership:

Cllr Richard Britton (Vice
Chairman)
Cllr Rosemary Brown
Cllr Mike Hewitt
Cllr Tony Deane (Chairman)
Cllr Stewart Dobson
Cllr Julian Johnson

Cllr George Jeans
Cllr Linda Packard
Cllr Sheila Parker
Cllr David Pollitt
Cllr James Sheppard

Non-Voting Members

Cllr Baroness Scott of Bybrook
OBE

Cllr Dick Tonge

Substitutes

Cllr Terry Chivers
Cllr Peter Evans
Cllr Nick Fogg MBE
Cllr Atiqul Hoque
Cllr David Jenkins
Cllr Chris Caswill

Cllr Jacqui Lay
Cllr Helen Osborn
Cllr Mark Packard
Cllr Ian West
Cllr Alan MacRae

RECORDING AND BROADCASTING NOTIFICATION

Wiltshire Council may record this meeting for live and/or subsequent broadcast on the Council's website at <http://www.wiltshire.public-i.tv> At the start of the meeting, the Chairman will confirm if all or part of the meeting is being recorded. The images and sound recordings may also be used for training purposes within the Council.

By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and/or training purposes.

The meeting may also be recorded by the press or members of the public.

Any person or organisation choosing to film, record or broadcast any meeting of the Council, its Cabinet or committees is responsible for any claims or other liability resulting from them so doing and by choosing to film, record or broadcast proceedings they accept that they are required to indemnify the Council, its members and officers in relation to any such claims or liabilities.

Details of the Council's Guidance on the Recording and Webcasting of Meetings is available on the Council's website along with this agenda and available on request.

If you have any queries please contact Democratic Services using the contact details above.

Part I

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

1 **Apologies and Membership Changes**

To receive an apologies for absence and to note any membership changes.

2 **Minutes of the Previous Meeting** (*Pages 7 - 14*)

To confirm and sign the minutes of the Audit Committee meeting held on 26 April 2016.

3 **Members' Interests**

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

4 **Chairman's Announcements**

To receive any announcements through the Chairman.

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 **Wednesday 20 July** to be guaranteed a written response, or between this date and two clear days before the meeting to receive a verbal response. 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 Appointment to the Constitution Focus Group

The Committee is asked to appoint a member to the Constitution Focus Group, as required under its terms of reference.

The previous representative of the Audit Committee was Cllr Helen Osborn.

7 KPMG- Report to those Charged with Governance (Pages 15 - 56)

The Committee is requested to consider the ISA 260 report from external auditors in its receipt of the draft accounts for 2015/2016. Based upon that advice, and subject to any issues raised as a result of that consideration, the Audit Committee is requested to delegate the signing of the letter of the management representation letter to the Chairman of the Audit Committee.

8 Annual Governance Statement (Pages 57 - 94)

The Committee is asked to consider officer reports and to approve the AGS for 2015-16 as set out in Appendix 1 for publication with the Statement of Accounts.

9 Statement of Accounts (Pages 95 - 182)

The Committee is requested to consider the Statement of Accounts for 2015-16.

10 SWAP- Internal Audit Annual Report (2015/16) and First Quarter Update (2016/17) (Pages 183 - 244)

The Committee is requested to consider the reports and note the findings from the internal auditors to date.

11 Forward Work Programme (Pages 245 - 246)

To note the Forward Work Programme.

12 Date of next meeting

To note that the next regular meeting of the Committee will be held on 26 October 2016 at 10:30am.

13 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

2.1.

2.2.

This page is intentionally left blank

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 26 APRIL 2016 AT KENNET COMMITTEE ROOM.

Present:

Cllr Tony Deane (Chairman), Cllr Richard Britton (Vice Chairman), Cllr Mike Hewitt, Cllr Sheila Parker, Cllr Stewart Dobson, Cllr Julian Johnson, Cllr Baroness Scott of Bybrook OBE and Cllr Dick Tonge

Also Present:

Cllr Atiqul Hoque and Maggie Rae

13 Apologies and Membership Changes

Apologies were received from Cllr Rosemary Brown.

The Chairman reported a permanent change of committee membership as agreed at the last Council meeting on 23 February 2016 where Cllr Stephen Oldrieve was replaced by Cllr Mike Hewitt as a Committee Member and Cllr Atiqul Hoque replaced Cllr Mike Hewitt as a substitute.

14 Chairman's Announcements

The Chairman formally announced the passing of Cllr Jeff Osborn and gave details of funeral and reception arrangements.

15 Minutes of the Previous Meeting

The minutes of the meeting held on 26 January 2016 were presented.

Resolved:

To approve as a correct record and sign the minutes of the meeting held on 26 January 2016.

16 Members' Interests

There were no declarations of interest made.

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

There were no questions from the public or members of the Committee under this item.

18 **Housing Benefit Subsidy Audit 2014-15**

Michael Hudson presented on this item.

In the course of the presentation and the discussion, the issues discussed included: the high volume of caseloads handled, the level of complexity surrounding welfare reforms and the processing of related claims. Michael Hudson noted that compared to other unitary authorities the error rate for Wiltshire Council came out at a lower level of settlement and below average. He identified staff appraisal and training as the main areas requiring improvement to raise performance levels.

Darren Gilbert, Director, KPMG, reassured Members and reiterated that whilst the level of errors was material and therefore reported it was common place given the complexity of issues being dealt with and that it was not exclusive to Wiltshire Council. He noted that the external auditors were very satisfied with the findings on the Housing Benefit Subsidy.

Darren Gilbert clarified that the extrapolation methods referred to in the report were standard methods of assessment consistently used and applied by Auditors and were not methods exclusively designed by KPMG.

In response to questions posed on high staff turnover and the attendant reasons, Michael Hudson informed Members that the problem of staff turnover was mainly due to the age profile of employees and the consequent effect of retirements and redundancies. He highlighted that not all vacancies created due to retirements and redundancies had been filled hence the pressure on staff and risk of errors among other problem areas. In response to questions raised regarding overpayments and fraud Michael Hudson announced that an Annual Fraud report that was currently being compiled would be taken to the next Audit Committee to furnish Members with more detail regarding fraud activity within all areas of the Council.

19 **KPMG - Audit Fee Letter 2016/17**

Daren Gilbert informed Members that the Audit Fee Letter 2016/17 was an advance notice of the key elements of audit work proposed for the financial year and the fee that would be charged.

In response to a question posed regarding the £5,000 increase in the Housing Benefit Grant Claims fee, Daren Gilbert noted that the fee reflected the relatively high volume of claims involved and consequent level of work required.

Resolved

That the Audit Committee notes the contents of the Audit Fee Letter 2016/17

20 **KPMG - External Audit Plan**

Darren Gilbert, Director of KPMG, presented the detail of this report.

In the course of the presentation and the discussion, the issues discussed included: the significant accounting risks surrounding the administration of the Better Care Fund, the challenges of closing the funding gap and achieving value for money, reporting of changes to the financial statements and the cost of the external audit.

In response to concerns raised about the total cost of the external audit, Darren Gilbert noted that the 2016/17 audit fee was set externally as always by the Public Sector Audit Appointments Ltd (PSAA). He further highlighted that the 2016/17 fee had been set at the same level as that set for 2015/16 and this had preserved 25% reductions applied that year. This was in addition to savings of up to 40% in scale audit fees and certification fees achieved in 2012/13. Darren Gilbert informed the meeting that the external audit fee was relatively cheaper compared to that paid by other councils and the benefits were far reaching.

Cllr Baroness Scott noted that the Council Executive vigorously challenge the fees payable to KPMG every year and had negotiated and worked hard with KPMG in bringing the fees down to the current amount. Michael Hudson informed Members that the procurement of external audit and future fees payable was being looked at.

On the issue of changes to the financial statements, Michael Hudson assured Members that no significant changes had been made to financial statements submitted without the Committee having had sight of those and any changes would continue to be reported to the Executive and to the Committee.

Darren Gilbert commended the Council for being ahead of the game in being compliant with regulations that were yet to be enforced within the next two years. He noted that this added value by expediting the whole audit process and allowing better efficiency and focus of resources into more critical areas of concern.

Resolved

That the Audit Committee notes the contents of the External Audit Plan

21 **SWAP - Internal Audit Activity - Q4 Update 2015/16**

The Vice-Chairman expressed concern about the increasing list of recommendations from internal audit activity that had not yet been implemented and noted that by not responding to the outcome of internal audit work being done the Council was not living up to its philosophy of continuous improvement nor achieving value for money.

Maggie Rae, representing the Corporate Directors (CDs), acknowledged that the regular contact between the CDs and the committee had drifted due to the recent focus on budgeting and cost cutting processes within the Council. She emphasised that CDs are keen to reinstate this regular contact in order to interface with the team and be proactively involved in resolving issues. Mrs. Rae noted that the reason for recommendations appearing not to have been progressed was mainly due to the impact of policy changes and hence recommendations not requiring any action or indeed requiring to be closed.

She commended the new audit process proposed and commented that it gave a more rounded view of the organisation and enabled the process of delving deeper into areas requiring improvement and success. This was a process that the CDs would want to work on and improve.

The Chairman commented that the response received and action taken since the Committee highlighted the issue of outstanding recommendations was commendable.

Stuart Trubee, Senior Auditor – SWAP, took the Committee through the initial processes for accessing live Audit Reports and related data from the SWAP web portal. It was noted that the Committee would require adequate training in order to be able to access and use the system effectively.

Resolved

That SWAP would organise a training session for the Audit Committee to enable Members to effectively access audit reports on the SWAP web portal.

Jenny Strahan, Assistant Director – SWAP, presented the detailed findings of the Internal Audit Activity - Q4 update 2015/16. In the course of the presentation and the discussion, the issues discussed included: changes in presentation of information, enhancement and volume of reporting, the use of improved charts and graphs, positive results on internal audit activity performance reviews and concerns about findings on schools earmarked for financial health visits.

In response to questions regarding the basis of selection of the schools involved and the subsequent findings Jenny Strahan informed Members that 5 out of 9 schools reviewed had performance issues and that the reviews were done in conjunction with the Schools and Budget team with direction given to focus on schools with areas of high risk. Concerns expressed also focused on opportunity for fraud which put individuals, schools and the Council at risk and the challenge faced by schools in recruiting governors with relevant finance skills.

Michael Hudson commented that there was no evidence to suggest widespread fraud among schools but there were areas for improvement to ensure robust financial controls and strong financial stewardship within schools in the county. He noted that there was doubt as to whether recommendations made were being communicated to relevant finance committees and governors within schools and this was to be followed up.

Jenny Strahan informed the meeting that as a result of the findings made regarding schools and academies, SWAP would follow up on recommendations made and further work would be taking place within the next 6 months focusing on school improvement.

The future role of the Council when all schools become academies was also raised for careful consideration.

Resolved

- 1. That the Audit Committee notes with concern the findings reported about schools.**
- 2. That the Chairman and Vice-Chairman, on behalf of the Committee would prepare a note to significant people within and outside the Council who are not part of the Committee, to highlight the issues raised and seek a concerted resolution.**

Healthy Organisation

Cllr. Richard Britton, Vice-Chairman, commended the Healthy Organisation theme review and commented that it was a well-structured and comprehensive presentation of the organisation and there was huge opportunity to link internal audit work with management performance and use the themed wheels in the diagram as a demonstration of the level of continuous improvement ongoing in the defined areas.

He noted that this integrated approach would make internal audit work the catalyst for achieving green status on the wheel - targeting internal audit work at areas of amber and working with the organisation to move them to green.

On the issue of whether Cabinet should take ownership of this process Cllr Baroness Scott commented that Cabinet would be keen to take ownership of the process and noted that it was important to manage the process well given the political sensitivities surrounding some of the issues.

In response to questions raised regarding the high number of amber themed results, Jenny Strahan responded that most of these emanated from legacy issues inherited and there was more work to be done with mapping and reporting on the various wheels to depict a more accurate picture on performance and improvement. It was also noted that given the challenges surrounding activities and risks the amber status could not be avoided entirely and Members were just seeking reassurance that everything that could be possibly done for improvement was being done.

The issue of cyber risk was also raised and reference was made to the findings of the Information Commissioner's Office (ICO) audit, improved information governance, control of ICT resources and training provided to all partners on cyber risk. Jenny Strahan informed the meeting that SWAP would be undertaking further work on ICT.

Concerns were also raised regarding the level of training that Area Boards have on risk assessment and how it impacts on their decision making.

Cllr Britton subsequently proposed a recommendation which was ratified by the Committee.

Resolved:

That the Cabinet receive a presentation on the Healthy Organisation system and consider its integration with the internal audit programme and its use in the furtherance of the continuous improvement philosophy.

22 **Urgent Items**

There were no urgent items.

(Duration of meeting: Times Not Specified)

The Officer who has produced these minutes is Shirley Agyeman, of Democratic Services, direct line (01225) 718089, e-mail shirley.agyeman@wiltshire.gov.uk

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

This page is intentionally left blank

WILTSHIRE COUNCIL

AUDIT COMMITTEE

27 JULY 2016

Subject: KPMG: REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2015/2016

Cabinet member: Dick Tonge – Finance, Performance and Risk

Key Decision: No

Purpose of Report

1. To present KPMG's "Report to those charged with governance" to the Audit Committee and to invite Members to consider their response. KPMG will attend the meeting of the Audit Committee to present the report and to respond to any queries.

Background

2. This report has been prepared by the Council's external auditor (KPMG) and it summarises the conclusions and key issues arising from the recent audit of the Council's financial statements and their assessment of the Council's arrangements to secure value for money (vfm) in its use of resources.

Main Considerations for the Council

3. The headlines are incorporated into section two of the KPMG report. These are summarised as follows:
 - KPMG anticipates issuing an unqualified audit opinion.
 - KPMG identified three audit adjustment to the draft financial statements, which relates to technical accounting adjustments. These adjustments only affect the presentation of the financial statements but does not affect the cost of providing services. They have all been adjusted by the Council.

- The adjustments are summarised below. Full details are included in the KPMG report):
 - The first adjustment relates to the accounting treatment in respect of the sale of an asset within Other Land & Buildings
 - The second adjustment relates to the accounting treatment of depreciation and upwards revaluation of an asset within Other Land & Buildings

- KPMG noted consistency in the quality of the accounts and the supporting working papers. Also that officers dealt with audit queries and that the audit process has been completed within planned timescales.

- KPMG have concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. KPMG anticipates issuing an unqualified VFM audit opinion.

Overview and Scrutiny Engagement

4. There is a 30 working day public inspection period where interested parties may come in inspect the accounts.

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

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

Risk Assessment

10. There are no direct risk implications associated with this report.

Financial Implications

11. KPMG's Report to those charged with Governance is relevant to the Council's financial arrangements.

Legal Implications

12. KPMG's Report to those charged with Governance is relevant to the Council's legal arrangements.

Recommendations

13. That the Audit Committee considers the ISA 260 report from external auditors in its receipt of the draft accounts for 2015/2016. Based upon that advice, and subject to any issues raised as a result of that consideration, the Audit Committee delegates the signing of the letter of the management representation letter to the Chairman of the Audit Committee.

Reason for Recommendations

14. To present KPMG's Report to those charged to governance to the Audit Committee and to invite Members to consider their response.

MICHAEL HUDSON

Service Director, Finance

Report Author: Matthew Tiller – Chief Accountant

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

None.

Appendices:

Appendix A - KPMG Report To Those Charged With Governance (ISA 260)
2015/2016



Report to those charged with governance (ISA 260) 2015/16

Wiltshire Council

—

July 2016

Contents

The contacts at KPMG in connection with this report are:

Darren Gilbert
Director
KPMG LLP (UK)
Tel: 0292 046 8205
Darren.gilbert@kpmg.co.uk

Adam Bunting
Manager
KPMG LLP (UK)
Tel: 0117 905 4470
Adam.bunting@kpmg.co.uk

Duncan Laird
Manager – Pension Audit
KPMG LLP (UK)
Tel: 0117 905 4253
Duncan.laird@kpmg.co.uk

Page 20

	Page
Introduction	3
Headlines	4
Interim Findings	7
Financial Statements	11
VFM conclusion	18
Appendices	
1. Key issues and recommendations	22
2. Follow up of prior year recommendations	31
3. Audit differences	34
4. Declaration of independence and objectivity	35
5. Materiality and reporting of audit differences	37

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. Public Sector Audit Appointments 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, Andrew Sayers (on 0207 694 8981, or by email to andrew.sayers@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 issues identified during our audit of the financial statements for the year ended 31 March 2016 for both the Authority and its pension fund; and
- our assessment of the Authority's arrangements to secure value for money.

Scope of this report

This report summarises the key findings arising from:

- our audit work at Wiltshire Council ('the Authority') in relation to the Authority's 2015/16 financial statements and those of the Local Government Pension Scheme it administers ('the Fund'); and
- the work to support our 2015/16 conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').

Financial statements

Our *External Audit Plan 2015/16*, presented to you in April 2016, set out the four stages of our financial statements audit process.



We previously reported on our planning work issued in our Audit Plan presented in April 2016.

This report focuses on the second and third stage of the process: control evaluation and substantive procedures. Our on site work for this took place during March and June 2016.

We are now in the final phase of the audit, the completion stage. Some aspects of this stage are also discharged through this report.

VFM conclusion

Our *External Audit Plan 2015/16* explained our risk-based approach to VFM work. We have now completed the work to support our 2015/16 VFM conclusion. This included:

- assessing the potential VFM risks and identifying the residual audit risks for our VFM conclusion;
- considering the results of any relevant work by the Authority and other inspectorates and review agencies in relation to these risk areas; and
- carrying out additional risk-based work.

Structure of this report

This report is structured as follows:

- Section 2 summarises the headline messages from our interim audit and year end audit work.
- Section 3 sets out our key findings from our Interim audit work on the control environment and IT systems
- Section 4 sets out our key findings from our audit work in relation to the 2015/16 financial statements of the Authority and the fund.
- Section 5 outlines our key findings from our work on the VFM conclusion.

Our recommendations are included in **Appendix 1**. We have also reviewed your progress in implementing prior recommendations and this is detailed on Page 31.

Acknowledgements

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

Headlines - Interim

Page 22

This table summarises the headline messages for the Authority and the Fund. Sections three of this report provide further details on each area.

<p>Organisational and IT control environment</p>	<p>Your organisational control environment is effective overall.</p> <p>Progress in improving the overall IT control environment has continued to be made during this period with one of the prior year recommendations being fully implemented. The other issue around powerful SAP accounts has been revised due to risk acceptance by the Council, this is now been reported to focus on mitigating actions.</p> <p>The prior year priority two recommendation, in relation to disaster recovery planning and risk management, has been completed with a revised IT Disaster Recovery plan having been developed and delivered. This is a scenario based plan which considers the high level activities required to secure effective IT recovery in the even of a system failure Further details are provided in Appendix 2.</p> <p>A small number of additional issues have been identified in relation to the segregation of duties within changes management, reinstating alerts within SAP and the controls over access to the Northgate system. Further details are provided in Appendix 1.</p>
<p>Controls over key financial systems</p>	<p>In relation to those controls upon which we placed reliance as part of our audit, the key financial systems are generally sound, see page 7 for details.</p> <p>Despite this, Internal Audit identified improvement areas in relation to the control environment however these were not in the areas specifically relied upon during the audit.</p>
<p>Review of internal audit</p>	<p>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.</p> <p>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 have relied upon controls. Working papers produced by Internal Audit were of an appropriate standard, and were supported by the required evidence.</p>

This table summarises the headline messages for the Authority and the Fund. Sections four and five of this report provide further details on each area.

Page 23

<p>Proposed audit opinion</p>	<p>We anticipate issuing an unqualified audit opinion on the Authority's financial statements. We will also report that your Annual Governance Statement complies with guidance issued by CIPFA/SOLACE in June 2007.</p> <p>We also anticipate issuing an unqualified audit opinion in relation to the Fund's financial statements, as contained both in the Authority's Statement of Accounts and the Pension Fund Annual Report.</p>
<p>Audit adjustments</p>	<p>Our audit has identified a total of two audit adjustments with a total gross value of £15.097 million for the 2015/16 financial statements. The impact of these adjustments is to:</p> <ul style="list-style-type: none"> — Decrease the deficit on provision of services for the 2015/16 year by £0.722 million; and — Increase the net worth of the Authority as at 31 March 2015 by £4.069 million. <p>We have included a full list of material audit adjustments at Appendix 3. All of these were adjusted by the Authority.</p> <p>There were also a number of small disclosure amendments raised throughout the audit all of which were amended, with the exception of changes to the Narrative statement, see Appendix 1 for recommendations.</p> <p>There were no adjustments raised for the Pension Fund Accounts.</p>
<p>Significant financial statements audit risks</p>	<p>We review risks to the financial statements on an ongoing basis. We identified one significant financial statements level audit risk in our <i>External Audit Plan 2015/16</i>, issued in April 2016, in relation to the presentation of the Better Care Fund.</p> <p>We have worked with officers throughout the year to discuss this significant risk and our detail findings are reported in Section 4 of this report. There are no matters of any significance arising as a result of our audit work in this significant risk area.</p>
<p>Accounts production and audit process</p>	<p>We have noted consistency in the quality of the accounts and the supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.</p> <p>The quality of working papers provided to us by Finance and the Pension team were of a high standard and met the standards specified in our Accounts Audit Protocol.</p> <p>The Authority has implemented all of the recommendations in our ISA 260 Report 2014/15 relating to the financial statements.</p>

Headlines - Final (cont)

This table summarises the headline messages for the Authority and the Fund. Sections four and five of this report provide further details on each area.

Page 24

<p>Completion</p>	<p>At the date of this report our audit of the financial statements of both the Authority and the Pension Fund are substantially complete. The areas that remain are:</p> <ul style="list-style-type: none"> — Audit of the Authority’s Whole of Government Accounts pack; — Finalisation of audit documentation; — Review of Pension Fund Annual Report Narrative; and — Finalising mandatory work in relation to pension liability disclosures. <p>Before we can issue our opinion we require a signed management representation letter for both the Authority and the Pension Fund.</p> <p>We confirm that we have complied with requirements on objectivity and independence in relation to this year’s audit of the Authority’s financial statements.</p> <p>In order to issue our Certificate for the year we will need to complete our work in relation to each of the matters set out above.</p>
<p>VFM conclusion and risk areas</p>	<p>We identified the following VFM risks in our External Audit Plan 2015/16 issued in April 2016.</p> <ul style="list-style-type: none"> — Achievement of Savings Plan; and — Better Care Fund. <p>We have worked with officers throughout the year to discuss these VFM risks and our detailed findings are reported in section 5 of this report.</p> <p>We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We therefore anticipate issuing an unqualified VFM conclusion by 29 July 2016.</p>

Interim Findings - Organisational Control Environment

Page 25

Your organisational control environment is generally 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 over all of these controls.

Key findings

We consider that your organisational controls are generally 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	
	2015/16	2014/15
Organisational controls:	3	3
Management's philosophy and operating style	3	3
Culture of honesty and ethical behaviour	3	3
Oversight by those charged with governance	3	3
Risk assessment process	3	3
Communications	3	3
Monitoring of controls	3	3
IT control environment	2	2

- Key:
- 1 Significant gaps in the control environment.
 - 2 Deficiencies in respect of individual controls.
 - 3 Generally sound control environment.

Interim Findings - IT control environment

Your IT control environment is effective overall although improvements over the IT control environment, specifically around access, changes and maintenance to systems are required.

Page 26

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 (General Ledger), Civica (Cash Receipting), Northgate (Revenues & Benefits) and QL (Housing) environments.

Key findings

We note that similar issues have been raised 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. However it must be noted that these issues were previously accepted by the council, specifically in relation to powerful SAP_ALL accounts, further work can be completed to mitigate the issues or remove them.

We have raised a recommendation over the segregation of duties issues within SAP change management, this could strengthen the controls around system changes and maintenance. Other improvement areas within SAP include the strengthening the controls of user removal and reinstatement of alerts, which although not relied upon as a control would improve the operation of the system..

There are three recommendations around the control of access to the Northgate system, this includes removal of access for leavers, the strength of the quarterly access review process and an audit over Northgate server access.

We consider that, despite the issues identified, we are able to rely upon the Authority's IT control environment.

Recommendations are included in Appendix 1.

Aspect	Assessment	
	2015/16	2014/15
IT controls:		
Access to systems and data	2	2
System changes and maintenance	2	2
Development of new systems and applications	3	3
Computer operations and end-user computing	3	3

- Key:
- 1 Significant gaps in the control environment.
 - 2 Deficiencies in respect of individual controls.
 - 3 Generally sound control environment.

Interim Findings - Review of internal audit

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.

Page 27

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. However our work does not represent and external review against PSIAS, our review is for reliance purposes only and to inform our risk assessment.

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.

We are mindful that internal audit plan their work in a manner designed to 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 was potential that since our review in March, their findings could be revised. Where this happens, additional work would be required to meet our own requirements. Final reports were reviewed and no such work has been required.

Section three

Interim Findings - Controls over key financial systems

The controls over the key financial systems are generally sound, with the exception of Payroll, Cash and Council Tax/NNDR which require limited improvements.

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.

Page 28

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 auditor's 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.

Issues identified by Internal Audit include; management review of bank reconciliations, retention of Northgate to Valuation Office Agency reconciliations and payroll exception reports. In all cases the reconciliations were found to be completed accurately, however formal sign off was not completed or retained.

Recommendations in relation to any weaknesses identified have

already been raised by Internal Audit and as a result will not be repeated in this report.

Financial system	Assessment	
	2015/16	2014/15
Payroll costs	2	2
Cash and cash equivalents	2	2
Housing Benefits	3	n/a
General Ledger	3	3
Council Tax and NNDR	2	n/a
Purchases	3	3
HRA	3	n/a

Key:

- 1 Significant gaps in the control environment.
- 2 Deficiencies in respect of individual controls.
- 3 Generally sound control environment.
- n/a Not assessed

Financial Statements - Proposed opinion and audit differences

Our audit has identified a total of two audit adjustments.

There is no net impact of these adjustment on the general fund.

Proposed audit opinion

Subject to all outstanding matters being resolved to our satisfaction, we anticipate issuing an unqualified audit opinion on the Authority's financial statements following approval of the Statement of Accounts.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

The final materiality level (see Appendix 5 for more information on materiality) for this year's audit was set at £12 million. Audit differences below £0.6 million are not considered significant.

Our audit identified a total of two material audit differences, which we set out in Appendix 2. It is our understanding that these will be adjusted in the final version of the financial statements. There are no unadjusted audit differences.

The tables on the right illustrate the total impact of audit differences on the Authority's movements on the General Fund for the year and balance sheet as at 31 March 2016.

There is no net impact on the General Fund as a result of audit adjustments. This is due to the adjustments being classification errors.

In addition, we identified a small number of presentational adjustments required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ('the Code'). We understand that the Authority will be addressing these where significant.

Movements on the General Fund 2015/16

£m	Pre-audit* (£'000)	Post-audit (£'000)	Ref (App.3)
Deficit on the provision of services (Excluding HRA)	60,478	61,200	1 & 2
Adjustments between accounting basis & funding basis under Regulations	(59,077)	(59,799)	1 & 2
Transfers to earmarked Reserves	(1,460)	(1,460)	-
Increase in General Fund	59	59	

Balance Sheet as at 31 March 2015

£m	Pre-audit* (£'000)	Post-audit (£'000)	Ref (App.3)
Property, plant and equipment	1,030,997	1,028,918	2
Other long term assets	33,019	33,019	-
Current assets	99,900	106,048	1
Current liabilities	(124,081)	(124,081)	-
Long term liabilities	(973,942)	(973,942)	-
Net worth	65,893	69,962	
General Fund	(12,206)	(12,206)	-
Other usable reserves	(90,305)	(96,453)	1
Unusable reserves	36,618	38,697	2
Total reserves	(65,893)	(14,204)	

Financial Statements – Proposed opinion and audit differences (cont)

We have identified no issues in the course of the audit of the Fund that are considered to be material.

We anticipate issuing an unqualified audit opinion in relation to the Fund's financial statements, as contained both in the Authority's Statement of Accounts and the Pension Fund Annual Report by 29 July 2016.

The wording of your Annual Governance Statement complies with guidance issued by CIPFA/SOLACE in June 2007.

Page 30

Annual Governance Statement

We have reviewed the Annual Governance Statement and confirmed that:

- it complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and
- it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

We have made a number of comments in respect of its format and content which the Authority has agreed to amend where significant.

Narrative Statement

We have reviewed the Narrative Statement and confirmed that it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

In addition, we confirmed that the Narrative Statement generally complies with the CIPFA Code requirements but we have made a recommendation in respect of missing content per the Audit and Account Regulations 2015 which the Authority has agreed to amend in the 2016/17 statement of Accounts. See [Appendix 1](#) for recommendations.

Pension fund audit

Our audit of the Fund did not identify any material misstatements.

For the audit of the Fund we used a final materiality level of £25 million. Audit differences below £1.25 million are not considered significant.

We anticipate issuing an unqualified audit opinion following approval of the Statement of Accounts.

We identified a small number of presentational adjustments required to ensure that the accounts are compliant with the Code. We understand that the Fund will be addressing these where significant.

Pension Fund Annual Report

We have not yet reviewed the Pension Fund Annual Report and as a result are yet to confirm that:

- it complies with the requirements of the Local Government Pension Scheme (Administration) Regulations 2008; and
- the financial and non-financial information it contains is not inconsistent with the financial information contained in the audited financial statements.

We anticipate issuing an unqualified opinion on the Pension Fund Annual Report at the same time as our opinion on the Statement of Accounts.



Section four

Financial Statements – Significant risks and key areas of audit focus

In our *External Audit Plan 2015/16* we reported that we would consider two risk areas that are specifically required by professional standards and report our findings to you. These risk areas were Management override of controls and the Fraud risk of revenue recognition.

This table sets out the outcome of our audit procedures.

Page 31

Areas of significant risk	Summary of findings
 <p>Audit areas affected — All areas</p>	<p>Our audit methodology incorporates the risk of management override as a default significant risk. Management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have not identified any specific additional risks of management override relating to this audit.</p> <p>In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.</p> <p>There are no matters arising from this work that we need to bring to your attention.</p>
 <p>Audit areas affected — None</p>	<p>Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.</p> <p>In our External Audit Plan 2015/16 we reported that we do not consider this to be a significant risk for Local Authorities as there is unlikely to be an incentive to fraudulently recognise revenue.</p> <p>This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.</p>


Section four

Financial Statements – Significant risks and key areas of audit focus

In our *External Audit Plan 2015/16* we identified one new area of audit focus. This was considered a significant risk where we would carry out some substantive audit procedures to ensure there is no risk of material misstatement.

This table sets out the outcome of our audit procedures.

Page 32

Areas of significant risk	Summary of findings
 <p>Audit areas affected</p> <ul style="list-style-type: none"> — Statement of Accounts 	<p>We reviewed the processes which the Authority has implemented to identify the appropriate costs and contribution to be recognised in its financial statements to ensure that they are effective and appropriate.</p> <p>We subsequently:</p> <ul style="list-style-type: none"> — agreed the value of costs and contributions allocated to the Authority to supporting records and documents; — confirmed that the wider values disclosed in relation to the overall Better Care Fund agree to supporting records; and — checked that the disclosures related to the Better Care Fund are in line with the requirements of the CIPFA Code of Practice on Local Authority Accounting in 2015/16.

Financial Statements – Accounts production and audit process

The Authority has a well established and strong accounts production process. This operated well in 2015/16, and the standard of accounts and supporting working papers was high.

Officers dealt promptly and efficiently with audit queries and the audit process was completed within the planned timescales.

Page 33

Accounts production and audit process

ISA 260 requires us to communicate to you our views about the significant qualitative aspects of the Authority’s accounting practices and financial reporting. We also assessed the Authority’s process for preparing the accounts and its support for an efficient audit.

We considered the following criteria:

Element	Commentary
Accounting practices and financial reporting	The Authority continues to maintain a strong financial reporting process and produce statements of accounts to a good standard. We consider that accounting practices are appropriate.
Completeness of draft accounts	We received a complete set of draft accounts on 2 June 2016. The Authority has made a small number of presentational changes to the accounts presented for audit however there have been no changes which we consider to be fundamental.
Quality of supporting working papers	We issued our Accounts Audit Protocol including our required working papers for the audit on 5 May 2016. The quality of working papers provided was high and fully met the standards specified in our Accounts Audit Protocol.
Response to audit queries	Officers resolved all audit queries in a timely manner.
Pension Fund Audit	The audit of the Fund was completed alongside the main audit. The Fund continues to produce financial statements to a high standard.

Prior year recommendations

As part of our audit we have specifically followed up the Authority's progress in addressing the recommendations in last years ISA 260 report.

There was one recommendation in our ISA 260 Report 2014/15 relating to schools bank reconciliations, which was;

- An excel template for bank reconciliation's should be distributed to all schools. A review should be undertaken for schools that would benefit from further training.

The Authority has implemented a new process to ensure that bank reconciliations have been completed consistently.

Section four

Financial Statements – Completion

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.

Before we can issue our opinion we require a signed management representation letter.

Once we have finalised our opinions and conclusions we will prepare our Annual Audit letter and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Wiltshire Council and Wiltshire Pension Fund for the year ending 31 March 2016, we confirm that there were no relationships between KPMG LLP and Wiltshire Council and Wiltshire Pension Fund, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

We have provided a detailed declaration in [Appendix 3](#) in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Chief Finance Officer for presentation to the Audit Committee. We require a signed copy of your management representations before we issue our audit opinion.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- significant difficulties encountered during the audit;
- significant matters arising from the audit that were discussed, or subject to correspondence with management;
- other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process; and
- matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc).

The only such matter to report is in relation to an elector question. Following some initial work undertaken we concluded that no detailed work was required.

Section four

Financial Statements – Key accounting judgments and related disclosures

The Authority has applied a reasonable on key accounting judgements.

Level of prudence

Page 35 Acceptable range

0 Audit difference
1 Cautious
2
3 Balanced
4
5 Optimistic
6 Audit difference

Cautious means a smaller asset or bigger liability; optimistic is the reverse

Assessment of subjective areas				
Accounting Area	Current year	Prior year	Balance (£m)	KPMG comment
Revaluation Carrying value of PPE	3	3	1,028	<p>The revaluation has been carried out by GVA Grimley, the method used is to assess Current Value or Existing Use Value. For specialist properties such as schools Depreciated Replacement Cost method has been used under IAS16.</p> <p>The rates used were compared to industry standard rates, they showed lower value increase than the County as a whole, but reflected the Salisbury local index for where the majority of the council housing is situated.</p> <p>There were a limited number of immaterial assets that had been missed during the revaluation programme and therefore not revalued within the stipulated 5 year period per the Code. This was, however, noted by the finance team and plans have been put in place to include these within the next revaluation programme. It has not been raised as a recommendation as plans for the solution to the issue has already been implemented.</p>
Pension Liability	2	2	543	<p>The change in pension liability is largely driven by a change in assumptions applied by the actuary, this reflects the changing economic climate. Judgements made on the pension liability are complex and numerous. The assumption used by the actuary have been compared to those of KPMG's own actuarial specialists with no significant variances.</p>
Provisions	2	2	4.2	<p>The level of provisions has decreased in the year, mainly due to reduced termination and land charges provisions. The amounts unused in 2015/16 was £290k, largely relating to insurance claims, this relates to 7% of the balance. The largest provision is for Business Rate Retention Scheme Appeals at £1.7m, which was fully used in the year, with additional provisions made.</p> <p>The Authority still remain on the cautious side of the prudence range and are considered to have sufficient provisions in place.</p>

VFM Conclusion

Our VFM conclusion considers whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We follow a risk based approach to target audit effort in the areas of greatest audit risk.

We have concluded that the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

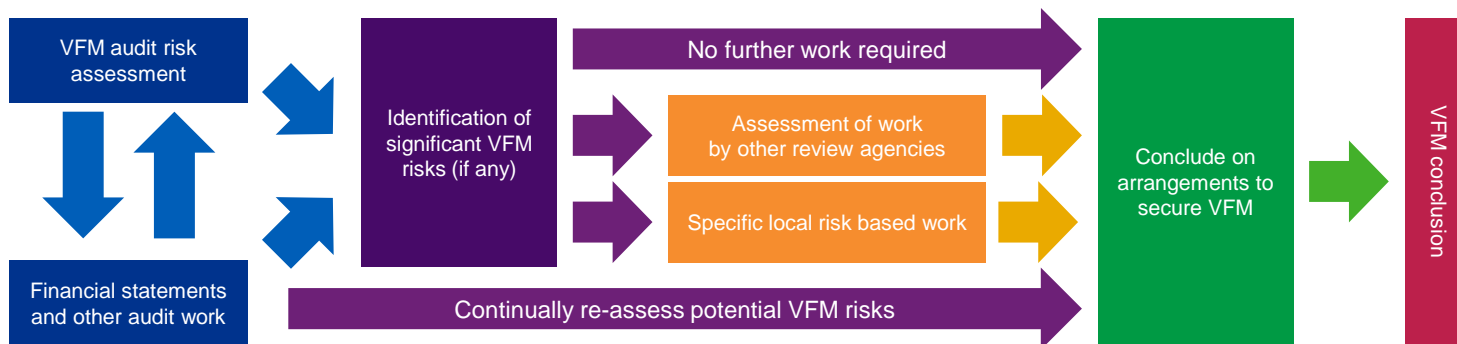
Background

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

The VFM approach is fundamentally unchanged from that adopted in 2014/2015 and the process is shown in the diagram below. However, the previous two specified reporting criteria (financial resilience and economy, efficiency and effectiveness) have been replaced with a single criteria supported by three sub-criteria.

These sub-criteria provide a focus to our VFM work at the Authority.



Overview of the VFM audit approach

The key elements of the VFM audit approach are summarised below.

Overall criterion	
In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.	
VFM sub - criterion	Met
Informed decision making	✓
Sustainable resource deployment	✓
Working with partners and third parties	✓

Page 36

VFM Conclusion – Specific VFM risks

We have identified two specific VFM risks. In all cases we are satisfied that external or internal scrutiny provides sufficient assurance that the Authority's current arrangements in relation to these risk areas are adequate.

Page 37

Work completed

In line with the risk-based approach set out on the previous page, and in our External Audit Plan we have:


- assessed the Authority's key business risks which are relevant to our VFM conclusion;
- identified the residual audit risks for our VFM conclusion, taking account of work undertaken in previous years or as part of our financial statements audit; and

- considered the results of relevant work by the Authority, inspectorates and review agencies in relation to these risk areas.

Key findings

Below we set out the findings in respect of those areas where we have identified a residual audit risk for our VFM conclusion.

We concluded that we needed to carry out additional work for some of these risks. This work is now complete and we also report on this below.


Key VFM risk	Risk description and link to VFM conclusion	Assessment
	<p>The Authority identified the need to make savings of £30m in 2015/16. At the time of our planning work, the period 9 forecast showed that the Authority would deliver a £3m overspend against its budget before management actions. Additional savings were sought to offset this and the resulting forecast for 2015/16 was a breakeven position.</p> <p>The Authority's budget for 2016/17 was approved at the Council meeting on 23 February 2016 and recognised a need for £26m in savings. The approved budget includes individual proposals to support the delivery of the overall savings requirement. Further savings of £126m will be required over the period 2017/18 and 2020/21 to principally address future reductions to local authority funding alongside service cost and demand pressures. As a result, the need for savings will continue to have a significant impact on the Authority's financial resilience.</p>	<p>Specific risk based work required: Yes</p> <p>Despite challenging savings targets for the year, the Authority's final outturn position was an under spend against budget of £0.066m. In addition, the final position of the general fund was £12.206m compared to £10.019m as predicated in the financial plan.</p> <p>The Authority has continued to develop savings plans which require savings from all service areas, and has identified additional savings plans in order to compensate for budget pressures, particularly in Adult Social Care Operations, Operational Children's Services and Learning Disability. These cost pressures are in line with those experienced by other authorities throughout the country and, as a result, are not indicative of poor arrangements within Wiltshire.</p> <p>Performance against savings targets has been monitored throughout the year as part of the budget monitoring process in order to allow for such cost pressures to be effectively managed.</p>

VFM Conclusion – Specific VFM risks (cont)

We have identified two specific VFM risks.

In all cases we are satisfied that external or internal scrutiny provides sufficient assurance that the Authority's current arrangements in relation to these risk areas are adequate.

Page 38

Key VFM risk	Risk description and link to VFM conclusion	Assessment
	<p>As set out on page 14, the Better Care Fund (BCF) represents a significant development for local authorities and their NHS partners. Whilst Wiltshire Council was part of the pilot scheme for the Fund, the need to ensure that appropriate governance structures are in place remains essential. Without such, there is a significant risk that funds contributed by the Authority will fail to deliver the desired outcomes and benefits (both for the public and for the Authority). One of the key challenges in establishing effective governance arrangements is the need to balance the demands of the Authority and partnering Clinical Commissioning Group.</p> <p>This is relevant to both the financial resilience and economy, efficiency and effectiveness criteria of the VFM conclusion.</p>	<p>Specific risk based work required: Yes</p> <p>We reviewed the governance structure and processes which the Authority has put in place in relation to the management of the BCF and the way in which this was designed to ensure that the objectives of the fund are met.</p> <p>We have also reviewed the budget for the year, both for month 9 and month 12. It can be seen that the budget is updated between the months with up to date information. However, currently most of the spend is reimbursed on a retrospective basis and therefore there is not much tracking of live budgetary information. In correspondence with management we confirmed that this is because most of the BCF schemes already existed before the BCF agreement. In the future, it is planned that as the schemes originate out of BCF managed funds, then the schemes will be required to provide up to date financial information so spend can be monitored at a strategic level.</p> <p>It is appropriate to conclude from our work that the Authority has the tools in place in order to achieve VFM. There are some areas of weakness, e.g. most of the expenditure is currently communicated retrospectively and the monitoring of targets is being discussed and updated, although we would expect to see a Performance Scorecard introduced once comparable information is available.</p>



Appendices

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.

Page 40

Priority rating for recommendations		
1	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.	2
		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.
		3
		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	3	<p>Narrative Statement</p> <p>The is the first year under which the Authority must report a narrative statement at the beginning of the Statement of Accounts, this has replaced the explanatory foreword however it is intended to provide a greater focus upon the Authority’s operational performance throughout the year, including non-financial metrics. The draft narrative statement submitted by the Authority is largely a rolled forward explanatory foreword rather than a bespoke narrative statement.</p> <p>Risk</p> <p>The narrative statement may not deliver the user the information as intended per the CIPFA Code and the Accounts and Audit Regulations 2015.</p> <p>Recommendation</p> <p>The narrative statement should be rewritten for the 2016/17 statement of accounts to ensure that it fully adheres to the CIPFA Code guidance.</p>	<p>Management response</p> <p>Agreed, guidance has just been issued by CIPFA and the s151 Officer has been engaged in the production of those notes and will draft an early template for 2016/17 based on the 2015/16 Accounts.</p> <p>Responsible Officer</p> <p>Michael Hudson (Associate Director of Finance)</p> <p>Due Date</p> <p>7 April 2017</p>

Key issues and recommendations (cont)

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.

Page 41

No.	Risk	Issue and recommendation	Management response / responsible officer / due date
2	2	<p>SAP Powerful User Access</p> <p>We noted that a total of 9 dialog and 2 service accounts, see Recommendation 3, held access to the powerful SAP_ALL profile. We would not typically expect to see any unlocked accessible accounts holding SAP_ALL access. The dialog accounts include 7 CGI generic accounts (2 of which were locked at the time of testing), the SAP OSS account and an account held by the SAP Application Support Manager.</p> <p>We recognise that monthly monitoring procedures are in place over the majority of these accounts. These are designed to identify suspicious or unauthorised activity and are seen as a positive control to have in place. We noted, however, that improvements are required in relation to these controls, see Recommendation 4.</p> <p>We note that the use of SAP_ALL is a risk which is recognised and accepted by the Authority.</p> <p>Risk</p> <p>SAP_ALL allows unfettered access across the system, allowing changes to be made to system parameters. As such this access should be strictly controlled as it poses a high risk to the effective operation of the system, segregation of duties controls and data integrity.</p> <p>Recommendation</p> <p>Use different 'Firefighter' accounts to provide properly defined support roles, which can provide access needed to deal with differing types of incident. Typically this would take the form of Firefighter accounts set up for functional support (e.g. split by business process) and those set up for technical support (e.g. with only Basis transactions). This allows the maintenance of some segregation of duties.</p> <p style="text-align: right;"><i>[Continued on next slide]</i></p>	<p>Management response</p> <p>As in previous audits, this finding is recognised and understood, and as mentioned in the finding itself has been an accepted risk by the Council for some years.</p> <p>However, ICT have identified a solution for this and this will be implemented in the next few months.</p> <p>Responsible Officer</p> <p>Stuart Honeyball</p> <p>Due Date</p> <p>30 November 2016</p>

Key issues and recommendations (cont)

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.

Page 42

No.	Risk	Issue and recommendation	Management response / responsible officer / due date
		<p>SAP Powerful User Access (cont.)</p> <p>Implement a formal procedure for the unlocking and use of these accounts and ensure that SAP_ALL access is used as a measure of last resort only, via the unlocking of a particular Firefighter account holding this access.</p> <p>Once this procedure has been implemented it should become the only means by which an individual may access the system with SAP_ALL access.</p>	
3	2	<p>SAP Powerful User Access - Incorrect Account Types</p> <p>Our analysis identified two Service type accounts holding SAP_ALL access. It appeared that these accounts were in fact used by the system rather than by individuals. However, a Service type user allows log on by multiple users at a point in time meaning it would be possible for an individual to use these accounts inappropriately.</p> <p>Risk</p> <p>SAP_ALL allows unfettered access across the system. As such this access should be strictly controlled as it poses a high risk to the effective operation of the system, segregation of duties controls and data integrity.</p> <p>We would not typically expect to see any unlocked accessible accounts holding SAP_ALL access. Unlocked service type accounts with this level of access present the risk that unapproved individuals may gain unrestricted access to the SAP system without the knowledge of system support personnel. It is further noted that service type accounts may be accessed by multiple users at any given time.</p> <p>Recommendation</p> <p>Change the two Service type accounts to a System or Communication type user as appropriate, following checks to ensure technical feasibility and the ongoing functionality of the accounts, thus preventing access from individuals.</p>	<p>Management response</p> <p>These 2 accounts are set as Service accounts as they have been since their creation on 2009. We will investigate whether changing the user type to B-System will have any adverse effects on system running. If not, we will amend to type B.</p> <p>Responsible Officer</p> <p>Stuart Honeyball</p> <p>Due Date</p> <p>31/08/2016</p>

Key issues and recommendations (cont)

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.

Page 43

No.	Risk	Issue and recommendation	Management response / responsible officer / due date
4	2	<p>SAP Powerful User Access – Monitoring of SAP_ALL accounts</p> <p>We noted that although monthly monitoring controls are in place around the use of accounts with SAP_ALL access:</p> <ul style="list-style-type: none"> — no instances of client opening were recorded although our analysis identified that two accounts were not being monitored; — An account with lower privileges and an account locked at the time of testing were taking up monitoring slots, these being limited in number; and — The January 2016 monitoring identified that the Production client had been opened and that the Application Manager had not been informed about this as is required in all such instances. <p>We were informed that this client opening had occurred accidentally due to human error by third party support personnel. This highlights the high degree of risk posed by placing complete faith in a third party through provision of unrestricted access to Wiltshire Council systems.</p> <p>Risk</p> <p>See Recommendations 2 & 3 for the risk associated with SAP_ALL.</p> <p>Unlocking of the production client allows unrestricted changes to be made to the system without the standard transport route needing to be followed.</p> <p>Failure to effectively monitor high access accounts presents the risk that high risk transactions are carried out inappropriately or maliciously without the knowledge of Application Support personnel.</p> <p>Recommendation</p> <p>Assess the monitoring controls to determine the specific reason that cases of production client opening were missed, with procedures altered as necessary to ensure the highest risk accounts use the monitoring slots available.</p>	<p>Management response</p> <p>The monitoring filters have already been amended as suggested in the finding, to ensure the correct users are monitored.</p> <p>With regards to the issue with T000 and client opening via SCC4 by LOGICA_BASIS user, this has discussed with CGI and an email explanation has been received and reviewed by ICT. In order to prevent recurrence of this issue (and as detailed at Finding 1.) we will seek to remove access to the SCC4 transaction from all Logica userIDs.</p> <p>Responsible Officer</p> <p>Stuart Honeyball</p> <p>Due Date</p> <p>Monitor change completed in May 2016</p> <p>UserID amendments 30/9/2016</p>

Key issues and recommendations (cont)

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.

Page 44

No.	Risk	Issue and recommendation	Management response / responsible officer / due date
5	3	<p>SAP User Administration – Removal of Access</p> <p>Our testing of HR listings against active user lists identified one leaver's account had been accessed after the user had left employment with Wiltshire Council. Further enquiry identified that the account had originally been locked by the SAP Support Team. However, the account was then unlocked by the service desk following a verbal request from the user (note that the user needed to answer security questions) and then locked again by SAP Support.</p> <p>We were informed that the service desk did not follow an appropriate procedure in that they should have inspected a leaver's spreadsheet and should not then have unlocked the account without consulting the SAP Support team.</p> <p>We have verified that prior to unlocking of the account, it was stripped from any sensitive roles and only standard Self Service roles remained.</p> <p>Risk</p> <p>Failure to properly remove access from leaving employees presents the risk of unauthorised access to Wiltshire Council systems, with the potential for malicious activity or data compromise to occur as a result. The risk is increased where a user holds elevated access or leaves under acrimonious circumstances.</p> <p>Recommendation</p> <p>Remind all users with relevant access of the importance of following appropriate procedures for unlocking SAP accounts. Ensuring that a user is a current employee should be standard procedure for an account to be unlocked. Use of the system by ex-employees should be considered highly unusual and subject to additional controls.</p>	<p>Management response</p> <p>This was an issue with a member of Service Desk team not following the correct documented process on this occasion. The correct process was reiterated to all service desk managers and staff.</p> <p>Responsible Officer</p> <p>Jason Atkinson</p> <p>Due Date</p> <p>Completed in February 2016</p>

Key issues and recommendations (cont)

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.

Page 45

No.	Risk	Issue and recommendation	Management response / responsible officer / due date
6	3	<p>SAP Scheduled jobs</p> <p>We have found that, following the changes made to staging servers, there are currently no automated monitoring alerts for SAP scheduled jobs. As such, where schedules fail application support are not notified of the failures without performing manual checks.</p> <p>We have been advised that the SAP Support team is aware of the issue and it aims to resolve it in the near future.</p> <p>Risk</p> <p>There is a risk that should a scheduled job fail to complete without the knowledge of application support personnel, crucial business information could be missing from the correct area of SAP. This can result in financial process being delayed or not working as designed.</p> <p>Risk</p> <p>Reinstate scheduled jobs monitoring. Consideration should be given to ensure that the alerts are designed effectively and acted upon when required. Alerts should be instated for key processes only to cut down on 'noise' from alerting that can result in more important notifications being missed.</p>	<p>Management response</p> <p>We are aware that the confirmation email notifications referred to in this finding were no longer being produced following a server migration onto a new operating system (for PSN compliance). As discussed with KPMG, these alerts were informational only and did not act as a control or confirmation of successful processing of the files within SAP itself (they related to one part of a chain process only) . As a result we have investigated recreating these alerts on the new OS and consider that the effort to do so outweighs the benefit of the alerts.</p> <p>Responsible Officer</p> <p>Stuart Honeyball</p> <p>Due Date</p> <p>No action required</p>

Key issues and recommendations (cont)

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.

Page 46

No.	Risk	Issue and recommendation	Management response / responsible officer / due date
7	2	<p>Northgate Change Management – Migration of Changes</p> <p>We were informed that the ability to migrate changes to the Northgate production systems is governed by access to the 1csrapp61 server. It was not immediately apparent to application support who held this access, and therefore who could perform this high risk task.</p> <p>Further investigation revealed that 372 accounts held access to this location, it being considered that this is an excessive number of users capable of performing a task that should be strictly controlled.</p> <p>We note that despite this, segregation of duties between development and migration is maintained through the fact that no development is carried out internally and Northgate cannot access the Wiltshire network.</p> <p>Risk</p> <p>The ability to apply changes to the production environment is a sensitive task which can impact the operation of the system if performed incorrectly. Where this access is widely held this increases the risk that segregation of duties is not enforced between development and migration and increases the chance of errors or malicious activity impacting the application.</p> <p>There is the increased risk that inappropriate changes are made unilaterally, without the knowledge or approval of management.</p> <p>Recommendation</p> <p>Undertake a thorough review of access to this to ensure that it is allocated only to users who specifically require it for the performance of their job role.</p>	<p>Management response</p> <p>We accept this finding and will conduct an audit of the accounts.</p> <p>Responsible Officer</p> <p>Tim Crossley</p> <p>Due Date</p> <p>30 November 2016</p>

Key issues and recommendations (cont)

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.

Page 47

No.	Risk	Issue and recommendation	Management response / responsible officer / due date
8	3	<p>Northgate User Administration – Removal of Access</p> <p>Our testing of 100% of leavers in the period identified two instances where individuals had left their roles with their Northgate access being retained. We were informed that this was caused by a failure in the notification process to the Revenues and Benefits Systems team.</p> <p>We note that the users in question posed low risk due to the fact that they held only read only access to financial information.</p> <p>We note that these users should have been discovered in the quarterly review process performed for Northgate leavers. See Recommendation 9 in relation to this.</p> <p>Risk</p> <p>Failure to properly remove access from leaving employees presents the risk of unauthorised access to Wiltshire Council systems, with the potential for malicious activity or data compromise to occur as a result. The risk is increased where a user holds elevated access or leaves under acrimonious circumstances.</p> <p>Recommendation</p> <p>The importance of timely notification of leavers to the systems team is reiterated to business departments. Access should in all cases be removed as soon as possible after the noted leaving date.</p>	<p>Management response</p> <p>R&B application Administration process will be reviewed and amended to use the definitive source of record for staff i.e. HR Records</p> <p>Responsible Officer</p> <p>Sally Kimber</p> <p>Due Date</p> <p>31 October 2016</p>

Key issues and recommendations (cont)

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.

Page 48

No.	Risk	Issue and recommendation	Management response / responsible officer / due date
9	3	<p>Northgate User Administration – Reviews of Access</p> <p>When considering the reviews performed on a quarterly basis over access to Northgate, we noted that the assessment of whether a seemingly dormant account should retain access to Northgate is often based on whether or not the user continues to have access to the network. This is assessed by checking whether they have a profile on Lync (Skype for Business). Lync access is used as a proxy for whether or not they are still part of the organisation.</p> <p>For one of the exceptions in our sample of leavers (Recommendation 8), we found the person concerned had moved from Wiltshire Council to Wiltshire Police who share the Authority’s network and hold Lync accounts. As a result the mover to Wiltshire Police was thought to still be part of Wiltshire Council and their access was not removed. We also note this review method would fail to detect internal movers.</p> <p>Risk</p> <p>Failure to properly review the appropriateness of access on a periodic basis presents the risk that inappropriate access allocations remain for longer periods, and that missed leavers and internal movers retain access to Northgate.</p> <p>Recommendation</p> <p>A more reliable means of assessing the status of users is used as a part of the user access review. (E.g. HR records). This will help to ensure that both internal movers no longer requiring access are also captured.</p>	<p>Management response</p> <p>The R&B Application Administration process will be reviewed and amended as necessary to provide better visibility of leavers and changes so that accounts can be managed on a regular and timely basis</p> <p>Responsible Officer</p> <p>Sally Kimber</p> <p>Due Date</p> <p>31 October 2016</p>

Follow up of prior year recommendations

The Authority has made progress in the implementation of the recommendations raised in our ISA260 Report 2014/15.

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

Page 49

No.	Risk	Prior Year Issue and recommendation	Management response / responsible officer / due date
1	2	<p>Schools Bank Reconciliation's</p> <p>We sample tested 10 out of 179 school bank reconciliation's and noted that some of the reconciliation's were completed with errors. These included:</p> <ul style="list-style-type: none"> — Fynamore Community School –The reconciling items report totalled £9,685 when the difference between the cash balance and ledger balance was £9,676 — St Josephs Catholic School –A difference between the general ledger balance used in the Bank Reconciliation to that shown on Agresso of £176 — Matravers School – A £167 difference due to the incorrect bank statement balance used in the Bank reconciliation <p>Whilst all these balances are immaterial (total projected error of £2,111) it indicates that the control is not operating effectively and that potentially larger errors may not be identified.</p> <p>Recommendation</p> <p>An excel template for bank reconciliation's should be distributed to all schools.</p> <p>A review should be undertaken for schools that would benefit from further training.</p>	<p>Management response</p> <p>Agree. A standard template will be introduced and we will review the need for training.</p> <p>July 2016 update</p> <p>Training has been issued to the schools and improvements have been reflected in the result of our testing, with clearer bank reconciliations reviewed containing no issues.</p> <p>Recommendation closed.</p>

Follow up of prior year recommendations (cont)

The Authority has made progress in the implementation of the recommendations raised in our ISA260 Report 2014/15.

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

Page 50

No.	Risk	Prior Year Issue and recommendation	Management response / responsible officer / due date
2	2	<p>Disaster Recovery Planning and Risk Management</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Recommendation</p> <p>A detailed DR plan should be developed, implemented and regularly tested.</p>	<p>Management response</p> <p>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</p> <p>July 2016 update</p> <p>The Disaster Recovery Plan has been developed and delivered and has been reviewed by the Information Governance Board. The Plan is scenario based and considers the high level activities required to effect a successful recovery of ICT services in the event of an ICT disaster.</p> <p>With a primary and secondary data centre in an Active-Active configuration, and all major Line-of-Business application services deployed in a resilient configuration, ICT are confident that the existing DR capability is adequate for the current environment.</p> <p>[Continued on next slide]</p>

Follow up of prior year recommendations (cont)

The Authority has made progress in the implementation of the recommendations raised in our ISA260 Report 2014/15.

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

Page 51

No.	Risk	Prior Year Issue and recommendation	Management response / responsible officer / due date
2	2	Disaster Recovery Planning and Risk Management (cont.)	<p>July 2016 update (cont.)</p> <p>Active-Active refers to the configuration of the data centres for Disaster Recovery failover. This involves two matched configurations, linked to each other and they exchange data and changes in real time, so if one fails, the other can immediately take over. Data loss is minimal.</p> <p>For completeness, the other possible configuration is Active – Passive, where there are still two matched configurations, but the data exchange is not in real time. If there is a failure on the Active side, then the recovery is slower as data needs to be synchronised. Data loss is likely to be much higher. This is often also called a Hot Standby configuration.</p> <p>Recommendation Closed</p>

Audit differences

This appendix sets out the significant audit differences identified during the audit for the year ended 31 March 2016.

We are reporting all audit differences over £0.6m.

These have been adjusted in the Statement of Accounts.

Page 52

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in your case is the Audit Committee). We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

Corrected audit differences

The following table sets out the significant audit differences identified by our audit of Wiltshire Council's financial statements for the year ended 31 March 2016.

No.	Income and Expenditure Statement	Movement in Reserves Statement	Assets	Liabilities	Reserves	Basis of audit difference
1	CR Net gain/loss on disposal of fixed assets (£6,148k)	DR Adjustments between accounting basis & funding basis under Regulations £6,148k	DR Debtors £6,148k		CR Useable capital receipts (£6,148)	The proceeds from the sale of the Shurnhold site were received in two tranches, however only the first payment had been recognised in the accounts. The adjustments reflects the total sales price, and the final net gain on disposal. The remaining unpaid balance has been debited to debtors and is due to paid at the end of 2016.
2	DR Culture and related services £6,841k DR Children and Education £29k	CR Adjustments between accounting basis & funding basis under Regulations (£6,870k)	CR PPE (£2,079)		CR Revaluation reserve (£4,791k) DR Capital Adjustment Account £6,870k	Upwards revaluations of the Five Rivers Leisure Centre (£6,841k) and Westbury Youth Centre (£909k) were incorrectly credited to the annual depreciation charge rather than being recognised as revaluations. In addition, a late change to the Fiver Rivers valuation resulting in a downwards revaluation of £2,079k had not been accounted for.
	£722k	(£722k)	£4,069k	-	(£4,069k)	

Declaration of independence and objectivity

The Code of Audit Practice requires us to exercise our professional judgement and act independently of both Public Sector Audit Appointments Ltd and the Authority.

Requirements

Auditors appointed by Public Sector Audit Appointments Ltd must comply with the Code of Audit Practice (the 'Code') which states that:

'The auditor should carry out their work with integrity, objectivity and independence, and in accordance with the ethical framework applicable to auditors, including the ethical standards for auditors set by the Financial Reporting Council, and any additional requirements set out by the auditor's recognised supervisory body, or any other body charged with oversight of the auditor's independence. The auditor should be, and should be seen to be, impartial and independent. Accordingly, the auditor should not carry out any other work for an audited body if that work would impair their independence in carrying out any of their statutory duties, or might reasonably be perceived as doing so.'

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Public Sector Audit Appointments Ltd Terms of Appointment ('Public Sector Audit Appointments Ltd Guidance') and the requirements of APB Ethical Standard 1 Integrity, Objectivity and Independence ('Ethical Standards').

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Public Sector Audit Appointments Ltd guidance requires appointed auditors to follow the provisions of ISA (UK&I) 260 Communication of Audit Matters with Those Charged with Governance' that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor's objectivity and independence.
- The related safeguards that are in place.
- The total amount of fees that the auditor and the auditor's network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed. We do this in our Annual Audit Letter.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor's professional judgement, the auditor is independent and the auditor's objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor's objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the PCC and CC.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Engagement Lead and the audit team.

Declaration of independence and objectivity (cont)

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.

Page 54

General procedures to safeguard independence and objectivity

KPMG's reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm's required independence. KPMG's policies and procedures regarding independence matters are detailed in the Ethics and Independence Manual ('the Manual'). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set

out in the Manual, all partners and staff are required to submit an annual ethics and independence confirmation. Failure to follow these policies can result in disciplinary action.

Auditor declaration

In relation to the audit of the financial statements of Wiltshire Council and Wiltshire Pension Fund for the financial year ending 31 March 2015, we confirm that there were no relationships between KPMG LLP and the Wiltshire Council and Wiltshire Pension Fund, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

Materiality and reporting of audit differences

For 2015/16 our materiality is £12 million for the Authority's accounts. For the Pension Fund it is £25 million.

We have reported all audit differences over £0.6 million for the Authority's accounts and £1.25 million for the Pension Fund, to the Audit Committee.

Materiality

The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

- Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.
- Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.
- Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our External Audit Plan 2015/16, presented to you in April 2016.

Materiality for the Authority's accounts was set at £12m which equates to 1.4 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Materiality – pension fund audit

The same principles apply in setting materiality for the Pension Fund audit. Materiality for the Pension Fund was set at £25 million which is approximately 1.4 percent of gross assets.

We design our procedures to detect errors at a lower level of precision, set at £18.5 million for 2015/16.

Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260, we are obliged to report omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 requires us to request that uncorrected misstatements are corrected.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.6m and £1.25m for the Pension Fund.

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



kpmg.com/socialmedia



kpmg.com/app

© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Wiltshire Council

Audit Committee

27 July 2015

Annual Governance Statement 2015-16

Executive Summary

1. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2015-16. This will be signed by the Leader of the Council and the Corporate Directors, after final approval by the Audit Committee on 27 July 2016. The AGS will form part of the Annual Statement of Accounts for 2015-16.
2. Section C of the AGS describes the Council's governance framework for the relevant period and reflects the position up to the date of approval and signature in July 2016.
3. 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.
4. The Council's internal auditors have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2015-16.
5. The following have been identified as significant governance issues:
 - Delivery of the Council's Business Plan 2013-17
 - Impact of financial challenges on Procurement of Contracts
 - Information Governance
 - Safeguarding Children and Young People

6. Details of these issues are set out in Section E of the AGS.

7. The Council's external auditors, KPMG LLP, have been consulted and their comments are reflected in the AGS.

Proposal(s)

The Audit Committee is, therefore, asked to approve the AGS for 2015-16 as set out in Appendix 1 for publication with the Statement of Accounts.

Reason for Proposal

To prepare the AGS 2015-16 for publication in accordance with the requirements of the Audit and Accounts Regulations 2011.

Ian Gibbons

Associate Director Legal and Governance and Monitoring Officer

Annual Governance Statement 2015-16

Purpose of Report

1. To ask the Audit Committee to approve the Annual Governance Statement for 2015-16 for publication with the Statement of Accounts.

Background

2. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2015-16. This will be signed by the Leader of the Council and the Corporate Directors after approval by the Audit Committee on 27 July 2016. The AGS will form part of the Annual Statement of Accounts for 2015-16.
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 informed, risk-based 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 2015-16, but must take account of any significant issues of governance up to the date of publication of the Statement of Accounts in July 2016. 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 service plans, relevant lead officers within the organisation, internal and external auditors and inspection agencies.

Main Consideration for the Council

AGS - Content

8. A copy of the proposed AGS is attached at Appendix 1. This will be revised to reflect observations of Cabinet on 19 July 2016.

9. The AGS 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.
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 Council's internal auditors have given an overall audit opinion of reasonable assurance on the effectiveness of the Council's control environment for 2015-16.
13. Associate Directors are required to review the effectiveness of the governance arrangements within their directorate as part of the service planning process. Any further potential significant governance issues identified will be brought to the attention of the Audit Committee.
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. It is proposed to include the following significant governance issues in this section:

- Delivery of the Council's Business Plan 2013-17
- Impact of financial challenges on procurement of contracts
- Information Governance
- Safeguarding Children and Young People

17. Details on these issues are set out in section E of the AGS.

18. The Council's external auditors ,KPMG LLP, have been consulted on the AGS and their comments are reflected in the proposed draft.

Safeguarding Implications

19. Safeguarding issues have been highlighted in Section E of the draft AGS.

Public Health Implications

20. There are no public health implications arising directly from this report.

Environmental and Climate Change Considerations

21. There are no environmental or climate change considerations arising directly from this report.

Equalities Impact of the Proposal

22. There is no equalities impact arising from this report.

Risk Assessment

23. Ongoing review of the effectiveness of the Council's governance arrangements is an important part of the Council's risk management strategy.

Financial Implications

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

Legal Implications

25. The production of the AGS is a statutory requirement.

Proposal

26. The Audit Committee is, therefore, asked to approve the AGS 2015-16 for publication with the Statement of Accounts.

Reason for Proposal

27. To prepare the AGS 2015-16 for publication in accordance with the requirements of the Audit and Accounts Regulations.

Ian Gibbons
Associate Director Legal and Governance
and Monitoring Officer

13 July 2016

Background Papers

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

None

Appendices

Appendix 1 - Annual Governance Statement 2015-16

This page is intentionally left blank

Annual Governance Statement

2015-16



DRAFT 9 (18.07.16)

Contents

	Page(s)
<u>Section A</u>	
Scope of Responsibility	3
<u>Section B</u>	
The Purpose of the Governance Framework	3
<u>Section C</u>	
The Governance Framework	3
Purpose and Planning	4
Policy and Decision-Making Framework	4
Wiltshire Pension Fund	6
Regulation of Business	7
Management of Resources, Performance and Risk	8
Internal Audit	10
External Audit and Inspections	11
Directors' Assurance Statements	11
Monitoring Officer	11
<u>Section D</u>	
Review of Effectiveness	11
Focus on the purpose of the authority 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 councillors 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 authority's values to members, staff, the public and other stakeholders	
Taking informed, risk based and transparent decisions which are subject to effective scrutiny	
Developing the capacity of councillors and officers to be effective in their roles	
<u>Section E</u>	
Significant Governance Issues	17

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 system of internal controls are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve aims and objectives but can only provide reasonable and not absolute assurance of effectiveness. The governance framework 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 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 2016 and up to the date of approval of the Statement of Accounts for 2015/16.

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 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. The terms of reference for the Health and Well-being Board may be found at <http://cms.wiltshire.gov.uk/mgCommitteeDetails.aspx?ID=1163>
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, comprising elected members from both councils and two co-opted voting independent members.
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.
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. 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.

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 of under the respective code of conduct for Wiltshire unitary and parish councillors.
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.
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. The terms of reference for the Local Pension Board may be found at <http://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=1280&Year=0>
35. The Council appoints an Independent Remuneration Panel when required to advise and make recommendations to the Council on the setting of member allowances in accordance with the Local Authorities (Member Allowances)(England) Regulations 2003.
36. A new governance and assurance framework has been developed to underpin the

delivery of the Wiltshire and Swindon Strategic Economic Plan (SEP) by the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) and to enable Wiltshire Council to fulfil its responsibilities as the Accountable Body. The framework includes an executive Strategic Joint Economic Committee with Swindon Borough Council to provide local democratic accountability for the delivery of the SEP and a Joint Scrutiny Task Group.

Regulation of Business

37. 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
38. 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.
39. Internal Audit services in Wiltshire are provided through a partnership with South West Audit Partnership.
40. 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.
41. The Council has a Corporate Fraud Team, which is delivering an ambitious three year plan that underpins the Council's strategic approach to tackling fraud in accordance with the Corporate Fraud Strategy agreed in 2014-15. Key risk areas covered by the plan include housing tenancies; council tax discounts; blue badges; payroll; personal payments and procurement.
42. Criminal prosecutions are an important part of the Council's counter fraud strategy as they serve both to deter offenders and reinforce a culture of zero tolerance to fraud.
43. The Council's Governance Assurance Group comprises senior officers with lead responsibility for key areas of governance, 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.

44. 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

Management of Resources, Performance and Risk

Financial Management

45. Financial management and reporting is facilitated by:

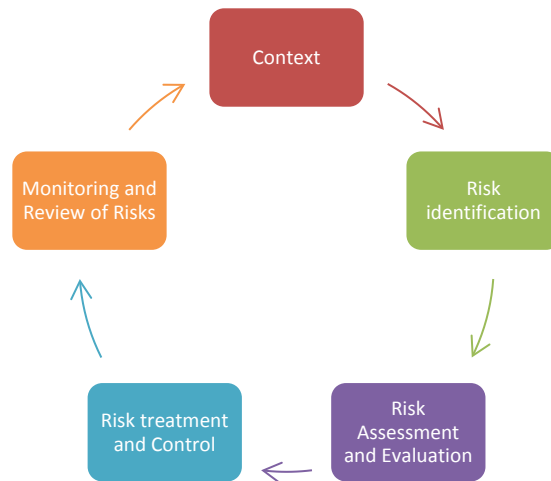
- Regular reports to Cabinet on the Council's Revenue Budget, Housing Revenue Account, Capital Programme and on Treasury Management;
- Regular review by the Corporate Leadership Team;
- Regular consideration of these reports by the Financial Planning Task Group;
- Budget monitoring by Service Managers;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

46. 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 and revised 2015.

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.

Performance and Risk Management Reporting

47. At the heart of the Business Plan 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.
48. Measuring success is about how we will know we are performing well and moving in the right direction to achieve our vision and priorities.
49. 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 along with the strategic risk register by the Corporate Leadership Team, Cabinet and Overview & Scrutiny on a quarterly basis. The Citizen's Dashboard provides a more engaging and informative means of publishing activity and prevalent metrics and making links with the Business Plan. This may be found on the Council's web site at <http://services.wiltshire.gov.uk/CitzDash/CitizenDashboard/MainReports>
A copy of the most recent report to Cabinet on this may be found at <http://cms.wiltshire.gov.uk/documents/g10264/Public%20reports%20pack%2014th-Jun-2016%2009.30%20Cabinet.pdf?T=10>
50. 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.
51. 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.
52. 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.
53. The diagram below demonstrates the cycle of managing risk.



54. The risks associated with major projects are managed through project management arrangements with regular reporting to the relevant boards and member bodies.
55. 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

56. The main role of Internal Audit is to provide an independent and objective opinion on the Council's control environment.
57. 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.
58. 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. In addition, publications outlining local government new and emerging risks are also scrutinised. In order to build upon the assurance mapping process undertaken for 2015/16 as part of our Healthy Organisation (HO) Programme, part of the 2016-17 Audit Plan has been

derived from the outcome of our corporate and HO themed reviews. Once drafted, the Audit Plan will be agreed with Corporate Directors, and then presented to the Audit Committee for agreement and final approval. Furthermore, the Audit Committee receive reports of progress against the Audit Plan each quarter. The Internal Audit Annual Report also 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

59. 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. On occasion, it is also subject to reviews by statutory external inspection agencies such as OFSTED, the Care Quality Commission (CQC) and the Information Commissioners Office (ICO). Additionally, the Council seeks to obtain independent overviews on its performance through the peer review process facilitated by the Local Government Association (LGA). 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.

Review of Governance Arrangements within Directorates

60. Associate directors are required to review the governance arrangements within their directorate as part of the service planning process. Any significant governance issues identified are included in Section E of this Statement.

Monitoring Officer

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

D. Review of Effectiveness

62. 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 officers 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.
63. 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.

64. The effectiveness of the Council's corporate governance framework 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

65. 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

66. 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.

67. 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;
- 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;

68. 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.

69. Wiltshire's Health and Wellbeing Board continue to build on the findings of the positive peer review conducted in autumn of 2014 and have implemented recommendations to hold a series of informal meetings focusing on tricky issues and to refresh the Joint Health and Wellbeing Strategy. In March 2016, Wiltshire won the Effective Health and Wellbeing Board category at the LGC Awards. The judges commented that the Board "exhibited strong leadership in depth of the health and wellbeing agenda, combining a focus on clear strategic goals and a highly effective front line delivery".

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

70. The Constitution sets out clearly the roles and responsibilities of Councillors and Officers in the decision making process.
71. 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

72. All staff are required to meet high standards of ethical conduct under the Officers' Code of Conduct.
73. 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.
74. The Council is reviewing the Code of Conduct for Councillors to ensure that it is effective in promoting high standards of conduct.

Internal Audit

75. Internal Audit represents an important element of the Council's internal control environment, and to be effective it must comply with the International

Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards which lays down the mandatory professional standards for the internal audit of local authorities.

76. The Internal Audit Annual Report and Opinion 2015 -16 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 reasonable assurance on the adequacy and effective operation of the Council's control environment for 2015-16.

External Audit

77. The Council's external auditors, KPMG LLP, published their annual audit letter 2014-15 in October 2015. To arrive at the conclusion they looked at financial governance, financial planning and financial control as well as prioritisation of resources and improvements in efficiency and productivity.
78. Key findings included an unqualified value for money conclusion for 2014-15 and an unqualified opinion on the Council's financial statements.
79. There were no high priority recommendations arising from their audit work for 2014-15 and the report highlighted the strong financial reporting process.
80. KPMG LLP's report to those charged with governance for 2015-2016 will be tabled at the meeting of the Audit Committee on 27 July 2016. This summarises the key issues arising from the work at Wiltshire Council in relation to the 2015 -16 financial statements and the work to support the 2015-16 value for money conclusions.

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

81. 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.
82. The Council is signed up to the Wiltshire Compact and is an active member of the Compact Board. The Compact has been reviewed in 2015 and all engagement with Voluntary and Community Sector Enterprise (VCSE) partners is carried out under Compact principles. The Partnership Protocol and Register captures the Council's partnership arrangements. As of February 2016 the number of partnerships in operation is 42. A review of the protocol is

being conducted.

83. All decisions and policies pay due regard to the Council's responsibilities under the Public Sector Equality Duty. Equality Impact Assessments are carried out on key decisions and policies and are given proportionate equality considerations.
84. 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.
85. Overview and scrutiny is open to improving the way it constructively supports decision-making through effective early engagement and challenge. Recent developments have included a dedicated section in all Cabinet reports, active participation at Cabinet meetings, increased consultation on its work programme, more promotion of its activities and better tracking of its recommendations and impact.
86. It is recognised that for overview and scrutiny to be effective it requires skilled non-executive elected members. As a consequence, the Council has committed itself to a 4-year learning and development programme delivered through the regional associate of the Centre for Public Scrutiny.
87. The work undertaken by the Audit Committee this year has included:
 - review and approval of the Annual Governance Statement for 2014-15;
 - review and approval of the Statement of Accounts for 2014-15;
 - 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.
88. 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. Full Council and Cabinet have approved a new Integrated Emergency Management Plan, which for the first time clearly sets out the corporate approach to Emergency Planning Policy, Major Incident, Business Continuity and Recovery. Extensive training and exercising has been delivered at all levels, and new simpler, more practical plans have been updated.
89. Substantial improvements have been made to the Council business continuity programme, with 95% of priority services now having updated plans in place. A 3 year programme of community resilience workshops has been completed across the 18 community areas in only 2 years (covering over 150 town and parish communities). These multi-agency workshops have been delivered by representatives from the Council's emergency planning, Public Health, drainage and highways teams, together with the emergency services. Engagement with

voluntary groups has increased, with over 30 organisations now being available to assist during emergencies. The number of emergency evacuation centres has been increased from 30 to over 60, providing greater ability to provide places of safety when required. A full programme of work has been planned for 2016/17 which will concentrate on further strengthening resilience and preparedness based on the risks that face the County.

90. During 2015/16, the Emergency Planning Team put in place a process for refreshing the business continuity of all services. The approach was to concentrate resource on high priority services, and support lower priority services to complete 'light touch' business continuity plans. Additionally, a series of exercises (simulating a severe snow disruption) was run with Heads of Service between November 2015 and January 2016. This approach has resulted in 95% of services completing their business continuity plans, and outstanding plans are being followed up.
91. The Information and Communications Technology (ICT) Disaster Recovery Plan has been developed in conjunction with the review of Business Continuity Plans. The Disaster Recovery Plan sets out the policies and procedures for technology disaster recovery and detailed plans for recovering critical technology platforms and the telecommunications infrastructure.
92. A Corporate Resilience Forum has been set up with all priority services, chaired by the Associate Director for Public Health. The Forum enables priority services to learn from each other and to coordinate areas of common concern.
93. The Emergency Planning Team will refresh the business continuity programme in 2016/17, and look to further embed and improve the process, concentrating particularly on training and exercising, strategic leadership and developing supply chain resilience.

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

94. The Council is committed to improving performance and one of the ways that it will achieve this is through the development of its councillors and officers.
95. The Council's Councillor Development Strategy sets out:
 - The role of the Councillor Development Group in managing the specific councillor development budget and in particular to:
 - respond and determine requests for learning and development from councillors;
 - initiate learning and development opportunities to meet the identified training needs of councillors;
 - ensure that specific committee/statutory/role related training is provided as appropriate;

- How training and development needs are recognised, met and evaluated;
- The responsibility of Councillors for identifying own learning and development needs.

96. The Council's Learning & Development Policy outlines the Council's commitment to developing and supporting staff to achieve the organisation's goals, service strategies and to create a culture of continuous staff development to meet the changing needs of the organisation, and provides a framework for managers and employees to follow when they are involved in identifying and meeting learning and development needs.

97. The "People Strategy" is in place to support delivery of the Business Plan and the identified priorities. Action plans that outline the activities needed to deliver the aims of the People Strategy are reviewed and updated regularly to ensure the actions are aligned with the priorities in the Business Plan, and take account of the changing demands on the business and the workforce. The People Strategy outlines priority areas for action which are critical to the delivery of the Business 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

98. 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.

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

- **Delivery of the Council's Business Plan 2013-17**

Delivering the Council's 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 its financial plan annually to reflect current pressures and demands and this targets priorities in the Business Plan.

- **Impact of Financial Challenges on Procurement of Contracts**

The Government's austerity programme has generated significant challenges for public authorities, including this Council, in the procurement of major contracts such as highways, waste, children's and adult health and social care services. These include reduced or insufficient competition in certain markets, increased risk of legal challenges to the procurement process, increased contract management demands and costs and an overall increase in the cost of service provision. The Strategic Procurement Hub is working with services across the Council to mitigate the impact of these challenges.

- **Information Governance**

In March 2015 the Information Commissioner's Office (ICO) were invited to conduct an audit of the Council's arrangements for the processing of personal data. The audit focused on records management; subject access requests and data sharing. The overall conclusion was that there was 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. An information Governance Board was established and an Information Governance Improvement Plan developed to address the areas for improvement.

Good progress has been made in the areas for improvement identified in the ICO's report. An updated action plan was sent to the ICO in March 2016 and notice was received in April that the audit engagement is now complete. Actions have been identified and are in accordance with the requirements of the Information Governance Toolkit.

The ICO provided constructive feedback. Whilst it is acknowledged that some of the timescales have moved from the original plan, the Board feel it is important that the organisation does not have a rapid, quick fix approach to put things right; but that there is the creation of a much more sustainable framework and strategy for Information Governance across the Council.

A further implementation plan is being developed to ensure that all remaining actions are monitored and completed.

Further details of the status of the Information Governance Improvement Programme may be found in the Annual Report to the Senior Information Risk Owner (SIRO) May 2016, attached at Appendix A.

- **Safeguarding Children and Young People**

Oversight and governance of performance and progress in Children’s Services is maintained by the 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. The work of the Council and its partners is scrutinised by the Wiltshire Safeguarding Children Board (WCSB) and its independent chairperson.

Within the last 12 months the Council was subject to a rigorous OFSTED inspection under its Safeguarding Improvement Framework and this evidenced that the Council was continuing to ensure that children were safe and protected. Local Government Association and peer reviews have taken place in respect of the WCSB, the Council and its partners’ work with 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.

Councillor Baroness Scott
of Bybrook OBE
Leader of the Council

Corporate Directors

Dated

INFORMATION GOVERNANCE

SENIOR INFORMATION RISK OWNER ANNUAL REPORT

APRIL 2015 – MARCH 2016

1. PURPOSE

This report provides an overview of current Information Governance issues including compliance with key standards and a report on incidents. It ensures that CLT and Cabinet are advised of the most significant current and emerging Information Governance issues and the measures being taken by the Authority to ensure it meets the national and mandatory standards.

Specifically, this report will:

- Document organisational compliance with the legislative and regulatory requirements relating to the handling of information and provide assurance of ongoing improvement in relation to managing risks to information. This includes:
 - ▶ the Data Protection Act (1998)
 - ▶ the Freedom of Information Act (2000)
 - ▶ the Information Security Standard ISO/IEC 27002:2007
 - ▶ the Information Governance toolkit
- Detail any Serious Incidents Requiring Investigation (SIRI) within the preceding twelve months, relating to any losses of personal data or breaches of confidentiality.
- Report on the key achievements of the information governance improvement plan in 2015/2016 and to outline the next steps for 2016/2017.

2. RECOMMENDATIONS

That CLT and Cabinet:

- notes the content of this report and recognises the progress that has been made in the areas for improvement identified in the ICO's report together with the status of organisational compliance.
- considers the key risks associated with this programme and advises on the mitigations particularly with respect to the significant risk that the ICO has raised in respect to the sharing of councils' premises with other public bodies.
- agrees that this report with any amendments forms part of the council's annual governance statement to further improve information governance practices

3. BACKGROUND

In March 2015 the ICO were invited to conduct an audit of the Council's arrangements for the processing of personal data. The audit focused on records management; subject access requests and data sharing. The overall conclusion was that there was 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.

An information Governance Board was established and an Information Governance Improvement Plan developed to address the areas for improvement.

The ICO audit identified a number of areas for improvement that led to an information Governance Board being established and an information governance improvement programme developed to address the recommendations in the ICO's report. Some have been targeted and implemented and some will form part of the future development plan.

The improvement programme is based on the NHS Information Governance Toolkit (version 13), which is recognised as providing a comprehensive set of standards for information governance and meets with the approval of the ICO. The Information Governance Toolkit is a performance tool produced by the Department of Health. It draws together legal rules plus central guidance and presents them in one place as a set of information governance requirements. The IG programme is supported by the programme office under the overall direction of the Senior Information Risk Owner (SIRO).

4. INFORMATION GOVERNANCE IMPROVEMENT PLAN

Good progress has been made in the areas for improvement identified in the ICO's report. An updated action plan was sent to the ICO in March 2016 and notice was received in April that the audit engagement is now complete. Actions have been identified and are in accordance with the requirements of the Information Governance Toolkit. A further implementation plan is being developed to ensure that all remaining actions are monitored and completed.

The ICO provided constructive feedback. Whilst it is acknowledged that some of the timescales have moved from the original plan, but the Board feel it is important that the organisation does not have a rapid, quick fix approach to put things right; but that there is the creation of a much more sustainable framework and strategy for Information Governance across the Council.

The current status of the programme is as follows:

4.1 Physical Records Storage

Records that were held in the Chapmans building in Trowbridge and at Churchfields in Salisbury have been purged and catalogued. There remains a requirement to purge records held elsewhere in the County and still held under old storage contracts. A project plan is being developed to rationalise and improve the Council's physical records storage arrangements and to consider the options for electronic storage for the future.

4.2 Information Governance Policies

A comprehensive suite of information governance policies has been drawn up, approved by the IG Board, the Corporate Leadership Team and published on the Intranet on a dedicated information governance site. Version control is managed strictly through the Information Governance Assurance Group. These include:

- Information Governance Framework
- Information Governance
- Privacy Impact Assessment
- Data Protection and Subject Access
- Freedom of Information
- Records Management
- Information Security
- Mobile Working
- Network Security
- Information Assets

Underpinning procedures and guidance are being prepared to sit under the policies and these will also be published on the intranet, which will be published and available by October 2016.

4.3 Future Development Plan

The follow-up report from the ICO demonstrated the number of actions that still require completion from the original audit in 2015:

Scope area	Number of recommendations in each scope area from the original audit report	Number of actions complete, partially complete and not implemented.
Records Management	35	6 Complete 12 Partially complete 16 Not implemented 1 Rejected
Subject Access Requests	28	1 Complete 7 Partially complete 20 Not implemented 0 Rejected
Data Sharing	16	0 Complete 6 Partially complete 8 Not implemented 2 Rejected
TOTAL COMPLETE		7
TOTAL PARTIALLY COMPLETE		25
TOTAL NOT IMPLEMENTED		44
TOTAL REJECTED		3

The Council is aware of the activities that need to be undertaken to complete and implement the remaining actions and these have also been included in the recent IGSoC return.

A summary of key activities is provided below:

ITEM / SUBSIDIARY PROJECT	PROPOSED DELIVERY TIMESCALE
Restructure of IG team	May 2016
Allocation of departmental co-ordinators for data protection/FOIs	June 2016
Communications plan for updating all staff of any changes	June 2016
Information asset leads identified	July 2016
Production of Information Risk Policy	September 2016
Information asset registers completed	September 2016
Establishment of KPIs for quarterly monitoring	September 2016
Underpinning procedures and guidance for all IG policies	October 2016
Training for remaining staff	November 2016
Records management review	March 2017
Transparency review	March 2017
Data protection process review	March 2017

There are several of existing council programmes that link with and will have significant impact on Information Governance – Single View of the Customer, Business Continuity, the new Procurement programme and strategy, ICT hardware refresh etc. The relevant Heads of Service will work together to ensure consistency of approach and that consideration is given to the relevant, cross cutting areas.

4.4 Governance

Dr Carlton Brand, Corporate Director, has been designated as the Senior Information Risk Owner (SIRO). An Information Governance (IG) Board and Information Governance Assurance Group (IGAS) have been established, and terms of reference have been drawn up for both groups.

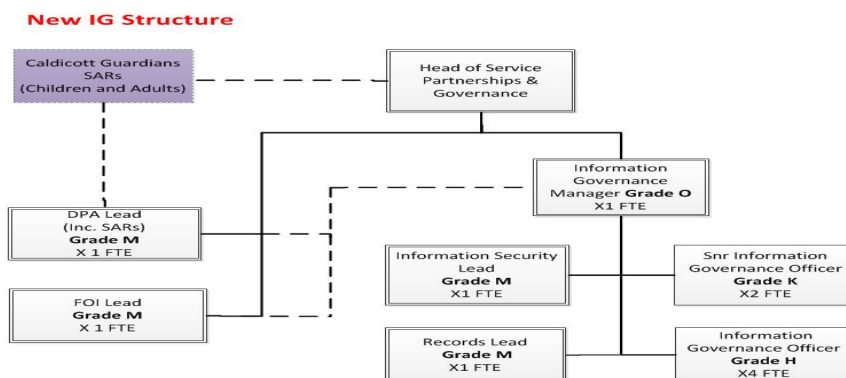
The IG Board is chaired by the SIRO and also includes the Caldicott Guardians for Childrens’ and Adult Care; the council’s Associate Directors for Legal and Governance; People and Business and Corporate Office, who is also a deputy SIRO; along with the Head of Partnerships and Governance also a Deputy SIRO, along with other senior officers. The IG Board is responsible for ensuring robust monitoring of the effectiveness of the Council’s information governance arrangements and decision making relating to information governance.

The IGAS is chaired the Head of Partnerships and Governance and includes the new IG leads for data protection; FOI; information security and records management, as well as key Information Asset Owners. The IGAS will be responsible for reviewing practices across the council to ensure they are relevant and fit for purpose.

4.6 Restructuring of Information Governance Function

A new Information Governance team structure has been developed (in consultation with information governance experts, Dilys Jones Associates Ltd)

The team will sit within the Corporate Function, Procurement and Programme Office (CO).. The new structure has been designed to provide resilience and better strategic oversight of the 4 key areas of Information Governance.



4.7 Communications and Training Programme

The success of the improvement programme is dependent on changing the culture of the organisation so that staff have a clear understanding of the importance of good information governance, their responsibilities within their areas of operation and across the Council as a whole, and the need to discharge these diligently as an integral part of their day to day work.

A training programme for Corporate and Associate Directors, Caldicott Guardians and Heads of Service has already been delivered and key councillors will be trained in June. A further programme is being developed to provide relevant training for all other employees. This will be designed and delivered according to requirement of service areas.

4.8 Business Continuity

Clear linkages have been identified between the Council's Business Continuity Programme (BCP) and the IG Programme in respect of commonalities relating to information assets, business processes and business function dependencies/risks. The information already collated under the BCP will be used to pre-populate the templates needed for IG records to prevent duplication of effort and ensure consistency.

5 STATUS OF ORGANISATIONAL COMPLIANCE

Information Governance Toolkit

The Council carries out self-assessments of its compliance through completion of the Information Governance Statement of Compliance (IGSoC) so that it be assured of reaching required standards. Scoring is from 0 to 3, with 0 indicating no measures or plans in place and 3 which is good. Level 2 is satisfactory and the minimum level for processing patient identifiable NHS health data.

Assessment is against the following initiatives:

- Information Governance Management
- Confidentiality and Data Protection Assurance
- Information Security Assurance
- Secondary Uses Assurance
- Corporate Information Assurance.

The Council completed and submitted its annual return for 2015/2016 in March and is awaiting the results. Under the self-assessment criteria, three areas were assessed at level 3:

REF NO.	ITEM
13-376	Business continuity plans are up to date and tested for all critical information assets (e.g. data processing facilities, communications services and data) and service - specific measures are in place
13-378	Information Assets with computer components are capable of the rapid detection, isolation and removal of malicious code and unauthorised mobile code
13-379	Policy and procedures are in place to ensure that Information Communication Technology (ICT) networks operate securely

No requirements have been scored at less than level 2. However, attainment of this is based on implementation of the IG Improvement plan in the following areas:

REF NO.	ITEM	PROPOSED COMPLETION DATE
13-146	Contracts have adequate information Governance clauses. Survey required and modification of any inadequate contracts.	December 2016
13-148	Delivery of IG training to all staff and inclusion in induction processes for new starters (including contractors).	December 2016
13-252	Additional service specific data protection and data sharing training in required areas	December 2016

13-254	Provision of privacy notices and mechanisms for obtaining and recording consent for all services where personal data is collected.	March 2017
13-255	Review of data sharing agreements and creation of agreements.	September 2016
13-256	Structured process for including IG requirements in system/process changes. Implementation of the Asset Change Notification procedure/ PIAs and system security policies.	September 2016
13-372	Formal process for information security risk assessment of information assets. Completion of Information asset register. Risk reviews by IAOs. Implementation of an asset change notification process.	September 2016
13-375	Data flow mapping. (<i>Links with 13-255</i>).	September 2016
13-382	Information asset register completion.	September 2016
13-383	Central oversight and review regarding pseudonymisation of personal information used for secondary purposes.	March 2017
13-443	Central oversight and review regarding the data quality of care records.	March 2017
13-444	Development of a strategy to improve tracking of paper records, specifically relating to Care	May 2017

The current improvement plan fully aligns the Council's IG arrangements with the toolkit with the exception of items 13-383 and 13-443 above. The toolkit also requires each instance of home/remote working to be approved. The council's policy allows all employees to work in this way, but it does not present a problem of non-compliance because laptops are designed to operate securely in this environment. The policy also includes instruction relating to not allowing screens to be viewed when in a public space and not to store data on the actual laptop itself.

The Council is also accredited under the Public Services Network Code of Compliance (PSN CoCo), which is based on ISO27001 requirements.

In 2014/2015, the Council scored 69% and was assessed at level 2 compliance (satisfactory), once improvement actions were provided for evidence. Assessment for 2015/2016 remains at level 2, with a score of 70%. The implementation of further improvements during 2016/2017 aim to increase the score by at least 10%.

Overall levels of compliance for all Local Authorities that are subject to the IGSoC are published on the IG toolkit site.

6 SERIOUS INCIDENT REPORT INVESTIGATIONS

There have been no ICO reportable data protection incidents for the period 1st April 2015 to 31st March 2016 and the Council has not received any enforcement actions or monetary penalties. The table below shows the data breaches that have occurred in that period:

DATE	NO. OF INCIDENTS	TYPE	NO. REPORTABLE TO ICO
2015	1	Cyber incident	0
2015	3	Loss / theft	0
2015	11	Inappropriate disclosure - paper	0
2015	12	Inappropriate disclosure - digital	0
2016	16	Loss / theft	0
2016	6	Inappropriate disclosure - paper	0
2016	14	Inappropriate disclosure - digital	0
2015/2016 TOTAL	63		0

7 REQUESTS UNDER FREEDOM OF INFORMATION AND ENVIRONMENTAL INFORMATION REGULATIONS

The table below shows the number of FOI and EIR requests received by the Council for 2015/2016

FOI and EIR requests 2015/16	Requests	Late response	Full response	Partial response	Refused	Reviews	ICO complaints
Apr	127	20	95	17	1	0	2
May	114	20	79	19	0	2	1
Jun	129	21	97	15	3	2	0
Jul	122	13	93	10	6	4	0
Aug	107	12	77	15	6	3	0
Sep	106	2	84	14	2	2	1
Oct	126	9	107	14	1	1	0
Nov	117	1	91	16	0	3	1
Dec	93	6	71	8	2	2	0
Jan	127	2	103	10	2	5	2
Feb	149	2	113	25	5	1	0
Mar	143	11*	100*	15*	12*	4	1
Total	1460	108	1010	163	28	29	8

NOTE:

- * denotes provisional figures as at 25 April 2016
- Includes open requests received in March which are not yet over the 20 working days deadline.
- 40 working days are allowed for reviews, there are still some open which again may not make the deadline.

Of the 1,460 requests received, 7.4% were responded to outside of the 20 working day deadline, 12.6% had exemptions applied to the request, 1.9% were refused a response, 2% of responses had to be subject to review as the requesters were not happy with the initial response and 0.5% were referred as a complaint to the ICO. A further breakdown is provided below:

7.1 Exemptions and Exceptions

FOI exemptions applied	
8. invalid format	2
12. Exemption where cost of compliance exceeds appropriate limit	64
14. Vexatious or repeated requests	3
21. Information accessible to applicant by other means	33
22. Information intended for future publication	7
30. Investigations and proceedings conducted by public authorities	1
31. Law enforcement	5
32. Court records	2
36. Prejudice to effective conduct of public affairs	1

FOI exemptions applied (continued)	
38. Health and safety	2
40(1). Personal information of applicant	2
40(2). Personal information of another person	50
40(5). Personal information neither confirm nor deny	1
41. Information provided in confidence	3
42. Legal privileged	1
43. Commercial interests	7
TOTAL FOI EXEMPTIONS	184

EIR exceptions applied	
6(1)(b) the information is already publicly available and easily accessible to the applicant in another form or format	9
12(3) the information requested includes personal data of which the applicant is not the data subject, the personal data shall not be disclosed otherwise than in accordance with regulation 13.	44
12(4)(b) the request for information is manifestly unreasonable;	9
12(4)(c) the request for information is formulated in too general a manner and the public authority has complied with regulation 9;	1
12(4)(d) the request relates to material which is still in the course of completion, to unfinished documents or to incomplete data; or	1
12(5)(b) the course of justice, the ability of a person to receive a fair trial or the ability of a public authority to conduct an inquiry of a criminal or disciplinary nature;	4
12(5)(d) the confidentiality of the proceedings of that or any other public authority where such confidentiality is provided by law;	7
12(5)(e) the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest	15
12(5)(f) the interests of the person who provided the information	9
TOTAL EIR EXEMPTIONS	99

7.2 Reviews and ICO Complaints

Result of Reviews	
Add exemption	2
Disclose all	2
Disclose part	2
Failed to comply with time limit	2
Maintain position	11
Supply more information	8
Not yet completed	2
TOTAL	29

Result of FOI/EIR complaints to ICO	
Complaint upheld	5
Complaint not upheld	1
Withdrawn	1
Pending	1
TOTAL	8

8 DATA PROTECTION / SUBJECT ACCESS REQUESTS

The table below shows the number of Subject Access Requests received by the Council for 2015/2016.

	Total	Late Responses
Subject Access Requests	154	73*
Police/CPA/LA protocol	137	n/a
Other lawful disclosure	24	n/a
ICO complaints	5	

*provisional figures as at 25 April.

The current structure of the team (as shown in section 2.3) has been reviewed to provide adequate future resource to significantly reduce the number of late responses.

A further review will be carried out on existing processes for dealing with FOIs/EIRs and SARs to look at how and if this can be simplified. It will also take into account the requirements under the new EU Data protection regulations, which come into effect in May 2018.

9 RISK MANAGEMENT & ASSURANCE

The Council currently has little or no activity relating to the production and review of information flow mapping, information asset registers and information risk assessments, although risks associated with business continuity have been identified and reviewed as part of the recent Business Continuity Planning Programme. The risk is being mitigated by the work that the new Information Governance Team will lead on, together with the IG training that has been undertaken by Corporate and Associate Directors and Heads of Service includes specific detail relating to the three areas mentioned above.

The Council also has an overarching risk management strategy, which refers to but is not specifically aimed at the management of information risks ([Risk Management Strategy](#)). An Information Risk Policy will be developed as part of the IG improvement programme and the SIRO will have overall responsibility for the implementation of this. Asset Owners will be responsible for the production of quarterly reports to the Information Governance Board, detailing high risk areas (including mitigating actions) and the number and type of serious incidents within the reporting period.

Information risks will be included in service areas' risk registers and, if appropriate, within the Corporate Risk Register. Reporting will be in accordance with IG governance and will also be included in the quarterly reports presented to the Strategic Performance & Risk Management Board.

A significant area of concern relates to the sharing of council premises with partners that is identified as a significant risk. The Council's strategy has included the creation of three office hubs as well as Health and Wellbeing Centres, in which public service partners (such as Police, Fire and Citizens Advice) are present. This approach is in accordance with the Cabinet Offices' One Public Estate programme (OPE), which actively encourages public sector organisations to co-locate, to demonstrate efficiencies and to deliver more integrated and customer focused services. The Council has a very active part in this programme having already received a grant of £350k from phase 3 and is looking to submit a further bid in round 4. The ICO concern appears to be at odds with the council's strategic objectives and that of central government. The issue is being raised with the ICO, Cabinet Office, LGA and GPU to actively seek guidance on the inconsistency of information that has been received.

10 EQUALITIES

It is anticipated that there will be no equality implications associated with this report

11 FINANCE

There are no costs attached to any of the recommendations contained in this report

Dr Carlton Brand, Corporate Director and SIRO

Date: 16 May 2016

Report Author:

Liz Creedy, Head of Partnerships and Governance

Email: liz.creedy@wiltshire.gov.uk

Tel: 01225 713086

WILTSHIRE COUNCIL AUDIT

27 JULY 2016

WILTSHIRE COUNCIL: STATEMENT OF ACCOUNTS 2015/2016

Purpose of Report

1. To present the Statement of Accounts in respect of the 2015/2016 financial year for Wiltshire Council.

Policy Considerations

2. The Council is required to prepare an annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2015, and the 2015/2016 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Background and Introduction

3. The Code of Audit Practice (issued by the Audit Commission) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom set out the requirements for the production and publication of the annual Statement of Accounts.
4. The draft Statement of Accounts are required to be certified by the Chief Finance Officer within three months of the financial year end (by 30 June 2016). At Wiltshire Council the Chief Finance Officer is the Associate Director, Finance.
5. The draft Statement of Accounts are then subject to external audit by the Council's appointed auditors (KPMG) before the final set is brought to the Audit Committee for final approval by 30 September 2016. This adoption process ensures that there is external independent scrutiny of the figures in the Statement of Accounts before they are brought to the Audit Committee. Under the constitution, in Wiltshire the Statement of Accounts are adopted by the Audit Committee.
6. KPMG are required to report on any amendments from the draft Statement of Accounts as part of the submission of the final version to the Audit Committee. This is elsewhere on the agenda. The full report on issues arising from this audit is included in the ISA 260 report to those charged with governance. This report should be read in light of this document and the proposal is subject to any issues arising from this report.
7. The Statement of Accounts is attached as Appendix A.

Key Issues Arising

8. The draft accounts were signed by the Chief Finance Officer on 27 May 2016, well ahead of the statutory deadline of 30 June 2016. KPMG started the year end audit on 6 June 2016. The draft accounts were taken to Cabinet on 14 June 2016.
9. The final outturn on the General Revenue Fund reported to Cabinet on 14 June 2016 was a underspend of £0.066 million. This resulted in a total return to reserves for the General Revenue Fund of £0.059 million, after £0.007 million extra funding variances. Further details of this were reported to Cabinet on 14 June 2016 in the Revenue Outturn Report.
10. The Housing Revenue Account outturn position is an underspend of £0.820 million, which gives a final return to reserves of £2.317 million.
11. The Comprehensive Income & Expenditure Statement summarises the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from local taxation. Authorities raise taxation to cover expenditure in accordance with regulations. This is different from the accounting cost. The Movement in Reserves Statement reflects the true cost to council tax payers of services provided.
12. The deficit on the provision of services in the Comprehensive Income and Expenditure Statement is adjusted by various technical adjustments between the accounting basis and funding basis under regulations, as well as taking into account transfers to/from earmarked reserves. In this way, the expenditure in the outturn report reconciles to the deficit on provision of services. More details are given in notes 9 and 10 of the Statement of Accounts.

Overview and Scrutiny Engagement

13. There is a 30 working day public inspection period where interested parties may come in inspect the accounts.

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

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

Risk Assessment

19. None.

Financial Implications

20. There are no direct financial implications associated with this report.

Legal Implications

21. There are no direct legal implications associated with this report.

Recommendations

22. That Cabinet receives and notes the Statement of Accounts for 2015/2016.

Reason for Recommendations

23. The Cabinet are aware of the Statement of Accounts for 2015/2016.

MICHAEL HUDSON

Associate Director, Finance

REPORT AUTHOR
MATTHEW TILLER – CHIEF ACCOUNTANT

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

Appendices:

Appendix A Draft Statement of Accounts 2015/2016

This page is intentionally left blank

Narrative Report

1 Statutory Duty

The Council has a statutory duty to approve and publish a statement of accounts. The accounts cover a 12 month reporting position. These Accounts relate to the period 1 April 2015 to 31 March 2016.

The Statement of Accounts is by necessity presented in the very formal manner required by regulation, but in this report we can introduce the Council's finances in plainer terms.

2 Compliance with regulation

This document has been compiled by officers of the Council using information recorded on its systems, most notably its financial ledger, in line with recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). The format is largely prescribed. A glossary of the various terminologies is set out at the end of this statement.

3 Contents

The Accounting Statements comprises four Core Financial Statements. These are:

The Comprehensive Income and Expenditure Statement summarises the Council's day to day spend and money received for all services during the financial year. This sets out what the Council has spent.

The Balance Sheet is a snap shot in time showing the Council's assets, liabilities, balances and reserves at 31 March 2016.

Movement in Reserves Statement is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year.

The Cashflow Statement summarises the inflows and outflows of cash arising from transactions with third parties.

Notes to the Core Financial Statements follow these statements.

Additionally, the following supplementary financial statements are produced.

- The **Housing Revenue Account (HRA)**. This covers the Council's expenditure on Council housing. The Government requires that this be shown separately;
- The **Collection Fund**. This shows the rates and taxes that the Council has to collect, not only for itself, but also for the Government, the Office of the Police & Crime Commissioner for Wiltshire & Swindon, Wiltshire Fire & Rescue Service and Town & Parish Councils.

The Annual Governance statement sets out how the Council conducts its business, including an update on action taken and plans to improve its arrangements in the last 12 months and the future.

Auditor's opinion

Wiltshire Councils appointed external auditors are KPMG LLP. KPMG LLP have carried out their statutory audit. They have issued an unqualified opinion.

Accounting Policies

The Statement of Accounting Policies explains the basis for how we have recognised, measured and disclosed the financial transactions that relate to 2015/2016. Details of the accounting policies used are found in note 1 to the accounts.

Vision of the Council - How much does it cost to run (general fund)

In February 2016 Wiltshire Council adopted its Financial Plan 2016/2017. The Council is obliged by legislation to set a balanced budget with a resultant Council Tax and related fees and charges.

Members and officers review the plans and update the Financial Plan annually in order to set the budget and Council Tax.

The Council continues to face a continued increase in demand for services to the most vulnerable, as well as inflationary pressures and changes in Government policy and funding. The Council has worked hard to deliver performance savings and investment proposals in its plans.

Future Vision of the Council

Wiltshire Council Business Plan 2013/2017 was adopted by Cabinet in September 2013. The business plan sets out how the Council intends to meet future challenges whilst delivering the Council's vision to create stronger, more resilient communities.

The Council's priorities will also continue to focus on what Wiltshire Council and Wiltshire's communities fundamentally believe to be most important:

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

Revenue outturn

In respect of net revenue outturn, the Council's 2015/2016 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
Total General Fund (a)	314.983	314.983	314.917	(0.066)
Funded by:				
Draw from General Fund reserves			2.200	2.200
Formula Grant including Council Tax Freeze	(53.598)	(53.598)	(54.093)	(0.495)
Business Rates Retained	(52.542)	(52.542)	(50.147)	2.395
Collection Fund Transfer	(208.843)	(208.843)	(208.843)	0.000
Collection Fund (Surplus)/Deficit Ctax	0.000	0.000	(4.647)	(4.647)
Collection Fund (Surplus)/Deficit NNDR	0.000	0.000	0.554	0.554
Total Funding (b)	(314.983)	(314.983)	(314.976)	0.007
Movement on General Fund (a) + (b)	0.000	0.000	(0.059)	(0.059)

The overall underspend against the revised 2015/2016 budget was £0.066 million. More details about the Council's revenue spending on services are given, with notes, in the Comprehensive Income & Expenditure Statement and in note 10. The overall movement on the General Fund is a £0.059 million return to reserves.

Outturn Variances

The major variations of actual spend to budget were:

- A £1.940 million net overspend on Children's Social Care. In addition to staffing costs, the biggest pressure on this budget remains the costs of placements for looked after children which reflects the national trend.
- A £1.447 million net overspend on Special Educational Needs & Disabilities (SEND) services. This overspend relates to SEN Transport and increases in the numbers and costs of care packages.
- A £4.460 million net underspend on Corporate Services. This variance is due to; an underspend of £1.224 million on Capital Financing due to increased capital re-programming into 2016/2017; a £1.294 million underspend against the redundancy budget within Restructure & Contingency; and a £1.871 million underspend on General Government Grants which was mainly due to timing differences in grants received from Central Government.

Details of all variances, including more detailed explanations of the variances disclosed above, are included in the cabinet report that was taken to Cabinet on Tuesday 14 June 2016. A full copy of the report is available on the Wiltshire Council webpage under "Council and Democracy".

Pension Fund

The Council's employees are able to join the Local Government Pension Scheme. This is also administered by the Council. There are a range of factors that can affect the financial position of the Fund, most notably the level of income expected to be earned from investing funds.

The Scheme's actuary revalues the Fund every three years and we set out new contribution rates to ensure that we extinguish the liability to meet with the Council's commitment to maintaining a balanced fund over the long term.

The pension reserve is equivalent to the Council's share of the local government pension scheme. It is negative, meaning at the moment the fund is in deficit. It is not unusual for the pension reserve to have a shortfall. The future employee and employer contributions into the fund will, along with a hoped for better return on investment, ultimately meet this shortfall.

Further information on the Council's Pension Fund is set out in Note 61.

Where does the money come from?

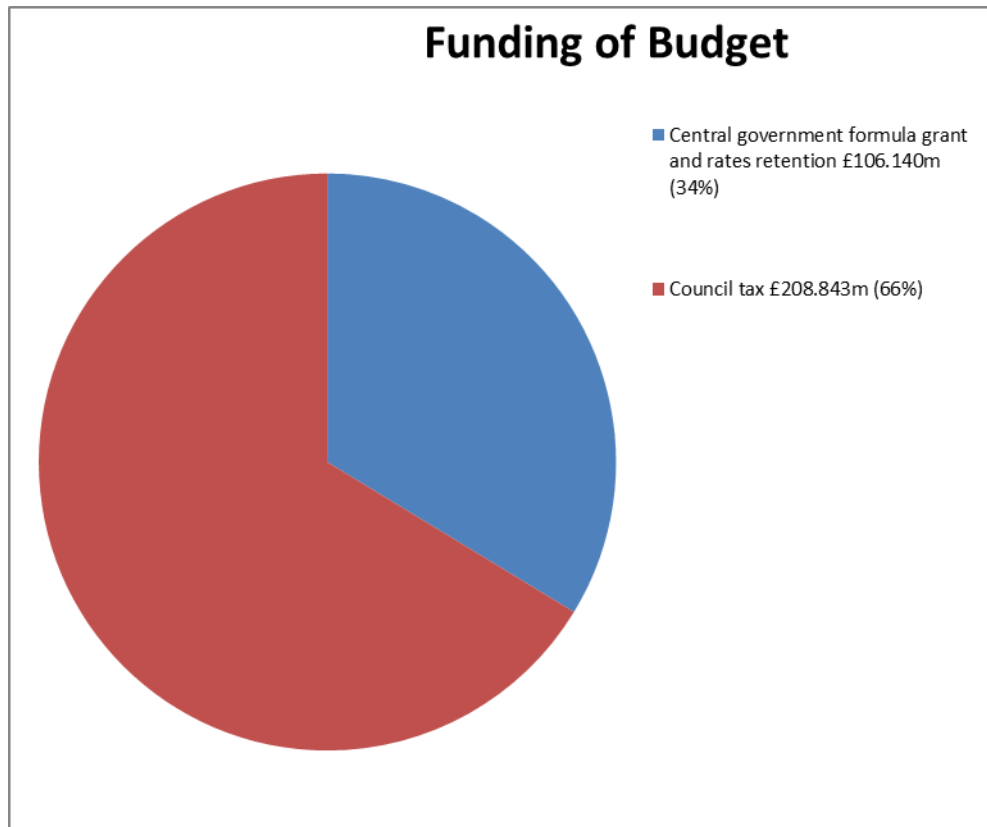
The budget requirement is the money we need to pay for services once we have taken into account money coming in from fees and charges and specific and general government grants.

In 2015/2016 the Council approved a need for a gross and net budget as follows:

	£m
Expenditure:	
Gross budgeted expenditure	893.438
Income:	
Ringfenced specific government grants (schools)	(279.162)
Ringfenced specific government grants (benefits)	(118.775)
Other income	(180.518)
Budget Requirement	<u>314.983</u>

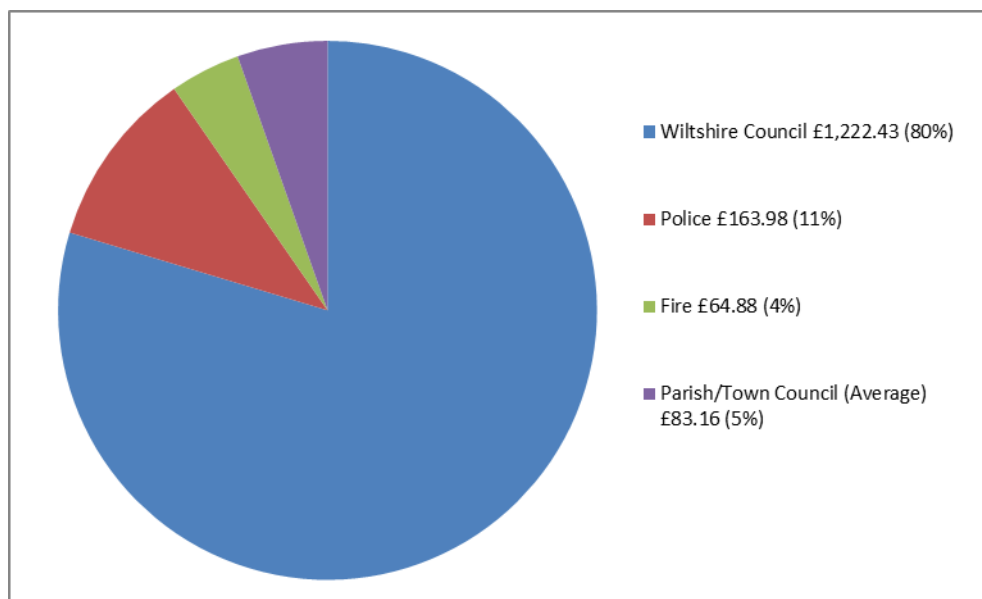
The net budget was funded from three main sources:

	£m
Central government formula grant and rates retention	(106.140)
Council tax	(208.843)
Collection fund surplus	0.000
Total funding	<u>(314.983)</u>



Council tax income collected from Wiltshire residents is the main source of funding for Wiltshire Council services. Your council tax also contributes to the funding of your town, parish or city council, the Office of the Police and Crime Commissioner for Wiltshire & Swindon (Police) and Wiltshire Fire & Rescue Service (Fire).

Your council tax is collected by Wiltshire Council but it consists of components (precepts) charged by and redistributed to other authorities. The chart below shows how much of your council tax goes to each authority. Figures shown are based on an average Band D charge per year for 2015/2016. Total average Band D council tax is £1,534.45.



Council's Reserves

The Council has set up a number of reserves for specific purposes ('earmarked reserves'), for events we know are going to happen. We also have the General Fund Reserve that we keep to manage potential risks that we continually assess. If the General Fund Reserve is not needed to cover these risks then it is possible to use this as a one off to support spending. Details of the Council's usable reserves are reported in the Movement in Reserves Statement and further details in note 47.

The Council is also required to keep a number of unusable reserves, which whilst being large in value are not related to actual cash sums but are technical accounting requirements, such as the Capital Adjustment Reserve, the Revaluation Reserve and the Pension Reserve. Details of these unusable reserves are found in note 51.

Balance Sheet

The Balance Sheet shows what Wiltshire Council owns and is owed (its assets), what it owes (its liabilities), and its total equity/worth (equal to the sum of its assets and liabilities as at a particular point in time).

Here is a summarised version of Wiltshire Council's Balance Sheet as at 31 March 2016 compared to 31 March 2015 (the full Balance Sheet is disclosed on page 16). The overall increase in net assets is largely due to a decrease in the pension liability.

	31 March 2016		31 March 2015	
	£000	£000	£000	£000
Assets				
Council dwellings & garages	218,323		211,771	
Other land and buildings	364,279		384,923	
Infrastructure	311,206		260,296	
Other Long Term Assets	168,129		197,859	
Money owed to the Council due over the next 12 months	106,048		117,930	
		1,167,985		1,172,779
Liabilities				
Money owed by the Council due over the next 12 months	(124,081)		(111,026)	
Long Term Borrowing	(337,848)		(339,868)	
Pension Fund Liability	(543,446)		(617,189)	
Other Long Term Liabilities	(92,648)		(90,492)	
		(1,098,023)		(1,158,575)
Net Assets		69,962		14,204
Financed by:				
Usable Reserves	(108,659)		(108,518)	
Unusable Reserves	38,697		94,314	
Total Equity		(69,962)		(14,204)

Capital

Capital expenditure is the expenditure on items that are expected to last for more than 1 year, as opposed to revenue expenditure which is on the day to day running costs of the Council.

Capital expenditure in Wiltshire Council typically includes the expenditure on acquiring or enhancing its assets such as land, buildings, equipment, vehicles and ICT software.

The Council owns various items of land and buildings in the County that it uses for its own purposes, such as the 3 large office hubs County Hall at Trowbridge, Monkton Park in Chippenham and Bourne Hill in Salisbury. The Council also owns a number of other offices, leisure, youth and community centres, Council Housing in Salisbury, various highways depots, as well as fleets of refuse and highways vehicles.

The Council also owns a large number of community schools. Due to a number of schools transferring to academy status, the number and the value of schools land and buildings declared in the statement of accounts has decreased. The council also has infrastructure assets such as the County's road network, street lighting and land drainage. There is also a large investment portfolio used to generate income, including industrial estates, commercial estates, farms and shops. In total the value of all the council's fixed assets is around £1 billion. This is covered in more detail in the Council's balance sheet and associated notes.

6

The Council makes depreciation charges for the assets it owns, these costs reflect the use of the assets and are charged to the Comprehensive Income and Expenditure Statement. As these are technical adjustments they are reversed so they have no effect on Council tax payers.

The Council owns various highways and roads that are disclosed under "Infrastructure" in the Balance Sheet. These are currently valued at historic cost. Under new accounting requirements, these will be revalued in 2016/2017 Statement of Accounts to reflect the replacement value of the assets.

Expenditure

During 2015/2016 the Council spent a total of £114.848 million on its capital programme resulting in £85.347 million being added to its asset base and £29.501 million in the form of grants given to third parties or work on assets the Council does not own. The table below breaks down the expenditure into the different areas of the Council.

Capital Schemes by area	Amount spent £m
Education	22.702
Highways	41.360
Campus Schemes	14.910
Other Property	1.944
Housing	16.862
Wiltshire Online	10.166
Other Schemes	6.904
Total	114.848

Further details on how the Council spent its money on capital can be found in the 2015/2016 Capital Outturn report. This will be taken to Cabinet on 14 June 2016 and a full copy of the report will be available on the Wiltshire Council webpage under "Council and Democracy."

Examples of capital spend undertaken in 2015/2016 include:

Scheme area	Outputs
Education	Building of new schools Extensions to school buildings New boilers, roofs and rewiring schools Army rebasing
Highways	Resurfacing roads Local road safety schemes Replacement and refurbishment of bridges Drainage works A429 Malmesbury Access Improvements Local Transport Body Scheme A350 North of Chippenham Bypass Improvements
Health & Wellbeing Centres	Office rationalisation Fiver Rivers Salisbury Tisbury Woolmore Farm
Other Property	Building repairs & maintenance Rural Estates
Housing	Grants given to disabled householders to improve homes Refurbishment of Council Houses Council House Build programme Extra Care
Other Schemes	ICT Wiltshire Online Fleet Area Boards

Capital Funding

The Council funded its capital programme by a mixture of grants and other contributions, capital receipts and borrowing. Further information on how the Council financed its capital expenditure, the amount of debt paid off in the year and the underlying amount of additional borrowing it undertook is found in note 29. A breakdown of the amounts is shown below:

Funding source	Amount £m	Percentage of funding
Capital Grants & contributions	49.911	43%
Revenue Contributions (inc HRA and MRP)	27.054	24%
Capital Receipts	11.087	10%
Borrowing	26.796	23%
Total	114.848	100%

Borrowing for the capital programme is allowed under the Prudential Code for Capital. If borrowing is undertaken this has a direct link to revenue costs. If the Council borrows an additional £1.000 million this equates to an increase in the borrowing costs of the council of approximately £0.100 million. Therefore the Council only borrows when all other sources of funding have been exhausted and uses the optimum mix of funding sources to minimise the additional revenue costs of borrowing.

Housing Revenue Account (HRA)

The HRA is a statutory account that keeps all the transactions relating to the Council's housing stock separate from the main functions of the council. This is a ring fenced account to ensure all the HRA income from rents are used on the HRA and are not used to subsidise the general fund or vice versa.

There are over 5,200 individual houses and flats within the HRA and the income generated and costs incurred in the account are summarised below. Further details are found in the full HRA note within the statement of accounts.

Income & expenditure account 2015/2016	£000
Rents	(25,568)
Charges for Services and facilities	(605)
Total Income	(26,173)
Repairs and Maintenance of properties	6,138
Supervision and management costs	3,626
Capital Contributions	11,812
Accounting Adjustments	3,040
Total Expenditure	24,616
Deficit/(surplus) for the year	(1,557)

This surplus is before technical adjustments. The net effect is a transfer to HRA reserves of £2.317 million.

How we manage our finances

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 Overview and Scrutiny Committee;
- 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.

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.

Managing our investments and borrowings

The Council generates significant amounts through its investment and borrowing activities that it can invest to deliver a return to help reduce the costs of running the Council. This is because the Council often collects money in advance of when the payments need to go out, and holds significant levels of reserves. Rather than just leaving these amounts in its bank accounts where interest would be minimal, the Council is able to invest these in longer term investments with banks and other institutions.

The Council follows strict national guidelines when deciding where and how much to invest. This process is set out in our Annual Treasury Management Strategy which is approved annually by the Council. At its meeting on 24 February 2015 the Treasury Management Strategy 2015/2016 was approved and is also available on the Council website under "Council and Democracy".

This strategy restricts the level of individual investment, to spread the risk of who we invest with, and restricts us to only use institutions based in the UK.

Over the past 40 years the Council (Wiltshire County Council and the 4 districts before it became one Council in 2009) incurred considerable costs in building and supporting the development of housing, infrastructure and buildings in Wiltshire. That spending was partly funded from borrowing. The Council is continually monitoring its borrowing to ensure it manages all risks. The Council's Treasury Management Strategy sets this out in detail.

Further information on the way the Council's invests and borrows its monies, and manages the risks arising, are set out in Notes 62 to 64 as well as the Treasury Management Strategy.

Financial challenges for 2016/2017 and onwards

The Council's Business Plan and a Financial Plan look at Wiltshire's financial position over the next four years. This is also available on the Council website under "Council and Democracy".

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

Budget for 2016/2017 including Capital programme

The 2016/2017 revenue budget was set by Wiltshire Council on 23 February 2016. The net budget is £313.585 million and this has been allocated across services as follows:

	2016/2017 £m	2015/2016 £m
Adult Social Care Operations	86.366	79.785
Adult Care Commissioning, Safeguarding, Housing	5.622	8.147
Public Health & Public Protection	3.127	3.529
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEN/Disability Service	48.972	46.463
Learning Disability	47.193	41.841
Quality Assurance, Commissioning & Performance, School & Early Years Effectiveness	11.538	10.860
Economic Development & Planning Services	3.617	4.208
Highways & Transport	28.095	25.255
Waste & Environment	36.855	36.765
Communications, Community Area Boards, Libraries, Arts, Heritage & Culture	5.873	6.562
Corporate Function & Procurement	4.877	5.308
Finance	2.617	2.668
Legal & Governance	2.507	2.353
People & Business Services	28.651	29.327
Corporate Directors	2.833	2.736
Corporate	(5.158)	9.176
Budget Requirement	313.585	314.983
Funded By:		
Central Government Funding (inc Business Rates Retention & RSG)	(88.861)	(106.140)
Council tax	(224.724)	(208.843)
Total Funding	(313.585)	(314.983)

The Council's approved capital budget for the years 2016/2017 to 2018/2019 including the funding sources is shown below.

Updated Capital Programme 2016/2017 - 2018/2019 including indicative mix of funding available

Capital schemes	Indicative mix of funding available					
	Total Original Budget 2016/2017 - 2018/2019	Grants and Contributions	HRA funding	Capital Receipts	Borrowing	Total Funding
	£m	£m	£m	£m	£m	£m
Education	67.422	67.422	0.000	0.000	0.000	67.422
Highways	112.780	77.708	0.000	10.677	24.395	112.780
Campus schemes	64.169	0.000	0.000	20.000	44.169	64.169
Other Property	15.857	1.000	0.000	7.557	7.300	15.857
Housing	81.153	8.410	70.157	2.586	0.000	81.153
Other Schemes	99.667	36.149	0.000	39.218	24.300	99.667
Total	441.048	190.689	70.157	80.038	100.164	441.048

Feedback & further information on the content of these accounts

The Statement of Accounts is intended to give the people, businesses, partners, employees and members of Wiltshire clear information about the Council's finances. Whilst accounts have to include large elements of technical data to comply with Accounting Standards, we believe that it is vital that we make it as easy as possible for people to read regardless of their background. We appreciate any comments you may have on the content and quality of these Accounts and your suggestions to improve them in future years.

Further information about the accounts may be made to

Chief Accountant
Finance
Wiltshire Council
County Hall
Trowbridge
Wiltshire
BA14 8JN

Or accountancy@wiltshire.gov.uk

The full Statement of Accounts will be made available on the Council website. A Summary of the Accounts will also be published online. Interested members of the public have a statutory right to inspect the accounts before the audit is completed.

Concluding remarks

I would like to take the opportunity to thank all the staff who contributed to the early completion of the Statement of Accounts. Given the continual development of accounting standards and their complex nature, producing the accounts ready for approval by the Chief Finance Officer by 31 May, is a considerable achievement.



Michael Hudson, LLB (Hons), LLM, CPFA
Associate Director, Finance (Section 151 Officer)
Wiltshire Council 27 May 2016

The Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- Arrange for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the management of those affairs. In this Council, that officer is the Chief Finance Officer;
- Secure economic, efficient and effective use of its resources and to safeguard its assets;
- Approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts. This has, under the CIPFA Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year to 31 March 2016.

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected appropriate accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates;
- complied with the Code of Practice.

The Chief Financial Officer has also:

- kept proper, up to date accounting records;
- taken reasonable steps to prevent and detect fraud and other irregularities.

The Statement of the Chief Finance Officer

The required financial statements have been prepared in accordance with the accounting policies.

I certify that the Statement of Accounts presents a true and fair view of the financial position of Wiltshire Council at 31 March 2016 and the income and expenditure for the year ended 31 March 2016.

Michael Hudson

Associate Director, Finance (Chief Finance Officer/Section 151 Officer)
Wiltshire Council

Cllr Tony Deane

Chairman, Audit Committee

To be signed at audit committee 27/7/2016

ANNUAL GOVERNANCE STATEMENT

Will be added once it has been approved

Independent Auditor's Report to the Members of Wiltshire Council

This will be added on completion of the audit

Movement in Reserves Statement

The Council keeps a number of reserves in the balance sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

	General Fund Balance £000	Earmarked GF Reserves £000 Note 48	Housing Revenue Account £000	Capital Receipts Reserve £000 Note 50	Major Repairs Reserve £000 Note 49	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000 Note 51	Total Authority Reserves £000
Balance at 1 April 2015	(12,147)	(27,837)	(18,162)	(6,235)	(10,955)	(33,181)	(108,518)	94,314	(14,204)
Movement in reserves during 2015/16									
(Surplus) or deficit on provision of services	61,200	0	(1,557)	0	0	0	59,643	0	59,643
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	(115,401)	(115,401)
Total Comprehensive Expenditure and Income	61,200	0	(1,557)	0	0	0	59,643	(115,401)	(55,758)
Adjustments between accounting basis & funding basis under regulations	(59,799)	0	(760)	(7,630)	1,841	6,564	(59,784)	59,784	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	1,401	0	(2,317)	(7,630)	1,841	6,564	(141)	(55,617)	(55,758)
Transfers (to)/from Earmarked Reserves	(1,460)	1,460	0	0	0	0	0	0	0
(Increase)/Decrease in Year	(59)	1,460	(2,317)	(7,630)	1,841	6,564	(141)	(55,617)	(55,758)
Balance at 31 March 2016 carried forward	(12,206)	(26,377)	(20,479)	(13,865)	(9,115)	(26,617)	(108,659)	38,697	(69,962)

Further details of the movement of the General Fund are included in the Statement of Movement of General Fund Balances. Further details of the movement on the Housing Revenue Account are included in the HRA statement.

Comprehensive Income and Expenditure Statement

This account shows expenditure on and income from the Council's day to day activities. Expenditure includes salaries, wages, service and depreciation charges. It gives the cost of the main services provided by the Council. This statement is shown in a statutory format. Full details about how this ties back to the Council's regular budget monitoring reporting is shown in note 10.

	2015/2016		Net Expenditure £000	Expenditure £000	2014/2015	
	Expenditure £000	Income £000			Income £000	Net Expenditure £000
General Fund Services						
Central Services to the Public	5,949	(5,043)	906	6,669	(5,054)	1,615
Culture & Related Services	25,082	(7,340)	17,742	40,065	(6,817)	33,248
Environmental & Regulation	63,615	(7,681)	55,934	58,908	(5,678)	53,230
Planning Services	27,198	(10,336)	16,862	25,606	(11,393)	14,213
Children's and Education Services	368,524	(248,741)	119,783	365,726	(266,030)	99,696
Highways, Roads & Transport Services	43,468	(13,434)	30,034	42,203	(13,709)	28,494
Housing Services General Fund	130,830	(123,281)	7,549	133,934	(126,100)	7,834
Housing Services HRA	21,994	(26,174)	(4,180)	27,245	(25,666)	1,579
Adult Social Care	191,043	(49,021)	142,022	161,184	(22,903)	138,281
Public Health	16,688	(15,039)	1,649	14,311	(14,591)	(280)
Corporate & Democratic Core	12,792	(1,200)	11,592	12,062	(1,365)	10,697
Non-distributed Costs	12,366	(13,519)	(1,153)	18,528	(12,673)	5,855
Exceptional Costs - Office Downward Valuation	0	0	0	11,867	0	11,867
Net Cost of Service (See note 10)	919,549	(520,809)	398,740	918,308	(511,979)	406,329
Other operating Expenditure		Note 14	39,761			24,138
Financing and Investment Income and Expenditure		Note 15	31,917			34,017
Taxation and non-specific grant income		Note 16	(410,775)			(422,395)
(Surplus)/ Deficit on Provision of Services			59,643			42,089
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(22,523)			(31,714)
Actuarial (gains)/losses on pension assets / liabilities			(92,878)			98,437
Other Comprehensive Income and Expenditure			(115,401)			66,723
Total Comprehensive Income and Expenditure			(55,758)			108,812

Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2016 and 2015.

	NOTES	31 March 2016		31 March 2015
		£000	£000	£000
Property, Plant and Equipment	27			
Council Dwellings & Garages		218,323		211,771
Other Land and Buildings		364,279		384,923
Vehicles, Plant, Furniture and Equipment		54,733		62,141
Infrastructure		311,206		260,296
Community Assets		6,695		6,739
Assets Under Construction		61,572		74,513
Surplus Assets Not Held for Sale		12,110		5,297
			1,028,918	1,005,680
Investment Properties	37	25,143		27,990
Intangible Assets	38	3,167		3,182
Assets Held for Sale	39	1,567		15,023
Long Term Debtors	40	3,142		2,974
			33,019	
Long Term Assets			1,061,937	1,054,849
Current Assets				
Short Term Investments	63	22,538		42,927
Inventories		980		913
Short Term Debtors	41	63,045		59,869
Cash and Cash Equivalents	42	19,485		14,221
Current Assets			106,048	117,930
Current Liabilities				
Short Term Creditors	43	(83,236)		(92,288)
Short Term Borrowing	46	(36,685)		(14,228)
Provisions	45	(4,160)		(4,510)
Current Liabilities			(124,081)	(111,026)
Long Term Liabilities				
Long Term PFI Creditors	36	(56,502)		(59,067)
Long Term Borrowing	46	(337,848)		(339,868)
Other Long Term Liabilities		(1,632)		(756)
Pension Fund Liability	54	(543,446)		(617,189)
Planning Deposits		(34,514)		(30,669)
Long Term Liabilities			(973,942)	(1,047,549)
Net Assets			69,962	14,204
Financed by				
Usable Reserves	47		(108,659)	(108,518)
Unusable Reserves	51		38,697	94,314
Total Reserves			(69,962)	(14,204)



Michael Hudson

Associate Director, Finance (Section 151 Officer)
27 May 2016

Cashflow Statement

This consolidated statement summarises the movement of cash between the Council and third parties for both capital and revenue purposes.

	NOTES	2015/2016 £000	2014/2015 £000
Net (surplus) or deficit on the provision of services		59,643	42,089
Adjustments to net surplus or deficit on the provision of services for non-cash movements		(26,527)	(11,248)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	55	(12,246)	(12,596)
Net cash flows from Operating Activities		20,870	18,245
Investing Activities	56	(5,697)	(28,518)
Financing Activities	57	(20,437)	12,043
Net decrease or (increase) in cash and cash equivalents		(5,264)	1,770
Cash and cash equivalents at the beginning of the reporting period		14,221	15,991
Cash and cash equivalents at the end of the reporting period		19,485	14,221

Notes to the Core Financial Statements

For ease of reference, this year the notes to the core financial statement are grouped in functional areas.

NOTES RELATING TO ACCOUNTING POLICIES

Note 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/2016 financial year and its position at the year-end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016 and the Service Reporting Code of Practice 2015/2016, supported by International Financial Reporting Standards (IFRS).

ii. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

Landfill Allowance Schemes

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

iv. Reserves

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

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

v. Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that

specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

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

vi. Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits

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

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

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution

scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (based on the gross redemption yield on the Iboxx Sterling Corporates Index, AA over 15 years), at the IAS19 valuation date (subject to the removal of recently re-rated bonds from the index).

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

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

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

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

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

beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

vii. VAT

All transactions are recorded excluding VAT, except where it is irrecoverable.

viii. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/2015. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of Corporate and Democratic Core (costs relating to the Council's status as a multifunctional, democratic organisation) and Non Distributed Costs (the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale). These two cost categories are defined in the Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

ix. Intangible Fixed Assets

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

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

x. Property, Plant and Equipment

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

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use value (EUV).

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

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

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

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

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

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Full details on componentisation are included in note 30.

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

Disposals and Non-current Assets Held for Sale

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

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

Amounts received from a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets) are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement).

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

xi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated. Gains and losses on revaluation are posted to the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance.

xii. Charges to Revenue for Non-Current Assets

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

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

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

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

xiii. Revenue Expenditure Funded From Capital Under Statute

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

xiv. Leases

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

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

The Council as Lessee**Finance Leases**

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

Lease payments are apportioned between:

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

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

Operating Leases

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

The Council as Lessor**Finance Leases**

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

Lease rentals receivable are apportioned between:

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

Operating Leases

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

xv. Financial Instruments**Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Loans and receivables

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

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

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

xvi. Inventories and Long Term Contracts

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

xvii. Interest in companies and other entities

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

xviii. Private Finance Initiative (PFI)

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

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

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

- i. Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- ii. Finance cost – an interest charge made on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- iii. Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- iv. Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- v. Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xix. Exceptional Items

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

xx. Cash and Cash Equivalents

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

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

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

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

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

xxii. Events after the Balance Sheet Date

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

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

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

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

xxiii. Non-Compliance with Code of Practice

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

xxiv. Foreign Currency

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

xxv. Heritage Assets

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

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

For Wiltshire Council, which does not hold museum or art collections, the costs of commissioning external valuations exceeds the benefit to the users of the accounts therefore the assets are disclosed in a note to the accounts only. The assets disclosed in note 34 include a property (the East Grafton Windmill), the White Horse in Westbury, and a small collection of art held across the county.

xxvi. Carbon Reduction Commitment scheme

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

xxvii. Fair value measurement

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

between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

Note 2 Accounting Standards that have been issued but have not yet been adopted

For 2015/2016, there are a number of accounting policy changes that have been issued but not yet adopted. The standards introduced in the 2016/2017 Code of Practice that have not yet been adopted are:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans; Employee Contributions)
- Annual Improvements to IFRSs 2010-2012 Cycle:
 - IFRS 3 Business Combinations
 - IFRS 8 operating Segments
 - IAS 16 Property, Plant and Equipment
 - IAS 24 Related Party Disclosures
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- The changes to the format of the Pension Fund Account and the Net Assets Statement

The code of practice requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. It is considered that these standards will not have a material impact on the financial statements of Wiltshire Council, so no further disclosure is required in these accounts in this year.

Note 3 Critical Judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There remains a degree of uncertainty about future levels of funding for local government for both Revenue and Capital funding. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. These assumptions are included in the Council's Business Plan.

Note 4 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The total depreciation charge made in 2015/2016 on PPE assets was £41 million so if the assumptions were to change this could have an effect on the amount of depreciation charged in future years. This would be mitigated by the fact that depreciation is reversed out so has no impact on the level of Council Tax.
Provisions	The Council has made a number of provisions in the accounts, totalling £4.610 million. These are based on current information and current likely settlement value. Provisions will need to be reviewed on a regular basis to ensure they are kept up to date. Further information is found in note 45.	An increase or decrease over the forthcoming year in either the total number of claims, appeals or the estimated average settlement would have the effect of changing the level of provision needed.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured and further details of the assumptions are in note 61.

Arrears	At 31 March 2016, the Council had a balance of debtors of £68 million. A bad debt provision of £11 million or around 16% of the debt has been made. In the current economic climate it is not certain that the provision will be sufficient.	An increase or decrease in collection rates would have the effect of changing the level of provision needed. See note 41 for further details.
Fair measurements value	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in note 64 below.</p>	<p>The Council uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets).</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.</p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Note 5 Authorisation of Accounts for Issue

These accounts were considered and authorised by the Chief Financial Officer of Wiltshire Council on 27 May 2016. The final audited version of these accounts were considered and approved by the Audit Committee at its meeting on 27 July 2016.

Note 6 Events after the Balance Sheet Date

The Statement of Accounts were authorised by the Chief Financial Officer on 27 May 2016. Events taking place after this date are not reflected in the financial statements or notes.

Where events take place or further information is obtained before this date, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information.

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

There are no adjusting events after the balance sheet date for 2015/2016.

Note 7 Summary of Prior Year adjustments

There are no prior year adjustment in the accounts for 2015/2016.

NOTES TO MOVEMENT IN RESERVES STATEMENT

Note 8 Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Reserve 2015/2016	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(29,538)	(11,812)				41,350
Charges for impairment/ revaluations of plant, property and equipment	(12,408)					12,408
Charges for impairment/ revaluations of investment properties	(1,883)					1,883
Movements in the market value of Investment Properties	393					(393)
Amortisation of intangible assets	(1,596)					1,596
Movements in the market value on Assets Held for Sale	(40)					40
Revenue expenditure funded from capital under statute	(29,501)					29,501
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(25,649)	885	(19,303)			44,067
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	15,051					(15,051)
Capital expenditure charged against the General Fund and HRA balances		3,975				(3,975)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	43,347				(43,347)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					49,911	(49,911)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			11,086			(11,086)
Reserve to finance the payments to the Government capital receipts pool	(790)		790			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	319		(203)			(116)
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		6,187		5,625		(11,812)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(3,784)		3,784
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0					0
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(51,114)					51,114
Employer's pensions contributions and direct payments to pensioners payable in the year	31,967	12				(31,979)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(188)					188
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	172					(172)
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,659	(7)				(1,652)
Total Adjustments	(59,799)	(760)	(7,630)	1,841	6,564	59,784

Reserve 2014/2015	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(27,660)	(16,580)				44,240
Charges for impairment/ revaluations of plant, property and equipment	(25,127)					25,127
Charges for impairment/ revaluations of investment properties	(903)					903
Movements in the market value of Investment Properties	1,176					(1,176)
Amortisation of intangible assets	(1,446)					1,446
Movements in the market value on Assets Held for Sale	(220)					220
Revenue expenditure funded from capital under statute	(21,710)					21,710
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(11,424)	1,482	(6,957)			16,899
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	13,956					(13,956)
Capital expenditure charged against the General Fund and HRA balances	11	3,975				(3,986)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement and Expenditure Statement	54,330				(54,330)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					44,995	(44,995)
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			11,315			(11,315)
Reserve to finance the payments to the Government capital receipts pool	(722)		722			0
Adjustments primarily involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	444		(180)			(264)
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		6,187		10,393		(16,580)
Use of the Major Repairs Reserve to finance new capital expenditure and depreciation				(11,709)		11,709
Adjustment primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(7)					7
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 61)	(49,907)					49,907
Employer's pensions contributions and direct payments to pensioners payable in the year	30,858	39				(30,897)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,990					(1,990)
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(272)					272
Adjustment primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4,514	(3)				(4,511)
Total Adjustments	(32,119)	(4,900)	4,900	(1,316)	(9,335)	42,770

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**Note 9 Revenue outturn**

In respect of net revenue outturn, the Council's 2015/2016 General Fund revised budget and actual spending figures were as below:

	Original Budget £m	Revised Budget £m	Actual £m	Difference £m
Total General Fund (a)	314.983	314.983	314.917	(0.066)
Funded by:				
Draw from General Fund reserves			2.200	2.200
Formula Grant including Council Tax Freeze	(53.598)	(53.598)	(54.093)	(0.495)
Business Rates Retained	(52.542)	(52.542)	(50.147)	2.395
Collection Fund Transfer	(208.843)	(208.843)	(208.843)	0.000
Collection Fund (Surplus)/Deficit Ctax	0.000	0.000	(4.647)	(4.647)
Collection Fund (Surplus)/Deficit NNDR	0.000	0.000	0.554	0.554
Total Funding (b)	(314.983)	(314.983)	(314.976)	0.007
Movement on General Fund (a) + (b)	0.000	0.000	(0.059)	(0.059)

The movement on the general fund of £0.059 million increase is shown in the Movement of Reserves Statement.

Note 10 Amounts reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice.

However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year; and
- expenditure on some support services is budgeted for centrally and not charged to services.

The income and expenditure of the Council's service blocks recorded in the budget monitoring reports for the year is as follows:

2015/2016	Employee expenses £000	Other service expenses £000	Total Expenditure £000	Fees, charges & other service income £000	Government Grants £000	Total Income £000	Net Expenditure £000
Adult Care Operations	11,956	93,263	105,219	(20,215)	(1,030)	(21,245)	83,974
Adult Care Commissioning, Safeguarding & Housing	3,810	7,049	10,859	(1,197)	(3,812)	(5,009)	5,850
Public Health & Public Protection	12,206	14,539	26,745	(6,281)	(16,185)	(22,466)	4,279
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEND Disability Service	27,514	60,018	87,532	(2,996)	(29,076)	(32,072)	55,460
Learning Disability	5,979	42,313	48,292	(3,147)	(169)	(3,316)	44,976
Quality Assurance, Commissioning & Performance							
School & Early Years Effectiveness	137,467	86,745	224,212	(27,869)	(183,443)	(211,312)	12,900
Economic Development & Planning Services	8,245	2,919	11,164	(6,273)	(508)	(6,781)	4,383
Highways & Transport	7,284	33,385	40,669	(13,895)	(984)	(14,879)	25,790
Waste & Environment	9,032	35,201	44,233	(5,959)	0	(5,959)	38,274
Communications, Community Area Boards, Libraries, Heritage & Arts	7,434	2,294	9,728	(1,518)	(13)	(1,531)	8,197
Corporate Function & Procurement	7,220	3,891	11,111	(3,273)	(355)	(3,628)	7,483
Finance	6,894	125,937	132,831	(122,912)	(6,963)	(129,875)	2,956
Legal & Governance	4,663	1,499	6,162	(1,694)	(1,132)	(2,826)	3,336
People & Business Services	15,238	21,721	37,019	(10,218)	0	(10,218)	26,801
Corporate Directors	1,016	2,041	3,057	(130)	0	(130)	2,927
Corporate	7,198	22,666	29,864	(2,347)	(37,986)	(40,333)	(10,469)
Total General Fund Budget	273,216	555,481	828,697	(229,924)	(281,656)	(511,580)	317,117
Housing Revenue Account (HRA)	2,559	23,779	26,338	(26,338)	0	(26,338)	0
TOTAL EXPENDITURE	275,775	579,260	855,035	(256,262)	(281,656)	(537,918)	317,117

Comparisons for 2014/2015 are as follows:

2014/2015	Employee expenses £000	Other service expenses £000	Total Expenditure £000	Fees, charges & other service income £000	Government Grants £000	Total Income £000	Net Expenditure £000
Adult Care Operations	11,900	88,868	100,768	(18,440)	0	(18,440)	82,328
Adult Care Commissioning, Safeguarding & Housing	3,707	8,125	11,832	(1,353)	(4,017)	(5,370)	6,462
Public Health & Public Protection	11,535	13,552	25,087	(5,970)	(14,537)	(20,507)	4,580
Children's Social Care, Integrated Youth & Preventative Services & 0-25 SEND Disability Service	25,530	57,052	82,582	(2,232)	(28,627)	(30,859)	51,723
Learning Disability	5,666	41,019	46,685	(3,702)	0	(3,702)	42,983
Quality Assurance, Commissioning & Performance							
School & Early Years Effectiveness	151,400	87,912	239,312	(28,918)	(198,957)	(227,875)	11,437
Economic Development & Planning Services	7,911	3,259	11,170	(6,397)	(688)	(7,085)	4,085
Highways & Transport	7,160	37,592	44,752	(13,748)	(1,117)	(14,865)	29,887
Waste & Environment	9,373	36,100	45,473	(4,257)	0	(4,257)	41,216
Communications, Community Area Boards, Libraries, Heritage & Arts	7,461	2,989	10,450	(1,629)	0	(1,629)	8,821
Corporate Function & Procurement	5,111	3,004	8,115	(2,191)	(65)	(2,256)	5,859
Finance	6,783	127,468	134,251	(124,640)	(8,017)	(132,657)	1,594
Legal & Governance	4,636	1,572	6,208	(1,787)	(928)	(2,715)	3,493
People & Business Services	18,526	26,301	44,827	(11,276)	(4)	(11,280)	33,547
Corporate Directors	871	2,008	2,879	(45)	0	(45)	2,834
Corporate	6,547	20,107	26,654	(2,143)	(22,465)	(24,608)	2,046
Total General Fund Budget	284,107	556,948	841,055	(28,788)	(279,482)	(508,270)	332,785
Housing Revenue Account (HRA)	2,555	17,060	19,615	(19,615)	0	(19,615)	0
TOTAL EXPENDITURE	286,662	574,008	860,670	(248,403)	(279,482)	(527,885)	332,785

Note 11 Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2015/2016
	£000
Net expenditure in the Service Analysis	317,117
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	82,538
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(915)
Cost of Services in Comprehensive Income and Expenditure Statement	398,740

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	Department Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(256,262)	(24,027)	0	(7,466)	(287,755)	0	(287,755)
Interest and investment income	0	0	950	0	950	(950)	0
Income from council tax	0	0	0	0	0	(227,507)	(227,507)
Government grants and contributions	(281,656)	0	35,391	(728)	(246,993)	(183,268)	(430,261)
Total Income	(537,918)	(24,027)	36,341	(8,194)	(533,798)	(411,725)	(945,523)
Employee expenses	275,775	(292)	0	28,649	304,132	19,671	323,803
Other service expenses	579,260	52,304	(4,836)	17,133	643,861	0	643,861
Support Service recharges	0	0	0	(43,222)	(43,222)	0	(43,222)
Depreciation, amortisation and impairment	0	56,883	(6,187)	5,634	56,330	0	56,330
Interest Payments	0	(2,330)	(26,233)	0	(28,563)	13,196	(15,367)
Precepts & Levies	0	0	0	0	0	14,206	14,206
Payments to Housing Capital receipts pool	0	0	0	0	0	790	790
(Gain) or Loss on Disposal of Fixed Assets	0	0	0	0	0	24,765	24,765
Total expenditure	855,035	106,565	(37,256)	8,194	932,538	72,628	1,005,166
Surplus or deficit on the provision of services	317,117	82,538	(915)	0	398,740	(339,097)	59,643

In order to convert the regular budget monitoring reports taken to Cabinet into the proper statutory format required for the Comprehensive Income and Expenditure Statement in the statement of accounts, certain technical adjustments are required. A breakdown of the amounts not reported to management for decision making is included in the following table.

	2015/2016
	£000
Adjustments relating to Pensions reporting	(536)
Adjustments relating to Accumulated Absences	(1,652)
Adjustments relating to contributions to Capital Expenditure	29,501
Adjustments relating to Capital Depreciation and Impairments	56,883
Adjustments relating to PFI schemes	(2,330)
Adjustments relating to Local Council Tax Support Grant	672
Total amounts not reported to management for decision making	82,538

Note 12 Exceptional items

There are no exceptional items in the accounts for 2015/2016.

The exceptional item in 2014/2015 was a downward valuation of £11.867 million that was charged to the Comprehensive Income and Expenditure Statement to reflect the build and refurbishment costs of the Corsham campus. This charge did not reflect a loss to the Council as the downward valuation is reversed out so there is no effect on the general fund balance.

Note 13 Material Items of Income and Expense

Under the Code of Practice, if there are individual items that are material and have not been separately disclosed as an exceptional item on the face of the Comprehensive Income and Expenditure Statement, they should be disclosed separately in this note. Examples of material items that should be disclosed separately include major disposals and major reversal of provisions. The Council does not have any material individual items that require separate disclosure, all income and expenditure are disclosed as part of the Comprehensive Income and Expenditure Statement.

Note 14 Other Operating Expenditure

	2015/2016 £000	2014/2015 £000
Parish council precepts	14,206	13,474
Payments to the Government Housing Capital Receipts Pool	790	722
(Gains)/losses on the disposal of non-current assets	24,765	9,942
Total	39,761	24,138

The (gain)/loss on disposal of non-current assets includes £26.350 million of loss relating to Academy transfers.

Note 15 Financing and Investment Income and Expenditure

	2015/2016 £000	2014/2015 £000
Interest payable and similar charges	13,196	13,407
Impairment of Investments	0	(19)
Interest and investment income	(950)	(811)
Pension Interest Costs and expected return on pension assets	19,671	21,440
Total	31,917	34,017

Note 16 Taxation and Non Specific Grant Income

The Council received the following income in respect of General Government Grants and Council Tax.

	2015/2016 £000	2014/2015 £000
Council Tax Transfer	(208,843)	(204,555)
Collection Fund Surplus	(4,647)	(2,966)
Parish Council Precepts	(14,206)	(13,474)
Adjustment for statutory requirements	189	(1,990)
Council Tax Income	(227,507)	(222,985)
General Government Grants	(36,064)	(25,682)
Formula Grant including Council Tax Freeze	(54,093)	(65,472)
Business Rates Retention Scheme	(49,764)	(53,926)
Capital grants and contributions	(43,347)	(54,330)
Total	(410,775)	(422,395)

Note 17 Acquired and Discontinued Operations

There are no acquired or discontinued services in the year.

Note 18 Significant Trading Services

The Council ran no significant trading services during the year.

Note 19 Agency Income & Expenditure

Under section 101(l) of the Local Government Act 1972, (LGA 1972), a local authority may arrange for any other local authority to act as its agent and provide services. Wiltshire Council works in close partnership with many different local authorities but has no material amounts of agency income or expenditure.

Note 20 Pooled Budgets**Partnerships Schemes under S31 Health Act****Joint Procurement Arrangement**

Joint arrangements are in place to provide savings associated with having a joint procurement arrangement with a major equipment provider and the resultant efficiencies and economies of scale for Health and Social Care Services (Children's and Adult's Social Care Services) in the use of aids and adaptations.

Although this is a joint arrangement it is not a pooled budget with each party (Wiltshire Clinical Commissioning Group (CCG), Adult Care operations and Children and Families) being financially responsible for the funding of equipment costs associated with their client group.

The budget is administered by Wiltshire Council (previously Wiltshire County Council) on behalf of the Wiltshire CCG (previously Wiltshire Primary Care Trust).

In 2015/2016 Wiltshire Council had expenditure of £1.821 million and Wiltshire CCG had expenditure of £4.178 million. The total joint arrangement spend was £5.999 million.

Better Care Fund

The Better Care Fund (BCF) is a programme spanning both the NHS and local government. It was created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with 'wraparound' fully integrated health and social care, resulting in an improved experience and better quality of life.

Wiltshire Council and Wiltshire CCG have entered into a formal arrangement from 1 April 2015 to deliver services via the Better Care Fund.

In 2014/2015 this arrangement was operated under a shadow agreement. The expenditure in 2015/2016 via the Better Care Fund was as follows:

	2015/2016
	£000
Self Care, Self Support	1,567
Intermediate Care	8,504
Access, rapid response 7 day working	4,334
Care Bill	2,500
Protecting Social Care	9,226
Invest in Engagement with Heathwatch	100
Scheme Management	282
Social Care Capital	2,433
Workforce and bought forward schemes	969
Total Expenditure before return to partners	29,915
Return to Partners CCG	1,600
Return to Partners Wiltshire Council	400
Total Schemes	31,915

This was funded from income and grants as follows:

	2015/2016 £000
Wiltshire CCG BCF Contribution - Paid to Pool	(21,618)
Wiltshire CCG BCF Contribution - Retained by CCG	(5,455)
Wiltshire Council BCF Contribution	(1,833)
Wiltshire Council Adult Care contribution to carers	(576)
Disabled Facilities Grant	(1,418)
Social Care Capital	(1,015)
Total Income and Grants	(31,915)

Note 21 Members' Allowances

The Council paid the following amounts to members of the council during the year.

	2015/2016 £000	2014/2015 £000
Allowances	1,856	1,770
Expenses	82	90
Total	1,938	1,860

Note 22 Officers' Remuneration

The Council is required to disclose the number of employees who received taxable remuneration from Wiltshire Council in excess of £50,000 for the year. These figures include Wiltshire Council employees as well as teaching and non-teaching employees employed directly by Wiltshire Council Schools.

Remuneration Band £	2015/2016	2014/2015
	No. Employees	No. Employees
50,000-54,999	95	106
55,000-59,999	85	89
60,000-64,999	51	32
65,000-69,999	17	18
70,000-74,999	13	7
75,000-79,999	5	4
80,000-84,999	2	2
85,000-89,999	3	2
90,000-94,999	2	5
95,000-99,999	4	7
100,000-104,999	8	2
105,000-109,999	2	1
110,000-114,999	0	0
115,000-119,999	0	0
120,000-124,999	0	0
125,000-129,999	0	0
130,000-134,999	1	0
135,000-139,999	1	0
140,000-144,999	0	1
145,000-149,999	3	2
TOTAL	292	278

Notes:

Officers' remuneration includes compensation for loss of office (redundancy).

2015/2016 Remuneration for Senior Employees - Salary is £150,000 or more per year
(Included in Officer's Remuneration Bandings)

No officers had a salary in excess of £150,000 during 2015/2016.

2014/2015 Remuneration for Senior Employees - Salary is £150,000 or more per year
(Included in Officer's Remuneration Bandings)

No officers had a salary in excess of £150,000 during 2014/2015.

2015/2016 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year (Included in Officer's Remuneration Bandings)

Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2015/2016 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2015/2016 £
Corporate Director A(subnote A)	148,271	0	1,604	0	0	149,875	25,206	175,081
Corporate Director B(subnote A and B)	148,271	0	1,662	0	0	149,933	21,203	171,136
Corporate Director C(subnote A and C)	148,271	0	0	0	0	148,271	25,206	173,477
Associate Director Finance - s151 Officer	103,711	0	0	0	0	103,711	17,631	121,342
Associate Director Legal and Governance - Monitoring Officer	100,501	0	0	0	0	100,501	17,085	117,586
	649,025	0	3,266	0	0	652,291	106,331	758,622

Subnote A:

As of November 2013, the statutory role of Head of Paid service is discharged between the three Corporate Directors on a four month rotational basis.

Subnote B:

Corporate Director B is designated as the Director of Public Health and the Director of Adult Social Services for Wiltshire Council, both of which are required statutory roles.

Subnote C:

Corporate Director C is designated as the Director of Children's Services which is a required statutory role.

2014/2015 Remuneration for Senior Employees - Salary is less than £150,000 but equal to or more than £50,000 per year (Included in Officer's Remuneration Bandings) – comparators are only required for employees qualifying for the current year note.

Post Holder	Salary (including fees and allowances) £	Bonuses £	Expense Allowances £	Compensation for loss of Office £	Benefits in Kind £	Total Remuneration excluding pension contributions 2014/2015 £	Employers Pension Contributions £	Total Remuneration including pension contributions 2014/2015 £
Corporate Director A(subnote A)	143,679	0	1,523	0	0	145,202	22,989	168,191
Corporate Director B(subnote A and B)	143,679	0	3,137	0	0	146,816	18,453	165,269
Corporate Director C(subnote A and C)	143,679	0	0	0	0	143,679	22,989	166,668
Associate Director Finance - s151 Officer	106,410	0	1,165	0	0	107,575	17,026	124,601
Associate Director Legal and Governance - Monitoring Officer	97,297	0	0	0	0	97,297	15,567	112,864
	634,744	0	5,825	0	0	640,569	97,024	737,593

Exit Packages

Exit packages include all benefits provide in relation to the termination of employment. These include redundancy payments, pay in lieu of notice and pension strain. The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016
£							£	£
0-20,000	53	19	190	176	243	195	1,114,720	1,212,038
20,001-40,000	0	2	21	35	21	37	575,635	1,106,323
40,001-60,000	0	0	6	11	6	11	286,504	495,893
60,001-80,000	0	0	1	3	1	3	76,071	215,197
80,001-100,000	0	0	0	1	0	1	0	97,946
100,001-150,000	0	0	0	0	0	0	0	0
150,001-200,000	0	0	0	0	0	0	0	0
200,001-250,000	0	0	0	0	0	0	0	0
250,001-300,000	0	0	0	0	0	0	0	0
Total	53	21	218	226	271	247	2,052,930	3,127,397

Note 23 External Audit Fees

Wiltshire Council incurred the following fees in respect of external audit and statutory inspection with KPMG, in accordance with the Local Audit & Accountability Act 2014.

	2015/2016 £000	2014/2015 £000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	167	223
Fees payable to the Audit Commission for certification of grant claims and returns	27	28
Audit Commission Rebates	0	(53)
Total	194	198

Note 24 Dedicated Schools Grant**Reserves & balances held by schools****Dedicated Schools Grant**

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2015/2016 are as follows:

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2015/2016 before academy recoupment			(312,998)
Academy figure recouped for 2015/2016			131,706
Total DSG after academy recoupment for 2014/2015			(181,292)
Brought forward from 2014/2015			(1,490)
Agreed initial budget distribution in 2015/2016	(55,412)	(127,370)	(182,782)
In Year Adjustments	(268)	0	(268)
Final budgeted distribution for 2015/2016	(55,680)	(127,370)	(183,050)
Less actual central expenditure	55,089	0	55,089
Less actual ISB deployed to schools	0	127,370	127,370
Carry forward to 2015/2016	(591)	0	(591)

Note 25 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/2016:

	2015/2016 £000	2014/2015 £000
Credited to Taxation and Non Specific Grant Income		
General Government Grants	(36,064)	(25,682)
Formula Grant including Council Tax Freeze	(54,093)	(65,472)
Business Rates Retention Scheme	(49,764)	(53,926)
Total	(139,921)	(145,080)
Credited to Services		
Dedicated Schools Grant	(181,292)	(193,168)
Public Health Grant	(16,108)	(14,587)
Pupil Premium Grant	(8,621)	(9,435)
Learning & Skills Council	(1,949)	(2,724)
Universal Infant Free School Meals	(4,714)	(3,142)
PFI	(7,541)	(7,541)
Housing Benefit & Council Tax Admin Grant	(2,006)	(2,248)
Other Grants	(28,176)	(20,254)
Other Contributions	(854)	(1,772)
Donations	(874)	(1,049)
Total	(252,135)	(255,920)
Total Grants, Contributions & Donations	(392,056)	(401,000)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be repaid. The balances at the year-end are as follows:

	2015/2016 £000	2014/2015 £000
Revenue Grants Receipts in Advance		
MOD Education Support Fund	(485)	0
Other Grants	(159)	(89)
Total	(644)	(89)

Note 26 Related Parties

The Council is required to disclose material transactions with related parties. Related parties are persons or entities that are related to Wiltshire Council. A related party transaction is a transfer of resources or obligations between a reporting entity (Wiltshire Council) and a related party, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

UK Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 10 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2016 are shown in Note 25.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2015/2016 is shown in note 21. If a Member declares an interest in a transaction which involves the Council, these transactions are recorded in the Register of Members' Interests, open to public inspection at County Hall, Trowbridge.

Officers – under the requirements of the Local Government Act 2000, the Council has developed a Code of Conduct for officers and established a Register of Officers interests. This Register of interests has been reviewed and no material transactions have been discovered.

Wiltshire Pension fund – In 2015/2016 the Council charged the fund £1.174 million (£1.076 million in 2014/2015) for expenses incurred in administering the fund.

During 2015/2016 various Wiltshire Council Councillors were also members of parish or town councils, police bodies and other bodies. Significant payments made to these bodies, where a Councillor has a registered interest in the relevant financial year, by Wiltshire Council are listed below. This includes significant housing benefit payments to housing associations in respect of their tenants.

	2015/2016	2014/2015
	£000	£000
Amesbury Town Council	21	0
Aster/Sarsen	14,684	14,748
Balfour Beatty	44,434	41,025
Chippenham Town Council	71	63
Community First Wiltshire	676	695
Extended Services (Melksham)	27	0
Ezy's Taxis	111	88
Lady Margaret Hungerford Charities	20	23
Malmesbury Town Council	51	55
Melksham Without Parish Council	0	34
Royal United Hospital Bath	500	484
Royal Wootton Bassett Town Council	34	0
Salisbury City Council	324	294
Selwood Housing Association	16,425	16,584
Sheldon School, Chippenham	156	249
South Wiltshire Avon & Wiltshire Mental Health Partnership Trust	54	416
Trowbridge Town Council	213	326
Wiltshire Fire & Rescue Service	79	51
Wiltshire CCG	2,091	1,118
Wiltshire Police Authority/OPCC	32	76
Wiltshire Portage Service	123	92
Total	80,126	76,421

There are no significant amounts owed to bodies listed as Councillors' interests in 2015/2016 as at 31 March 2016.

BALANCE SHEET NOTES RELATING TO CAPITAL**Note 27 Property, Plant and Equipment (PPE)**

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000	PFI included in PPE £000
Cost or Valuation									
Opening Balance 1 April 2015	308,676	697,937	172,880	319,478	7,621	89,229	7,518	1,603,339	84,584
Additions	7,281	14,205	8,326	12,591	4	42,215		84,622	120
Derecognition - Disposals	(1,257)	(1,410)	(853)				(223)	(3,743)	
Derecognition - Other		(45,123)	(5,532)					(50,655)	
Revaluation increases recognised in the Revaluation Reserve	5,911	18,232	4,654		2		4,822	33,621	919
Revaluation decreases recognised in the Revaluation Reserve		(8,957)	(1,396)				(685)	(11,038)	
Category Adjustments	166	3,672	2,311	44,205		(55,156)	4,682	(120)	0
At 31 March 2016	320,777	678,556	180,390	376,274	7,627	76,288	16,114	1,656,026	85,623
Depreciation and Impairments									
Opening Balance 1 April 2015	(96,905)	(313,014)	(110,739)	(59,182)	(882)	(14,716)	(2,221)	(597,659)	(22,690)
Depreciation	(5,549)	(9,790)	(19,756)	(5,851)			(68)	(41,014)	(1,763)
Accumulated depreciation written back on derecognition of assets		18,845	5,108				20	23,973	
Revaluation losses/impairment recognised in the surplus/deficit on provision of services		(10,318)	(270)	(35)	(50)		(1,735)	(12,408)	0
At 31 March 2016	(102,454)	(314,277)	(125,657)	(65,068)	(932)	(14,716)	(4,004)	(627,108)	(24,453)
Net Book Value at 31 March 2016	218,323	364,279	54,733	311,206	6,695	61,572	12,110	1,028,918	61,170
Net Book Value at 31 March 2015	211,771	384,923	62,141	260,296	6,739	74,513	5,297	1,005,680	61,894

Note 28 Information about Depreciation Methodologies

All depreciation applied is on a straight line basis using the following standard useful lives, unless the useful economic life is reviewed downwards by the external valuer;

- Council Dwellings. These are depreciated over a useful life of 30 years;
- Other Land and Buildings, Garages and Buildings are depreciated over a useful life of 50 years with the remaining useful life given by the valuers. Land is not depreciated;
- Vehicles, Plant etc. These are depreciated over a standard period of 5 years. The only exception being services of buildings which are depreciated on the remaining useful life given by the valuers;
- Community Assets, Assets under Construction and Non Operational Assets. These are not depreciated.
- Infrastructure. These are depreciated over a useful life of 60 years.

The total depreciation charged to tangible Property Plant and Equipment fixed assets for 2015/2016 is £41,013,482. (£42,864,256 in 2014/2015)

Note 29 Capital Expenditure and Capital Financing

Below is the financing of the year's capital expenditure on fixed assets and revenue expenditure funded from capital under statute. This shows the Council's overall capital financing requirement for General Fund and HRA – the underlying amount of borrowing the Council has incurred on its capital investment.

	31 March 2016		31 March 2015	
	£000	£000	£000	£000
Opening Capital Financing Requirement		489,488		469,611
Capital Investment				
Plant Property & equipment Assets	84,502		73,808	
Plant Property & equipment PFI Assets	120		2,846	
Investment Properties	143		232	
Intangible assets	580		356	
Assets Held for Sale	2		47	
Revenue Expenditure Funded from Capital under Statute	29,501		21,710	
		114,848		98,999
Sources of Finance				
Government Grants	(49,911)		(44,995)	
Major Repairs Reserve	(8,028)		(4,870)	
Capital Receipts	(11,087)		(11,315)	
Assets purchased through Revenue (inc HRA)	(3,975)		(3,986)	
Minimum Revenue Provision	(12,493)		(11,689)	
Voluntary Revenue Provision	(228)		(221)	
Minimum Revenue Provision - PFI Schemes	(2,330)		(2,046)	
		(88,052)		(79,122)
Closing Capital Financing Requirement		516,284		489,488
Explanation of Movements in the Year				
Increase / (decrease) in underlying need to borrow		26,796		19,877
Increase / (decrease) in Capital Financing Requirement		26,796		19,877

Note 30 Fixed Asset Valuation

Assets classified as Land & Buildings, excluding County Farms, are revalued as part of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by an external valuer, GVA Grimley, Chartered Surveyors.

County Farms were most recently revalued in 2013/2014 by a qualified internal valuer.

The basis for valuation is set out in the statement of accounting policies.

The assets revalued during 2015/2016 include Primary Schools and Children's Centres as well as the Investment Estate and any new assets acquired during 2015/2016 or significantly altered. All other assets will be revalued over the coming years as part of the rolling programme but have been revalued within the maximum 5 year rolling programme as dictated in the code of practice. The Council is not aware of any material change in the value of the remaining assets that were not revalued in 2015/2016.

The following table shows the split of the certified valuations for Property plant and equipment across the financial years:

	Council Dwellings & Garages inc land £000	Other Land & Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure £000	Community Assets £000	Assets under Construction £000	Surplus Assets £000	Total Property, and Plant & Equipment £000
Valued at historical cost		44,652	11,978	311,206	2,198	61,572		431,606
Valued at current value in:								
2015/2016	218,323	85,782	18,165		5		12,110	334,385
2014/2015		121,259	16,643		35			137,937
2013/2014		101,797	7,947		4,457			114,201
2012/2013		0						0
2011/2012		1,816						1,816
2010/2011		8,973						8,973
Book Value at 31 March 2016	218,323	364,279	54,733	311,206	6,695	61,572	12,110	1,028,918

Schools Assets

During the 2015/2016 financial year a total of 14 schools have become Academy schools so their assets have been removed from the balance sheet. This is shown as a derecognition in the note for Property plant and equipment above. The Council does not recognise Academy, Voluntary Controlled and Voluntary Aided schools in its accounts.

Components and effect on depreciation

The Council complies with the IFRS requirement to componentise its property assets. Components have been applied to material items in PPE in accordance with the IFRS Code of practice.

All assets with a value over £2 million de-minimis value have been split into the following components and disclosed in the balance sheet and fixed assets notes;

- Structure – the fabric of the building
- Services – e.g. Lifts and other electrical or other services
- Fittings – internal fittings, Kitchens, doors etc
- Externals – landscaping, car parking etc

In addition all the remaining useful lives are reassessed by the external valuers. This means that services are shown separately from the structure within the plant and equipment, and services typically have a considerably shorter remaining useful life than the structure of the building.

Note 31 Revaluation and Impairment Losses

As part of the valuation process, reductions in the value of our assets (where there have previously not been upward valuations) are charged as downwards revaluation losses charged to Property, Plant and Equipment. These are detailed by asset class in note 27. During 2015/2016 as part of the standard revaluation undertaken a number of buildings were revalued downwards; the largest of these being the newly built Greentrees Primary School.

Note 32 Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs in the year.

Note 33 Construction Contracts

The Council is not constructing any assets on behalf of other bodies. Below is a list of some of the larger project areas that are currently being undertaken by contractors building assets for the council. The figures below give the outstanding remaining costs of the contracts/agreements.

Description	As at 31 March	As at 31
	2016	March 2015
	£000	£000
Campus and operational delivery schemes	7,380	8,538
Highways	20,797	25,057
Other School construction projects	2,704	6,520
HRA - Refurbishment of Council Stock	1,242	831
Buildings Repair & Maintenance Programme	483	536
Fleet Vehicles		677
Housing	6,483	560
Economy	1,115	0
Total	40,204	42,719

Note 34 Heritage Assets

Heritage assets are a new classification of assets that have been recorded separately on the balance sheet since the 2011/2012 Statement of Accounts. These assets can be disclosed in a note to the accounts only if the cost of obtaining a valuation exceeds the benefit to the users of the accounts.

The definition of Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Typical examples of Heritage assets would include works of art, statues, archaeological sites, military or scientific equipment. Historical buildings kept solely for their historical purpose would also count as heritage assets unless they were being used for operational purposes.

Unlike many other authorities Wiltshire Council does not have extensive museum collections as most of the museums in the county are owned by other bodies. Therefore the Council does not have a significant collection of art or other antiquities that need to be disclosed on the balance sheet with a value.

The items that have been identified as heritage assets held by Wiltshire Council are disclosed below as required by the code.

White horse near Westbury

The White Horse in Westbury, a chalk cutting in the hill above Westbury has been in existence for over three hundred years and is owned and maintained by the Council and is kept for historical purposes. As it is not possible to remove or sell the asset a value has not been obtained. As it is such a specialised asset it would not be possible or relevant to put a value on this asset. Therefore this asset has been disclosed in this note only.

East Grafton Wilton Windmill

This windmill, built in 1821, is held for historic purposes being managed by the Wilton Windmill Society. As a specialised grade II listed building with a major need for ongoing repairs it is felt that it would have minimal value and the cost of obtaining the valuation would far exceed the benefit to the users. Therefore this asset has been disclosed in this note only.

Village Lock ups

Village lock-ups are historic buildings that were used for the temporary detention of people in England and Wales. They were often used for the confinement of drunks who were usually released the next day or to hold people being brought before the local magistrate. A typical village lock-up is a small structure with a single door and a narrow slit window or opening. Most lock-ups feature a dome or spire shaped roof and are commonly built from brick, large stones or timber. The village lock-up is found in a variety of shapes often round or polygonal in plan, usually freestanding but some are attached to or incorporated in other buildings. Variations in design, materials and appearance do occur although they were all built to perform the same function. A number of these lock ups remain in various towns across Wiltshire. Many of these are owned and maintained by Wiltshire Council and as such remain part of the Heritage Assets of the County. No formal valuation has been obtained for these sites as the costs of obtaining one would outweigh the benefits of doing so, and it is felt that they would not have any material value due to their size, condition and specialisation.

County Hall Members Rooms Art

There is a small collection of items formally held in the Members' rooms at County Hall. These include various portraits and landscapes, as well as a stuffed Bustard in a stand. These are not on public display but are kept for artistic reasons. These have been valued for insurance purposes in the past with values individually not exceeding £1,500 per item. The total value of these items is not material, nor is there a benefit to the user of the accounts in obtaining updated valuations. Therefore these items have been disclosed in this note only.

Other items of Historical Interest

There are a small number of other art works in the council including; a modern art piece (the Leaf) in Bourne Hill Salisbury, a newly commissioned giant painted Bustard (named Custard) held outside the new Library in Trowbridge; various statues in parks and open spaces across the county. In addition there are various collections such as the Local Collections at Salisbury, the Savernake Collection, Arundell of Wardour collection amongst others. These items have been investigated and it is felt the cost of obtaining valuations far exceeds the benefit to the users in all these cases. Therefore these items are disclosed in this note only.

Note 35 Leases

Finance leases

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee.

The Council had no finance leases in 2015/2016.

Operating leases

An operating lease is a lease that is not a finance lease (see above) and includes vehicles and other equipment particularly in schools. Rentals paid in respect of operating leases and future obligations for operating leases are listed below:

Operating Lease payments in 2015/2016	2015/2016
	£000
Plant, vehicles and equipment	99
Operating lease payments due in future years	2015/2016
	£000
Amount due in 2016/2017	26
Amounts due in between 2017/2018 and 2021/2022	27
Amounts due after 2022/2023	0
	53
Asset Class	
Plant, vehicles and equipment	53

Leases held as investments

The Council does not receive income from finance leases or hire purchase contracts and has not acquired any assets for the purpose of letting under finance leases.

Note 36 Long Term Contracts including Private Financing Initiatives (PFI)

The total amount held in long term contracts (including PFIs) is in the following table.

	North Wilt Schools PFI £000	Monkton Park Modified PFI £000	Housing PFI £000	Total Long term contracts £000
Balance outstanding at 1 April 2015	28,206	7,369	23,492	59,067
Payments during the year to reduce capital liability	(833)	(622)	(1,110)	(2,565)
Liability outstanding 31 March 2016	<u>27,373</u>	<u>6,747</u>	<u>22,382</u>	<u>56,502</u>

North Wiltshire Schools PFI & Additional 6th Form Units.

Introduction

In October 2000 the Council entered into a Private Finance Initiative (PFI) with White Horse Education Partnership (WHEP) to procure three new secondary schools. WHEP are responsible for maintaining and operating the facilities for 30 years from the date the first school became operational in March 2002.

Accounting treatment

The Accounting treatment in 2015/2016 follows the same process first shown in 2010/2011, i.e. to reflect the PFI as an on balance sheet PFI.

In 2015/2016 as in previous years, an estimate of the amount of the element of PFI payments that relates to repaying the finance liability has been made and taken from the net cost of services. In order to mitigate the effect of this on the general fund balances an equal charge for the additional Minimum Revenue Provision incurred has been made.

Funding

The funding for the annual PFI payment comes from the Council's own resources and a special government grant called a PFI credit. Over the life of the PFI project, the Council will receive PFI credits of £107 million (these relate to the main school buildings only not the sixth form units), which are credited to the revenue account in the year that they are received.

PFI Smoothing Fund Earmarked Reserve

This represents the excess of government grant over expenditure to date in respect of the Schools PFI. This is being carried forward to meet future years' commitments under the PFI contract.

Income and Expenditure

Payments are made to the PFI contractors as monthly unitary payments. These payments are commitments and can vary subject to indexation, reductions for performance and availability failures. Possible future variations to the scheme as elements are added to or taken away from the scheme.

The funding of the unitary payment will come from the individual schools budget, the overall Schools Budget and a special government grant (the PFI credits referred to above).

The future estimated payments the Council will make under the contract are as follows:

Period	Liability £000	Interest £000	2015/2016		2014/2015
			Service charges £000	Total £000	Total £000
Within 1-5 years	5,280	7,748	17,088	30,116	29,960
Within 6-10 years	7,758	5,272	19,333	32,363	32,176
Within 11-15 years	11,398	1,686	21,823	34,907	34,685
Within 16-20 years	2,937	0	3,950	6,887	14,649
Within 21-25 years	0	0	0	0	0
Total	27,373	14,706	62,194	104,273	111,470

Over the life of the PFI project the Council will receive government grants of £107 million.

Monkton Park Offices Modified PFI Scheme

Introduction

North Wiltshire District Council entered into a long-term contract for the provision and management of Monkton Park offices. This contract is for a period of 25 years.

Accounting treatment

The full PFI contract was modified in January 2011. Therefore only the loan associated with the capital and interest cost of building Monkton Park still has to be repaid. This is repaid directly to the Bank rather than to the former PFI joint vehicle.

Income and Expenditure

The expenditure payable from 12 January 2011 onwards is the amount required for capital and interest only. Under the terms of the contract this amount increases by RPI plus 1% each January. The grant or PFI credit received is a fixed sum so an equalisation reserve has been set up to smooth this increase in charges over the contract term.

The availability charge payments required for the remaining years for the contract are set out below: the figures are significantly lower compared to the previous year because, as explained above, the extent of the PFI contract is now more limited as the Facilities management elements of the contract have been terminated.

Period	Liability £000	Interest £000	2015/2016		2014/2015
			Total £000	Total £000	Total £000
Within 1-5 years	2,346	5,281	7,627	7,424	7,424
Within 6-10 years	3,214	5,845	9,059	8,817	8,817
Within 11-15 years	755	1,251	2,006	3,973	3,973
Within 16-20 years	0	0	0	0	0
Within 21-25 years	0	0	0	0	0
Main Scheme Total	6,315	12,377	18,692	20,214	20,214
Equalisation Fund	432	0	432	667	667
Total	6,747	12,377	19,124	20,881	20,881

Housing PFI Scheme

Introduction

A total of 242 units have been built under a housing PFI scheme at sites across the county.

Accounting Treatment

The asset values for the 242 units are included in the non-current assets in the balance sheet with an associated liability.

Income and Expenditure

Payments are made to the PFI contractors as monthly unitary payments. These payments are commitments and can vary subject to indexation, reductions for performance and availability failures.

The funding of the unitary payment will come from a government grant (the PFI credits referred to above), as well as a Council contribution.

The future estimated payments the Council will make under the contract are as follows:

Period			2015/2016	2014/2015
	Liability £000	Interest £000	Total £000	Total £000
Within 1-5 years	5,175	5,800	10,975	11,249
Within 6-10 years	5,652	4,127	9,779	10,023
Within 11-15 years	6,872	1,850	8,722	8,939
Within 16-20 years	4,683	221	4,904	6,708
Within 21-25 years	0	0	0	0
Total	22,382	11,998	34,380	36,919

Note 37 Investment Property

Investment Properties are assets that are held solely to earn rentals or for capital appreciation. The following items of income and expense have been accounted for in relation to running the investment property estate. These items are shown in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2015/2016 £000	2014/2015 £000
Rental income from investment property	(2,637)	(2,506)
Direct operating expenses arising from investment properties	383	421
Net (Gain)/ Loss	(2,254)	(2,085)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2015/2016 £000	2014/2015 £000
Balance at start of the year	27,990	27,337
Additions: Subsequent expenditure	143	232
Disposals	(615)	0
Gains from fair value adjustments	343	1,324
Losses from fair value adjustments	(10)	0
Impairments/losses	(1,883)	(903)
Transfers (to)/from Property, Plant and Equipment	(825)	0
Balance at end of the year	25,143	27,990

Note 38 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council along with the carrying amounts are:

	Carrying amount		Remaining Amortisation Period
	31 March 2016 £000	31 March 2015 £000	
SAP Finance/HR/Payroll system in sourcing	1,232	0	5 years
Workplace transformation IT software	458	958	1 -2 years
Planning System	625	839	3 years
Other items of software	852	1,385	1 - 5 years
Total	3,167	3,182	

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.596 million charged to revenue in 2015/2016 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

All amortisation applied to Intangible assets is on a straight line basis over 5 years.

	2015/2016 Purchased Software Licences £000	2014/2015 Purchased Software Licences £000
Gross carrying amounts	20,063	19,541
Accumulated amortisation	(16,881)	(15,435)
Net Carrying amount	3,182	4,106
Additions:		
Purchases	580	357
Amortisation for the period	(1,596)	(1,446)
Category Adjustments	1,001	165
Net carrying amount at end of year	3,167	3,182
Comprising:		
Gross carrying amounts	21,644	20,063
Accumulated amortisation	(18,477)	(16,881)
Total	3,167	3,182

Note 39 Assets Held for Sale

The Council held the following amounts as assets held for sale as at 31 March 2016. The definition of an asset held for sale is one that is readily available for sale, the planned sale will occur within 12 months and that the property is being actively marketed.

	2015/2016 £000	2014/2015 £000
Balance at start of the year	15,023	24,464
Assets newly classified as held for sale	(54)	(6,019)
Depreciation	(375)	(656)
Assets Sold	(13,027)	(3,018)
Revaluations	0	252
Balance at end of the year	<u>1,567</u>	<u>15,023</u>

OTHER NOTES TO BALANCE SHEET**Note 40 Long Term Debtors**

	2015/2016 £000	2014/2015 £000
Mortgages	1,584	1,479
Long Term Loans to Staff	10	17
Other Long Term Loans	1,548	1,478
Total Long Term Debtors	<u>3,142</u>	<u>2,974</u>

Note 41 Short Term Debtors

These represent sums owed to the Council for supplies and services provided before 31 March 2016 but not received at that date.

	2015/2016 £000	2014/2015 £000
Other Local Authorities	5,751	5,859
Government Departments	10,351	11,722
NHS Bodies	4,023	4,775
Business Rates and Local Taxation	12,136	13,656
Tenants	1,270	1,420
Sundry Debtors	34,514	24,670
Payments in Advance	5,670	8,799
Total Debtors	<u>73,715</u>	<u>70,901</u>
Less: provision for bad debts		
General Fund debtors	(6,582)	(6,797)
Housing Rent arrears	(1,075)	(1,108)
Council Tax arrears	(2,655)	(2,718)
NDR Arrears	(358)	(409)
Total Bad Debt provisions	<u>(10,670)</u>	<u>(11,032)</u>
Net Debtors	<u>63,045</u>	<u>59,869</u>

Note 42 Cash and Cash Equivalent

This consists of the bank accounts of locally managed schools and the rest of the council's cash and bank accounts (see note 44).

	2015/2016 £000	2014/2015 £000
Cash & Bank	2,917	(1,867)
Schools' bank accounts	16,568	16,088
	<u>19,485</u>	<u>14,221</u>

Note 43 Short Term Creditors

These represent sums owed by the Council for supplies and services received before 31 March 2016 but not paid for at that date, or provisions created in accordance with the accounting policies.

	2015/2016 £000	2014/2015 £000
Other Local Authorities	(3,667)	(749)
Government Departments	(6,638)	(8,472)
NHS Bodies	(2,422)	(3,987)
Business Rates and Local Taxation	(44)	(83)
Sundry Creditors	(56,486)	(62,753)
Receipts in Advance	(8,828)	(9,441)
Accumulated Absences	(5,151)	(6,803)
	<u>(83,236)</u>	<u>(92,288)</u>

Note 44 Bank Overdraft

There is no cash overdraft on the Council's main bank accounts at 31 March 2016 (overdrawn as at 31 March 2015 by £1.867 million). This is included in the cash and cash equivalent figures in note 42.

Note 45 Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. These should be recognised where the council has a present obligation as a result of a past event, that it is probable (i.e. the event is more likely than not to occur) a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made. If these conditions are not met no provision should be recognised. Amounts set aside for purposes falling outside the definition of provisions should be considered as earmarked reserves.

	Legal Claims £000	Insurance Claims £000	Business Rate Retention Scheme Appeals £000	Termination Benefits £000	Land Charges £000	Carbon Reduction £000	Other £000	Total £000
Balance at 1 April 2015	(954)	(913)	(1,693)	(302)	(517)	(88)	(43)	(4,510)
Additional provisions made in 2015/2016	(148)	(655)	(1,748)	(84)	0	0	0	(2,635)
Amounts Used in 2015/2016	0	241	1,693	302	371	88	0	2,695
Unused amounts reversed in 2015/2016	80	210	0	0	0	0	0	290
Balance at 31 March 2016	(1,022)	(1,117)	(1,748)	(84)	(146)	0	(43)	(4,160)

Legal Claims

The Council has made provisions in respect of legal claims which may become payable by the Council depending on the outcome of a small number of individual cases totalling £1.022 million. In order not to prejudice seriously the Council's position in these cases any further information has been withheld from this publication. It is currently expected that all of these claims will be settled during the 2016/2017 financial year.

Insurance Claims

An insurance provision is accounted for when it is probable that a cost will be incurred and a reliable estimate of the cost can be made. The insurance provision for 2015/2016 is made up of 23 claims totalling £1.117 million. The provision levels are set in the following ways:

- Property Damage. The estimated cost of reinstatement (often supported by an independent contractors repair/replacement estimate) or the actual cost based on replacement/repair invoices presented.
- Personal Injury. Based on the insurers' own reserve calculation for the claim. Where insurers are not handling the claim, a 'flat' figure of £10,000 is used.

The 23 claims consisted of a mixture of Public and Employers Liability claims and own Property claims.

The Council self insures, with the Council meeting the first £0.100 million of each employers and public liability claim and between £0.100 million and £0.250 million for own property claims. There are other risks the Council

does not insure against and examples of these include computer breakdown and loss of computer data, and employment practices. It is currently expected that all of these claims will be settled during 2016/2017.

Insurance claims where liability has yet to be established are detailed in note 58.

Termination Benefits

The Council is required to make a provision for termination benefits at the earlier of the following dates:

- when the Council can no longer withdraw an offer of termination benefits to an employee
- when the Council recognises costs for a restructuring (as defined by accounting guidelines) and involves the payment of termination benefits

As at 31 March 2016 the Council made a total provision of £0.084 million in respect of termination benefits for 4 employees. It is expected that all cases will be resolved during the first half of the 2016/2017 financial year.

Land Charges

Central Government instructed in July 2010 that as of August 2010, Local Authorities will no longer be allowed to charge a fee for personal searches of the local land charges register as charging a fee does not comply with the Environmental Information Regulations 2004. Where a fee has been charged from January 2005 (when the regulations came into effect) onwards, refunds may be liable, depending on each claim's individual circumstances. Financial assistance in the form of a Central Government grant is intended to ease the burden of the potential liabilities that Wiltshire Council and other Local Authorities may incur. Wiltshire Council estimated the original liability to be £0.400 million but based on further information received in 2014/2015 this provision was increased to £0.517 million. During 2015/2016 payments totalling £0.317 million were made, leaving a balance of £0.146 million. It is expected that these remaining claims will be resolved during 2016/2017.

Carbon Reduction

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The scheme's introductory phase lasted until 31 March 2014 and Phase 2 commenced from 1 April 2014 and Wiltshire Council continues to be registered for this scheme.

The Council purchases a quantity of allowances at the start of each year based on estimated usage for the year. At the end of the year a further estimation is carried out as to whether or not the original purchase of allowances is likely to be sufficient. If it is estimated that the number of allowances purchased is less than the amount that will be required then the Council is required to create a provision in respect of the extra allowances it must purchase during the "buy to comply" window that opens in July. However, if the amount of allowances purchased is estimated to be more than those actually required then the balance is transferred to inventory (stock) on the balance sheet which can then be used in future years.

As at 31 March 2016 it is estimated that the Council purchased £0.089 million extra allowances than will be required in respect of 2015/2016. This balance of unused allowances has been carried forward under Inventories on the Balance Sheet. The actual amount required will not be known until July 2015 when the "buy to comply" window opens.

Business Rate Retention Scheme Appeals

The Council is required to make provision for the costs associated with refunding business ratepayers with regard to current and prior year appeals against the rateable values of their properties on the rating list. The Council has estimated the total value of this provision to be £3.568 million as at 31 March 2016. This liability however, is shared between Wiltshire Council (49%), Central Government (50%) and Wiltshire and Swindon Fire Authority (1%). The Council's share of this provision is therefore £1.748 million.

Other Provisions

All other provisions are individually insignificant and are expected to be used during 2016/2017.

Note 46 Borrowing

An analysis of loans by maturity is as follows:

	2015/2016 £000	2014/2015 £000
Short Term Borrowing		
Maturing within 1 year Temporary Loans	(22,476)	0
Maturing within 1 year Long Term Borrowing	(14,209)	(14,228)
	<u>(36,685)</u>	<u>(14,228)</u>
Long Term Borrowing		
Maturing in 1 to 2 years	(10,000)	(12,000)
Maturing in 2 to 5 years	(26,810)	(22,810)
Maturing in 5 to 10 years	(48,123)	(42,000)
Maturing in more than 10 years	(252,915)	(263,058)
Total Maturing after 1 year	<u>(337,848)</u>	<u>(339,868)</u>
Total Borrowing	<u><u>(374,533)</u></u>	<u><u>(354,096)</u></u>

The total borrowing can be further analysed by lender category:

	2015/2016 £000	2014/2015 £000
Temporary Loans	(22,476)	0
Long Term Loans:		
Public Works Loans Board	(290,041)	(292,069)
Money Market	(62,016)	(62,027)
	<u>(374,533)</u>	<u>(354,096)</u>

Note 47 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 8.

Reserve	Note	2015/2016 £000	2014/2015
General Fund		(12,206)	(12,147)
Earmarked Reserves	48	(26,377)	(27,837)
Housing Revenue Account Balance		(20,479)	(18,162)
Major Repairs Reserve	49	(9,115)	(10,956)
Usable Capital Receipts Reserve	50	(13,865)	(6,235)
Capital Grants and Contributions		(26,617)	(33,181)
Unapplied Account			
Total Usable Reserves		<u><u>(108,659)</u></u>	<u><u>(108,518)</u></u>

Note 48 Transfers to/ from Earmarked reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2015/2016.

Reserve	2014/2015	Movement	2015/2016
	£000	in 2015/2016 £000	£000
PFI Reserve	(4,416)	112	(4,304)
Insurance Reserve	(3,315)	4	(3,311)
Locally Managed Schools' Balances - to be spent on educational services	(9,724)	1,088	(8,636)
Elections Reserve	(330)		(330)
Area Board Reserve	(191)	131	(60)
Revenue Grants Earmarked Reserve	(5,518)	(176)	(5,694)
Digital Inclusion	(183)		(183)
PFI Housing Scheme Earmarked Reserve	(3,092)	112	(2,980)
Transformation Reserve	(736)	736	0
Action 4 Wiltshire Reserve	(180)	15	(165)
Business Plan Priority Funding Reserve	(141)	141	0
Economic Development & Planning Reserve	(11)	(3)	(14)
Single voice of Customer Reserve	0	(700)	(700)
Total	(27,837)	1,460	(26,377)

Note 49 Major Repairs Reserve

The Major Repairs reserve was a requirement under the Accounts and Audit Regulations to transfer into it a sum not less than the Major Repairs Allowance, which was an element of the former HRA subsidy. Now that the HRA is self financing, the reserve is no longer a formal requirement but can be used as previously to earmark funds to be spent for capital expenditure on Housing Revenue Account assets.

	2015/2016	2014/2015
	£000	£000
Transfer to Capital	8,028	4,871
HRA Depreciation	(11,812)	(16,580)
Transfer to HRA	5,625	10,393
Movement in Year	1,841	(1,316)
Balance at 1 April	(10,956)	(9,640)
Balance at 31 March	(9,115)	(10,956)

Note 50 Usable Capital Receipts Reserve

	2015/2016		2014/2015
	£000	£000	£000
Amounts Receivable in year			
- disposal of land and buildings	(18,259)		(5,785)
- Other capital receipts - mortgages	(204)		(181)
- Other capital receipts	(254)		(449)
- Housing Pooled Capital Receipt	(790)		(722)
		(19,507)	(7,137)
Amounts applied to finance new capital investment in year			
- capital receipts utilised	11,087		11,315
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	790		722
		11,877	12,037
Movement in Year		(7,630)	4,900
Balance at 1 April		(6,235)	(11,135)
Balance at 31 March		(13,865)	(6,235)

Note 51 Unusable Reserves

Reserve	Note	2015/2016	2014/2015
		£000	£000
Revaluation Reserve	52	(180,457)	(194,500)
Capital Adjustment Account	53	(326,983)	(332,816)
Financial Instruments Adjustment Account		956	956
Deferred capital receipts		(1,738)	(1,622)
Pensions Reserve	54	543,446	617,189
Collection Fund Adjustment Account		(1,678)	(1,696)
Accumulated Absences Account		5,151	6,803
Total Unusable Reserves		38,697	94,314

Note 52 Revaluation Reserve

The balance of this account represents the revaluation gains (as certified by its external valuers GVA Grimley) made by the Council arising from increases in the value of its Property, Plant and Equipment assets. The reserve only contains revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains prior to this have been consolidated into the balance on the Capital Adjustment account.

Revaluation Reserve	2015/2016	2014/2015
	£000	£000
Revised balance at 1 April	(194,500)	(175,493)
Upward revaluation of assets	(33,964)	(42,538)
Downward revaluations not charged to surplus/ deficit on the provision of services	11,441	10,824
Surplus or deficit on revaluation of non-current assets not posted to surplus/ deficit on the provision of services	(217,023)	(207,207)
Difference between fair value depreciation and historic cost depreciation	10,724	7,401
Accumulated gains on assets sold or scrapped	25,842	5,306
Balance at 31 March	(180,457)	(194,500)

Note 53 Capital Adjustment Account

The Capital Adjustment Account reflects the timing differences arising from the different arrangements for accounting for the financing of the acquisition of assets and the consumption of those assets.

This account shows the reversal of amounts relating to Capital that are charged to the Comprehensive Income and Expenditure Statement. It also shows the financing of capital expenditure and the reversal of sums charged to the Comprehensive Income and Expenditure Statement that have been set aside to repay debt.

	2015/2016	2014/2015
	£000	£000
Opening balance at 1 April	(332,816)	(350,356)
Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure account		
- charges for depreciation of non-current assets	41,349	44,240
- charges for impairment/ revaluations of plant, property and equipment	12,408	25,127
- charges for impairment of investment properties	1,883	903
- gains in fair value on Investment properties	(393)	(1,176)
- movements in value on assets held for sale	40	220
- amortisation of intangible assets	1,596	1,446
- revenue expenditure funded from capital under statute	29,501	21,710
- disposals	44,067	16,899
	<hr/>	<hr/>
Adjusting amounts written out of Revaluation Reserve	(36,566)	(12,707)
	<hr/>	<hr/>
Net written out amount of the cost of non-current assets consumed in the year	(238,931)	(253,694)
	<hr/>	<hr/>
Capital financing applied in the year		
- Use of capital receipts reserve to finance new capital expenditure	(11,087)	(11,315)
- Use of major repairs reserve to finance new capital expenditure	(8,028)	(4,870)
- capital grants and contributions credited to the comprehensive income and expenditure statement applied to capital financing	(25,808)	(29,310)
- application of grants to capital financing from capital grants unapplied account	(24,103)	(15,685)
- statutory provision for the financing of capital investment charged against the general fund and HRA balances	(15,051)	(13,956)
- capital expenditure charged against the general fund and HRA balances	(3,975)	(3,986)
	<hr/>	<hr/>
Balance at 31 March	<u>(326,983)</u>	<u>(332,816)</u>

Note 54 Movement in Pension Surplus/ Deficit during the year

The movement in the liabilities in the Pension Fund are as follows:

	Period ended 31 March 2016			Period ended 31 March 2015		
	Assets	Liabilities	Net (liability)/ asset	Assets	Liabilities	Net (liability)/ asset
	£000	£000	£000	£000	£000	£000
Fair value of employer assets	844,248	0	844,248	744,193	0	744,193
Present value of funded liabilities	0	(1,399,444)	(1,399,444)	0	(1,186,006)	(1,186,006)
Present value of unfunded liabilities	0	(61,993)	(61,993)	0	(57,929)	(57,929)
Opening Position	844,248	(1,461,437)	(617,189)	744,193	(1,243,935)	(499,742)
Service cost						
Current service cost*	0	(35,886)	(35,886)	0	(28,971)	(28,971)
Past service cost (including curtailments)	0	(258)	(258)	0	(301)	(301)
Effect of settlements	(6,072)	10,773	4,701	(1,366)	2,171	805
Total service cost	(6,072)	(25,371)	(31,443)	(1,366)	(27,101)	(28,467)
Net interest						
Interest income on plan assets	26,755	0	26,755	31,909	0	31,909
Interest cost on defined benefit obligation	0	(46,426)	(46,426)	0	(53,349)	(53,349)
Impact of asset ceiling on net interest	0	0	0	0	0	0
Total net interest	26,755	(46,426)	(19,671)	31,909	(53,349)	(21,440)
Total defined benefit cost recognised in Profit or (Loss)	20,683	(71,797)	(51,114)	30,543	(80,450)	(49,907)
Cashflows						
Plan participants' contributions	7,856	(7,856)	0	7,722	(7,722)	0
Employer contributions	28,311	0	28,311	27,186	0	27,186
Contributions in respect of unfunded benefits	3,668	0	3,668	3,711	0	3,711
Benefits paid	(40,889)	40,889	0	(40,698)	40,698	0
Unfunded benefits paid	(3,668)	3,668	0	(3,711)	3,711	0
Expected closing position	860,209	(1,496,533)	(636,324)	768,946	(1,287,698)	(518,752)
Remeasurements						
Change in demographic assumptions	0	0	0	0	0	0
Change in financial assumptions	0	125,546	125,546	0	(179,806)	(179,806)
Other experience	0	21,921	21,921	0	9,088	9,088
Return on assets excluding amounts included in net interest	(54,589)	0	(54,589)	72,903	0	72,903
Total remeasurements recognised in Other Comprehensive Income (OCI)	(54,589)	147,467	92,878	72,903	(170,718)	(97,815)
Effect of business combination and disposals	0	0	0	2,399	(3,021)	(622)
Fair value of employer assets	805,620	0	805,620	844,248	0	844,248
Present value of funded liabilities	0	(1,293,695)	(1,293,695)	0	(1,399,444)	(1,399,444)
Present value of unfunded liabilities	0	(55,371)	(55,371)	0	(61,993)	(61,993)
Closing position	805,620	(1,349,066)	(543,446)	844,248	(1,461,437)	(617,189)

* The current service cost includes an allowance for administration expenses of 0.5% of payroll.

NOTES TO THE CASHFLOW STATEMENT**Note 55 Cash Flow Operating Activities**

The cash flows for operating activities include the following items:

	2015/2016 £000	2014/2015 £000
Interest Received	(950)	(811)
Interest Payable	13,196	13,407

Note 56 Cash Flow Investing Activities

	2015/2016	2014/2015
	£000	£000
Purchase of Property, plant and equipment, investment property and intangible assets	77,473	64,990
Investments - Purchase of and deposits made	544,398	706,089
Investments - Sale of and returning of deposits made	(564,802)	(738,047)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	(19,419)	(7,220)
Other receipts from investing activities	(43,347)	(54,330)
Net Cash flows from investing activities	(5,697)	(28,518)

Note 57 Cash Flow Financing Activities

	2015/2016	2014/2015
	£000	£000
Cash Receipts of short and long term borrowing	(20,437)	12,043
Net cash flows from financing activities	(20,437)	12,043

OTHER NOTES**Note 58 Contingent Liabilities**

The Council is required to show an estimate of future costs that may occur that are not currently reflected in the accounts. The estimate of the costs is a contingent liability. The council has identified the following contingent liability at 31 March 2016:

Insurance Claims

As at 31 March 2016 there are 33 insurance claims where liability has yet to be established. The estimated value of these claims should the Council be found liable in every instance is £1.141 million

Note 59 Contingent Assets

A Contingent Asset is defined as a possible asset that arises from a past event and whose existence will be confirmed only by the occurrence of one or more future events not wholly within the Council's control. This is not recognised in the Comprehensive Income and Expenditure Statement or Balance Sheet because prudence cautions that the gain might never be realised.

The council has identified no contingent assets at 31 March 2016.

Note 60 Pension Schemes Accounted for as defined contribution Schemes**Teachers pension scheme**

In 2015/2016 the Council paid £16.22 million (£15.11 million in 2014/2015) to the Department for Education and Skills in respect of teachers' pension costs which represent 14.1% of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2015/2016 these amounted to £2.45 million (£2.42 million in 2014/2015).

Note 61 Defined benefit Pension Schemes**Participation in Pensions Schemes**

As part of the terms and conditions of employment for officers and other employees, the Council offers retirement benefits. Although these will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Wiltshire Council – this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- The Teachers' Pension Scheme – this is an unfunded scheme, meaning that there are no investments assets built up to meet the provisions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The liability for this scheme falls upon central government.

Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, on an actuarial basis using the projected unit method based on the full actuarial valuation of the fund carried at 31 March 2013.

Pension costs have been charged to the Comprehensive Income and Expenditure Statement on the basis required by IAS 19, contributions payable to the Wiltshire Council pension scheme are based on a 2013 actuarial valuation report dated 31 March 2016. These IAS 19 amounts are then reversed out by a contribution to/from the Pensions reserve, so that they have no impact on the Council Tax.

Assets and liabilities in relation to Retirement Benefits

The underlying assets and liabilities for the retirement benefits attributable to the Council as at 31 March 2016 are as follows:

Local Government Pension Scheme	31 March 2016	31 March 2015
	£000	£000
Fair Value of Employer Assets	805,620	844,248
Present Value of Funded Liabilities	(1,293,695)	(1,399,444)
Net (Under)/Overfunding in Funded Plans	(488,075)	(555,196)
Present value of Unfunded Liabilities	(55,371)	(61,993)
Net Asset/(Liability)	(543,446)	(617,189)
Amount on balance sheet		
Asset	805,620	844,248
Liability	(1,349,066)	(1,461,437)
Liability Amount in Balance Sheet	(543,446)	(617,189)

A more detailed breakdown is included in note 54.

Information about the defined benefit obligation

	Liability split		Duration
	£000	%	years
Active members	557,692	43.1	24.7
Deferred members	259,286	20.0	23.1
Pensioner members	476,717	36.9	12.1
Total	1,293,695	100.0	18.3

The obligation shows the underlying commitments that the Council has in the long run to pay retirement benefits. Statutory arrangements for the funding of the deficit mean that the financial position of the Council remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Pension Assumptions**Financial Assumptions**

The estimates of pensions payable in future years are dependent on certain assumptions. The main assumptions used in the calculations are:

Assumptions as at Year Ended:	31 March 2016	31 March 2015
	% per annum	% per annum
Pension Increase Rate	2.2%	2.4%
Salary Increase Rate	4.2%	4.3%
Discount Rate	3.5%	3.2%

Assumptions on Mortality Rates

Life expectancies are based on the Fund's Vita Curves with improvements. Based on this, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.3 years	24.5 years
Future Pensioners	24.1 years	26.9 years

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future life expectancies is shown below:

Year Ended	Prospective Pensioners	Pensioners
31 March 2014	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%

n a

Pension Assets**Fair value of employer assets**

Assets in the Wiltshire County Council Pension Fund are valued at a fair value, principally market value for investment and consist of the following categories, by proportion:

Asset Category	31 March 2016				31 March 2015			
	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	%
Equity Securities:								
Consumer	21,668	0	21,668	3%	19,725	0	19,725	2%
Manufacturing	12,709	0	12,709	2%	13,688	0	13,688	2%
Financial Institutions	4,543	0	4,543	1%	3,620	0	3,620	1%
Health & Care	5,578	3	5,581	1%	6,165	60	6,225	1%
Information Technology	99,603	0	99,603	12%	87,038	0	87,038	10%
Other	3,343	0	3,343	0%	5,502	0	5,502	1%
Debt Securities:								
Corporate Bonds (investment grade)	0	0	0	0%	1,191	67,260	68,451	8%
Corporate Bonds (non investment grade)	0	0	0	0%	0	2,226	2,226	0%
UK Government	0	0	0	0%	0	3,282	3,282	0%
Other	0	0	0	0%	15	12,217	12,232	1%
Real Estate:								
UK Property	0	99,106	99,106	12%	10,861	74,134	84,995	10%
Overseas Property	0	2,660	2,660	0%	0	4,421	4,421	1%
Investment Funds & Unit Trusts:								
Equities	0	345,996	345,996	43%	0	374,821	374,821	44%
Bonds	0	131,214	131,214	16%	0	52,544	52,544	6%
Hedge Funds	0	0	0	0%	0	16,262	16,262	2%
Commodities	0	6,800	6,800	1%				
Infrastructure	0	64,609	64,609	8%	0	4,383	4,383	1%
Other	0	4,832	4,832	1%	58,319	6,607	64,926	8%
Derivatives:								
Foreign Exchange	0	0	0	0%	(220)	0	(220)	0%
Other	0	0	0	0%	0	0	0	0%
Cash & Cash Equivalents								
All	2,956	0	2,956	0%	20,119	8	20,127	2%
Total	150,400	655,220	805,620	100%	226,023	618,225	844,248	100%

Projected defined benefit costs for the period to 31 March 2017

The estimated employer contributions for the year to 31 March 2017 will be approximately £27.821 million.

The amounts determined by the actuary to be charged to the revenue account under IAS 19 were as follows:

Period Ended 31 March 2016	Assets £000	Obligations £000	Net (Liability)/Asset £000	% of Payroll
Projected Current Service Cost	0	30,817	(30,817)	(25.1%)
Total Service Costs	0	30,817	(30,817)	(25.1%)
Interest Income on Plan Assets	28,816	0	28,816	23.4%
Interest Cost on Defined Benefit Obligation	0	47,825	(47,825)	(38.9%)
Total Net Interest Cost	28,816	47,825	(19,009)	(15.5%)
Total included in Profit or Loss	28,816	78,642	(49,826)	(40.6%)

Sensitivity Analysis

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in Assumptions as at 31 March 2016	Approximate % increase to Employer	Approximate monetary amount (£)
0.5% decrease in Real Discount Rate	10%	132,225
1 year increase in member life expectancy	3%	40,472
0.5% increase in the Salary Increase Rate	3%	34,308
0.5% increase in the Pension Increase Rate	7%	96,382

Further information can be found in the Wiltshire Pension Fund annual report 2015/2016 which is available on request. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Associate Director, Finance, Wiltshire Council, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

Note 62 Nature and Extent of risks arising from Financial Instruments**Risk**

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

The Council contracts with a treasury adviser, regularly reviewing credit ratings of potential organisations and their respective country's ratings incorporating all three main credit rating agencies, together with other 'tools' used to assess the credit quality of institutions such as credit default swaps. The Council uses this information to assess institutions with which it may place deposits or from which it may borrow, including interest rate forecasts for both borrowing and investment, together with setting a 'benchmark' borrowing rate. The Council's investment policy is 'aimed' at the prudent investment of surplus cash balances to optimise returns whilst, first, ensuring the security of capital and liquidity of investments. However, the Council, like any other organisation, can be exposed to financial risk. Examples of the main risks are shown below.

Credit Risk

The credit risk that counterparties are unable to repay investments could impinge on the Council's ability to meet its financial liabilities. Investment counterparty risk is controlled by the use of appropriate criteria to assess and monitor credit risk. The Council has an established and regularly updated lending list, which categorises counterparties according to country, type, sector, maximum investment (individually and as a group) and the maximum duration of the investment.

Liquidity Risk

Liquidity Risk arises due to the uncertainty of liquidity in the market within which the Council "deals" and the Council's own liquidity position. The Council maintains a maturity analysis of financial assets and liabilities within its treasury management system and regularly monitors the maturity of assets and liabilities.

Market Risk

Market Risk is the risk that the value of the Council's investments decrease due to market factors, such as interest rate risk (changes in the level of interest rates). Within the context of the financial instruments that the Council currently holds, it does not have significant exposure to equity risk (changes in share prices), currency risk (foreign exchange rate movements) and commodity risk (changes in the price of e.g. grain, metals etc.).

The Council's strategies take account of the forecast movement in interest rates and allow sufficient flexibility to vary the strategy if movements in interest rates are not in line with forecasts.

Refinancing Risk

Refinancing risk is the risk that the Council cannot, when required (e.g. to finance the Capital Programme), refinance by borrowing to repay existing debt because of the prohibitive rates for refinancing a loan. The majority of the Authority's borrowing is undertaken through the Public Works Loans Board (PWLB), a Government organisation that lends to local authorities. Information, including regular updates, provided by treasury advisers enables the Council to manage and monitor forecast borrowing rates and to support decisions in respect of the restructuring of loans.

Exposure to Risk - Summary Data**Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after the application of the initial criteria. Details of the Investment Strategy can be found on the Council's website.

This Council uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard & Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2015/2016 was approved by Full Council on 24 February 2015 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £22.5 million (all short term investments) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise.

The following table shows the percentage of Investments by country, Sovereign rating and credit rating category (based on Fitch Credit Ratings), the diversification of the Council's investments and the maximum invested with an individual borrower by country and within each credit rating category.

Country	Sovereign Rating	Credit Rating Category	Type of Institution	Duration	Investment Held %	Maximum Invested with Single Counterparty %
N/A	N/A	AAA - £15m	Money Market Fund	0-2 yrs	64.02	64.02
N/A	N/A	AAA - £15m	Money Market Fund	0-2 yrs	0.01	0.01
Sweden	AAA	F1+/AA- - £8m	Overseas Banks	0-1 yr	0.07	0.07
Germany	AAA	F1/A - £8m	Overseas Banks	6 Months	35.77	35.77
Iceland	No Rating	No Rating	Overseas Banks	N/A	0.13	0.13
					100.00	

The credit ratings in the above table are those that were applicable on 31 March 2016. The outstanding investments shown include a small percentage held in an escrow account in Iceland, awaiting release dependent upon the timing of the relaxation/cessation of capital controls preventing its release.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Investments in money market funds make up 64% of the Council's total outstanding investments at 31 March 2016 and the balance of 36% are invested overseas. Any institutions, which, after 31 March 2016, no longer fall within the minimum investment criteria laid down in the Council's Annual Investment Strategy have subsequently been removed and any outstanding investments terminated at the earliest opportunity.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2016	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2016 %	Estimated maximum exposure to default and uncollectability	Estimated maximum exposure at 31 March 2016
	A	B	C	(AxC)	
Deposits with banks and financial institutions	27,438,448	0	0	0	0
Bonds	0	0	0	0	0
Debtors	0	0	0	0	0

No credit limits were exceeded during the reporting period.

The Council does not normally allow credit for customers.

Collateral - During the reporting period, the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

At 31 March 2016 Wiltshire Council had a mixture of PWLB and market loans outstanding. The balance sheet gives details of the split between loans payable within one year and the spread of longer term loans (loans that are outstanding for more than one year). The following table shows the detailed maturity analysis of debt outstanding at the Balance Sheet date and the average rate of interest. The table shows that, including the PWLB loans taken out for the HRA Self Financing Settlement, the overall average interest rate is 3.769%.

31 March 2016 Term of Loan	Market Loans (at the effective interest rate)	PWLB Loans (including Accrued Interest)	Total Amount Outstanding (including Accrued Interest)	Average Rate of Interest	Percentage of Total Loans	Temporary Loans	Soft Loan	Total Amount Outstanding (including Accrued Interest)
Within 1 Year	667,312	13,541,598	14,208,910	3.695%	4.0%	20,000,000	2,472,500	36,681,410
Between 1 and 2 Years	0	10,000,000	10,000,000	4.020%	2.8%	0	0	10,000,000
Between 2 and 5 Years	0	26,810,000	26,810,000	1.754%	7.6%	0	0	26,810,000
Between 6 and 10 Years	0	48,123,038	48,123,038	2.913%	13.7%	0	0	48,123,038
Between 11 and 15 Years	0	49,000,000	49,000,000	3.641%	13.9%	0	0	49,000,000
More than 15 Years	61,348,728	142,566,144	203,914,872	4.258%	58.0%	0	0	203,914,872
	62,016,040	290,040,780	352,056,820	3.769%	100.0%	20,000,000	2,472,500	374,529,320

31 March 2015 Term of Loan	Market Loans (at the effective interest rate)	PWLB Loans (including Accrued Interest)	Total Amount Outstanding (including Accrued Interest)	Average Rate of Interest	Percentage of Total Loans	Temporary Loans	Soft Loan	Total Amount Outstanding (including Accrued Interest)
Within 1 Year	656,329	13,571,627	14,227,956	3.375%	4.0%	0	0	14,227,956
Between 1 and 2 Years	0	12,000,000	12,000,000	3.695%	3.4%	0	0	12,000,000
Between 2 and 5 Years	0	22,810,000	22,810,000	2.831%	6.4%	0	0	22,810,000
Between 6 and 10 Years	0	42,000,000	42,000,000	2.839%	11.9%	0	0	42,000,000
Between 11 and 15 Years	0	49,123,038	49,123,038	3.395%	13.9%	0	0	49,123,038
More than 15 Years	61,370,431	152,564,281	213,934,712	4.276%	60.4%	0	0	213,934,712
	62,026,760	292,068,946	354,095,706	3.837%	100.0%	0	0	354,095,706

Market loans are Lender Option Borrower Option (LOBO) loans, which give the lender the option at certain dates to vary the interest rate, at which point the Council may choose to accept the new rate of interest or repay the loan and if necessary refinance the loan, the aim being to refinance the loan at a more favourable rate of interest. LOBOs are included within the period that reflects the contracted maturity date (as opposed to the option date) in accordance with the Statement of Recommended Practice (SORP). On this basis all LOBOs fall within the "More than 15 Years" maturity period. Any accrued interest is shown as payable within one year, as per the SORP.

The soft loan, for the sum of £2,472,500, shown in 2015/2016 relates to a loan, payable within one year, the Council received, at an interest rate (in this case 0%), which is below prevailing market rates and rates that the Council could borrow at, at the balance sheet date. The loan was provided by South West Local Enterprise Partnership (SWLEP) under the Growing Places Revolving Infrastructure Fund, which provides capital funding to improve the timing of infrastructure delivery. The funds have been drawn down at various stages between March 2013 and December 2015 for capital development associated with phase two of Castledown Business Park at Tidworth Road Ludgershall. As at 31 March 2016, when the soft loan was initially recognised, a gain is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will not be incurred over the life of the instrument, resulting in a higher amortised cost than the outstanding principal. Interest is debited at the higher (than the rate payable to the SWLEP - 0%) effective rate of interest, as the amounts of interest debited and the notional gain in 2015/2016 are the same, the amortised cost of the loan remains the same in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest payable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

	Approved Minimum Limits	Approved Maximum Limits	Actual 31 March 2016		Actual 31 March 2015	
			£000s	%	£000s	%
Less than 1 Year	0%	15%	14,228.0	3.4%	14,228.0	4.0%
Between 1 and 2 Years	0%	15%	10,000.0	2.9%	12,000.0	3.4%
Between 2 and 5 Years	0%	45%	26,810.0	7.7%	22,810.0	6.4%
Between 5 and 10 Years	0%	75%	48,123.0	13.8%	42,000.0	11.9%
More than 10 Years	0%	100%	252,914.8	72.2%	263,057.7	74.3%
			352,075.8	100.0%	354,095.7	100.0%

The Council's policy is to limit the amount of long term loans maturing in any one financial year to a maximum of 15%. Currently the maximum is 4.2% (£14.810 million (£10 million General Fund and £4.810 million HRA) in 2018/2019).

The total value of loan of long term loans has decreased in 2015/2016. This mainly reflects the maturity of a £2 million PWLB loan during the financial year, which was not refinanced.

Market Risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- Borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants (i.e. HRA). Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Wiltshire Council is mainly exposed to interest rate risk (in terms of financial instruments, the Council has little or no exposure to equity risk, currency risk or commodity risk). At 31 March 2016 the Council held £22.5 million in short term investments and £4.9 million in an overnight treasury account classified as and shown within cash and cash equivalents (including accrued interest), at various interest rates.

Where interest rates decrease at a time when the Council has cash "tied up" in short term investments there is an opportunity benefit, which reflects the benefit that has been gained because the Council has been able to invest at the higher rate of interest. If interest rates had been below rates obtained on the investments outstanding at 31 March 2016 and the investments had matured prior to that date, interest taken to the Comprehensive Income and Expenditure Statement could have been less than the interest actually credited to the account. Of course, the opposite could have been true if interest rates had risen.

The fair value of the Council's short term investments has been calculated using market rates at 31 March 2016. This valuation is not significantly different from the carrying amount of the investments in the accounts.

The average interest rate receivable on all short term investments held at 31 March 2016 was 0.56%. If the average rate of interest had increased by 0.50% one month prior to 31 March 2016, the additional interest that could have been credited to the Comprehensive Income and Expenditure Statement and the Council would have been £10,000 "better off" than if the funds were invested at the lower rate. With the benefit of hindsight, market conditions at the balance sheet date indicate that interest rates didn't fluctuate significantly between the issue dates of the investments and 31 March 2016.

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

Foreign exchange risk - Under normal circumstances, the Council has no financial assets or liabilities denominated in foreign currencies and, therefore, has no exposure to loss arising from (adverse) movements in exchange rates. However, the Council currently has foreign exchange exposure relating to a small part of the first repayment from the Icelandic bank, Landsbanki Winding-up Board, which was paid in Icelandic Kroner (ISK) and is

being held in an interest bearing escrow account in Iceland, due to continuing currency controls preventing the release of the funds. The value of the deposit at 31 March 2016 was £28,865.29, including accrued interest. Under the International Accounting Standard 21 (IAS 21), the amount held has been translated using the exchange rate as at 31 March 2016 in accordance with rates quoted by the Icelandic Central Bank and, due to the movement in the exchange rate, a small exchange gain of £3,421.57 has been recognised in the Comprehensive Income and Expenditure Statement.

Note 63 Fair Value

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- for loans from the PWLB and other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on the Balance Sheet date (which could be viewed as a proxy for transfer value)
- for non-PWLB loans payable, prevailing market rates have been applied to provide the fair value
- for loans receivable prevailing benchmark market rates have been used to provide the fair value
- no early repayment or impairment is recognised
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

All the financial assets are classed as Loans and Receivables and held with Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Capita Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses New Borrowing Rates to discount the future cash flows

The fair values, based on new borrowing rates, are compared with the carrying amounts in the following table:

Financial Liabilities	31 March 2016		31 March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long Term Loans:				
Market Loans	62,016,040	80,499,130	62,026,760	78,347,114
PWLB Loans	290,040,780	332,382,257	292,068,946	332,388,840
		0	0	0
Total Long Term Loans	352,056,820	412,881,387	354,095,706	410,735,954
Temporary Loans	20,000,000	20,003,823	0	0
Soft Loan	2,472,500	2,442,505	0	0
Total Loans Value	374,529,320	435,327,715	354,095,706	410,735,954
Short Term Creditors	0	0	0	0
Short Term Finance Leases	0	0	0	0
Long Term Creditors	0	0	0	0
Long Term Finance Leases	0	0	0	0
Total Financial Liabilities	374,529,320	435,327,715	354,095,706	410,735,954

The fair values at 31 March 2016, based on the alternative premature repayment borrowing rates (provided by Capita Asset Services) are shown in the following table:

Financial Liabilities	31 March 2016	
	Carrying Amount	Fair Value
Long Term Loans:		
Market Loans	62,016,040	100,651,783
PWLB Loans* (see below)	290,040,780	373,718,879
Total Long Term Loans	352,056,820	474,370,662
Temporary Loans	20,000,000	20,005,864
Soft Loan	2,472,500	2,467,361
Total Loans Value	374,529,320	496,843,887
Short Term Creditors	0	0
Short Term Finance Leases	0	0
Long Term Creditors	0	0
Long Term Finance Leases	0	0
Total Financial Liabilities	374,529,320	496,843,887

The fair value of loans outstanding, provided by PWLB, based on a premature repayment rate, is £373,702,304.

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This, currently, shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the premature repayment borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £290,040,780 would be valued at £373,718,879. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £83,255,732

Financial Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans and Receivables:				
Long Term Investments	0	0	0	0
Short term Investments	22,538,427	22,540,357	42,927,267	42,944,689
Cash and Cash Equivalents	4,900,020	4,900,020	0	0
Total Loans and Receivables	27,438,447	27,440,377	42,927,267	42,944,689
Short Term Debtors	0	0	0	0
Long Term Debtors	0	0	0	0
Total Financial Assets	27,438,447	27,440,377	42,927,267	42,944,689

The fair value of the assets is slightly higher than the carrying amount because the Council's portfolio of investments includes a fixed rate deposit where the interest rate receivable is higher than the comparable rates available for similar deposits in the market at the balance sheet date.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value

The effect on the fair value of a 1% increase in market interest rates would be:

Financial Liabilities	31 March 2016		31 March 2015	
	Carrying Amount	Fair Value (at Discount/Market Rate plus 1%)	Carrying Amount	Fair Value (at Discount/Market Rate plus 1%)
Long Term Loans:				
Market Loans	62,016,040	65,674,812	62,026,760	63,933,849
PWLB Loans	290,040,780	296,161,438	292,068,946	295,199,736
		0	0	0
Total Long Term Loans	352,056,820	361,836,250	354,095,706	359,133,585
Temporary Loans	20,000,000	19,994,646	0	0
Soft Loans	2,472,500	2,418,617	0	0
Total Loans Value	374,529,320	384,249,513	354,095,706	359,133,585
Short Term Creditors	0	0	0	0
Short Term Finance Leases	0	0	0	0
Long Term Creditors	0	0	0	0
Long Term Finance Leases	0	0	0	0
Total Financial Liabilities	374,529,320	384,249,513	354,095,706	359,133,585
Loans and Receivables:				
Long Term Investments	0	0	0	0
Short term Investments	22,538,427	22,537,728	42,927,267	42,871,411
Cash and Cash Equivalents	4,900,020	4,900,020	0	0
Total Loans and Receivables	27,438,447	27,437,748	42,927,267	42,871,411
Short Term Debtors	0	0	0	0
Long Term Debtors	0	0	0	0
Total Financial Assets	27,438,447	27,437,748	42,927,267	42,871,411

In terms of loans, this results in a lower fair value because of the effect on premiums and discounts that would be payable/receivable as a result of the early repayment of debt (i.e. at 31 March 2016). Where there is an increase in the discount rates this will increase discounts receivable and reduce premiums payable on early repayment of loans.

Note 64 Fair Value Measurement of Investment Properties

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2016 and 2015 are as follows:

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2016 £000
Main Portfolio	0	0	24,576	24,576
Nurseries & Community Leases	0	0	333	333
Other	0	0	234	234
Total	0	0	25,143	25,143

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2015 £000
Main Portfolio	0	0	25,885	25,885
Nurseries & Community Leases	0	0	287	287
Other	0	0	1,818	1,818
Total	0	0	27,990	27,990

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Unobservable Inputs Level 3

The Council's Main Portfolio and Nurseries & Community Leases are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Council's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The whole of the Council's Investment Estate is therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	As at 31 March 2016	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
	£000			
Main Portfolio	24,576,700	Income Market Rentals Yields	Comparables Databases (Public & GVA Internal) Rents, yields, capital costs	Medium
Nurseries & Community Leases	332,650	Income Market Rentals Yields	Comparables Databases (Public & GVA Internal) Rents, yields, capital costs	Medium

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's Finance Officers work closely with the external valuer's and the Council's internal Strategic Property service reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

Housing Revenue Account

This account records the transactions relating to the Council's housing stock. The Local Government and Housing Act 1989 requires its separation to give a clear picture of the cost of providing homes for council tenants. Housing Revenue Account income and expenditure does not affect the amount of Council Tax levied.

	NOTE	2015/2016		2014/2015	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		(25,021)		(24,555)	
- garages		(333)		(324)	
- other		(214)	(25,568)	(186)	(25,065)
Charges for services and facilities			(605)		(601)
Total Income			<u>(26,173)</u>		<u>(25,666)</u>
Expenditure					
Repairs and Maintenance			6,138		6,124
Supervision and Management:					
- general		2,544		2,778	
- special services		1,082	3,626	1,310	4,088
Increased provision for bad debts			96		132
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	11,612		16,380	
- On garages	3	148		148	
- On other Assets	3	52		52	
			11,812		16,580
Total Expenditure			<u>21,672</u>		<u>26,924</u>
Net Cost Of Services per Income & Expenditure Account			<u>(4,501)</u>		<u>1,258</u>
HRA Services share of Corporate and Democratic Core			321		321
Net Cost Of HRA Services			<u>(4,180)</u>		<u>1,579</u>
(Gain)/Loss on sale of HRA fixed assets			(886)		(1,482)
Interest Payable			3,673		3,673
Interest:					
- on mortgages		(54)		(47)	
- on balances		(110)	(164)	(89)	(136)
(Surplus)/Deficit for the Year on HRA services			<u>(1,557)</u>		<u>3,634</u>

Statement of Movement on the HRA Balances

	2015/2016 £000	2014/2015 £000
Balance on HRA at the end of previous year	(18,162)	(16,896)
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	(1,557)	3,634
Adjustments between accounting basis and funding basis under statute	(760)	(4,900)
Net (increase)/decrease before transfers to/ from reserves	(2,317)	(1,266)
Transfer to/ from reserves	0	0
Net (increase)/decrease in year on HRA	(2,317)	(1,266)
Balance on HRA at the end of current year	(20,479)	(18,162)

Note to Statement of Movement on the HRA Balances

	2015/2016 £000	2014/2015 £000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year		
Gain/(Loss) on sale of HRA fixed assets	885	1,482
Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year		
Transfer to/from Major Repairs Reserve note 5	(5,625)	(10,393)
Transfer to/from Pension Reserve note 6	12	39
Transfer to/from accumulated absences	(7)	(3)
Revenue Contributions to Capital Expenditure	3,975	3,975
Net Additional amount required by statute to be credited to the HRA balance for the year	(760)	(4,900)

Housing Revenue Account Notes

1 Housing Stock

Houses and Bungalows	31 March 2016	31 March 2015
- 1 bedroom	278	278
- 2 bedrooms	1,430	1,434
- 3 bedrooms	1,772	1,789
- 4+ bedrooms	141	143
Flats		
- 1 bedroom	918	918
- 2 bedrooms	692	694
- 3+ bedrooms	68	68
Total dwellings as at 31 March	5,299	5,324

The council sold 25 houses during 2015/2016 under the right to buy scheme (RTB), for which the council received a total before pooling of £1,875,200 as capital receipts.

The figures above do not include the PFI housing units recently brought on stream, these are classified as general fund funding, and so are not part of the HRA. Further information on these PFI dwellings is found in the PFI note.

2 Arrears

The year end position regarding arrears owed to the HRA was:

	31 March 2016 £000	31 March 2015 £000
Rent arrears	1,132	1,167
less rent payments in advance	(500)	(437)
less bad debt provision	(1,075)	(1,108)
Net arrears position	(443)	(378)

3 Movement of Housing Revenue Account Assets

	Council Dwellings (Structures) £000	Council Dwellings (Services) £000	Council Dwellings (Land) £000	Other Property (Garages) £000	Other Equipment £000	Total £000
Net Book Value 1 April 2015	128,966	24,991	78,178	3,564	199	235,898
Additions in Year	6,082	4,273	1,199			11,554
Disposals	(1,257)					(1,257)
Revaluations	4,559	2,765	1,353			8,677
Depreciation	(5,364)	(6,248)		(148)	(52)	(11,812)
Category Adjustments	166					166
Balance at 31 March 2016	133,152	25,781	80,730	3,416	147	243,226

The Balance Sheet value of Council Dwellings (structures, services and land) as at 31 March 2016 was £239,663,437. This represents the valuation at existing use for social housing which is the value of the properties with a secured tenant continuing to live in the property paying social rents rather than market rents.

The Vacant Possession value of the properties at 31 March 2016 was £773,107,868. This represents the value of the houses if the property were sold without a secured tenant continuing in the property. Therefore it could be rented out at market rent so has a higher value. This figure has been discounted by a factor of 31% to get the Existing use value - social housing.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2016 was £533,444,431.

The value of land valued in the HRA which is included in the balance sheet value of the council dwellings is £80,729,633.

4 Financing of HRA capital expenditure

	2015/2016 £000
Revenue and Reserves	3,975
Other receipts (MRR)	9,859
	13,834
Council Dwellings (Structures and Services)	11,554
Plant & Equipment	0
Asset under Construction	2,280
	13,834

5 Major Repairs Reserve

	2015/2016 £000	2014/2015 £000
Brought forward at 1 April	(10,956)	(9,640)
Transfer to Capital	8,028	4,871
HRA Depreciation	(11,812)	(16,580)
Transfer to HRA	5,625	10,393
Carried forward at 31 March	<u>(9,115)</u>	<u>(10,956)</u>

6 Contribution to Pension Reserve

The HRA bears a share of the pension contribution due to the IAS 19 adjustment in proportion to the payments made during the year. See note 61 to the Core Financial Statements for more information on accounting for retirement benefits.

The Collection Fund

The Collection Fund is a statutory fund. It covers Council Tax and Non-Domestic Rate collection and the precepts of Wiltshire Council, the Office of the Police and Crime Commissioner for Wiltshire and Swindon (Police), Wiltshire Fire and Rescue Service (Fire) and Parish Councils.

NOTE	Non-Domestic			Non-Domestic		
	Rates 2014/2015	Council Tax 2014/2015	Total 2014/2015 £000	Rates 2013/2014	Council Tax 2013/2014	Total 2013/2014 £000
Income						
Council Tax		(268,120)	(268,120)		(262,181)	(262,181)
Non-Domestic Rates	(142,729)		(142,729)	(138,898)		(138,898)
Transferred from General Fund						
Transitional Relief	985		985	(362)	(6)	(368)
	<u>(141,794)</u>	<u>(268,120)</u>	<u>(409,914)</u>	<u>(139,255)</u>	<u>(262,187)</u>	<u>(401,442)</u>
Disbursement						
Precepts and Demands						
- Wiltshire Council	68,532	208,843		69,573	204,555	
- Police		28,015		0	26,927	
- Fire	1,399	11,084		1,420	10,646	
- Town/Parish Councils		14,206		0	13,474	
- Central Government	69,981			70,993	0	
			402,010			397,588
Share of surplus/(deficit) on Collection Fund						
- Wiltshire Council	(555)	4,647		(2,658)	2,966	
- Police		612		0	383	
- Fire	(11)	242		(54)	151	
- Central Government	(566)			(2,713)	0	
			4,369			(1,925)
Cost of collection allowance	622			616		
Provision for Bad Debts	(105)	(78)		(92)	156	
Write offs	1,124	764		1,236	549	
Appeals	112			376		
Other transfers to general fund	923			1,048		
Interest on overpayments	38			64		
			3,400			3,953
Funds surplus/(deficit) for the year	350	(215)	135	(554)	2,380	1,826
	<u>141,794</u>	<u>268,120</u>	<u>409,914</u>	<u>139,255</u>	<u>262,187</u>	<u>401,442</u>
Balance						
	Non-Domestic		Total	Non-Domestic		Total
	Rates	Council Tax		Rates	Council Tax	
Fund balance of	8,443	(6,915)	1,528	7,889	(4,535)	3,354
(Surplus)/deficit for year	(350)	215	(135)	554	(2,380)	(1,826)
Fund balance of	<u>8,093</u>	<u>(6,700)</u>	<u>1,393</u>	<u>8,443</u>	<u>(6,915)</u>	<u>1,528</u>

Notes to the Collection Fund

1 Council Tax

Council Tax is charged according to the Government's valuation of residential properties as at 1 April 1991. Valuations are stratified into eight bands for charging purposes. Individual charges are calculated by estimating the total amount of income required by the Collection Fund's preceptors and dividing this by the Council Tax base. The tax base is the total number of chargeable properties in all valuation bands converted to an equivalent number of band D dwellings, with an allowance made for discounts and exemptions.

The average amount of Council Tax required from a property in any tax band is the band D charge, average for Wiltshire Council was £1,534.45 for 2015/2016 multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

Band	Estimated No. of Taxable Properties after discounts	Band D Equivalent Dwellings	Ratio
Band A Disabled	27	15	5/9
Band A	13,535	9,023	6/9
	13,562	9,038	
Band B	27,618	21,481	7/9
Band C	40,318	35,838	8/9
Band D	30,927	30,927	9/9
Band E	24,320	29,725	11/9
Band F	15,035	21,717	13/9
Band G	9,684	16,140	15/9
Band H	1,115	2,229	18/9
		167,095	
		3,748	
		170,843	

Adjustment for MOD contribution in lieu, new properties, & collection rate

Council Tax Base 2015/2016

2 National Non-Domestic Rates

The total non-domestic rateable value at 31 March 2016 was £368,870,595 (£359,570,117 at 31 March 2015). The national non domestic multiplier for the year was 49.3p (48.2p in 2014/2015) and the small business rates relief multiplier was 48.0p (47.1p in 2014/2015).

3 Collection Fund Balance

The Council has to record transactions for Council Tax and Non-Domestic Rates in the Collection Fund Account. The balance, as usable income, will be paid to the Council and its major preceptors in future years.

	Non-domestic Rates 31/03/2015 £000	Council Tax 31/03/2015 £000	Total 31/03/2015 £000	Non-domestic Rates 31/03/2015 £000	Council Tax 31/03/2015 £000	Total 31/03/2015 £000
Wiltshire Council	3,966	(5,643)	(1,677)	4,137	(5,833)	(1,696)
Police	0	(757)	(757)	0	(775)	(775)
Fire	81	(300)	(219)	84	(307)	(223)
Central Government	4,046	0	4,046	4,222	0	4,222
	8,093	(6,700)	1,393	8,443	(6,915)	1,528

Glossary

For the purposes of compiling the Statement of Accounts, the following definitions have been adopted and may be useful to the reader in understanding terminology used in the statement.

Accruals

The recognition of income and expenditure as it falls due, not when cash is received or paid.

Amortisation

The writing down of the value of intangible fixed assets in line with its programmed useful life.

Assets

These can be either:

- **Intangible assets** – assets which are non-physical in form, that is, which cannot be seen. Examples are patents, goodwill, trademarks and copyrights;
- **Property plant and Equipment (PPE) assets** – tangible assets that give benefits to the Council for more than one year;
- **Community assets** – assets without determinate life that the Council intends to hold in perpetuity. They may have restrictions on their disposal. Examples include parks and historic buildings;
- **Infrastructure assets** – inalienable fixed assets such as highways and footways;
- **Non-operational assets** – fixed assets not directly used for service provision. Examples include surplus land and buildings awaiting sale or further development.
- **Heritage assets** – Assets held solely for historical, artistic, scientific, technological, geophysical or environmental qualities.

Balance Sheet

A summary of all the assets, liabilities, funds, reserves etc.

Best Value

The Council duty to provide effective and efficient services based on community need and desire.

Budget

The Council's financial plans for the year. Both capital and revenue budgets are prepared and, amongst other things, used as performance measures.

Capital Expenditure

Substantial expenditure producing benefit to the Council for more than one year.

Capital Receipts

The proceeds of the disposal of assets, non-approved investments and the repayment of grants made by the Council.

Cashflow Statement

A summary of the inflows and outflows of cash with third parties for revenue and capital purposes.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the institute of professional local government accountants and produces standards and codes of practice followed in the production of a Council's accounts.

Code of Practice

Issued by CIPFA, this is a code of proper accounting practice with which Local Authorities in England and Wales must comply in preparing their financial statements.

Comprehensive Income and Expenditure Statement (CI&ES)

This account shows expenditure on and income from the Council's day to day activities. Expenditure includes salaries, wages, service and depreciation charges. It gives the cost of the main services provided by the Council.

Creditors

Money owed by the Council to others.

Debtors

Money owed to the Council by others.

Dedicated Schools Grant (DSG)

A central government grant paid to the council for the use for expenditure on schools.

Depreciation

The writing down of the value of tangible fixed assets in line with its programmed useful life.

Employee Costs

Pay and associated costs such as national insurance, pension contributions etc.

Exceptional Items

Items that, although usual to the activities of the Council, by their nature need separate disclosure because of their unusual size or incidence.

Extraordinary Items

Material items needing separate disclosure because they are unusual to the activities of the Council by their nature.

General Fund

The main revenue fund of the Council which shows income from and expenditure on the Council's day to day activities. It excludes the provision of housing which must be charged to a separate Housing Revenue Account.

Government Grants

The amounts of money the Council receives from the Government and inter-government agencies to help fund both general and specific activities.

Government Grants Deferred

Capital grants which are credited to the balance sheet and amortised to revenue over the life of the relevant asset to offset provisions made for depreciation.

Gross Expenditure

Expenditure before deducting any related income.

Housing Revenue Account (HRA)

The account which sets out the expenditure and income on the provision of housing. Other services are charged to the General Fund.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

IFRSs

International Financial Reporting Standards issued by the Accounting Standards Board requiring information to be shown in accounts.

Leases

These may be finance leases that transfer the risks and rewards of ownership of an asset to the Council. Alternatively, they may be operating leases that are more akin to a hire agreement.

Liabilities

Amounts the Council either owes or anticipates owing to others, whether they are due for immediate payment or not.

Long Term Contracts

A contract that, once entered into, will take longer than the current period of account to complete.

Minimum Revenue Provision (MRP)

Statute requires revenue accounts to be charged with a Prudent Minimum Revenue Provision as a notional redemption cost of all external loans.

Major Repairs Allowance (MRA)

Funded by Central Government. It represents the long term average amount of capital spending required to maintain a Council's housing stock in its current condition.

Net Expenditure

Gross expenditure less directly related income.

Non-Domestic Rates (NDR)

Wiltshire Council collects Non-Domestic Rates from local businesses and organisations. The income is then distributed between Wiltshire Council, Central Government and Wiltshire & Swindon Fire Authority in line with the relevant statutory and accounting guidelines.

Precept

The amount of income demanded of the Collection Fund by an authority entitled to that income.

Preceptor

An authority entitled to demand money of the Collection Fund. The preceptors on Wiltshire Council's Collection Fund are the Council itself, the Office of the Police and Crime Commissioner for Wiltshire and Swindon, Wiltshire Fire and Rescue Service and Parish and Town Councils.

Private Financing Initiative (PFI)

A long-term contractual public private partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to standards of performance.

Provision for Credit Liabilities (PCL)

Statute requires the Council to set aside provision to repay external loans and other credit transactions. Debt-free authorities do not have to apply the whole of the balance shown within the Capital Financing Reserve.

Provisions

Amounts held in reserve against specific potential liabilities or losses where there is uncertainty as to amounts and/or due dates. Payment to a provision is counted as service expenditure.

Rateable Value

Assessment by the Inland Revenue of a property's value from which rates payable are calculated.

Reserves

Amounts prudently held to cover potential liabilities. Payments to reserves are not counted as service expenditure.

Revaluation Reserve

A capital reserve where changes in the value of fixed assets are disclosed when they are revalued. This reserve replaces the Fixed Asset Restatement Account (FARA) which was previously required.

Revenue Expenditure

Day to day running costs of services.

Revenue Income

Day to day income received for services.

Revenue Support Grant

A Government grant paid towards the cost of General Fund services.

Running Expenses

The cost of running a service less employee expenses and capital charges.

Service Reporting Code of Practice (SeRCOP)

Established to modernise the system of Local Authority accounting and reporting, and ensure that it meets the changed and changing needs of modern Local Government; particularly the duty to secure and demonstrate best value in the provision of services to the community.

Usable Capital Receipts Reserve

This reserve holds the amounts of capital receipts derived from the disposal of fixed assets until such a time that they are used to finance capital expenditure.

Useful Life

The anticipated period that an asset will continue to be of benefit.

Value Added Tax (VAT)

An indirect tax levied on vatiable goods and services.

WILTSHIRE COUNCIL

AGENDA ITEM NO.

AUDIT COMMITTEE

27 July 2016

INTERNAL AUDIT - Annual Report (2015/16) & First Quarter Update (2016/17) REPORT

Purpose of the Report

1. This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section for 2015/16 (Annual Report) and for the first quarter of 2016/17. In particular, it provides a summary of:
 - the outcomes of 2015/16 audits completed as well as the annual opinion from the Council's Internal Auditors in line with statutory requirements (Appendix 1)
 - the results and outcomes of follow-up reviews carried out during this period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year
 - an update on the delivery of the 2016/17 IA Plan (Appendix A), including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits.

Executive Summary

- ***2015/16 Audit Opinion (Appendix 1)***
2. Overall 63 audits have been delivered from the 2015/16 IA Plan, including 15 carried forward from the 2014/15 IA Plan. The majority of these have been reported to Audit Committee during the last 12 months.
 3. Recognising the need to align more closely internal audit effort with corporate risk areas, the 2015-16 Internal Audit Plan included combined assurance assignments (i.e. Healthy Organisation) for the first time. This approach required a more collaborative approach with officers to identify existing assurance arrangements (i.e. the three lines of defence). SWAP completed the Corporate Healthy Organisation Review in April 2016 reporting that to the last Audit Committee. Further reviews have been completed in the following areas: Public Health; Highways; and Children's Safeguarding. A further pilot (Economic Development) is at draft stage and should finalise soon.
 4. Other significant programmes of work included the 9 financial key control audits upon which KPMG place reliance, 9 school financial health checks and 10 grant certifications.

5. In total, 9 audits have been carried forward from the 2015/16 IA Plan into 2016/17 Plan. Of these, 7 are now complete, one is at draft stage and the remainder is at discussion paper stage.
6. Overall IA concluded that for 2015/16 (as per its assurance definitions at page 11 of the SWAP report at Appendix 1 of this report) that the majority of its findings to date were of '**reasonable assurance**'.
7. Overall, 343 recommendations have been made by IA in 2015/16. These have been broken down as follows:

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	HO	Total
2015/16 audits	0	48	188	50	0	57	343
%	0%	14%	55%	15%	0%	16%	100%

8. Of the above totals, 56 recommendations have been made by IA in Quarter 1 of 2016/17 (i.e. 2015/16 carried forward work). These are broken down as follows:

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	HO	Total
2015/16 audits	0	4	23	8	0	21	56
%	0%	7%	41%	14%	0%	38%	100%

9. Appendix B shows audits grouped by current status and highlighted as Red, Amber or Green. Please note that the continuation of 2015/16 activity into the 2016/17 financial year has impacted slightly the delivery of the IA 2016/17 Plan (*please see amber entry on Appendix B '2016/17 Audits in Progress'*).
10. Significant work has been undertaken in 2015/16 with the Audit Committee to improve the reporting and monitoring of the implementation of audit recommendations. This work has focused on ensuring recommendations are implemented in line with agreed timescales. The latest reports show that there continues to be improvement, in part it is felt due to this monitoring to the Audit Committee.
11. None of the highest priority recommendations (Priority 5) and only 16 of the next highest priority are more than six months overdue.

12. However, there are a number of areas still to address as highlighted by the following aged analysis of implementing recommendation Tables referred to in the first quarter 2016/17 internal audit report (Appendix A):

Priority 5

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
Totals	0	0	0	0	0	0

Priority 4

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
Totals	1	0	4	0	16	21

Priority 3

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
Totals	5	9	19	0	39*	72

*2 recommendations date from 2014/15.

13. Further analysis of this identifies that the majority of those recommendations outstanding relate to school audits, and are just over 120 days. Part of this delay has occurred in the reporting timescales for schools. However, the delay and ways schools address audits is being reviewed and an update will be brought back to the next Audit Committee.

14. Overall the performance of SWAP (2015/16) is on track with the partnership performance measures. The latest audit satisfaction returns show an increase in service views of internal audit, with an average 84% satisfaction score. That is in line with the high performing audit scores at other SWAP clients and a slight improvement on the 2014/15 average score (83%)

- 2016/17 Audit Plan

15. Currently, 20 audits from the 2016-17 plan have commenced. Of Quarter 1 Activity (commenced April 2016), 3 audits are at draft stage, a further 2 at discussion paper stage and 8 are in progress. In addition 7 audits have been brought forward from Quarter 2.
16. The activity for Quarter 2 (commencement July 2016) includes 5 follow-up school reviews which have duration of 3 to 5 days.

17. Twelve audits will be deferred to later start date in the 2016/17 IA. These deferrals arising mainly due to changes in the Council's structures and procedures (e.g. Strategic Hub - procurement) and to include additional IA work (Concessionary Fares).
18. Since the last update report in April 2016, there have no audits adjudged partial assurance, and thus no potential very high significant 'corporate' risks have been identified.

Proposal

19. Members are asked to note the findings from IA audits to date.

Reasons for Proposals

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

Michael Hudson
Associate Director, Finance, S.151 Officer

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

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

Appendices: 1 – 2015/16 Internal Audit Opinion
A – IA Quarter One Progress Report 2016/17
B – IA detailed Audit Plan and monitoring statement 2016/17
C – Significant Corporate Risks
D – Summary of audits deemed 'Partial / No' assurance
E – Recommendations Outstanding
F – Recommendations Not Agreed
G – Grant Certifications – Guidance & Expectations



Wiltshire Council

Report of Internal Audit Activity

Annual Opinion Report 2015/16

Page 187

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive

Tel: 01935 385906

gerry.cox@southwestaudit.co.uk

Dave Hill

Director of Planning

Tel: 01935 385 906

david.hill@southwestaudit.co.uk

Jenny Strahan

Assistant Director

Tel: 01225 763 495

jenny.strahan@southwestaudit.co.uk



Summary:

Purpose & Background

Page 1

Annual Opinion

Page 3



Summary of Audit Work:

Internal Audit Work Programme

Page 4

Significant Corporate Risks

Page 5

Pie Chart of Works

Page 6

Priority Actions

Page 7



Plan Performance:

Added Value

Page 8

SWAP Performance

Page 9



Appendices:

Appendix A – Audit Framework Definitions

Page 11

Appendix B – Summary of Work Plan

Page 13

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



Purpose

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 risk management systems 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.

Summary

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



Background

The Internal Audit service for Wiltshire Council is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The Partnership is also 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 through the work based on the Annual Plan agreed by Senior Management and this Committee.

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



Annual Opinion

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

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. In order to improve the effectiveness of the assurance process, the approach for 2015-16 has involved a more comprehensive combined assurance review to identify the most appropriate focus for Internal Audit Work. The Plan was agreed with Corporate Directors and presented to the Audit Committee for approval. The Audit Committee has received quarterly reports of progress against the plan throughout this year.

As stated in the AGS, the Internal Audit Annual Report and Opinion 2015-16 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. SWAP Ltd, as the Council's internal auditors, have given an overall audit opinion of '**Reasonable**' assurance on the adequacy and effective operation of the Council's control environment for 2015-16.

Summary of Audit Work 2015/16

Our audit activity is split between:

- **Healthy Organisation**
- **Operational Audits**
- **Key Control Audits**
- **Governance, Fraud & Corruption Audits**
- **School Audits**
- **IT Audits**
- **Special Investigation Reviews**
- **Grant Certification**
- **Follow-up 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 2015/16 and the final outturn for the financial year. In total, 63 will be delivered. *This includes the 15 audits carried forward from 2014/15 into this year.*

Of the 63 reviews in the revised 2015/16 audit plan, they are broken down as follows:

• Healthy Organisation	12
• Operational Audits	8
• Key Control Audits	10
• Governance, Fraud & Corruption	2
• School Audits	12
• IT Audits	5
• Special Investigation Reviews	3
• Grant Certification	10
• Follow-up Reviews	1

Recognising the need to align more closely internal audit effort with risk areas, the 2015-16 Internal Audit Plan included combined assurance assignments (i.e. Healthy Organisation) for the first time. This approach enabled us to work extensively with officers to identify existing assurance arrangements (three lines of defence) and the outcome of these efforts, in common with the rest of the IA Plan, has been fed back to the Audit Committee as part of the quarterly reports of progress against the IA plan throughout this year.

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.

Summary of Audit Work 2015/16

Significant Corporate Risks

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.



Significant Corporate Risks

Review/Risks	Auditors Assessment
<p>Swindon & Wiltshire Local Enterprise Partnership (SWLEP) - our testing revealed a lack of transparency of process & formal procedures to support the procurement, contracting & payment of contracted specialist consultants & administrative support for SWLEP. We also noted that the Councils procurement regulations were not always consistently followed. This will be subject to a follow up audit in 2016/17.</p>	High
<p>School Financial Health Checks: 9 schools were reviewed with selection guidance provided by the Local Authority. Of these, 5 schools were given a 'partial' opinion & a summary of common weaknesses included: poor compliance with procurement procedures; poor compliance with income management procedures; absence of staff in key positions impacting leadership (e.g. head teacher &/or school business management); and, governor decision making lacking transparency. All partial opinions will be subject to follow up reviews during 2016/17.</p>	High

Summary of Audit Work 2015/16

SWAP Performance - Summary of Audit Work

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition":

- Substantial
- Reasonable
- Partial
- None

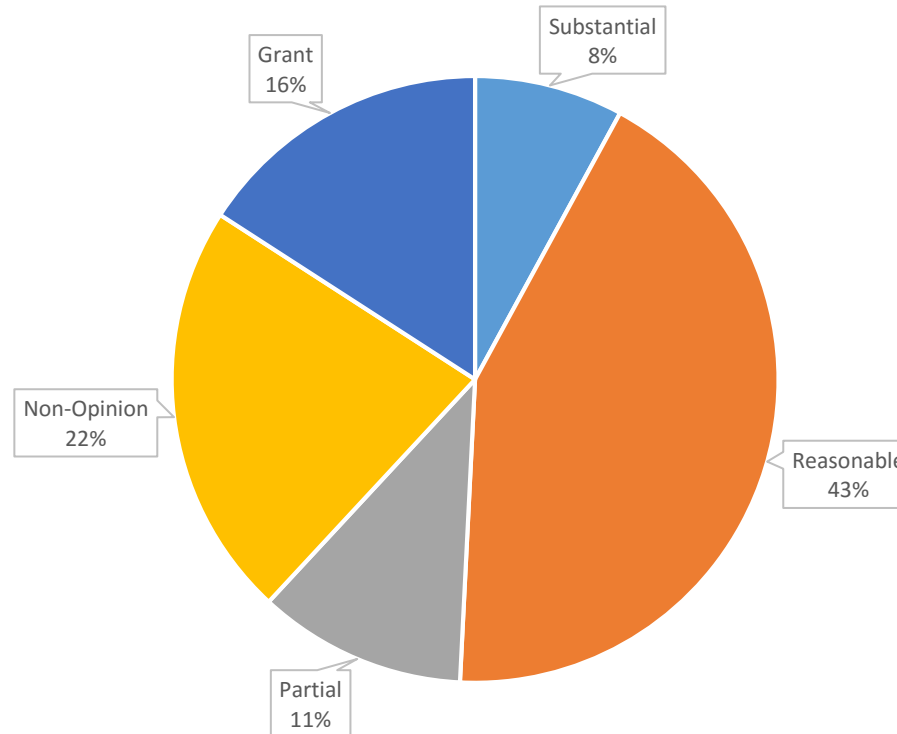
We have also included other audit activity:

- Grant Certification
- Non Opinion (includes e.g. school theme work; follow-up reviews)



Summary of Audit Opinion

Control Assurance by Category
(including 14/15 work completed in year)



Summary of Audit Work 2015/16

SWAP Performance - Summary of Audit Recommendations by Priority.



Analysis of Recommendations Raised in 15/16

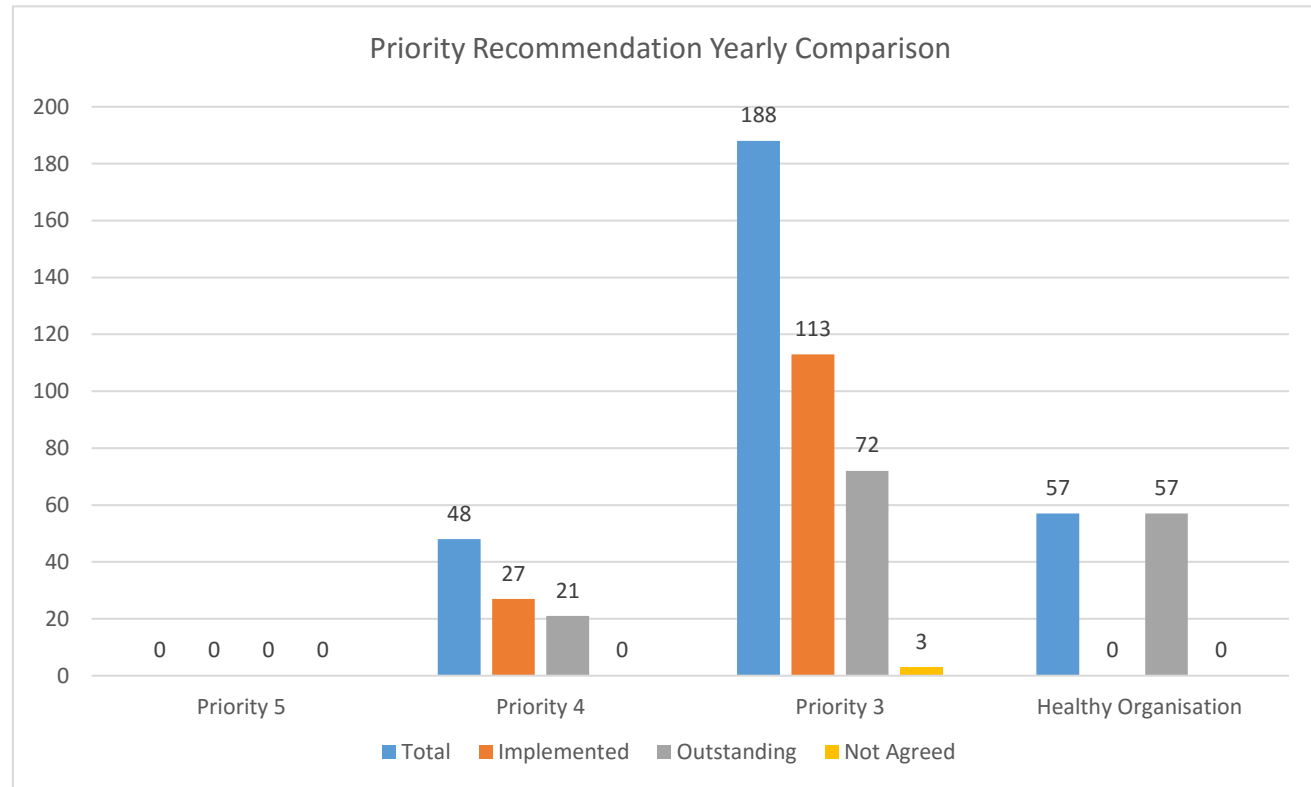
We rank recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action.

Yearly Comparison Chart

a) 236 Priority 3 & 4 Recommendations raised:

- 233 were agreed & 3 not agreed. Of agreed, 140 implemented.
- Of the outstanding 93, the agreed implementation dates for 38 are not yet due i.e. *Financial Key Controls (17); Data Centres (6); & schools (15)*.
- 55 outstanding recommendations are detailed in Aged Analysis Reports and Appendix E (see Quarter 1 report). These are shared with CLT to enable them to monitor progress. *Please note 53 relate to schools.*

b) 57 Healthy Organisation recommendations raised. The Improvement Plan arising has informed 16/17 Internal Audit Plan.



Added Value

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



Added Value

The School Financial Healthcheck Programme: The work undertaken this year has informed 3 themed reviews (please see below) that examine the causes of common areas of control weakness reported and offer pro-active guidance on proper internal controls and best practice. These non-opinion reviews are posted to all Wiltshire Schools via Wisenet. This has been our practice since 2012.

- Business Continuity Planning
- Counter Fraud Arrangements (also currently subject to update)
- Governors Minutes

Housing: Additional assurance provided in respect of rented council owned park homes which are not included on QL Housing Application, or accounted for, through the Council's Housing Revenue Account. We advised that these are accounted for separately as they relate to rental of plots and not properties.

Benchmarking: We have also participated in SWAP partnership benchmarking exercises including Debt Management; Grants Awarded; Health & Safety; and Income Generation.

Fraud: We have met regularly with the Corporate Fraud Team and have supported 3 investigations this year. We also share Fraud updates received from SWAP's Fraud Team with the Council.

Grants: We have undertaken 10 grant reviews in 2015/16 and have noted issues regarding the organisation and timeliness of evidence presented to us. In the Quarter 1 (16/17) update, we have provided a good practice guide to assist officers and promote efficiency.

The Director of Planning for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



SWAP Performance

SWAP now provides the Internal Audit service for 14 Councils and also many subsidiary bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for Wiltshire Council for the 1015/16 year (as at July 2016) are as follows;

Performance Target	Average Performance
<p><u>Audit Plan – Percentage Progress</u></p> <p>Final, Draft and Discussion</p> <p>Fieldwork Completed (awaiting report)</p> <p>In progress</p> <p>Yet to start</p>	<p>100%</p> <p>0%</p> <p>0%</p> <p>0%</p>
<p><u>Draft Reports</u></p> <p>Issued within 5 working days of closeout</p> <p>Issued within 10 working days of closeout</p>	<p>52%</p> <p>61%</p>
<p><u>Final Reports</u></p> <p>Issued within 10 working days of discussion of draft report</p>	<p>46%</p>
<p><u>Quality of Audit Work</u></p> <p>Customer Satisfaction Questionnaire</p>	<p>84%</p>

The Director of Planning for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



SWAP Performance

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). SWAP has been independently assessed and found to be in Conformance with the Standards.

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

- Substantial
- Reasonable
- Partial
- None



Audit Framework Definitions

Control Assurance Definitions

Substantial	▲ ★ ★ ★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲ ★ ★ ☆	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲ ★ ☆ ☆	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲ ☆ ☆ ☆	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

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



Audit Framework Definitions

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- HO: Healthy Organisation

Definitions of Risk

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

Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
										5	4	3	2	HO	
AUDITS AT FINAL/COMPLETED (STATUS GREEN)															
Operational	Safeguarding	2014/15	Complete	Partial	31/03/2015	12/05/2015	14/04/2015	07/07/2015	6	0	2	4	0	0	28149 (I), 28420 (I), 28421(I), 28422(I), 28424(I), 28425(I).
Grant Certification	Troubled Families Phase 1 (14/15)	2014/15	Complete	Grant	25/03/2015	30/04/2015	07/04/2015	30/06/2015	0	0	0	0	0	0	
Governance, Fraud & Corruption	Risk and Performance Management	2014/15	Complete	Reasonable	23/12/2014	29/05/2015	11/06/2015	18/06/2015	0	0	0	0	0	0	Superseded by Healthy Organisation.
Operational	S.106 monies/ Community Infrastructure Levy (CIL)	2014/15	Complete	Substantial	23/09/2014	27/05/2015	11/06/2015	09/07/2015	2	0	0	1	1	0	28996(I)
Operational	Unannounced imprest sites visits	2014/15	Complete	Non Opinion	19/06/2015	04/06/2015	30/06/2015	01/07/2015	0	0	0	0	0	0	
Key Control	Consolidated Key Financial Controls	2014/15	Complete	Reasonable	04/02/2015	20/01/2015	18/02/2015	12/06/2015	26	0	5	17	4	0	28501(I),28502(I),28503(I), 28512(I), 28517(I), 28347(I), 28348(I), 28349(I), 28350(I), 28383(I), 28382(I), 28030(I), 27983(I), 27984(I), 27985(I), 27986(I),28297(I),28323(I), 28336(I), 28380(I), 28381(I), 28387(I)
Operational	Trust Funds Administration	2014/15	Complete	Reasonable	16/06/2015	07/07/2015	28/06/2015	07/07/2015	0	0	0	0	0	0	
Operational	Payment & recovery of VAT	2014/15	Complete	Reasonable	06/06/2015	06/07/2015	20/06/2015	10/08/2015	12	0	1	11	0	0	28690(I),28691(I),28981(I), 28982(I),29266(I), 29317(I), 29319(I), 29320(I),29399(I), 29403(I),29404(I), 29407(I)

Page 201

Plan Performance 2015/16

Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
										5	4	3	2	HO	
ICT	Revenues & Benefits (Northgate) - (Follow Up)	2014/15	Complete	Non Opinion	03/02/2015	10/04/2015	17/02/2015	29/04/2015	6	0	1	5	0	0	24028(I), 24029(I), 24035(I), 24108(I), 24391(I), 24392(I)
ICT	Corporate ICT Processes	2014/15	Complete	Reasonable	25/05/2015	15/07/2015	08/06/2015	05/08/2015	4	0	0	2	2	0	28968(I), 28970(I)
ICT	ICT Key Controls (SAP)	2014/15	Complete	Reasonable	14/04/2015	23/04/2015	28/04/2015	12/05/2015	11	0	1	6	4	0	28198(I),28268(I), 28269(I),28288(I), 28884(I), 29188(I), 29206(I)
Special Investigation	LEP	2014/15	Complete	Partial	14/04/2015	30/06/2015	28/04/2015	03/08/2015	17	0	6	11	0	0	29426(I), 29427(I), 29428(I), 28984(I), 28985(I), 28986(I), 28987(I), 28998(I), 28999(I), 29000(I), 29008(I), 29009(I), 29010(I), 29011(I), 29012(I), 29142(I), 29143(I)
School	Prevention of Fraud	2014/15	Complete	Non Opinion	17/07/2015	17/07/2015	31/07/2015	24/07/2015	0	0	0	0	0	0	
School	Business Continuity Arrangements	2014/15	Complete	Non Opinion	29/06/2015	16/07/2015	17/07/2015	16/07/2015	0	0	0	0	0	0	
Governance, Fraud & Corruption	Wilts on line project	2014/15	Complete	Non Opinion	14/06/2015	14/07/2015	28/06/2015	14/07/2015	0	0	0	0	0	0	
Follow Up	Court of Protection - Follow Up	January 2016	Complete	Non Opinion	10/05/2016	17/05/2016	24/05/2016	17/05/2006	9	0	3	6	0	0	26161(I), 26162(I), 26566(I), 26021(I), 26025(I), 26272(I), 26567(I), 26024(I), 26160(I)
Special Investigation	Investigation into Contract Payments	April 2015	Complete	Non Opinion	15/06/2015	09/06/2015	29/06/2015	10/06/2015	0	0	0	0	0	0	

Page 202

Plan Performance 2015/16

Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
										5	4	3	2	HO	
Special Investigation	Investigation into Contract Payments - Continuation	July 2015	Complete	Non Opinion	14/09/2015	28/09/2015	28/09/2015	19/10/2015	0	0	0	0	0	0	
Grant Certification	CRC Scheme Certification	April 2015	Complete	Grant	10/07/2015	10/07/2015	24/07/2015	04/08/2015	0	0	0	0	0	0	
Grant Certification	Growth Hub Grant - Claim 6 & 7	April 2015	Complete	Grant	24/08/2015	20/08/2015	07/09/2015	20/08/2015	0	0	0	0	0	0	
Grant Certification	Extended Growth Hub - BIS Grant	January 2016	Complete	Grant	06/05/2016	17/05/2016	20/05/2016	17/05/2016	0	0	0	0	0	0	
Grant Certification	HCA Compliance	April 2015	Complete	Grant	N/A	N/A	22/11/2015	22/11/2015	0	0	0	0	0	0	
Operational	Imprest Monitoring (Salisbury)	Oct-15	Complete	Non Opinion	21/10/2015	21/10/2015	23/10/2015	23/10/2015	0	0	0	0	0	0	
Key Control	Accounts Payable	July 2015	Complete	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	5	0	0	3	2	0	31595, 31425, 31426.
Key Control	Accounts Receivable	July 2015	Complete	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	4	0	1	0	3	0	31437
Key Control	GL and Financial Accounting	July 2015	Complete	Substantial	10/02/2016	31/03/2016	24/02/2016	13/04/2016	0	0	0	0	0	0	None
Key Control	Housing Rents	July 2015	Complete	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	5	0	0	3	2	0	31442, 31803, 31805.
Key Control	Council Tax	July 2015	Complete	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	3	0	0	3	0	0	31699, 31810, 31820.

Page 203

Plan Performance 2015/16

Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
										5	4	3	2	HO	
Key Control	Housing and Council Tax Benefits	July 2015	Complete	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	4	0	0	4	0	0	31255, 31256, 31257, 31254.
Key Control	Payroll	July 2015	Complete	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	2	0	0	1	1	0	31421
Key Control	Pensions	October 2015	Complete	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	2	0	0	2	0	0	31646, 31752.
Key Control	Treasury Management	July 2015	Complete	Substantial	10/02/2016	31/03/2016	24/02/2016	13/04/2016	0	0	0	0	0	0	None
Operational	Proactive Monitoring for Health & Safety Hazards	July 2015	Complete	Non Opinion	10/11/2015	11/12/2015	24/11/2015	16/02/2016	6	0	0	0	6	0	
Healthy Organisation	Assurance Mapping	April 2015	Complete	Non Opinion	ALL YEAR				0	0	0	0	0	0	
Healthy Organisation	Commissioning and Procurement	April 2015	Complete	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	5	0	0	0	0	5	30045, 30167, 30177, 32241, 32242
Healthy Organisation	Corporate Governance	April 2015	Complete	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	4	0	0	0	0	4	32224, 32225, 32226, 32227
Healthy Organisation	Financial Management	April 2015	Complete	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	8	0	0	0	0	8	32228, 32229, 32230, 30057, 30059, 30060, 30061, 30062,
Healthy Organisation	Information Management	April 2015	Complete	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	5	0	0	0	0	5	29949, 30063, 30068, 30069, 30070
Healthy Organisation	People and Asset Management	April 2015	Complete	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	2	0	0	0	0	2	30402, 32243

Page 204

Plan Performance 2015/16

Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
										5	4	3	2	HO	
Healthy Organisation	Performance Management	April 2015	Complete	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	5	0	0	0	0	5	29997, 29998, 30126, 30127, 32238
Healthy Organisation	Programme and Project Management	April 2015	Complete	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	1	0	0	0	0	1	30167
Healthy Organisation	Risk Management	April 2015	Complete	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	3	0	0	0	0	3	32231, 30075, 32232
Operational	Business Continuity Planning (BCP) & Disaster Recovery - <i>ongoing assurance of BCP under development.</i>	October 2015	Complete	Non Opinion	ALL YEAR										
ICT	SAP Data Integrity Checks - <i>development of data analysis routines to support Council audits (key controls, operational reviews, special investigations)</i>	July 2015	Complete	Non Opinion	ALL YEAR										Ongoing development
ICT	Primary & Secondary Datacentre Review	October 2015	Complete	Reasonable	09/06/2016	27/06/2016	27/06/2016	06/07/2016	13	0	1	8	4	0	32562, 32563, 32683, 32587, 32560, 32581, 32582, 32590, 32568

Page 205

Plan Performance 2015/16

Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
										5	4	3	2	HO	
Healthy Organisation	Public Health	April 2015	Complete	High/ Substantial Assurance	07/07/2015	13/01/2016	21/07/2015	12/04/2016	3	0	0	0	0	3	32212, 32213, 32214
Grant Certification	Ring-fenced Public Health Grant	August 2015	Complete	Grant	14/09/2015	29/09/2015	28/09/2015	29/09/2015	0	0	0	0	0	0	
School	Alderbury & West Grimstead	October 2015	Complete	Partial	30/12/2015	14/01/2016	13/01/2016	02/02/2016	18	0	6	10	2	0	31168,31169,31170,31171,31172,31173,31174, 31175, 31176, 31178, 31180(I), 31224, 31225, 31226, 31285, 31286
School	Dinton CofE Primary School	October 2015	Complete	Reasonable	17/11/2015	16/11/2015	01/12/2015	14/12/2015	10	0	0	10	0	0	30622(I),30623(I),30636(I),30637(I) 30638(I), 30653(I), 30654(I), 30658(I), 30660(I), 30686(I).
School	Grove Primary School	October 2015	Complete	Partial	17/12/2015	18/12/2015	31/12/2015	14/03/2016	27	0	3	23	1	0	31051, 31052, 31053, 31054(I), 31055,31056, 31057, 31058, 31059, 31060(I), 31061, 31062, 31063, 31064(I), 31065, 31067, 31068, 31069, 31070, 31071, 31072, 31073, 31074, 31075(I), 31076, 31084
School	Hilperton CofE Voluntary Controlled Primary School	October 2015	Complete	Partial	20/10/2015	30/10/2015	03/11/2015	14/12/2015	16	0	5	11	0	0	30417(I) ,30419, 30420, 30422, 30423, 30425(I), 30426(I), 30428(I), 30429(I), 30430, 30432, 30433(I), 30434(I), 30435, 30436(I), 30437(I)
School	Hindon CofE Voluntary Aided Primary School, St Mary's & St John's	October 2015	Complete	Reasonable	03/11/2015	10/11/2015	17/11/2015	14/12/2015	11	0	0	11	0	0	30511(I), 30513(I), 30514(I), 30516(I), 30517(I), 30518(I), 30519(I), 30520(I), 30538(I), 30543(I), 30544(I)
School	Lacock CofE Primary School	October 2015	Complete	Reasonable	24/12/2015	14/01/2015	07/01/2015	03/02/2016	16	0	0	11	5	0	31111(I), 31112(I), 31113(I), 31114, 31116(I) 31117, 31118 (I), 31119(I), 31143(I), 31144, 31145(I).
School	Abbeyfield School	October 2015	Complete	Partial	15/10/2015	23/10/2015	29/10/2015	16/03/2016	10	0	4	3	3	0	30251(I), 30253, 30254, 30257, 30261, 30522, 30523

Plan Performance 2015/16

Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
										5	4	3	2	HO	
School	St Nicholas CofE Primary School, Porton	October 2015	Complete	Partial	30/10/2015	17/12/2015	13/11/2015	13/04/2016	28	0	9	13	6	0	30449(I), 30704(I), 30703(I), 30450, 30455(I), 30954(I), 30452(I), 30730(I), 30458(I), 30460(I), 30459(I), 30461(I), 30462(I), 30474, 30471, 30472(I), 30475(I), 30480, 30705, 30741(I), 30470, 30957
School	Westwood with Iford School	Mar-16	Complete	Reasonable	15/03/2016	01/04/2016	29/03/2016	10/05/2016	13	0	0	9	4	0	31929, 31940, 31941, 31950, 31951, 31952, 31953, 31971, 37092
School	Governors Minutes	January 2016	Complete	Non Opinion	10/05/2016	07/06/2016	24/05/2016	22/06/2016	0	0	0	0	0	0	
Grant Certification	Repair & Renew Grant Certification	July 2015	Complete	Grant	07/08/2015	07/08/2015	10/08/2015	10/08/2015	0	0	0	0	0	0	
Grant Certification	Local Authority Bus Subsidy	August 2015	Complete	Grant	14/09/2015	23/09/2015	28/09/2015	29/09/2015	0	0	0	0	0	0	
Grant Certification	Local Transport Settlement	July 2015	Complete	Grant	14/09/2015	14/09/2015	28/09/2015	29/09/2015	0	0	0	0	0	0	
Grant Certification	Pothole Fund	July 2015	Complete	Grant	14/09/2015	17/09/2015	27/09/2015	29/09/2015	0	0	0	0	0	0	
Healthy Organisation	Combined Assurance - Children's Safeguarding	Nov-15	Complete	High/ Substantial Assurance	30/11/2015	01/04/2016	14/12/2015	13/07/2016	14	0	0	0	0	14	32893, 32932, 32933, 32934, 32935, 32936, 32937, 32938, 32939, 32940, 32941, 32942, 32943, 32944,
Healthy Organisation	Combined Assurance - Highways	Nov-15	Complete	Medium/ Reasonable Assurance	26/01/2016	03/03/2016	09/02/2016	06/07/2016	7	0	0	0	0	7	32894, 32895, 32896, 32897, 32898, 32899. 32802
TOTAL RECOMMENDATIONS MADE									343	0	48	188	50	57	

Plan Performance 2015/16

Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
										5	4	3	2	HO	
2015/16 AUDITS AT DRAFT / DISCUSSION (STATUS AMBER)															
Healthy Organisation	Economic Development	Jan-16	Draft		08/03/2016	03/03/2016	22/03/2016								Draft report re-issued on 27/6/2016 to raise awareness with senior officers of need to finalise work.
Governance, Fraud & Corruption	ICT Healthcheck	July 2015	Discussion paper		06/05/2016		20/05/2016								This audit was delayed until the completion of the Healthy Organisation corporate review since findings across 8 Key Lines of Enquiry (KLOE) had implications for this work.
2015/16 AUDITS DEFERRED OR REMOVED (STATUS GREEN)															
School	Purton St Mary's CofE Primary School	October 2015	Deferred							School visit deferred at request of client until 2016/2017.					
School	Durrington All Saints CofE Voluntary Controlled Infants School	October 2015	Removed							School became an academy in November 2015 and audit cancelled by the school.					
Non Opinion	Programme Office - SIBS Project	July 2015	Removed							Work was initially requested by the client but subsequently cancelled when client did not respond.					
Operational	Imprest Account	July 2015	Removed							Audit removed - duplication of work completed above.					
Key Control	CIVICA Cash Receipting	October 2015	Removed							This audit is being undertaken by KPMG to avoid unnecessary duplication of audit work. <i>Reported at last Committee.</i>					
Key Control	Capital Accounting/ Asset Management	October 2015	Removed							Key Control review (<i>not in KPMG scope this year</i>).					

Page 208

Plan Performance 2015/16

Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
										5	4	3	2	HO	
Key Control	Budgetary Control	October 2015	Removed						Key Control review (<i>not in KPMG scope this year</i>).						
2015/16 CLIENT SUPPORT															
Advice	Committee reporting & Attendance	April 2015	Complete		ALL YEAR										
Advice	Corporate Advice	April 2015	Complete		ALL YEAR										
Advice	External Audit	April 2015	Complete		ALL YEAR										
Advice	Planning/Client Liaison	April 2015	Complete		ALL YEAR										
School	Schools Support & Advice	April 2015	Complete		ALL YEAR										
School	SFVS Compliance (Quarterly reporting)	April 2015	Complete		ALL YEAR										

Page 209



Wiltshire Council

Report of Internal Audit Activity

Quarter 1 Update – 2016/17

Page 210

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive

Tel: 01935 385906

gerry.cox@southwestaudit.co.uk

David Hill

Director of Planning

Tel: 01935 385906

david.hill@southwestaudit.co.uk

Jenny Strahan

Assistant Director

Tel: 01225 763495

jenny.strahan@southwestaudit.co.uk



Summary:

Audit Opinion

Page 1



Internal Audit Work Programme 2016/17

Role of Internal Audit Work & Audit Work Quarter Summary

Page 2

Internal Audit Work Programme 2016/17

Page 3

Efficiencies and Added Value

Page 4

SWAP Performance

Page 8

Approved Amendments to Annual Audit Plans 2016/17

Page 10

Audit Framework Definitions

Page 11

Summary

The Chief Executive of SWAP is required to provide an opinion to support the Annual Governance Statement.

“risks are generally well managed and the systems of internal control are working effectively”



Audit Opinion

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

Our audit activity is split between:

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



Role of Internal Audit and Audit Work Quarter Summary

The Internal Audit service for Wiltshire Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The Partnership is also guided by the Internal Audit Charter approved by this Committee.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness. Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Associate Director, Finance (Section 151 Officer), following consultation with the Corporate Leadership Team, the Audit Committee and External Auditors. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, risk and control. This audit assignment activity is broken down into various categories of work as outlined in the bullet points shown in the column on the left of this page.

This quarter we have been engaged in the completion of the 9 audits carried forward from 2015/16 period as well as initiating Quarter 1 activity - with schools' follow up work featuring quite heavily. Of the carried forward work, 7 audits have been completed with a further 1 at 'draft' stage and the other at 'discussion' paper stage. With regards to 2016/17 Internal Audit Plan, we have progressed 3 audits to draft, 2 audits to discussion stage with a remaining 15 audits 'In Progress'. The Healthy Organisation 16/17 work is also now underway. An update will be provided in Quarter 2 update (October 2016) to address what extent improvement has been detected in service department areas to meet the shortcomings identified in the Corporate Healthy Organisation Review (15/16).

Outturn to Date:

We rank our recommendations on a scale of 1 to 5: with priority 1 being very minor or administrative concerns that are not formally captured but the client is informally advised during the audit instead, through to priority 5 being areas of major concern that would require immediate remedial action by senior management.

Healthy Organisation recommendations are rated high; medium and low according to the opinion.

“There have been 56 recommendations raised this quarter *(all arising from 2015/16 carried forward work since no 2016/17 work has been finalised)* with 56% being lower priority 3 & 2, 7% priority 4, & 37% being medium assurance Healthy Organisation.”

“There have been no non-assurance opinions issued”



Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2016/17 and any remaining work from the 2015/16 plan. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed from page 12 of this document.

In circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised in Appendix C. We are pleased to note that there are no significant risks to report this quarter.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘Partial Assurance Opinion’ have been summarised in Appendix D. There have been no audits reported this quarter that have been so assessed.

Appendix E includes any recommendations made and agreed but which are still outstanding three months after the final report has been issued. Please note action may be outstanding if implementation dates are not yet due. Appendix F includes recommendations made which were not agreed by management, there are three to report.

Outturn to date:

Efficiencies and Added Value

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

“Audits have added value through recommending improvements that will deliver more efficient processes.”



Efficiencies and Added Value

Members requested that we provide them with examples of where we have “added value” to a particular service or function under review. In response to this we have changed our approach and internal processes and will now formally capture at the end of each audit where we have “added value”. The SWAP definition of “added value” is *“it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something “more” while adding little or nothing to its cost”*. As we complete our operational audit reviews and through our governance audit programmes across SWAP, we seek to bring information and best practice to managers to help support their systems of risk management and control.

Grants: In the 2015/16 Audit period, we were asked by the Council to undertake 10 grant certifications. Grants are a vital source of income for the Council and we are happy to assist but some of these requests arrived with little warning. We also noted that in some instances, evidence had not been well organised and valuable audit time was spent trying to locate it before we could start the certification process. This experience was not unique to Wiltshire in so far as colleagues in other parts of SWAP noted similar issues. Given the strict timetable and deadlines that often accompany Grants, the Assistant Director for Dorset County Council has put together a best practice guidance document to help officers. Please see Appendix G.

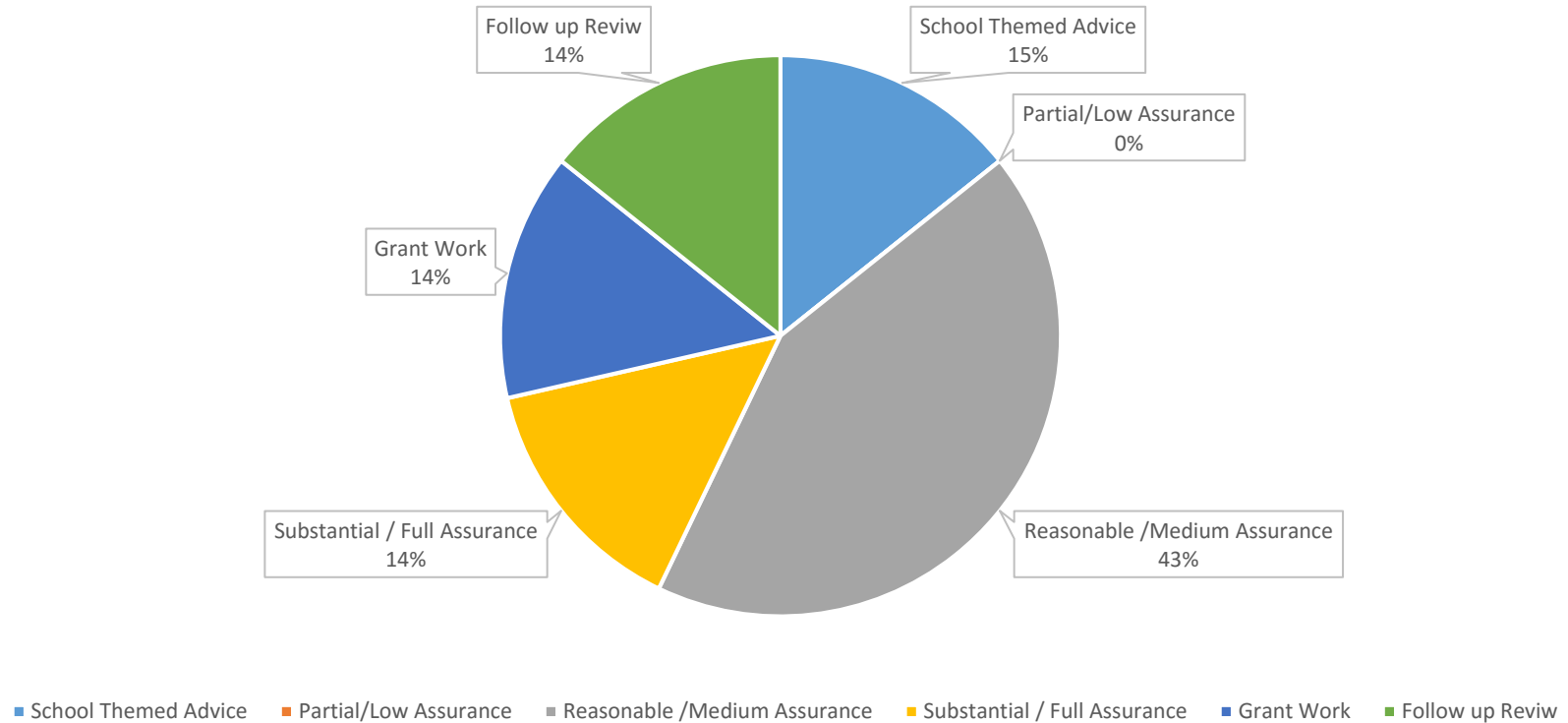
Schools Themed Reviews: This quarter, we have also completed another themed review (Governor’s Minutes) arising our Schools Financial Healthcheck Programme. This has been published on the Wisenet facility. Since 2012, we have published 8 such items to promote best practice.

Internal Audit Work Plan 2016/17

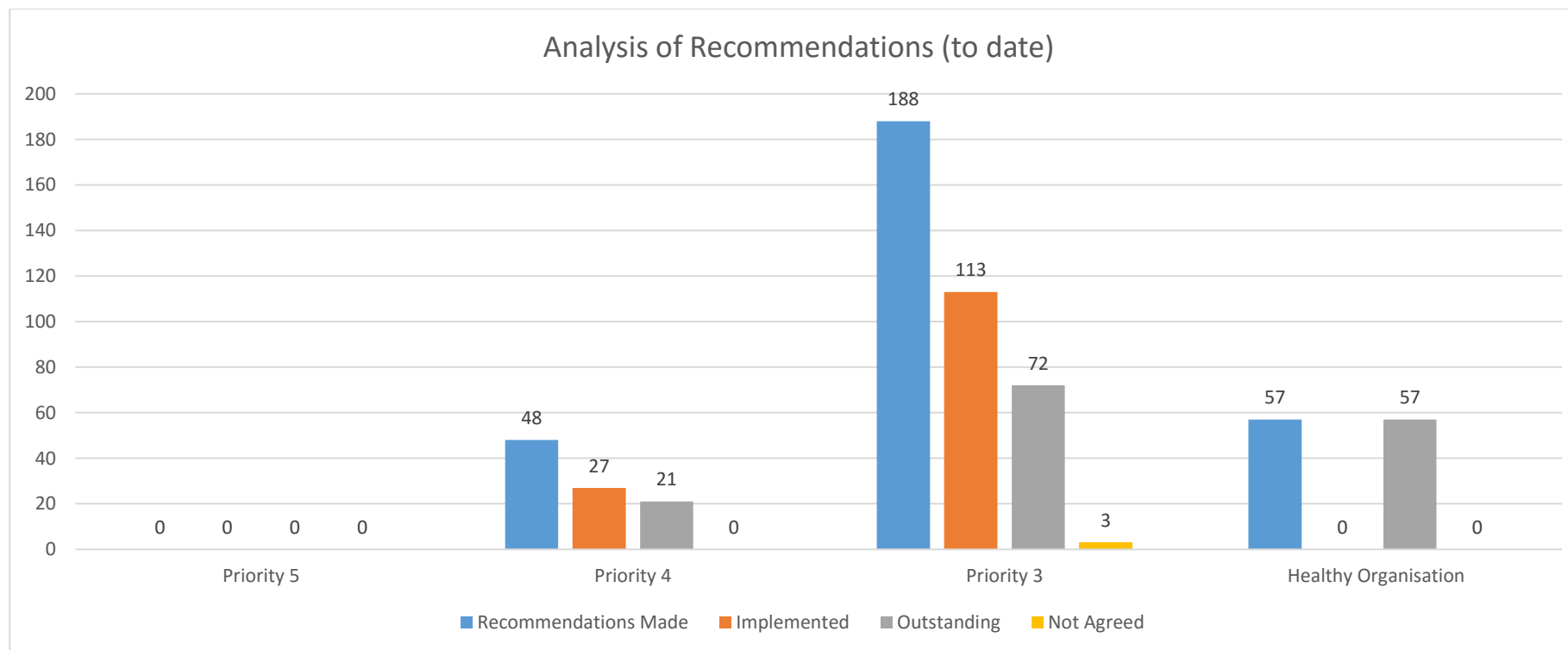


Governance, Fraud and Corruption

Control Assurance by Category
(including 15/16 work completed in Quarter 1, 2016/17 year)



Page 216



Summary of Internal Audit Work to date

The above bar charts represent the cumulative figures of recommendations raised (made) in 2015/16 and the present quarter. Regarding the above, 236 Priority 3 & 4 recommendations have been raised and of these, 233 been agreed and 3 were not agreed (please see Appendix F). Of the 233 agreed, 140 recommendations have been implemented so far. Of the outstanding 93 recommendations, the agreed implementation dates for 38 are not yet due. These include the recommendations raised in the following reviews: Data Centres (< 30 days); Westwood with Iford School (< 60 days); and financial Key Controls & St. Nicholas School (< 90 days). These reviews are detailed in Appendix B and in the Aged Analysis charts that follow. Appendix E details those 55 outstanding recommendations that exceed 4 months (+ 120 days). 57 Healthy Organisation recommendations have also been raised and the Improvement Plan arising has informed 16/17 Internal Audit Plan. These will be followed up during the course of year and a progress update to be provided in October 2016.

Recommendation Aged Analysis

Data Revision Date : 30/6/16

Priority 5

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
Totals	0	0	0	0	0	0

Priority 4

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
Totals	1	0	4	0	16	21

Priority 3

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
Totals	5	9	19	0	39*	72

follow up review, please see Appendix E.

*2 recommendations date from 2014/15. Currently subject to

Internal Audit Work Plan 2016/17

The Chief Executive of SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.

“More work is needed to improve the timeliness of issuing final reports”



SWAP Performance (Quarter 1)

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

SWAP performance is subject to regular monitoring review by both the Board and the Members Meeting. The respective performance results for Wiltshire Council for the 2016/17 year so far are as follows:

Performance Target	Average Performance
<p><u>Audit Plan – Percentage Progress</u> 15/16 Percentage completion 16/17 Completion</p>	<p>100% 0%</p>
<p><u>Draft Reports</u> Issued within 5 working days of closeout Issued within 10 working days of closeout</p>	<p>N/A* N/A*</p>
<p><u>Final Reports</u> Issued within 10 working days of discussion of draft report.</p>	<p>N/A*</p>
<p><u>Quality of Audit Work</u> Customer Satisfaction Questionnaire</p>	<p>N/A*</p>

*It is not possible to provide statistics because we have not progressed audits beyond discussion paper stage at the time of writing this report. We will provide a verbal update to Committee at the end of July.

The Chief Executive of SWAP reports performance on a regular basis to the SWAP Management and Boards.



SWAP Performance

At the end of each audit review, a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 85% is set where 75% would represent a 'good' score. The accumulative feedback over the 2015/16 period for Wiltshire Council is 84%.

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



Approved Amendments to Annual Audit Plan 2016/17

Planned audit work is detailed in Appendix B. Audit work remains under constant review to ensure that, if necessary, internal audit resources can also be targeted at emerging issues in a timely manner. Any changes that are required are agreed with the Associate Director Finance (Section 151) and are reported to the Committee.

Removed Work (3 items)

1. **BDUK:** We had originally intended to undertake a review of the Council's BDUK arrangements but this was subject to an independent review in the past 12 months which reported favourably. Consequently we have been able to undertake a review of the Army Basing Programme, a request we received this quarter.
2. **CRC:** In addition we were informed that we would not be required to assist with the Carbon Reduction Certification (CRC) Grant this year and that budget has been re-assigned to Luckington School following consultation with the School's Finance & Budgetary Control Team.
3. **SFVS:** The same team advised against undertaking the School theme work – SFVS Compliance. The budget has been re-allocated to the school reviews to permit extra auditor testing.

Deferred Work (12 items)

You will note that the continuation of 15/16 activity into Quarter One has impacted the delivery of the IA Plan (16/17), *please see amber entry on Appendix B '2016/17 Audits in Progress'*. In recognition of this, twelve audits have been deferred to later date in the 16/17 plan to take advantage of auditor efficiencies arising from undertaking audits in the functional area already that is already subject to review (e.g. financial audits to run alongside existing key financial control audits that occur in January 2017); school themed reviews to commence when all schools have either been or nearing completion. However, IA have also been requested to defer work until later in the year to allow new arrangements to be implemented (e.g. Strategic Hub - Procurement).

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

- Substantial
- Reasonable
- Partial
- None



Audit Framework Definitions

Control Assurance Definitions

Substantial	▲ ★ ★ ★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲ ★ ★ ★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲ ★ ★ ★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲ ★ ★ ★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

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



Audit Framework Definitions

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

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

Line 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					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
2015/16 AUDITS AT FINAL/COMPLETED (STATUS GREEN)																		
1	*Adult Care Services	Supporting Adults	Follow Up	Court of Protection	15/16	Complete	Follow-up	10/05/2016	17/05/2016	24/05/2016	17/05/2006	9	0	3	6	0	0	26161 (I), 26162 (I), 26566 (I), 26021 (I), 26025(I), 26272 (I), 26567 (I), 26024 (I), 26160(I)
2	*Economic development	Growth Hub	Grant Certification	Extended Growth Hub - BIS Grant	15/16	Complete	Grant	06/05/2016	17/05/2016	20/05/2016	17/05/2016	0	0	0	0	0	0	
3	*Information and communication technology	Information and Communication Technology	ICT	Primary & Secondary Datacentre Review	15/16	Complete	Reasonable	09/06/2016	27/06/2016	27/06/2016	06/07/2016	13	0	1	8	4	0	32562, 32563, 32683, 32587, 32560, 32581, 32582,32590, 32568
4	Schools - Primary (incl First, Infant & Junior)	Westwood with Iford School	School	Westwood with Iford School	15/16	Complete	Reasonable	15/03/2016	01/04/2016	29/03/2016	10/05/2016	13	0	0	9	4	0	31929, 31940, 31941, 31942, 31949, 31950, 31951, 31952, 31953, 31954, 31971, 31972, 37092
5	*Children and families services	School Themed Reviews (Contingency)	School	Governors Minutes	15/16	Complete	Non Opinion	10/05/2016	07/06/2016	24/05/2016	22/06/2016	0	0	0	0	0	0	
6	*Children and families services	Healthy Organisation	Healthy Organisation	Combined Assurance - Children's Safeguarding	15/16	Complete	High / Substantial Assurance	30/11/2015	01/04/2016	14/12/2015	12/07/2016	14	0	0	0	0	14	32893, 32932, 32933, 32934, 32935, 32936, 32937, 32938, 32939, 32940, 32941, 32942, 32943, 32944,
7	*Transport and infrastructure	Healthy Organisation	Healthy Organisation	Highways	15/16	Complete	Medium / Reasonable Assurance	26/01/2016	03/03/2016	09/02/2016	06/07/2016	7	0	0	0	0	7	32894, 32895, 32896, 32897, 32898, 32899, 32802
TOTAL RECOMMENDATIONS MADE												56	0	4	23	8	21	
2015/16 AUDITS AT DRAFT /DISCUSSION PAPER (STATUS AMBER)																		
8	*Economic development	Healthy Organisation	Healthy Organisation	Economic Development	15/16	Draft		08/03/2016	03/03/2016	22/03/2016								Draft report re-issued on 27/6/16 to raise awareness with senior officers of need to finalise work.
9	*Information and communication technology	Strategy and Governance	Governance, Fraud & Corruption	ICT Healthcheck	15/16	Discussion Paper		06/05/2016		20/05/2016								This audit was delayed until the completion of the Healthy Organisation corporate review since findings across 8 Key Lines of Enquiry (KLOE) had implications for this work.
2016/17 AUDITS AT DRAFT /DISCUSSION PAPER - NO ISSUES TO REPORT (STATUS GREEN)																		
10	*Adult care services	Supporting adults	Healthy Organisation	Adults Safeguarding	April 2016	Discussion Paper		15/07/2016		29/07/2016								Close out meeting 14th July 2016
11	*Economic development	Sustainability	Governance, Fraud & Corruption	Army Basing Programme	April 2016	Discussion Paper		06/07/2016		20/07/2016								Close out meeting 26th July 2016
12	*Information and communication technology	ICT Service Delivery	ICT	Benefits Management Arrangements	April 2016	Draft		13/07/2016	13/07/2016	27/07/2016								Close out meeting 11th July 2016

Page 224

Line 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					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
13	*Information and communication technology	System support	ICT	Incident & Problem Management	April 2016	Draft		13/07/2016	13/07/2016	27/07/2016								Close out meeting 11th July 2016
14	Schools - Primary (incl First, Infant & Junior)	Staverton CofE Voluntary controlled Primary School	School	Staverton CofE Voluntary Controlled Primary School	April 2016	Draft		19/07/2016	19/07/2016	02/08/2016								Close out at the school 8th July 2016
2016/17 AUDITS IN PROGRESS (STATUS AMBER)																		
15	*Adult care services	Supporting adults	Operational	Adult Care - Deferred payments	April 2016	In Progress												Audit commenced in June 2016, Terms of Reference (ToR) agreed & fieldwork now underway.
16	*Children and families services	Early Years	Operational	Early Years Funding	April 2016	In Progress												Audit commenced late May 2016, ToR agreed & fieldwork completed & being reviewed.
17	*Housing	Housing Repairs	Operational	Housing Repairs	April 2016	In Progress												Audit commenced June 2016 2016, ToR agreed & fieldwork 50% complete.
18	*Leisure and culture	Sports facilities	Operational	Leisure Centre Income Management	April 2016	In Progress												Audit commenced in June 2016, ToR agreed but leisure centre staff sickness delayed initial visit until 5/7/16. 2 visits now completed & further 3 confirmed in July.
19	*Management	Project management	Governance, Fraud & Corruption	Project Management Arrangements	April 2016	In Progress												Audit has commenced but awaiting ToR agreement by Council.
20	Schools - Primary (incl First, Infant & Junior)	Chirton CofE Voluntary Controlled Primary School	School	Chirton CofE Voluntary Controlled Primary School	April 2016	In Progress												Audit commenced in June 2016, ToR agreed & fieldwork 75% complete.
21	Schools - Primary (incl First, Infant & Junior)	Pitton CofE Voluntary Aided Primary	School	Pitton CofE Voluntary Aided Primary	April 2016	In Progress												Audit commenced in June 2016, ToR agreed & fieldwork 60% complete.
22	Schools - Primary (incl First, Infant & Junior)	St. Barnabas School CofE Primary	School	St. Barnabas School CofE Primary	April 2016	In Progress												Audit commenced in June 2016, ToR agreed & fieldwork 80% complete.
2016/17 AUDITS IN PROGRESS - NO ISSUES TO REPORT (STATUS GREEN)																		
23	*Finance	Payroll and pensions	Operational	Pensions Administration Review	July 2016	In Progress												Audit ToR drawn up - initial meeting to be set up.
24	*Information and communication technology	Business Continuity and Disaster Recovery	ICT	Business Continuity & Disaster Recovery	July 2016	In Progress												ToR agreed, fieldwork now underway.
25	Schools - Primary (incl First, Infant & Junior)	Alderbury & West Grimstead CofE Primary School	Follow Up	Alderbury & West Grimstead CofE Primary School	July 2016	In Progress												Follow up action plan issued to the school in June, deadline for submission of evidence 8/7/16 missed. School has requested extra time to complete submission.

Page 225

Line 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					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
26	Schools - Primary (incl First, Infant & Junior)	Grove Primary School	Follow Up	Grove Primary School	July 2016	In Progress												Follow up action plan was issued in June, Deadline for submission of evidence extended until 25th July at request of school as new School Admin. Officer just appointed.
27	Schools - Primary (incl First, Infant & Junior)	Hilperton CofE Voluntary Controlled Primary School	Follow Up	Hilperton CofE Voluntary Controlled Primary School	July 2016	In Progress												Follow up action plan was issued in June, deadline for submission of evidence 15/7/16.
28	Schools - Primary (incl First, Infant & Junior)	St Nicholas CofE Primary School, Porton	Follow Up	St Nicholas CofE Primary School, Porton	July 2016	In Progress												Follow up action plan issued in June, deadline for submission of evidence 6/7/16 has been missed. School has been prompted for response.
29	Schools - Secondary (incl Upper)	Abbeyfield School	Follow Up	Abbeyfield School	July 2016	In Progress												Follow up action plan issued in June but deadline 8/7/16 missed. Discussions between the school & S151 are currently in progress regarding the school's finances.
2016/17 AUDITS PLANNED BUT NOT YET STARTED (STATUS GREEN)																		
30	*Adult care services	Supporting adults	Operational	Direct Payments	October 2016	Created												
31	*Children and families services	Child protection	Follow Up	Safeguarding	January 2017	Created												
32	*Children and families services	School Support & Advice	School	Right Choice	July 2016	Created												
33	*Children and families services	School Themed Reviews (Contingency)	School	Overall Report on Compliance	July 2016	Created												
34	*Children and families services	Troubled Families	Grant Certification	Troubled Families PBR Certification	January 2017	Created												
35	*Council property	Maintenance of council property	Operational	Vehicle Workshops	July 2016	Created												
36	*Democracy	Decision making	Governance, Fraud & Corruption	Area Boards	October 2016	Created												
37	*Economic development	Growth Hub	Grant Certification	Chippenham Station Hub Grant	July 2016	Created												
38	*Economic development	Growth Hub	Grant Certification	Growth Hub	July 2016	Created												

Page

226

Line 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					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
39	*Economic development	Local Enterprise Partnerships	Follow Up	LEP	October 2016	Created												
40	*Economic development	Local Enterprise Partnerships	Governance, Fraud & Corruption	LEP Governance Arrangements	October 2016	Created												
41	*Finance	Accounts Payable	Key Control	Accounts Payable	October 2016	Created												
42	*Finance	Financial transactions management	Operational	Housing Revenue Account (HRA)	January 2017	Created												
43	*Finance	General Ledger / Main Accounting	Key Control	General Ledger & Financial Accounting	January 2017	Created												
44	*Finance	Housing Rents	Key Control	Housing Rents	October 2016	Created												
45	*Finance	Local taxation	Key Control	Council Tax	October 2016	Created												
46	*Finance	Local taxation	Key Control	Housing & Council Tax Benefits	October 2016	Created												
47	*Finance	National taxation	Key Control	NNDR	October 2016	Created												
48	*Finance	National taxation	Operational	NNDR (Business Rates) Arrangements	January 2017	Created												
49	*Finance	Payroll and pensions	Key Control	Payroll	October 2016	Created												
50	*Finance	Payroll and pensions	Key Control	Pensions	October 2016	Created												
51	*Finance	Treasury Management	Key Control	Treasury Management	January 2017	Created												
52	*Healthy Organisation	Assurance Mapping	Advice	Assurance Map Update	July 2016	Created												
53	*Healthy Organisation	Finance	Operational	Corporate Feeder Systems	January 2017	Created												
54	*Healthy Organisation	Management	Governance, Fraud & Corruption	Performance & Risk Management	July 2016	Created												

Line 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					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
55	*Housing	Housing provision	Grant Certification	HCA	October 2016	Created												
56	*Housing	Housing stock	Operational	Right to Buy	July 2016	Created												
57	*Human resources	Monitoring employees	Governance, Fraud & Corruption	GROW (Developing Staff Skills)	July 2016	Created												
58	*Human resources	Recruitment	Governance, Fraud & Corruption	Human Resources Security	July 2016	Created												
59	*Information and communication technology	Strategy and Governance	ICT	Business Applications	October 2016	Created												
60	*Information and communication technology	Threat and Vulnerability Management	ICT	Threat Management	October 2016	Created												
61	*Information management	Access to information	ICT	User Access Controls	October 2016	Created												
62	*Information management	Records management	ICT	ICO Key Findings Progress	October 2016	Created												
63	*Legal services	Land registration	Operational	Land Charges	July 2016	Created												
64	*Planning and building control	Building control	Operational	Income Management - Building Control & Planning	July 2016	Created												
65	*Procurement	Contracting	Governance, Fraud & Corruption	Commissioning & Contract Management	July 2016	Created												
66	*Procurement	Contracting	Governance, Fraud & Corruption	Service Area Specialist Commissioning	October 2016	Created												
67	*Public Health	Public Health	Grant Certification	Public Health Grant	July 2016	Created												
68	*Public Health	Public Health	Operational	Pharmoutcomes & SAP	October 2016	Created												
69	Schools - Primary (incl First, Infant & Junior)	Bishops Cannings CoFE (Aided) Primary School	School	Bishops Cannings CoFE (Aided) Primary School	July 2016	Created												
70	Schools - Primary (incl First, Infant & Junior)	Box CoFE Primary School	School	Box CoFE Primary School	July 2016	Created												

Page 228

Line 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					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
71	Schools - Primary (incl First, Infant & Junior)	Harnham CofE Controlled Junior School	School	Harnham CofE Controlled Junior School	July 2016	Created												
72	Schools - Primary (incl First, Infant & Junior)	Ivy Lane Primary School	School	Ivy Lane Primary School	January 2017	Created												
73	Schools - Primary (incl First, Infant & Junior)	Longford CofE (VC) Primary School	School	Longford CofE (VC) Primary School	July 2016	Created												
74	Schools - Primary (incl First, Infant & Junior)	Luckington School	School	Luckington Primary School	July 2016	Created												
75	Schools - Primary (incl First, Infant & Junior)	St Andrew's CofE Voluntary Aided Primary School, Laverstock	School	St Andrew's CofE Voluntary Aided Primary School, Laverstock	July 2016	Created												
76	Schools - Primary (incl First, Infant & Junior)	St Mary's CofE Infant School Marlborough	School	St Mary's CofE Infant School Marlborough	January 2017	Created												
77	Schools - Primary (incl First, Infant & Junior)	Whiteparish All Saints CofE Primary School	School	Whiteparish All Saints CofE Primary School	January 2017	Created												
78	*Transport and infrastructure	Public transport	Governance, Fraud & Corruption	Concessionary Fares	July 2016	Created												
79	*Transport and infrastructure	Public transport	Grant Certification	Local Authority Bus Subsidy	July 2016	Created												
80	*Transport and infrastructure	Public transport	Grant Certification	Local Transport Settlement	July 2016	Created												
2016/17 AUDITS AT DEFERRED OR REMOVED (STATUS GREEN)																		
81	*Children and families services	School Themed Reviews (Contingency)	School	School Theme - SFVS Compliance Review	April 2016	Removed												This is no longer required by Accounting & Budget Support. The budget has been reassigned to an perform an additional testing in schools to be visited in 16/17.
82	*Economic development	Regeneration	Operational	BDUK	April 2016	Removed												Not required by client -subject to independent review by BDUK in 2015. Budget allocated to Army Basing Programme review.
83	*Economic development	Sustainability	Grant	Carbon Reduction Scheme Certification (CRC) Grant	April 2016	Removed												Not required by client, budget now allocated to new school review (Luckington School)

Page 229

Line 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					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
84	*Children and families services	School Themed Reviews (Contingency)	School	School Themed Review Contingency <i>(subject yet to be determined)</i>	April 2016	Deferred												Audit deferred until Quarter 4 16/17 until all schools have been completed.
85	*Children and families services	School Themed Reviews	School	School Theme - Procurement	July 2016	Deferred												Audit deferred until Quarter 4 16/17 until all schools have been completed.
86	*Children and families services	School Support & Advice	School	School Liaison & Support Arrangements Review	July 2016	Deferred												Audit deferred until Quarter 4 16/17 until all schools have been completed.
87	*Healthy Organisation	Procurement	Governance, Fraud & Corruption	Strategic Procurement Hub	April 2016	Deferred												Audit has been deferred until Quarter 3 (16/17) at client request to give Procurement officers more time to implement new arrangements.
88	*Healthy Organisation	Finance	Operational	Budget Management Arrangements	October 2016	Deferred												Audit deferred until Quarter 4 (16/17) to coincide with Financial key control work which will inform this review.
89	*Healthy Organisation	Finance	Operational	Financial Regulations Compliance	October 2016	Deferred												Audit deferred until Quarter 4 (16/17) to coincide with Financial key control work which will inform this review.
90	*Healthy Organisation	Management	Governance, Fraud & Corruption	Corporate Governance Framework Review	April 2016	Deferred												Audit deferred until Quarter 4 (16/17) to coincide with Financial key control work which will inform this review.
91	*Healthy Organisation	Management	Governance, Fraud & Corruption	Decision Making	July 2016	Deferred												Audit deferred until Quarter 3 (16/17) and to be progressed in tandem with service level decision making audit.
92	*Healthy Organisation	Management	Operational	Decision Making - Service Level	July 2016	Deferred												See above.
93	*Housing	Estate management	Governance, Fraud & Corruption	Safeguarding Assets & New Homes Bonus	July 2016	Deferred												Audit deferred until Quarter 3 (16/17) to allow extra time in Quarter 2 to undertake concessionary fares audit (see Public Transport above).
94	*Leisure and culture	Sports facilities	Operational	Corsham Leisure Centre	July 2016	Deferred												Audit deferred until Quarter 3 (16/17) to allow extra time in Quarter 2 to undertake concessionary fares audit (see Public Transport above).
95	*Public Health	Public Health	Operational	Income Management & Public Protection	July 2016	Deferred												Audit deferred until Quarter 3 (16/17) to allow extra time in Quarter 2 to undertake concessionary fares audit (see Public Transport above).

Page 230

Line 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					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
2016/17 CLIENT SUPPORT																		
96	Client Support	Committee Reporting & Attendance	Advice	Audit Committee / Member Liaison			ALL YEAR											
97	Client Support	Corporate Advice	Advice	Corporate Advice			ALL YEAR											
98	Client Support	External Audit	Advice	External Audit			ALL YEAR											
99	Client Support	Planning/Client Liaison	Advice	Planning/Client Liaison			ALL YEAR											
100	Client Support	Corporate Advice	Advice	Assurance Group Attendance			ALL YEAR											
101	Client Support	Corporate Advice	Advice	Corporate Fraud Team Liaison			ALL YEAR											
102	Client Support	Investigations	Advice	Special Investigations Contingency			ALL YEAR											
103	Client Support	Corporate Advice	Advice	CLT Attendance			ALL YEAR											
104	Client Support	Contingency	Non Opinion	Non Opinion Contingency			ALL YEAR											
105	Client Support	Follow Up (Contingency)	Follow Up	Follow Up Contingency			ALL YEAR											
106	Client Support	Investigations (Contingency)	Governance, Fraud & Corruption	Fraud Contingency			ALL YEAR											

Page 231

Schedule of Potential Significant Risks Identified from Internal Audit Work

NEW RISKS IDENTIFIED DURING THE PERIOD 1st April 2016 TO 30th June 2016

There were no significant risks identified from internal audit during this period.

SUMMARY OF KEY POINTS RELATING TO PARTIAL ASSURANCE DURING THE PERIOD 1st APRIL 2016 TO 30th JUNE 2016

There were no audits that reported partial opinion during this period.

Abbeyfield School								
Assigned To	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position	
WUC Associate Director - Finance (Section 151 Officer)	15-Mar-16	120+	I recommend that a consistent approach be adopted to financial reporting and recording of the overall School's financial position allowing clear tracking of the School's actual spend against agreed deficit recovery arrangements to date.	4	30253	15-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.	
WUC Associate Director - Finance (Section 151 Officer)	15-Mar-16	120+	I recommend that minutes should evidence the nature & period of budget reporting, the bottom line position and Governors' formal acceptance, or otherwise, that reports represent the School's true financial position.	4	30254	09-Dec-15	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.	
WUC Associate Director - Finance (Section 151 Officer)	15-Mar-16	120+	I recommend that in order to demonstrate application of the School's tendering process and how value for money is achieved, Governor's minutes should evidence: tenderer's names and the amounts they quoted; and formal acceptance of the selected tender; and where the lowest quote is not selected, the reason for the selection should be justified.	3	30257	09-Dec-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.	
WUC Associate Director - Finance (Section 151 Officer)	15-Mar-16	120+	I recommend that the School should ensure that invoices are raised for income due within 30 days of the debt being incurred.	3	30261	31-Oct-15	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.	
WUC Associate Director - Finance (Section 151 Officer)	15-Mar-16	120+	I recommend, in accordance with recently agreed requirements of the Local Authority for continued cash flow support, that the School provides the following information to Accounting and Budget Support on a monthly basis: 1. A budget monitoring report (using the template and style agreed with Accounting and budget Support); 2. An updated monthly Cashflow position, in the format prepared by the School; 3. A revised 5 year Budget Template updated in HCSS, to take account of any known changes and reflect the most up-to-date position for the school.	4	30522	15-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.	
WUC Associate Director - Finance (Section 151 Officer)	15-Mar-16	120+	I recommend that the School works closely with the Accounting & Budget Support team to formulate an updated recovery plan that is mutually approved and seeks to mitigate contributory spending factors within the School's control.	4	30523	15-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.	

Assigned To	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
Alderbury & West Grimstead CofE Primary School							
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend the Governing Body ensure their formal approval of the school budget is recorded in the minutes in accordance with the School's Scheme of Delegation.	3	31168	26-Jan-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend the School ensure a separation of duties is operated and evidenced over the collection, recording and banking of income so one person can check the accuracy and completeness of a process performed by another person to avoid errors and potential loss of income.	4	31169	31-Jan-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that the Headteacher reconciles monthly the sums collected in School to the sums deposited at the bank. This check should be evidenced by signing and dating an appropriate income document.	4	31170	31-Jan-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that the Governors formally record the number of quotations / tenders sought and obtained, the amounts quoted and then state the winning supplier and the reason for the decision. Also the quotations / tenders should be retained by the School to provide a full audit trail.	3	31171	29-Feb-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend the School raise official orders through the SIMS Financial Management System for all goods and services except utilities, rents, rates and petty cash payments, to support other purchase controls and ensure commitments are captured in the accounts.	3	31172	31-Jan-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that the Finance Officer signs as well as dates the authorisation stamp to confirm receipt of goods and checks on the accuracy of invoices thus also demonstrating that a separation of duties is maintained over the processing and authorisation of creditor payments.	3	31173	31-Jan-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend the Headteacher ensures that evidence is sought from individuals claiming to be self-employed to confirm their employment status before they are paid directly as creditors. Evidence of such checks should be retained. If there are any concerns, such individuals should be paid through payroll so the School can meet its obligations under HMRC tax and employment regulations.	3	31174	29-Feb-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that Governors set a limit above which at least three quotes are sought to ensure best value is achieved. This threshold and the tender threshold should be stated in the Scheme of Delegation or Purchasing Policy and be formally approved and adopted by the Governors.	3	31175	31-Jan-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend the School ensures it has a Whistleblowing Policy in place that is approved by the Governing Body and made available to staff, Governors, and all other stakeholders.	4	31176	26-Feb-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that the Governing Body ensures the School's Scheme of Delegation is reviewed annually and is updated with any changes decided upon.	3	31178	24-Nov-15	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that the Headteacher always countersigns and dates the bank reconciliation reports to demonstrate a separation of duties.	4	31224	31-Dec-15	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.

Assigned To	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend the Headteacher ensures that cheque numbers 003718 and 003723 are accounted for and if the actual cheques cannot be found they should be cancelled through the bank to protect against the potential loss of funds.	4	31225	31-Jan-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that the School Finance Officer verifies the correlation of cheque numbers in SIMS FMS to those on bank statements to ensure cheque payments recorded in the Financial Management System match to actual cheques produced and all cheques can be accounted for.	4	31226	31-Jan-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that, in order to improve the transparency of budget monitoring by Governors, minutes should: refer to the title of budget reports presented to the Governors along with the period covered and the bottom line position, and evidence the formal approval, or otherwise, of reporting as representing the true financial position of the School.	3	31285	26-Jan-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that the School carries out benchmarking analysis to compare its expenditure against similar schools in compliance with the Schools Financial Value Standard. The results of the benchmarking should be presented to the Full Governing Body where investigations and actions should be noted and monitored.	3	31286	31-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
Grove Primary School							
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the Scheme of Delegation clearly defines the level of purchase thresholds between the Headteacher, the Finance & Premises sub Committee and the Full Governing Body.	3	31051	01-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend the School ensures that original, signed copies of minutes along with supporting documents submitted for Governor scrutiny are readily available for inspection at the School.	3	31052	01-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the Governors set a diary of meeting dates at the start of the academic year to ensure all necessary school business is undertaken within required timescales.	3	31053	01-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend the Governors ensure that their formal approval of the school budget is recorded in the minutes in accordance with the School's Scheme of Delegation and that the minutes are retained to demonstrate this.	3	31055	01-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the School continues to liaise with the LA and seeks the necessary authority to operate a deficit budget if required, and to continue to use a cash flow forecast whilst a potential deficit situation prevails.	3	31056	01-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend the School ensures that budget monitoring reports are retained and cross referenced in the Governors' minutes along with any notes explaining significant variances between budgeted and actual amounts. Formal acceptance, or otherwise, of the reports and the financial position of the School should also be minuted.	4	31057	01-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the budget monitoring report is given a title and incorporates the period it covers, to maintain a clear audit trail.	3	31058	01-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.

Page 256

Assigned To	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that, when the bench marking exercise is next carried out, the School retains a copy of the analysis sheets printed from the schools benchmarking website, in order to show the range of comparators and findings that are presented for discussion. Any action plan resulting from discussion should also be retained.	3	31059	01-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the Governors formally record the number of quotations / tenders sought and obtained, the amounts quoted and state the winning supplier and the reason for the decision. Also the quotations / tenders should be retained by the School to provide a full audit trail.	3	31061	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that an official order should be raised through the SIMS Financial Management System to ensure commitments are captured in the accounting records.	3	31062	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that Governors set a limit above which at least three quotes are sought to ensure best value is achieved. This threshold and the tender threshold should be stated in the Scheme of Delegation or Purchasing Policy and be formally approved and adopted by Governors.	3	31063	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the School's Whistleblowing Policy is published on the School's website to ensure it is made readily available to all interested parties.	3	31065	01-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the authorisation stamp used on invoices is replaced with one that captures the date and the confirmation signature of the person checking that goods are received and services are rendered as ordered and thus better evidences the separation of duties maintained.	3	31067	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend the School uses an authorisation stamp that requires the date and the signature of the people carrying out checks on invoices, as well as of the person who authorises the payment.	3	31068	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that all invoices are signed and dated to confirm certification for payment before the payment is raised.	3	31069	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the School's Charging and Remissions Policy includes a schedule of charges that has been reviewed and approved by the Governors. The Policy should also specify time scales within which the School raises invoices and expects due payment.	3	31070	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the School Business Manager compiles a monthly statement reconciling the monthly sums collected to the sums deposited at the bank. This should be signed and dated by the SBM as an accurate statement and checked, signed and dated by the Headteacher to confirm verification of balances.	3	31071	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that evidence is sought from individuals claiming to be self-employed to confirm their employment status before they are paid directly as creditors. Evidence of such checks should be retained. If there are any concerns, individuals should be paid through the payroll so the school can meet its obligations under HMRC tax and employment regulations.	3	31072	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.

Page 237

Assigned To	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the School maintains weekly banking as a minimum and below safe limits for balances.	3	31073	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that income is input into SIMS FMS as soon as it is received to ensure a clear audit trail for all income received and for accounting records to be kept up to date.	3	31074	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the Headteacher signs and dates the monthly FMS journal transfer report to confirm that the total reconciles to the source documents presented alongside i.e. charge card transaction lists and orders / receipts. Along with evidence that the FMS report is produced by the SBM, this will demonstrate a separation of duties.	3	31076	10-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	10-Mar-16	120+	I recommend that the School's Scheme of Delegation includes the Governors responsibility to monitor the School's budget throughout the year.	4	31084	01-Mar-16	Full follow up review initiated 27.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
Hilperton CofE Voluntary Controlled Primary School							
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	120+	I recommend that the Governors ensure their formal approval of the school budget template is recorded more clearly in the minutes in accordance with the Governor's terms of reference included in the School's Scheme of Delegation.	3	30419	15-Dec-15	Full follow up review initiated 28.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	120+	I recommend the School ensures that budget monitoring reports are retained and cross referenced in the Governors' minutes and the School Business Managers notes. Formal acceptance, or otherwise, of the reports and the financial position of the School should also be minuted.	4	30420	15-Dec-15	Full follow up review initiated 28.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	120+	I recommend that, when the School next reviews the benchmarking comparators, the Governors should ensure their discussion and any actions arising are recorded in the minutes.	3	30422	30-Apr-16	Full follow up review initiated 28.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	120+	I recommend the School Business Manager verifies the correlation of cheque numbers in SIMS FMS to those on bank statements to ensure cheque payments recorded in the Financial Management System match to actual cheques produced and all cheques can be accounted for.	4	30423	30-Apr-16	Full follow up review initiated 28.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	120+	The Headteacher should reconcile monthly the sums collected in school to the sums deposited at the bank and evidence the check has been carried out by signing and dating an appropriate income document.	4	30430	15-Dec-15	Full follow up review initiated 28.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	120+	I recommend the School ensures that authorisation to make a payment is retained as evidence alongside the certification of all checks made in order to demonstrate an independent and adequate separation of duties. When either of the signatories receive or benefit from the payment, a third person should replace them as the certifying or authorising officer as is appropriate.	4	30432	15-Dec-15	Full follow up review initiated 28.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.

Page 238

Assigned To	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	120+	I recommend the Headteacher ensures that evidence is sought from individuals claiming to be self-employed confirming their employment status before they are paid directly as creditors. Evidence of such checks should be retained. If there are any concerns, such individuals should be paid through payroll so the School meets its obligations under HMRC tax and employment regulations.	3	30435	01-May-16	Full follow up review initiated 28.06.16. Audit work currently 'In Progress' July 2016, please see Appendix B.
Lacock CofE Primary School							
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that the School reviews existing contracts to ensure best value is maintained and in accordance with the School's Scheme of Delegation seeks at least three quotations or tenders to compare alternative providers and then records the process and accounts for the decisions taken.	3	31114	31-Mar-16	Update requested 20.06.16 and Finance Manager responded 22.06.16: In Progress by Resources Committee/FGB to be implemented in 2016/17 SoD for September to December 2016.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that the School includes the pre-determined limits set by the Governors for obtaining at least three quotations and seeking formal tenders in the Scheme of Delegation.	3	31117	31-Mar-16	Update requested 20.06.16 and Finance Manager responded 22.06.16: In Progress by Resources Committee/FGB to be implemented in 2016/17 SoD in September to December 2016.
WUC Associate Director - Finance (Section 151 Officer)	02-Feb-16	120+	I recommend that official orders are raised through the SIMS Financial Management System to ensure commitments are captured in the accounting records.	3	31144	01-Sep-16	Update requested 20.06.16 and Finance Manager responded 22.06.16: Deferred to start next Academic Year by Head Teacher & Finance Manager from September 2016.
Recommendation Totals:							
Priority 4					16		
Priority 3					37		
Total					53		

Pensions (14/15)							
Assigned To	Final Report Issue Date		Description	Priority	Unique Reference	Target Implementation Date	Current Position
WUC Associate Director - Finance (Section 151 Officer)	01-Apr-15	120+	I recommend that the workflow processes should be further supported by procedure notes to explain the processes for GMP to officers and ensure consistent application.	3	28298	30-Sep-15	Followed up with Head of Pensions 01.07.16 and SWAP review currently 'In Progress' (see Appendix B, July 2016)
WUC Associate Director - Finance (Section 151 Officer)	01-Apr-15	120+	I recommend that the WPF develops an updated set of performance measures and publishes the results on a regular basis.	3	28306	30-Sep-15	Followed up with Head of Pensions 01.07.16 and SWAP review currently 'In Progress' (see Appendix B, July 2016)
<u>Recommendation Totals</u>							
Priority 4					0		
Priority 3					2		
Total					2		

Recommendations not Agreed
(since last report to Committee)

No.	Assigned To	Final Report Issue Date	Description	Priority	Unique Reference	Target Imp. Date	Management Responses
1	Acting. Head of ICT	07/07/2016	I recommend a more secure enclosure for the Secondary Data Centre's (SDC) Air Conditioning units & power cabling is provided.	3	32582	N/A	Not agreed - see 32587 below.
2	Acting. Head of ICT	07/07/2016	I recommend that server cabinets & USB enabled equipment are kept locked to prevent accidental or deliberate damage arising from unauthorised access	3	32586	N/A	Not agreed. Management accept the risk. There are 24 cabinets in the PDC & 16 in the SDC. Main doors are secured.
3	Acting. Head of ICT	07/07/2016	I recommend that the position of the Uninterruptable Power Supply (UPS) & backup generators are reviewed as part of the SDC's risk assessment.	3	32587	N/A	Not Agreed – ICT are aware of the requirements used for the Monkton Park refurbishment & we accepted the risks associated with the build at the time & continue to. Given the topology of the site, there was little option for siting the generator, UPS, and Air Con fans. We have a strategic plan to migrate as many of our services to the cloud as possible and so our reliance on the SDC will diminish over the next 3 – 4 years.

Grant Certifications

Partner Guidance + Expectations

June 2016

1. Overview:

- 1.1 As part of our audit work, South West Audit Partnership (SWAP) are often asked to certify that public grants have been incurred in accordance with specified conditions; either as an organisation independent of the body receiving the grant, or more specifically as a qualified accountant or audit individual within SWAP.
- 1.2 SWAP are happy to incorporate this work within our annual audit plans where this certification has been highlighted to us in advance of the annual plan being approved. This is so that we can build this time into our work programme, and ensure that we have the appropriate staff available for grant certification deadlines.
- 1.3 If we are not informed of grant certifications as part of our annual planning process and asked to certify a grant at short notice, it provides a challenge in terms of staff resource and availability. In these circumstances we will do our best to accommodate grant certification requests, however we cannot guarantee that we will be able to certify these grants by the necessary deadlines.

2. SWAP Expectations:

- 2.1 To ensure that we are able to certify grants in the most efficient and effective manner, SWAP have prepared some brief expectations in terms of grant certification requests:
 - ✓ As above, **all grant certification requests should be highlighted to SWAP as part of our annual audit planning process** i.e. by February each year for the following financial year. If for any reason the above is not possible i.e. a new in-year grant, then the service should aim to **provide SWAP with at least three months' notification** of any certification required
 - ✓ As part of notification, an **estimate should be given as to the expected time it will take to certify the grant**. This will be based on a number of factors but should include an assessment of: the financial value of the grant, the complexity of the spending conditions attached to the grant, and the level and availability of supporting evidence
 - ✓ **SWAP expects a good level of record keeping** in relation to any grant that we are asked to certify. If records are unavailable or inadequately maintained, SWAP reserve the right to cease any certification or provide standards caveats in our certifications
 - ✓ If SWAP are required to use a **standard grant certification template** as one of the conditions of the grant, **please provide us with a copy** of this template at the start of our work. We will use templates wherever possible although it may be necessary for us to add clarifications or context on certain areas of the certification. Please also **provide us with any standard auditor's guidance** for the grant certification at the outset of the work
 - ✓ As part of the certification process, we may produce a brief **Terms of Reference** for the key contact to agree and sign. This will set out the **scope of our grant certification work** and should include the **records we expect to see** in place, along with the **key personnel involved**
 - ✓ We would expect a **nominated partner lead** for the grant certification who is **responsible for coordinating all responses and/or evidence** required on behalf of the Authority. This individual would also be responsible for rectifying any outstanding items/ issues we may have prior to our final certification.

3. Common Grant Certification Pitfalls to Avoid

- 3.1 **Changes to grant figures at the last minute** – when certifying grants, we will aim to book in a block of time to review the grant claim. Prior to this date, we will expect to be sent final grant figures for certification. If figures change once we have initially reviewed the work, this is likely to cause delays and potential additional work.
- 3.2 **Unsupported assumptions** – we frequently see assumptions used as part of grant claims. Whilst these are often permitted as part of the grant conditions, we will seek evidence of the basis used to support these assumptions. For example, the grant conditions may state that overheads can be claimed at a rate consistent with that used in your organisation. In this case we would seek evidence that enquires have been made with regards to a reasonable organisation overhead rate and that this evidence is readily available.
- 3.3 **Use of estimates** – occasionally estimated figures are permitted as part of grant claims however more often than not, the grant conditions will require actual incurred amounts to be included. If estimated figures have been used, please ensure that again, the basis for including these is clear and can be easily referenced back to the grant conditions.
- 3.4 **Transfer of information** - as part of our grant certification we will require a number of documents/ supporting evidence to retain on file as part of our professional certification obligations. These are often large data files or paper records. Prior to our work, consideration should be given as to how these records will be transferred across to us for our records i.e. via email/ USB stick. Consideration should also be given to any email quarantine rules that exist at your organisation given that we operate on an external email address.

We hope the above provides you with some helpful information in advance of our grant certification. We look forward to working with you shortly.

South West Audit Partnership

June 2016

AUDIT FORWARD PLAN

PROPOSED WORK PROGRAMME FOR THE AUDIT COMMITTEE - 2016/17

Meeting Date and Time	Name of Report	Report Author	Deadline for submission of report	Publication dates
Page 245 Wednesday 27 July 2016 10.30 a.m.	AGS	Legal	13/07/2016	19/07/2016
	IA Audit Annual Report 2015/16	SWAP	13/07/2016	19/07/2016
	Q1 IA report	SWAP	13/07/2016	19/07/2016
	Report to those Charged with Governance (ISA 260) 2015/16	KPMG	13/07/2016	19/07/2016
	Financial Statement & VFM Opinions	KPMG	13/07/2016	19/07/2016

PROPOSED WORK PROGRAMME FOR THE AUDIT COMMITTEE - 2016/17

Meeting Date and Time	Name of Report	Report Author	Deadline for submission of report	Publication dates
Wednesday 26 October 2016 10.30 a.m.	Q2 IA report	SWAP	12/10/16	18/10/2016
Tuesday 24 January 2017 TBC	Annual Audit Letter 2015/16 **	KPMG	12/10/16	18/10/2016
	Grant Certification Report 2015/16	KPMG	10/01/2017	16/01/2017
	Q3 IA report	SWAP	10/01/2017	16/01/2017
* Whether this is a full report or a brief letter will depend upon the nature and extent of any issues identified. ** The timing of these reports may be subject to change depending upon the nature of any issues found and the time taken to resolve these.				