

AGENDA

Meeting: Audit and Governance Committee

Place: Kennet Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN

Date: Wednesday 26 April 2023

Time: 10.30 am

Please direct any enquiries on this Agenda to Tara Hunt of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718352 or email tara.hunt@wiltshire.gov.uk

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

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

Membership:

Cllr Mark Connolly (Chairman)
Cllr Stuart Wheeler (Vice-Chairman)
Cllr Chuck Berry
Cllr Adrian Foster
Cllr Gavin Grant
Cllr George Jeans

Cllr Edward Kirk
Cllr Antonio Piazza
Cllr Pip Ridout
Cllr Mike Sankey
Cllr Martin Smith

Substitutes:

Cllr Liz Alstrom
Cllr Ernie Clark
Cllr Matthew Dean
Cllr Ross Henning

Cllr Jon Hubbard
Cllr Tom Rounds
Cllr Jo Trigg
Cllr Pauline Church

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Public Participation

Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult [Part 4 of the council's constitution](#).

The full constitution can be found at [this link](#).

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AGENDA

Part I

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

1 **Apologies**

To receive any apologies or substitutions for the meeting.

2 **Minutes of the Previous Meeting** (*Pages 7 - 12*)

To confirm and sign the minutes of the meeting held on 8 February 2023.

3 **Declarations of Interests**

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

4 **Chairman's Announcements**

To receive any announcements from the Chairman:

- Independent co-opted member update
- Wiltshire Pension Fund audit update

5 **Public Participation**

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 this agenda no later than 5pm on 19 April 2023 in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on 21 April 2023. 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 **Accounting Policies** *(Pages 13 - 32)*

To consider the accounting policies 2022/23.

7 **Internal Audit updates** *(Pages 33 - 52)*

To receive the following Internal Audit updates from SWAP:

- Internal Audit Annual Opinion Report 2022/23
- Approach to Internal Audit Planning 2023/24

8 **Governance update on AGS 2022 actions** *(Pages 53 - 60)*

To receive an update on Annual Governance Statement 2022 actions.

9 **Corporate Risk update** *(Pages 61 - 72)*

To receive an update on corporate risk.

10 **Forward Work Programme** *(Pages 73 - 78)*

To note the Forward Work Programme

11 **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on 25 July 2023.

12 **Urgent Items**

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

13 **Exclusion of the press and public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Number 17 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

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

14 **Network Boundary Defences Audit and Disaster Recovery** *(Pages 79 - 94)*

To receive updates on the Network Boundary Defences Audit and the Disaster

Recovery process.

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Audit and Governance Committee

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 8 FEBRUARY 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Mark Connolly (Chairman), Cllr Chuck Berry, Cllr Adrian Foster, Cllr Gavin Grant, Cllr George Jeans, Cllr Edward Kirk, Cllr Mike Sankey and Cllr Martin Smith

1 **Apologies**

Apologies were received from:

- Cllr Antonio Piazza
- Cllr Pip Ridout
- Cllr Stuart Wheeler

2 **Minutes of the Previous Meeting**

The minutes of the meeting held on 23 November 2022 were presented for consideration and it was,

Resolved:

To approve and sign the minutes as a correct record.

3 **Declarations of Interests**

There were no declarations of interest.

4 **Chairman's Announcements**

The Chairman informed Members of the sudden passing of Helen Jones, Director of Procurement and Commissioning at Wiltshire Council. Her impact and time as part of the Council and as an occasional guest at Audit and Governance Committee meetings was noted and the Chairman expressed his heartfelt condolences to her friends and family on behalf of the Committee.

Additionally, the Chairman notified Members that the Public Sector Audit Appointments (PSAA) had appointed Grant Thornton UK LLP as the new external auditors from the financial year 2023/24 to 2027/28.

5 **Public Participation**

There were no public statements or questions received.

6 Independent co-opted member

The Chairman noted that since agenda publication, the new Independent Co-Opted Member had advised that due to personal circumstances they were unable to undertake the role and as such, an update would therefore be provided to the Committee at their next meeting. The Chairman requested that Panel Members liaise with Lizzie Watkin, Assistant Director - Finance, after the meeting with any queries.

7 Internal Audit Reports

The Chairman invited Sally White, SWAP representative, to present the Internal Audit Reports to the Committee.

Members were informed that an ongoing “reasonable opinion” had been offered as a result of the recent reviews undertaken. However, two “limited assurance” opinions had been issued, these were the Pension Key Controls and ICT Network Boundary Defences and could be considered significant corporate risks. There were also three previous significant corporate risks. These were Category Management, Procurement Exemptions and the Pension Fund Review. Follow up work was being undertaken on Category Management and Procurement Exemptions and SWAP would report on progress against those in due course. For the Pension Fund Review, SWAP were not yet assured issues had been resolved as minimal progress had been made. The audit had progressed from no assurance to limited assurance. However, SWAP had confidence that improvements would be made and again they would update the Committee in due course. Follow up work would also be undertaken on the Pensions Payroll Reconciliation Project. Regarding the ICT Network Boundary Defences audit, Wiltshire Council ICT Assistant Director would be taking action to mitigate the risks swiftly with a further update and report to follow at a future date.

The Audit Plan coverage detailed on Page 32 of the Agenda Pack was then highlighted which provided information on audit coverage across the Council. It was noted that SWAP had been providing a list of outstanding management actions to the Committee. But from the April Committee onwards it was hoped that they could present the data graphically, and this could be used as a performance measure.

Members were then given the opportunity to discuss the report and ask questions to SWAP and Council officers. Adult Social Care was raised with regard to its inclusion within the Audit Plan coverage and Members expressed concerns surrounding procurement and staffing costs. It was highlighted that the area of adult transformation was undergoing significant work, and it was suggested that Members could attend the Health Select Committee or read the reports included within their agenda packs for further insight. SWAP also

confirmed that they would be liaising with the council's Corporate Directors and could explore the addition of work respecting brokerage and the care market.

The Wiltshire Pension Fund audits were then discussed, and Members sought further details on the differences between the responsibilities of the Pension Fund and the Committee concerning the issues identified. In response, officers confirmed that although the Committee was charged with ensuring that governance was adhered to, the Wiltshire Pension Fund Committee (WPFC) had a greater understanding of the topics being scrutinised and as such, it would be best for the Committee to receive a formal report from the WPFC updating Members on such matters. The Committee suggested the Chairman of the WPFC attend to provide assurance. It was further clarified that it was the responsibility of the Corporate Leadership Team (CLT) and Fund managers to assess risk profiles when the market landscape changes and to meet any challenges arising through the agility of risk management frameworks which officers noted was a key part of the WPFC's role as overseers and decision makers. SWAP highlighted that a previous audit of the Fund has issued a rating of "no assurance" and as such, the recent rating of "limited assurance" was an improvement, however the scope of their audit was wide and had raised a number of issues which would take some time to rectify. Despite this, SWAP were reasonably confident that the issues identified were being actioned and any further work would be brought forward to the Committee when appropriate. The Chairman requested that a report from the WPFC to the Committee was added to the Forward Work Plan. Members also suggested that the Chairman of that Committee should attend when the report was discussed.

Risk was discussed by Members, and officers advised that it was a management responsibility to assess risk and these were discussed by the Corporate Leadership Team (CLT). There were performance frameworks in place. SWAP also had a key role assessing risk, reviewing the risk registers and taking those into account when forward planning.

The ICT Network Boundary Defences audit was then explored with Members seeking clarification on the details provided on Page 37 of the Agenda Pack. Members expressed concern regarding the results of the review and sought reassurance that it was being handled as a matter of urgency considering the potential vulnerability of the Council in the interim. Officers highlighted that there was a plan in place which looked at prioritising the higher identified risks but emphasised that as some of the items were working with older firmware, compatibility was an issue and as such, some the risks would take a longer time to rectify than others. However, it was reiterated that the plans were agile and could respond robustly if/when any problems arose. Furthermore, back-up facilities were in place off site which were isolated and could be used to retrieve information as a contingency plan. Officers stressed that since the cyber security attacks in the wake of the Novichok incident a significant program of replacement had been undertaken, particularly around core services and protections, and the risks identified in the audit were a part of this program. Members requested that a report be brought to a future meeting on this issue and that this should also include action plans which would include disaster recovery.

Members further questioned the risk management frameworks and if the right areas of work were being prioritised. Officers noted that a cyber security framework review had been undertaken which had looked at 20 controls and had highlighted the boundary defences for future review, hence the audit. The breadth of SWAP's experience and knowledge was highlighted, and Members were reassured that CLT were assessing their risk register quarterly on how they delivered against the Business Plan, the performance around that and what could threaten the delivery of the Business Plan. The results of that review were then taken to the next appropriate Cabinet meeting which Members were welcome to attend and pose any questions to. Members were reminded that there was a skills audit for Committee Members planned for the next meeting, which could then result in training which would ensure that Members were equipped with the full understanding required, enabling them to ask the right questions to gain assurance.

The role of the Overview and Scrutiny Management Committee (OSMC) with regard to risk and performance was then discussed. It was explained that the Scrutiny Team alongside CLT support the work of the OSMC who had recently undergone a peer challenge which encouraged Members to constructively challenge one another and found that the OSMC delivered robust scrutiny. The role of the Audit and Governance Committee was to ensure that a framework of governance was in place. It was suggested that the Chairman may consider attending OSMC meetings to gain further understanding of their processes and to ask any pertinent questions for reassurance if appropriate.

Members briefly discussed the VAT changes regarding sport and leisure, and it was confirmed that there were suitably qualified and experienced officers who kept abreast of changes in the regulations, and that the Council would ultimately benefit from the change as a windfall would be received as a result and it would not impact on the processes or the charging of customers. HMRC reviewed compliance in this area.

At the conclusion of the debate, a proposal was made by Cllr Mark Connolly and seconded by Cllr Gavin Grant. After which, it was:

Resolved

- 1) The Committee noted the January 2023 Internal Audit Progress Report.**
- 2) The Committee requested that a report on the ICT Network Boundary Defences work and disaster recovery come to the next meeting of the Audit and Governance Committee.**
- 3) The Committee requested that a progress report from the Wiltshire Pension Fund Committee on the Pension Fund Controls audit come to the next meeting of the Audit and Governance Committee.**

The Chairman invited Ian Howse, Deloitte representative, to present the Wiltshire Pension Fund final report for the 2020 audit.

It was explained that Deloitte give their opinion on the Council's annual Statement of Accounts (SoA) and as part of their audit remit give a further opinion on the Pension Fund's accounts. As the two accounts were connected then one could not sign off Pension Fund accounts separately from the SoA. It was noted that Deloitte were lobbying government to potentially change this.

It was further noted that the Pension Fund audit with reference to scheme year 2019/20 was close to being completed but the significant delays on the Council SoA 2019/20 had postponed the sign off. As such, as soon as the Council's SoA was completed the Pension Fund's audit opinion would follow. However, it was stressed that the landscape had dramatically changed since that financial year and as such, an element of hindsight was in effect which management could not have taken advantage of when predicting their figures for that year.

One significant risk was identified with respect of the management override of controls. Further areas of focus as per the report were then noted alongside reference to the 2018 Guaranteed Minimum Pension (GMP) equalisation court ruling which Deloitte confirmed had not been estimated for the Fund as of yet as the GMP information was still in the analysis stage and therefore, no amount had been recognised within the financial statements. Overall, Deloitte were proposing very few adjustments and referred to their approach to materiality as outlined in the report, and noted that they had no real concerns, but it was ultimately the Committee's decision to determine if they were satisfied that the level of materiality was appropriate for the scope of the audit.

Members queried why the GMP equalisation was yet to be addressed alongside the McCloud adjustments and in response, it was noted that this was due to the triannual nature of the public sector and the fact that neither amount was material enough to warrant recognition within the financial statements as a provision. It was further noted that there were a number of control weaknesses which had been identified and were being worked on, with the addition of an extra area of audit focus. In response to a further question, Deloitte confirmed that they would provide an answer outside of the meeting with regard to Members' personal liability respecting the upcoming changes to the Notifiable Events regime as detailed on Page 61 of the Agenda Pack. However, Perry Holmes, Director, Legal and Governance, highlighted that it was the Committee as a body that ultimately made decisions and not the individual, and as they sit within the overall function of the Council, they have the indemnity to deliver their role so long as the decisions were within the bounds of reasonableness.

At the conclusion of the discussion, a proposal was made by Cllr Mark Connolly and seconded by Cllr Gavin Grant. After which, it was:

Resolved

The Committee noted the Wiltshire Pension Fund final report for the 2020 audit.

9 **Forward Work Programme**

The Forward Work Programme was presented for consideration, and it was noted that the officers were working hard to ensure that the Statement of Accounts for 2019/20 would be ready for the next meeting of the Committee. However, Members were informed that the national issue in respect of assets had raised some complex issues that were taking longer to resolve than anticipated which meant that said timescale may not be met but it was reiterated that officers were working tirelessly in an attempt to prevent such an eventuality. Furthermore, once that account was signed off it should resolve the flagged internal issues which would therefore create a solid basis was in place for further accounts.

After which, it was:

Resolved

The Committee noted the Forward Work Programme and requested that the ICT Network Boundary Defences audit and a report from the Pensions Committee on their audits be added to the plan.

10 **Date of Next Meeting**

The date of the next ordinary meeting of the Audit and Governance Committee was confirmed as 26 April 2023 at 10:30am.

11 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.30 am - 12.20 pm)

The Officer who has produced these minutes is Tara Hunt of Democratic Services, direct line 01225 718352, e-mail tara.hunt@wiltshire.gov.uk

Press enquiries to Communications, direct line 01225 713114 or email communications@wiltshire.gov.uk

Wiltshire Council

Audit and Governance Committee

26 April 2023

Subject: Accounting Policies 2022/23

Executive Summary

This report presents the Accounting Policies for the 2022/23 financial year end and these will be used in the preparation of the draft Statement of Accounts for the financial year ending 31 March 2023.

Proposal(s)

To recommend the approval of the council's accounting policies for the financial year 2022/23 by those charged with governance.

Reason for Proposal(s)

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

Andy Brown

Corporate Director of Resources and Deputy Chief Executive (S.151 Officer)

26 April 2023

Subject: Accounting Policies 2022/23

Purpose of Report

1. This report presents the Accounting Policies for the 2022/23 financial year end and these will be used in the preparation of the draft Statement of Accounts for the financial year ending 31 March 2023. The report recommends the approval of these policies for the final Statement of Accounts for that financial year and presenting these policies in advance of the production of the accounts provides a best practice approach and allows these policies to be fully considered by those charged with governance before the accounts are produced.

Relevance to the Council's Business Plan

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

Background

3. The production of annual accounts is a statutory requirement and provides financial information on a consistent basis on which the council can be compared to other Local Authorities. The accounts include disclosure of the accounting policies that set out the basis on which the accounts have been prepared and are presented and includes all key accounting matters that affect the figures disclosed in the accounts.
4. The policies are in line with Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Local Authority Accounting for the year ending 31 March 2023 and take account of local circumstances. However, there is little discretion to the Council, as the proper accounting practices, which apply to all local authorities, are set down in the Code.
5. The disclosed policies are those which are fundamental to the understanding of the Statement of Accounts. The matters covered in the proposed policy statement have a significant impact on the way the accounts are prepared and are those commonly adopted by other local authorities.

Main Considerations for the Council

6. The Council's accounting policies are regularly reviewed by suitably qualified officers to ensure they are up to date. The policies also fall within the scope of the annual audit of the Statement of Accounts and therefore independently

reviewed by the council's external auditors to ensure they are in line with the Code of Practice.

7. There have been no significant changes to the accounting regulations since last year (2021/22).
8. The accounting policies are included annually in the Statement of Accounts that is approved by Audit and Governance committee each year. They are included in Appendix A.

Overview and Scrutiny Engagement

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

Safeguarding Implications

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

Public Health Implications

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

Procurement Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

14. There are no environmental and climate change considerations arising from this report.

Risks that may arise if the proposed decision and related work is not taken

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

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

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

Financial Implications

17. The accounting policies presented will be used in the production of the draft annual accounts for the financial year ending 31 March 2023 and these policies and the annual accounts will be reviewed by officers and the council's independent external auditors.

Legal Implications

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

Workforce Implications

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

Options Considered

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

Conclusions

21. It is recommended that Audit and Governance Committee approve the council's accounting policies for the financial year 2022/23.

Andy Brown

Corporate Director of Resources and Deputy Chief Executive (S.151 Officer)

Report Author: Sally Self, Chief Accountant, sally.self@wiltshire.gov.uk, 01225 713065

11/04/2023

Appendices

Appendix A – Accounting Policies 2022/23

Background Papers

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

CIPFA Code of Practice 2022/23

Subject: Accounting Policies 2022/23 – Appendix A

Notes to Accounts Annex 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/2023 financial year and its position at the year-end of 31 March 2023. 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 2022/23 supported by International Financial Reporting Standards (IFRS).

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

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Housing benefits expenditure is payable on a weekly or monthly basis throughout the year. No adjustments are made to account for payments in respect of part weeks / months at the beginning or end of the financial year.

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.

Contingent Liabilities

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

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

Contingent Assets

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

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

iv. Reserves

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

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

v. Government Grants and Contributions

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

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

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

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

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

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

Community Infrastructure Levy

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

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

vi. Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, based on the indicative rate of return on high quality corporate bonds.

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

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

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

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- contributions paid to the Wiltshire pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

vii. VAT

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

viii. Overheads and Support Services

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

ix. Intangible Fixed Assets

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

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

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

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

x. Property, Plant and Equipment

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

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

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

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every three 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 a suitable qualified officer
- vehicles, plant and equipment – straight line allocation over the useful life of each class of assets in the balance sheet, as advised by a suitably qualified officer. The useful lives vehicles, plant and equipment is generally between 5 to 20 years
- infrastructure – Bridges and Drainage assets are depreciated over a useful life of 120 years. Roads, Traffic Signals and Street Lights are depreciated over a useful life of 30 years. Infrastructure asset spend recorded on the balance sheet prior to 1st April 2020 is depreciated with a weighted average useful life of 60 years.

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

xi. Investment Property

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

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

xii. Charges to Revenue for Non-Current Assets

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

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

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

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

xiii. Revenue Expenditure Funded from Capital Under Statute

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

xiv. Leases

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

Operating Leases

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

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.

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

Loans and receivables**Financial Assets**

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

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

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

Financial Assets Measured at Amortised Cost

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

Expected Credit Loss Model

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

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

Financial Assets measured at Fair Value through Profit or Loss

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

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

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

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

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

xvi. Inventories and Long-Term Contracts

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

xvii. Interest in companies and other entities

The Council has a material interest in three subsidiary companies: Stone Circle is a wholly owned subsidiary of Wiltshire Council that was set up for the benefit of Wiltshire residents, aiming to provide quality affordable housing. It comprises the holding company Stone Circle Development Company; Stone Circle Housing Company which purchases residential property for let to tenants and the dormant Stone Circle Energy Company. The Council will produce group accounts when the balances have a material impact on the council's own single-entity accounts based on line by line consolidation following the elimination of inter-company balances / transactions and alignment of accounting policies. In the council's own single-entity accounts, the interest in Stone Circle is recorded as financial assets at cost, less any provision for losses.

xviii. Private Finance Initiative (PFI) and similar contracts

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

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

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

- i. Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement

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

xix. Exceptional Items

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

xx. Cash and Cash Equivalents

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

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

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

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

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

xxii. Events after the Balance Sheet Date

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

Two types of events can be identified:

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

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

xxiii. Non-Compliance with Code of Practice

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

xxiv. Foreign Currency

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

xxv. Heritage Assets

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

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

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

xxvi. 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.

xxvii. Council Tax and Non-domestic Rates

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

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

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

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

xxviii. Accounting for Agency / Principal relationships

The Council acts as Principal where it acts on its own behalf and as Agent where it acts as an intermediary. Where it acts as principal, transactions are included in the financial statements in full. Where it acts as agent, only the cash collected and or expenditure incurred are included in the council's statements, with the creation of a debtor or creditor and any cash being shown in the council's cash flow statement under financial activities. An

example of such a principal / agent relationship is where the council acts as billing authority for NDR and council tax attributable to the police and fire authorities. In this example, the council is principal and shows cash collected on behalf of the other authorities in its net cash balance and two creditors. A further example would be in respect of Covid Grants provided by Government, the council is acting as an agent where the council is not in control of funding where it is responsible only for distributing amounts to beneficiaries with rules supplied by the funder, so that the recipient and the amounts they receive would be no different if Government had distributed the funding itself.

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Wiltshire Council

Internal Audit Annual Opinion Report 2022-23

Page 33

Agenda Item 7

Internal Audit Annual Opinion – 2022/23: ‘At a Glance’



Reasonable internal audit opinion provided;



Building on our audit coverage with an aim to deliver assurance across key strategic risks;
(The rolling plan approach will help us to ensure that we are delivering the right audits at the right time)



Three Limited assurance opinions issued all of which were reported as a Significant Risk;
(Two of the 2021/22 significant risks previously reported have now been mitigated and in all other instances identified this year actions have been agreed and we will report back to the Committee once we believe the risks to be adequately mitigated)



A range of innovations and enhancements being made to our internal audit process throughout the year;
(Introduction of a flexible planning process, continuous assurance process on key council systems, introduction of agile auditing)

Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.

* Across the next year the Institute of Internal Auditors (IIA) is planning a significant change to the current *International Professional Practices Framework (IPPF)* which will ultimately be known as *The Global Internal Audit Standards*.

The Internal Audit Charter, which is reviewed annually by this Committee, and guides the work of Internal Audit is based around the existing IPPF. SWAP is contributing to the consultation on the proposed new Global Internal Audit Standards. As such SWAP will be reviewing the Charter as further information becomes available from the IIA and will bring a revised charter to the Committee for approval later in the year.

In the meantime, we will continue to operate in accordance with our existing charter.



Purpose

The Head of Internal Audit should provide a written annual report to those charged with governance to support the authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment;
- Disclose any qualifications to that opinion, together with the reasons for the qualification;
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- Provide the opportunity to review the work actually undertaken during the year, and summarise the performance of the Internal Audit function against its performance measures, criteria and standards; and
- 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.



Background

The Internal Audit service for Wiltshire Council is provided by the SWAP Internal Audit Services. SWAP work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. Internal audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of SWAP for the 2022/23 year.

**Internal audit work is guided by the Internal Audit Charter which is reviewed annually.*

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



Annual Opinion

I have considered the balance of 2022/23 audit work for Wiltshire Council, enhanced by the work of external agencies and am able to offer **Reasonable Assurance** in respect of the areas reviewed during the year, as most were found to be adequately controlled. Generally, risks are well managed, however some areas require the introduction or improvement of internal controls to ensure the achievement of the Council's objectives.

The significant risks identified in 2021/22 in relation to **Category Management** and **Procurement Exemptions** have been followed up and assessed as adequately mitigated although SWAP is currently undertaking further follow up work to ensure the small number of outstanding actions that were still being progressed are now fully implemented.

Three significant corporate risks were identified in 2022/23 in relation to:

- **Pension Payroll Reconciliation**
- **Pension Fund Key Controls**
- **ICT Network Boundary Defences**

A significant corporate risk was reported around the **Pension Payroll Reconciliation Project**. This project has now been outsourced in order to make improved progress.

We undertook a further full audit of **Pension Fund Key Controls** following the No Assurance opinion issued in 2021/22 and have identified it as a significant corporate risk. Whilst internal audit has not yet been able to report that the risk has been adequately mitigated, this is an area that we will continue to monitor and will report back to the Committee during the course of the 2023/24 year. The final significant risk was in relation to **ICT Network Boundary Defences** and again SWAP will continue to monitor and will report back to the Committee during the course of the 2023/24 year.

Whilst the day-to-day impacts of the COVID pandemic feel like they are behind us now, during the first half of the year, our work has been punctuated by the need for demand driven COVID related grant certifications. However, this has very much lessened during the second half of the year.

The table at [Figure 1](#) below, captures our audit coverage this year, mapped against the Authority's strategic risks, we have then overlaid the audit assurance outcomes of those risk areas that we have reviewed. The table demonstrates that we have provided some level of audit work across a number of strategic risks during the last

Executive Summary

Internal Audit coverage should be aligned to key corporate priorities and key corporate risks.

Figure 1 highlights our assessment of Internal Audit coverage against the Strategic Risks within 2022/23.

year. We are looking to work with Risk Management and the Extended Leadership Team going forward in order to ensure that we are providing wider audit coverage across the key risks that Wiltshire Council faces.

Figure 1: Audit Coverage by Corporate Risk

Strategic Risk	Coverage	Assurance assessment based on completed internal audit work
SR01 – Unable to meet demand for special educational needs or disability (SEND) school	None	
SR02 – Lack of Capacity in the Social Care Market	Some	Non-Assurance audit work
SR03 – Failure to Manage Housing Development	In progress	In Progress
SR04 – Increasing vulnerability to climate impacts	None	
SR05 – Uncontrolled cost of social care (predominantly adults)	Some	Non-Assurance audit work
SR06 – Cyber Resilience	Adequate	Limited
SR07 – Impact of negative media/social media coverage on the Council	Some	Reasonable
SR08 – Failure in Safeguarding Children	Some	Substantial
SR09 – Information Governance	None	
SR10 – Income Collection	Adequate	Reasonable
SR11 – Corporate Health, Safety and Wellbeing	Some	Non-Assurance audit work
SR12 – Hospital Discharges Resulting in Highly Restrictive Packages of Care	None	
SR13 – Budget Management	Good	Substantial
SR14 – Not on Track for the Council to be Carbon Neutral by 2030	None	

Coverage Key	
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In progress	Some aspects of audit coverage in progress
None	No audit coverage to date

Assurance Key	
Substantial	Sound system of governance, risk management and controls exist
Reasonable	Generally sound system of governance, risk management and control in place
Limited	Significant gaps, weaknesses or non-compliance were identified
No Assurance	Fundamental gaps, weaknesses or non-compliance identified
In progress	Work is currently ongoing
Non-Assurance Audit Work	Audit work undertaken does not result in an audit opinion being delivered such as advisory or grant certification work, but such work can contribute to internal audit's annual opinion

Audit Outcomes

Summary of Audit Opinions

At the conclusion of an audit assurance assignment each review is awarded an Audit Assurance Opinion:

- **Substantial** – A sound system of governance, risk management and control exists.
- **Reasonable** – There is a generally sound system of governance, risk management and control in place.
- **Limited** – Significant gaps, weaknesses or non-compliance were identified.
- **No** – Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified.



Summary of Audit Opinions and Audit Work by Type

Table 1: Summary of Audit Opinions

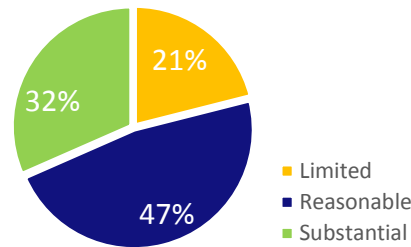


Table 2: Audit Work by Type

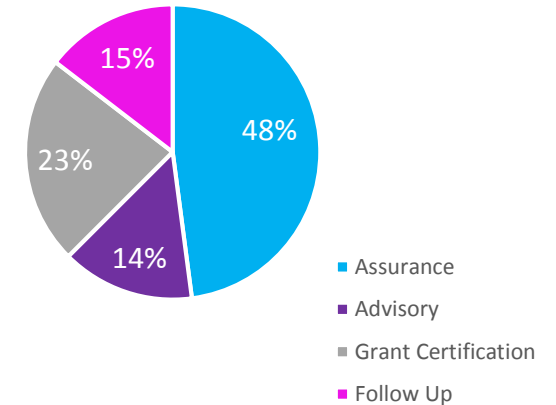


Table 1 above indicates the spread of assurance opinions across our work completed during the past year. We are looking to refocus how we decide which are the right areas for internal audit work and plan to work with Risk Management and ELT to better focus our audit work going forwards.

Table 2 indicates the audit work by type. Whilst assurance work is the main focus of Internal Audit, in an ever-changing landscape, Internal Audit has the knowledge and skills to be able to provide advisory work that supports the organisation in understanding these changes. In addition, there has continued to be a greater requirement for grant certification work, mainly due to the continuing number of COVID related government grants available to the Council and the requirement for the Head of Internal Audit to provide certification of these grant awards.

Value Added

‘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.’



Value Added

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

CiFAS data Matching

SWAP has paid an annual subscription of £15624 for 2022/23 to enable Wiltshire Council to be part CiFAS. This data matching service will help the Council to both prevent and detect fraud. SWAP, is looking to support the Council to roll out the use of the CiFAS database initially in three areas, namely:

- Insurance Team
- Revenues and Benefits Team
- Blue Badges

SWAP has arranged training with CiFAS for these teams in using the database so that data matching can be started. It is SWAPs ambition to roll out the use of the CiFAS database more widely across the Council. Its introduction across other councils has had a positive benefit; for example, a reduction in the number of speculative insurance claims being received.

Benchmarking, Surveys and Data Analytics

During the year as part of our audit work, we have looked to provide additional information on top of our standard audit report. This might be benchmarking across the SWAP partnership or the wider reach of the Chief Internal Auditors Network. Undertaking surveys across appropriate internal groups to further evidence and enhance our work and using the SWAP’s Data Analytics team to undertake analysis and enhance the way in which this is presented to the Council. Examples of this added value work are:

- Fraud Risk Self-Assessment surveys;
- Risk Management – Information sharing regarding FTE and reporting lines;
- Finance/HR System comparison work of systems used by other Councils; and
- Data Analytics on Key Financial Controls.

Regular updates

To help key officers in the Council keep abreast of changes, SWAP produces a monthly newsletter that provides information on topical areas of interest for public sector organisations.

Counter Fraud Team

SWAP's Counter Fraud team have been providing specialist fraud expertise during the year, along with some fundamental fraud assessment work to help our partners strengthen their resilience to fraud. Furthermore, the team also provide regular fraud bulletins to our partners on the latest intelligence on fraud targets.

The Chief Executive of SWAP reports overall performance of the company on a regular basis to the SWAP Board of Directors.



SWAP Performance

SWAP’s performance is subject to regular monitoring and review by both the Board of Directors and Owners Board. The performance for Wiltshire Council for the 2022/23 year is as follows:

Performance Target	Performance Outturn
<p><u>Value to the Organisation</u></p> <p>Client view of whether our audit work met or exceeded expectations, in terms of value to their area across 22/23 year</p>	93%
<p><u>Implementation of audit actions</u></p> <p>We are continuing to work with ELT to provide better visibility of management actions through an improved process of audit action tracking. Once this process is established we envisage a much quicker response to following up actions therefore, hopefully, reducing the number that fall overdue.</p> <p>There have been no instances in 2022/23 where a control weakness has been brought to the attention of senior management and a decision is taken by them to accept the risk and not implement remedial action.</p>	

Internal Audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the International Professional Practice Framework (IPPF) 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). Both standards require an Internal and External Assessment (at least every five years) of the Internal Audit function.

SWAP exceeds this with an assessment undertaken every three years. The latest assessment undertaken in March 2020 found SWAP to be ‘Generally Conforming’ with the International Professional Practices Framework and the Public Sector Internal Auditing Standards (PSIAS) and is the highest level of performance awarded. As a result of the External Assessment, a Quality Assessment Improvement Plan (QAIP) is produced and maintained. This document is a live document, reviewed regularly by the SWAP Board to ensure continuous improvement. As the International Professional Practices Framework is currently under review, SWAP is considering when it will undertake its next External Assessment which is not formally required until March 2025.

Summary of Internal Audit Work 2022/23

The schedule below contains the audit work undertaken in 2022/23, along with the respective outturn. Members and officers have access to this via the live rolling plan.

At the conclusion of audit assignment work each review is given an Audit Assurance; a summary of the assurance levels is as follows:

- Substantial – A sound system of governance, risk management and control in place;
- Reasonable – A generally sound system of governance, risk management and control in place;
- Limited – Significant gaps, weaknesses or non-compliance were identified; and
- No Assurance – Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified.

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Assurance/Targeted Follow up Work							
Operational	ICT Disaster Recovery	Final	Medium Reasonable	6	0	0	6
Operational	Pension Payroll Reconciliation Project	Final	Medium Limited	5	1	4	0
Operational	Payroll Continuous Audit Q3-Q4	Final	High Substantial	3	0	0	3
Operational	Main Accounting Continuous Audit Q3-Q4	Final	Medium Reasonable	1	0	0	1
Operational	Council Tax & Business Rates Continuous Audit Q3-Q4	Final	Medium Substantial	1	0	0	1
Operational	Housing Rents Continuous Audit Q3-Q4	Final	Medium Substantial	1	0	0	1
Operational	Waste Collection Services	Final	High Reasonable	1	0	0	1
Operational	Housing Rents Continuous Audit Period 1	Final	Medium substantial	0	0	0	0
Operational	Accounts Payable Continuous Audit Period 1	Final	Medium Reasonable	2	0	2	0

Summary of Internal Audit Work 2022/23

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Operational	St Mary's C of E School	Final	High Reasonable	5	0	1	4
Operational	Accounts Receivable Continuous Audit Period 1	Final	Medium Reasonable	5	0	1	3
Operational	Pension Fund Key Financial Controls	Final	Medium Limited	13	2	9	2
Operational	Ludgershall Castle Primary School	Final	Low Substantial	3	0	0	3
Operational	Treasury Management Continuous Audit Period 1	Final	High Substantial	0	-	-	-
Operational	ICT Boundary Defences	Final	Low Limited	6	1	3	2
Operational	Housing Benefits & Council Tax support Continuous Audit Period 1	Final	High Substantial	3	0	0	3
Operational	Redland Primary School	Final	High Reasonable	5	0	1	4
Operational	Horningsham Primary School	Final	High Substantial	3	0	0	3
Operational	Manor Fields School	Final	High Reasonable	4	0	2	2
Operational	Interim Loans	Final	Low Reasonable	2	0	1	1
Operational	Council Tax and Business Rates Continuous Audit Period 1	Final	Medium Substantial	3	0	0	3
Operational	Canon's House Development Plan – Governance Review	Final	High Substantial	0	0	0	0
Advisory Work							

Summary of Internal Audit Work 2022/23

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	Recommendation		
					1 = Major	↔	3 = Medium
					1	2	3
Advisory	Workforce Planning and Capacity & Mental Health and Wellbeing	Final	N/A				
Advisory	Housing Private Finance Initiative Contracts	Final	N/A				
Advisory	Housing Rent Data Analysis	Final	N/A				
Advisory	Housing Rents Year End Balancing	Final	N/A				
Advisory	Financial Controls Feeder Systems	Final	N/A				
Advisory	CASPAR Migration Investigation	Final	N/A				
Advisory	School Cheque Fraud Investigation	Final	N/A				
Follow Up							
Follow up	Childrens Brokerage	Final	N/A	0	0	0	0
Follow up	Third Party Spend- Purchase to Pay	Final	N/A	4	0	4	0
Follow up	Care Home Alliance	Final	N/A	0	0	0	0
Follow up	Brokerage – Adults	Final	N/A	2	0	2	0
Follow up	Baseline Assessment of Fraud – Maturity Assessment	Final	N/A	N/A	N/A	N/A	N/A
Follow up	Category Management	Final	N/A	0	0	0	0
Follow up	Procurement Exemptions	Final	N/A	2	0	1	1
Grant Certification							

Summary of Internal Audit Work 2022/23

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Grant Certification	Supporting Families – May 2022 Claim	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Supporting Families – August 2022 Claim	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Supporting Families – December 2022 Claim	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Supporting Families – March 2023 Claim	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Superfast Broadband Annual Return	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Contain Outbreak Management	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Universal Drug Treatment	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Growth Hub	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Local Transport Grant	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Local Bus Services Operators Grant (BSOG)	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Public Health Grant	Final	N/A	N/A	N/A	N/A	N/A
Work In Progress							
Operational	Payroll Continuous Audit – Period 1	In Progress					
Advisory	Roll out of CiFAS – Revenues and Benefits	In Progress					
Advisory	Roll out of CiFAS - Insurance	In Progress					
Advisory	Roll out of CiFAS – Blue Badges	In Progress					

Summary of Internal Audit Work 2022/23

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
Operational	Leisure Services – Wetside Health and Safety	In progress					
Advisory	Audit Committee – Skills Audit	In Progress					
Operational	ICT Identify Management in the Cloud	In progress					
Operational	Longleaze Primary School	In Progress					
Operational	Utility Contracts	In Progress					
Operational	Risk Management	In Progress					
Operational	S106	In Progress					
Operational	Payments to Providers – Adults	In Progress					
Operational	Main Accounting – Continuous Audit Period 1	In Progress					
Follow Up	Third Party Spend- Purchase to Pay - Further Follow Up	In Progress					
Follow Up	Brokerage – Adults - Further Follow Up	In Progress					

Wiltshire Council

Approach to Internal Audit Planning 2023/24

Page 47

The work of Internal Audit should align strategically with the aims and objectives of the organisation; taking into account key risks, operations and changes. In order to do this Internal Audit needs to be flexible in adapting audit plans to handle rapidly changing risks, priorities and challenges.

It is the responsibility of the Extended Leadership Team, and the Audit & Governance Committee to ensure that the audit work scheduled and completed throughout the year contains sufficient and appropriate coverage of key risks.

Approach to Internal Audit Planning 2023/24

Background

The COVID pandemic required Local Authorities to be responsive and adaptive, needing them to be able to re-prioritise and shift focus at speed. Whilst the pandemic is no longer the threat that it was, the ever-changing landscape within Local Government is likely to be here to stay. As a result, it is important that SWAP adopts a similarly flexible and responsive approach to audit planning, ensuring that we are supporting the Council by collaboratively aligning our work to its aims, objectives and key risks. This should ensure that we are auditing the right things, at the right time; enabling us to provide insight and value when and where it is required.

Approach to Internal Audit Planning 2023/24

Our approach to Internal Audit planning throughout 2023/24 will be a continuous risk assessment and rolling plan approach. Rather than present a proposed annual plan at the start of the year or periodically throughout the year, which can be subject to a high level of uncertainty and change, we will build our plan in conjunction with management as the year progresses.

The resulting programme will be a combination of requested audit work aligned to service priorities, combined with audit work recommended by SWAP, driven by our continuous risk assessment. This risk assessment will be based on the Council's strategic and service risk registers, as well as the Council's performance management data. Overlaid onto this assessment will be SWAP's sector-wide top 10 risk areas, and consideration of the eight strands of our 'Healthy Organisation' framework. The results of our risk assessments will be shared with Senior Management in Directorates to obtain their view on the value of internal audit involvement. In developing risk assessments, we will also take account of other sources of assurance, where relevant.

As the year progresses, we will update the Committee through our usual quarterly update report on Internal Audit activity. It will be through this process and through regular access to a live rolling audit plan document that the Senior Leadership Team and Audit & Governance Committee members will be able to assess whether the audit work building throughout the year provides sufficient and appropriate coverage of key risks.

School Audits

From 2023/24 we plan to change our approach to school audits. These reviews currently exclusively cover the elements of the Schools Financial Value Standard (SFVS) and the focus on other themes has been limited. We have discussed this work with Senior Management and agreed that we can add significantly more value to the Council by undertaking themed reviews that align better to the Council's risk profile.

Internal Audit Planning 2023/24: A Revised Approach

* Across the next year the Institute of Internal Auditors (IIA) is planning a change to the current *International Professional Practices Framework (IPPF)* which will ultimately be known as *The Global Internal Audit Standards*.

The Internal Audit Charter, which is reviewed annually by this Committee, and guides the work of internal audit is based around the existing IPPF.

SWAP is contributing to the consultation on the proposed new Global Internal Audit Standards. As such we will be reviewing the Charter as further information becomes available from the IIA and will bring a revised charter to the Committee for approval later in the year.

In the meantime, we will continue to operate in accordance with our existing charter.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage of key risks, will enable us to satisfy our requirement to provide a well-informed and comprehensive year-end annual internal audit opinion. Our audit work is governed by our Internal Audit Charter* and complies with the International Professional Practices Framework of the Institute of Internal Auditors.

We would encourage ELT and the Audit & Governance Committee to regularly review our live audit plan to assess our rolling internal audit coverage.

This will help to confirm:

- That the internal audit plan builds throughout the year to provide adequate coverage of the key risks faced by the organisation
- That sufficient assurance is being received to monitor the organisation's risk profile effectively; and
- That the areas included on the Future Proposed Audits remain appropriate, with an accurate priority and risk assessment.



A Rolling & 'Live' Programme of Audit Work

A 'live' record of our internal audit programme – Planned, In Progress & Completed work

Throughout the last quarter of 2022/23 we have developed and refined a live rolling plan document which is held on SWAPs audit software, AuditBoard. Committee members and Senior Council officers are able to access and view our live rolling audit plan document.

This document provides an assessment of how our audit work is building throughout the year to enable SWAP to provide an annual opinion on the Council's governance, risk management and control environment. The continuous risk assessment and planning approach highlighted above, aims to ensure that we have a reasonable and equitable spread of work covering the Authority's key strategic risks.

The rolling plan document contains all work we have completed across the year, along with work in progress and the status of that work.

We also highlight within the document any work that may have been 'Deferred' or 'Removed' from our programme of work, and the reasons for this.

The list of 'Future Proposed Audits' is our rolling audit plan, and details audit work that we propose to undertake in the future, along with an assessment of the priority and timing of that work.

We will continue to provide a detailed list of audits undertaken as part of the Annual Opinion report and also report any significant corporate risks through an update report as the Committee has seen previously.

SWAP is a public sector, not-for-profit internal audit partnership covering 22 organisations. Wiltshire Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

Over and above our Internal Audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Benchmarking and sharing of best-practice between our public-sector Partners.
- Regular updates containing emerging issues, risks and fraud alerts identified across the SWAP partnership and beyond.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

We will:

- *Exceed expectations;*
- *Be pragmatic and focus on what matters;*
- *Be inventive and offer creative solutions;*
- *Be visible and responsive*



Your Internal Audit Service

Audit Resources

The 2023/24 Internal Audit programme of work will be resourced to an equivalent of 1,709 days (a reduction from 2022/23, which was equivalent to 1,800 days). The current Internal Audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the expected work.

The key contacts in respect of your Internal Audit service for Wiltshire Council are:

Sally White, Assistant Director – sally.white@swapaudit.co.uk, 07820312469

Becky Brook, Principal Auditor – becky.brook@swapaudit.co.uk 020 8142 5030

External Quality Assurance

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors (IPPF). These are due to be replaced with the Global Internal Auditing Standards in 2024.

Every three years (which is more regular than the required five yearly assessment), SWAP is subject to an External Quality Assessment (EQA) of Internal Audit Activity. The last of these was carried out in March 2020 which confirmed 'General Conformance' with the IPPF. Due to the above changes to the Global Internal Auditing Standards, SWAP is currently considering when it will undertake its next External Assessment which is not formally required until March 2025.

Conflicts of Interest

We are not aware of any conflicts of interest within Wiltshire Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

Our Reporting

A summary of Internal Audit activity will be reported quarterly to Executive Leadership Team (ELT) and the Audit & Governance Committee (*as well as our 'live' rolling plan document highlighted above being available throughout the year*). Our reporting to ELT and the Audit & Governance Committee will include any significant risk and control issues, governance issues, and other matters that require the attention of ELT and/or the Audit & Governance Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

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Wiltshire Council

Audit and Governance Committee

26 April 2023

Subject: Corporate Governance Update

Executive Summary

The Annual Governance Statement for Wiltshire Council demonstrates how the Council is meeting the principles of good governance adopted in its Local Code of Corporate Governance (LCCG). Following the agreement of the Annual Governance Statement in September, this report provides an update on the current status of improvement actions identified in the Annual Governance Statement for 2022.

Proposal(s)

Audit and Governance Committee is asked to consider the current status of improvement actions identified in Annual Governance Statement, as set out at **Appendix 1**.

Reason for Proposal

In considering the draft Local Code of Corporate Governance in 2019, Audit Committee agreed to receive regular updates on the implementation of improvement actions identified in the Annual Governance Statement. Consideration of these actions will inform the development of the Annual Governance Statement (AGS) that the council is required to produce for 2022/23.

Andy Brown

Corporate Director, Resources

Perry Holmes

Director, Legal and Governance (Monitoring Officer)

Tamsin Kielb

Director, Human Resources and Organisational Development

Wiltshire Council

Audit and Governance Committee

26 April 2023

Subject: Corporate Governance Update

Purpose of Report

1. To consider the current status of improvement actions identified in the Annual Governance Statement (AGS) and emerging themes to capture in the AGS for 2022-23.

Background

2. Wiltshire Council agreed a revised Local Code of Corporate Governance in 2019.
3. In considering the draft Local Code of Corporate Governance, Audit Committee agreed to receive regular updates on the implementation of improvement actions identified in the Annual Governance Statement. Consideration of these actions will inform the development of the Annual Governance Statement (AGS) that the council is required to produce for 2022-23.

Main Considerations

4. In 2021-22's Annual Governance Statement the Council identified a number of areas where further improvements could be made to strengthen its governance framework. It should be noted that these areas are not to be regarded as failures, rather examples of issues where scope for further improvement has been identified. In many cases, work is already well underway to address these areas for improvement.
5. The governance of the Council continues to be monitored by Cabinet, Audit and Governance and other councillor committees and the Council's Corporate Leadership Team.
6. The Corporate Governance (Officer) Group chaired by the Deputy Monitoring Officer met on 2 March 2023 and discussed:
 - The appendix to this paper
 - Internal governance and programme boards
 - Oversight of spend, savings and delivery
7. An update on progress with the improvement actions identified in the Annual Governance Statement 2021-22 is included at **Appendix 1**. This document will be kept live and updated and inform the development of the AGS for

2022-23.

8. Since the last Annual Governance Statement was signed off it is worth noting the developing approach of regulators and the Department for Education (who are currently conducting a consultation) on currently unregulated supported accommodation, which has implications for council delivery for vulnerable young people that are being worked through in terms of responsibility and oversight, as well as ongoing risk management processes. The monitoring officer is conducting appropriate oversight and assurance in this area and this will be reflected in the AGS for 2022-23.

9. Wiltshire Council has also hosted an LGA Corporate Peer review, the [report](#) of which was shared with Full Council at its meeting on 21 February. The governance of the council is one of the key lines of enquiry for corporate peer reviews and the report noted that:

'A truly positive organisational culture pervades all levels of the council, where collaboration and challenge do appear to be genuinely welcomed and encouraged. There is a shared commitment to the One Council ethos with everyone working for the benefit of the residents and communities of Wiltshire. This is also shared by Cabinet members who demonstrate a strong desire to improving outcomes for the most vulnerable people in Wiltshire. The work we have outlined in previous sections in terms of organisational development has evidently contributed to this. The Team heard from staff that the fact that senior leaders are seen to model organisational values and behaviours has contributed significantly to a positive organisational culture.'

The council has impressive organisational governance providing good levels of rigour and consistency in corporate decision making, there is clarity around roles and responsibilities, and member/officer relationships are strong and productive. This extends to the Stone Circle wholly owned company where governance improvement now appropriately balancing risk and benefit. Effective governance is seen as an enabler for the delivery of Business Plan objectives and the council should be commended for the improvements it has made in this area.'

10. It further noted that:

'Scrutiny at Wiltshire Council is well resourced, and members feel they are able to challenge and influence the policy agenda. There are effective mechanisms in place to co-ordinate activity on an annual basis between Scrutiny and the Cabinet, ensuring that there is a balance between overview and scrutiny. However, members recognise that there is scope for them to continue to develop the value they add through engagement in the early stages of policy formation, perhaps through Task and Finish Groups.'

The recent improvements to the Audit and Governance Committee, such as the appointment of independent members and carrying out a member skills audit, have had a positive impact on both the efficacy and profile of this committee. As these changes embed, it will be important that members and officers continue to ensure the challenge provided by this committee is sufficiently rigorous and provides the necessary levels of assurance and reassurance to internal and external stakeholders.'

11. A peer review action plan has been developed to implement recommendations, which has been considered by cabinet and the overview and scrutiny management committee, who will additionally receive occasional updates on its implementation. Members of the peer review team are also expected to conduct a follow up visit at some point this year. Whilst the report overall was very positive and made no specific recommendations on governance not already captured, the action plan will inform the development of the Annual Governance Statement for 2022/23 and the improvement actions to be identified for the following year.

Report Authors:

Andy Brown - Interim Corporate Director, Resources;

Perry Holmes - Director, Legal and Governance (Monitoring Officer);

Tamsin Kielb - Director, Human Resources and Organisational Development;

David Bowater – Senior Corporate Support Manager

Appendices

Appendix 1 LCCG AGS update

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

AGS improvement actions	Current Status	
<p><i>Review commissioning and procurement approaches to embed industry standard contract management as part of staff job descriptions; deliver policy and training to embed social value across the council; and strengthen our approach to partnership working with the VCS through business planning processes and a refresh of the Compact/ VCS Strategy.</i></p>	<p>An end-to-end review of processes across procurement has been undertaken, and a refreshed process has been devised (involving colleagues from Legal and SWAP Audit). Commercial Board has been relaunched in line with this. A restructure of the Commercial & Procurement team has been undertaken, all job descriptions have been revised and recruitment is underway. An improvement plan is in place.</p> <p>Following the redesign of end-to-end processes and the development of a social value strategy, there will be an identification of skills gaps for commercialization and procurement.</p>	<p>AB DB</p>
<p>Rollout a Good Conduct Campaign for local councils, including a toolkit, webinar and Good Conduct chart.</p>	<p>Completed. Further webinars being considered for the future.</p>	<p>PH MD</p>

Principle B - Ensuring openness and comprehensive stakeholder engagement

AGS improvement actions	Current Status	
<p><i>Review commissioning and procurement approaches to embed industry standard contract management as part of staff job descriptions; deliver policy and training to embed social value across the council; and strengthen our approach to partnership working with the VCS through business planning processes and a refresh of the Compact/ VCS Strategy.</i></p>	<p>See above for review of end-to-end processes</p> <p>A Socially Responsible Procurement Policy and associated action plan has been agreed by Cabinet in November 2022, the action plan includes a specific intent to engage with the voluntary sector and community of Wiltshire as part of a mixed economy approach to the procurement of goods, works and services going forward. A Social Responsibility Toolkit to support both suppliers and commissioners to maximise the delivery of social value has been developed.</p> <p>A new partnership arrangement is being developed with the VCS, taking into account and superseding the Wiltshire Compact and the previous VCS strategy. Early discussion with the sector and WC Officers is underway.</p>	<p>AB DR DB RS</p>

Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits

AGS improvement actions	Current Status	
<i>Regularly report on delivery against outcomes defined in the new Business Plan, including our commercial approach</i>	A new corporate performance framework has been agreed as part of the publication of the new Business Plan. Through, aligned quarterly reporting of performance and risk at cabinet this continues to be refined through engagement with the relevant services, including through the annual service planning cycle.	MN

Principle D - Determining the interventions necessary to optimise the achievement of intended outcomes

AGS improvement actions	Current Status	
<i>Finalise the governance review of Stone Circle company and shareholding arrangements</i>	Peer challenge report noted that ‘the council has impressive organisational governance providing good levels of rigour and consistency in corporate decision-making, there is clarity around roles and responsibilities, and member/officer relationships are strong and productive. This extends to the Stone Circle wholly owned company where governance improvements now appropriately balance risk and benefit.’	AB PH

Principle E - Developing capacity, including the capability of the Council’s leadership and the individuals within it

AGS improvement actions	Current Status	
<i>Rollout training and awareness on decision making processes</i>	Guidance on the council’s decision-making processes has been developed and is available on the corporate intranet. Directors and Heads of Service have been briefed. An officer corporate governance group is considering whether or not further action is required regarding publication of officer decisions.	PH MD
<i>Continue to work with partners to complete a multi-agency evaluation of the response to the pandemic</i>	The LRF held a set of multi-agency debrief interviews and workshops sessions throughout June 2022 and the feedback from these has been reviewed. In addition, the public health team have run a series of response debrief/look back sessions for the specific responsibilities around testing, tracing, outbreak management, prisons, care homes, schools and communications to inform our own internal evaluation and ongoing planning.	PH KB MN EP

	We will continue to support the public inquiry as appropriate with partners.	
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Principle F – Managing risks and performance through robust internal controls and strong public financial management

AGS improvement actions	Current Status	
<i>Review how performance can be communicated to the public to deliver maximum openness and transparency</i>	A new approach to communication of performance as well as publishing open data will be developed and delivered as part of the BI Development programme and SAP Evolve project. Incorporation of appropriate resident engagement is being considered as part of the regular service planning approach.	PH MN SH

Principle G - Implementing good practices in transparency, reporting and audit to deliver accountability

AGS improvement actions	Current Status	
<i>Align organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes achieved</i>	<p>An outcome-based process has been developed ensuring directorate level service plans link clearly with Business Plan principles.</p> <p>A new portfolio management approach which includes organisational level prioritisation and governance arrangements is being implemented to align corporate programmes and transformation activities with the new Business Plan and ensure benefits realisation.</p>	AB SH MN
<i>Review the Complaints Procedure alongside arrangements to report trends and learning</i>	<p>A new, more user-friendly corporate Complaints Procedure was agreed by Full Council in October 2022.</p> <p>An Annual Complaints Report 2021-22 was received by Standards Committee in September 2022. This provided a comprehensive picture of the complaints received, how they were processed and the actions in place to address any issues identified.</p> <p>A new complaints casework IT platform is now being developed internally and will support improved reporting of trends and learning.</p>	PH MD

Initials

AB: Andy Brown, Corporate Director, Resources

PH: Perry Holmes, Director, Legal and Electoral Services

TK: Tamsin Kielb, Director, HR and OD

DR: David Redfern, Assistant Director, Leisure, Communities and Culture

KB: Kate Blackburn, Director, Public Health

SH: Stuart Honeyball, Director, Transformation

DB: Deborah Bull, Procurement

RS: Rhys Schell, Strategic Engagement and Partnerships

MN: Martin Nicholls, Executive Office

MD: Maria Doherty, Democracy

EP: Emergency Planning

Wiltshire Council

Audit & Governance Committee

26 April 2023

Risk Management Update

Purpose of Report

1. To provide assurance to the committee that the Council's risk management process is in place and functioning correctly.
2. To provide an update on the application of the process and plans.

Relevance to the Council's Business Plan

3. The Business Plan assures that the Council will implement a robust corporate planning cycle, including performance and risk management, as part of creating an efficient and healthy organisation.
4. Ensuring that the Council's risk management process is being implemented correctly ensures that any barriers to delivery of the Business Plan are identified and treated appropriately.

Background

5. The role of the Audit and Governance Committee, in relation to the Risk Management process and as described in the Council's Performance and Risk Management Policy, is to monitor and review the effective development and operation of risk management. Review of the risks themselves (the contents of the risk registers) is the responsibility of the Overview and Scrutiny Management Committee (OSMC).
6. Performance and risk were reviewed by the OSMC during their January meeting.
7. The Council's standard risk management process is described in the Performance and Risk Management Policy. In accordance with this policy and associated guidance, fully defined risks include a cause, an event and an effect, and are owned by an individual in the Council. They must also have a primary category (one of Health & Safety, Legal, Staffing/ People, Financial, Service Delivery or Reputation) which defines the appetite applied to the risk. These appetites are approved by Council and reviewed annually.
8. In order to be correctly measured, each risk is scored twice. Once as inherent (the risk as it is now with existing controls) and secondly as residual (as it would be if all planned mitigating actions were successfully completed). A scored risk also requires an assessment of confidence in the application of mitigating actions.

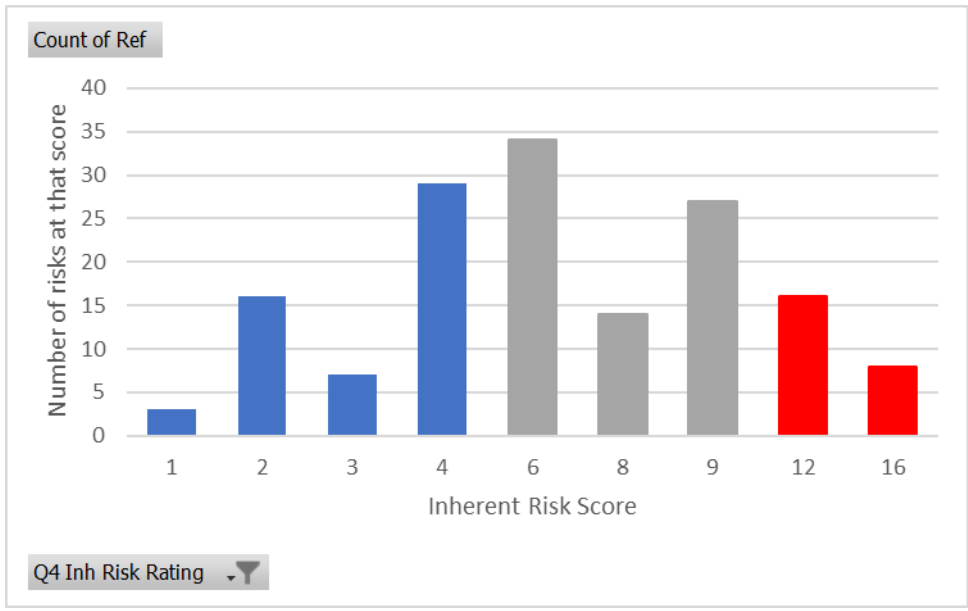
9. Each risk has a response, one of terminate, tolerate, transfer, treat or take opportunity. If a risk is to be tolerated, then the inherent and residual scores should be the same. Any scores above the appetite level applied to the risk should not be tolerated.

Developments

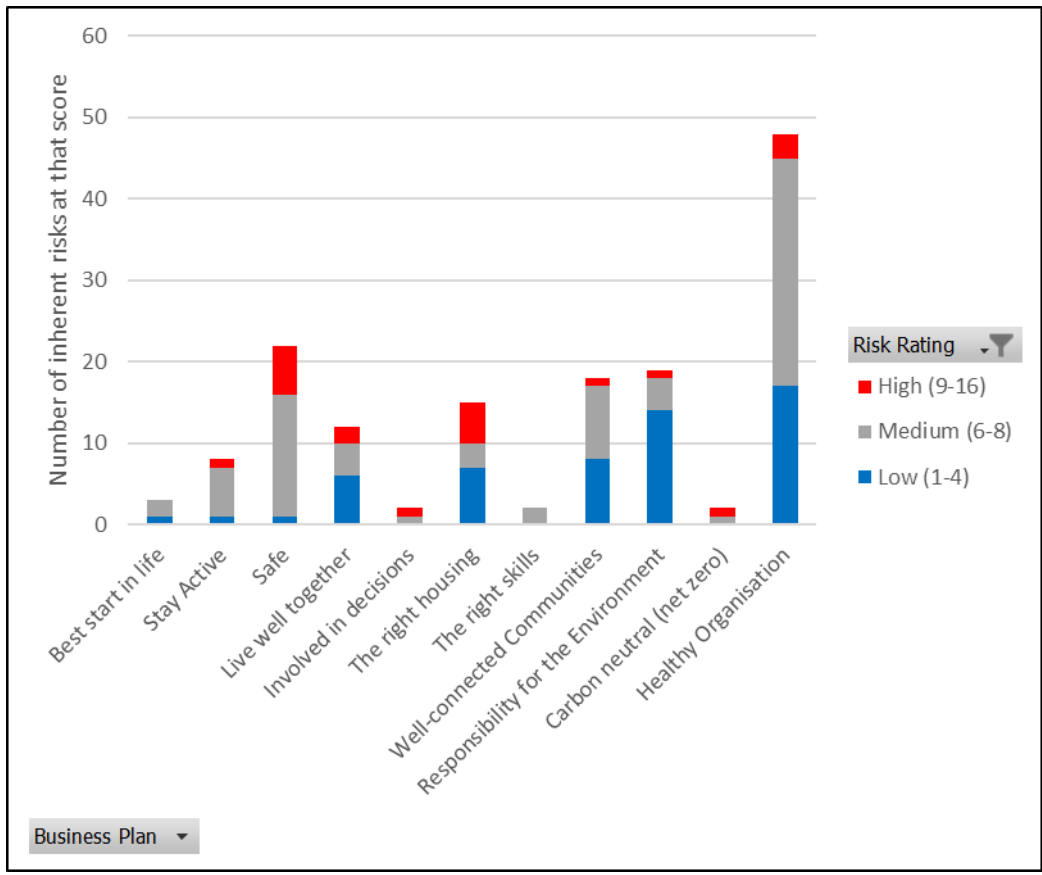
13. Risks from across the Council have now been identified, defined and scored for a full financial year following reinstatement of the risk process after the pandemic.
14. There has been a significant change in officers within the Executive Office team supporting risk. Whilst this hasn't impact on our robust processes, it will require re-investment in training to bring new staff up to the certified standard required to manage corporate risks.
15. In addition to current risks, Cabinet is briefed on issues that progressed with certainty from a risk. Two current issues include budget pressures from sustained inflation and staff capacity. The Evolve project had been flagged as an issue in Q2, but having been appropriately treated is now managed via the normal risk process.
16. Cabinet is also briefed quarterly on emerging risks as part of our refined approach to horizon scanning and engagement with Services. These emerging risks are highlighted before formal scoring, as it is recognised that waiting for the formal risk to present is not representative of the dynamic and fast-paced environment in which we operate.
17. Risks continue to be reviewed and updated on a quarterly basis. Recent examples include the addition of new risks related to the environment, and risks related to waste being consolidated and closed.
18. The risk process is now fully embedded in the Cabinet cycle, with quarterly reports on risk and the Strategic Risk Register being considered alongside the Corporate Performance Scorecard and the Budget Monitoring Report, allowing risk to be viewed against planned ambitions. The most recent review in quarter 4 of the last financial year informed the Strategic Risk Register that will go to May's Cabinet (Appendix 1).
19. An internal audit of risk, conducted by the South West Audit Partnership, is in progress. This audit will assess the maturity and operation of the Council's risk management policies and processes, taking an in depth look at every aspect of risk across all Services, from processes and service planning to job descriptions. We welcome the development of an action plan and insights into areas where we can further improve.

Current Risk Status

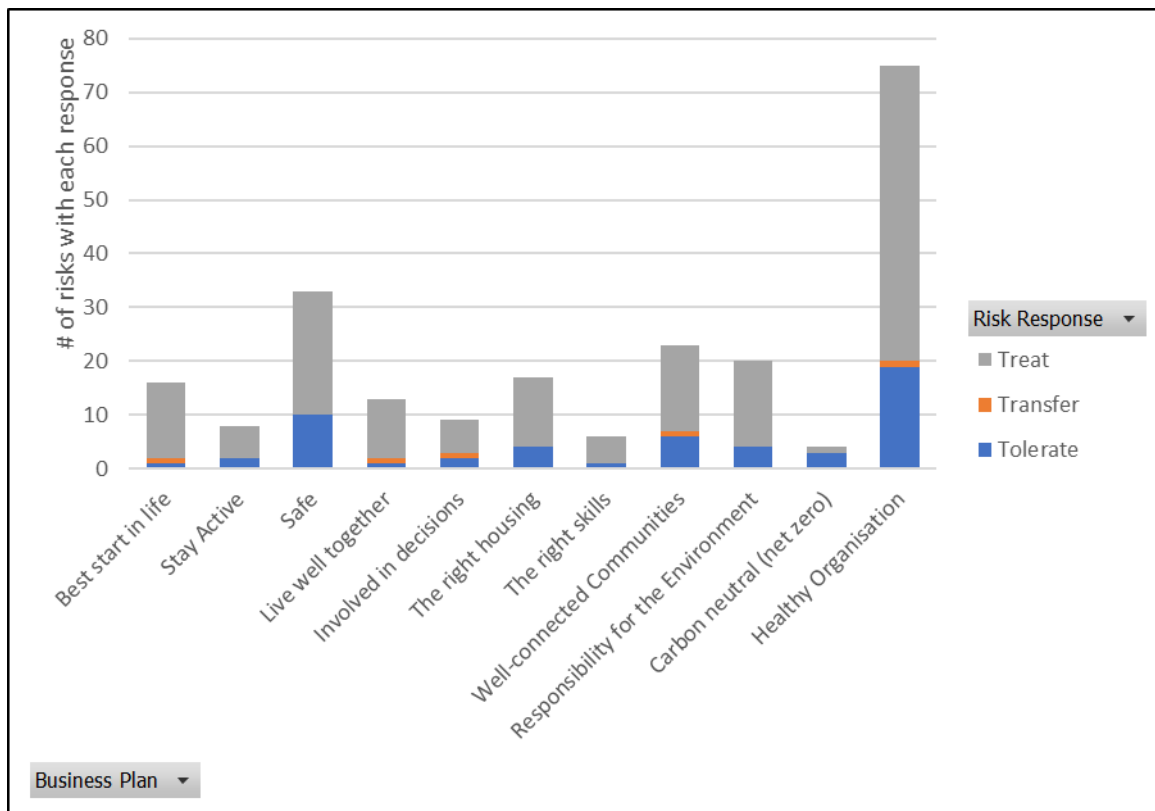
18. There are a total of 224 corporate risks recorded over 18 directorate risk registers and one national risk register. 14 of these are currently escalated to the Strategic Risk Register summary (Appendix 1). Note that all graphs are based on the full corporate risk register rather than the strategic risk summary.
19. The spread of inherent corporate risks scores is to the middle and upper end of the range. This is to be expected as planned mitigation responses should reduce the risk score.



20. There is a fair spread of corporate risks over the 10 Business Plan missions but, as expected with business risks, the greatest number are related to the Healthy Organisation ambition. Where high risks remain despite mitigation, these typically relate to provision of care for adults and children, where the risk will always be present but is effectively managed.



21. The majority of corporate risks have the response type of 'treat' (to attempt to bring down the level of risk through mitigating actions) but there is a substantial minority (around 50 risks) where the Council is not investing more in mitigating the risk but is accepting the risk as it is, noting that risks that are to be tolerated must fall within the prescribed appetite.



Future Developments

22. Recommendations from the internal audit will be implemented, part of which will include a workshop and action plan focused on risk with Directors. We welcome the Audit and Governance Committee's engagement with this process, and will report back to the Committee on outcomes later in the year.
23. The Performance and Risk Management Policy was agreed in 2019 and will be reviewed and updated in the next 6 months. This review will take into account recommendations resulting from the current internal audit.
24. This will also give Cabinet the opportunity to review the risk appetite at the same time and this Committee and OSMC may also have an input into the review process.
25. Service Plans will be reviewed during Q1 of 2023-24 and the process will include a review of the Corporate Risk Register, to ensure any emerging risks are captured and all current risks remain relevant. As part of this review, contributors and Service Plan owners will receive refreshed training on identifying and scoring risks.
26. Future risk summaries will feature the Council's revised response to national-level risks. This will be completed in partnership with the Local Resilience Forum who will produce a Wiltshire response to the National Risk Assessment when it is published.

Proposals

27. The Committee is asked to note the update provided and consider how it would wish to review the risk management process in the future.

Perry Holmes, Director of Legal and Governance

Report Authors: Martin Nicholls, Head of Executive Office, martin.nicholls@wiltshire.gov.uk and Catherine Pink, Corporate Support Manager, catherine.pink@wiltshire.gov.uk.

April 2023

Appendices

Appendix 1 – Strategic Risk Register at Q4 2022/23

Background Papers

Wiltshire Council Performance and Risk Management Policy, February 2019
2020 Risk Management Guidance 'How to Manage Risks'

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Wiltshire Council Strategic Risk and Issues Summary - 2022/23

This summary gives details of issues the council is dealing with, the strategic risk register and the emerging risk that may need to be quantified in the future. A guide to reading the risk register is included at the back of this summary.

Issues

Obstacles and Challenges that are now present and being managed as issues by Wiltshire Council

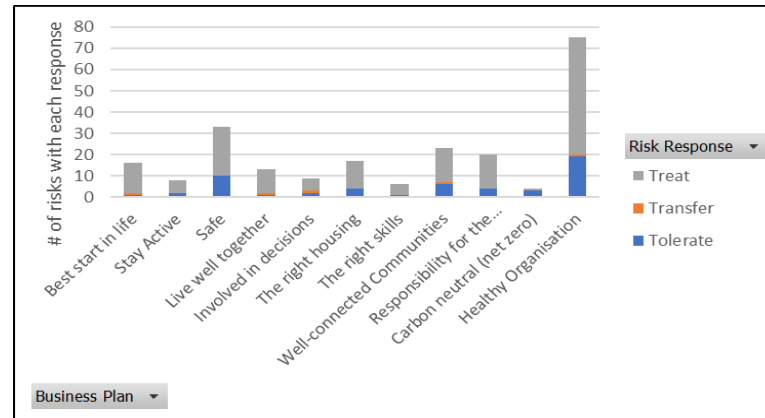
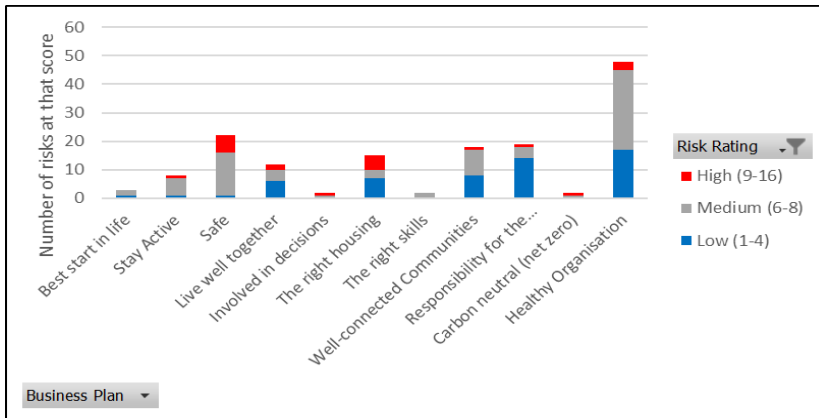
Macro economic pressures on our budgets: Sustained inflation Nationally, there is a 'cost of living crisis' impacting businesses and residents and, due to inflation, the council has experienced a significant increase above that forecast in the budget. As part of the final financial outturn reporting, the Council took the opportunity to prudently set aside reserves to offset the unforeseen costs of inflation likely to arise in 2022/23, with £7m set aside for Contractual Inflation & £2m set aside for Pay Inflation to address the in-year pressure.

Staff Capacity: Recruitment and retention Some, but not all, service areas have identified that this has now become an issue, with there being a range of factors at play in different labour markets. These include:

- A smaller national workforce (less European immigration, earlier retirement/semi-retirement following the pandemic, increased numbers of those on out of work benefits) and closer to full employment.
- Specific skills shortages.
- Competition from the private sector and from other public sector organisations.
- The impact of the increase in the cost of living making higher wages more important.
- The cost increase of driving for those who have to travel in their role.

The result is that some services are now impacted by insufficient staffing.

Page 67



Strategic Risk Register - ranked by Inherent Risk Score (the risk as it is now), national level risks shown in grey

Risk short name	Cause	Event	Effect	Primary Risk Category	Secondary Risk Category	Owner	Risk Response	Q4 Inherent Impact	Q4 Inherent Likelihood	Q4 Inh Risk Rating	Q4 DoT	Appetite check Q4	Q4 Mitigation Actions	Q4 Actions Confidence	Q4 Residual Impact	Q4 Residual Likelihood	Q4 Res Risk Rating
1 Unable to meet demand for special educational needs or disability (SEND) school provision	Cost of provision exceeds the High Needs Block (HNB) of the Dedicated Schools Grant (DSG)	More of the DSG spent on providing education for SEND	Shortfall in the funding for schools	Financial	Legal	Helean Hughes	Treat	4	4	16	▶	Outside	We remain in frequent dialogue with the DfE and will be starting joint work with them on their Delivering Better Value (DBV) Outcomes programme in the autumn which will enable some support and challenge in relation to this area.	Low	4	4	16
2 Lack of capacity in the social care market	Changes in the local market (including recovery from the pandemic) means there is insufficient supply of Home Care, Independent Fostering Agencies, Children's Homes, provision for complex needs (including people with complex behavioural needs)	Too often provision has to be secured out of county, often in competition with other local authorities at a cost higher than the local market	The right type of care is not always available, people able to be discharged have to wait longer in hospital and budgetary pressure increases if people are placed in out of county or spot provision	Service Delivery	Financial		Treat	4	4	16	▶	Outside	Block purchased day care. New tender going live in September. Still issues about sufficiency and handbacks	Moderate	3	3	9
3 Failure to manage housing development	Lack of a 5 year land supply	Loss of control over the location of new development	Non-plan led housing development may be granted consent through the appeal process; Allowing development where we don't want it; Increase in costs - defending appeals; Pressure on staff.	Legal	Reputation	Jean Marshall	Treat	4	3	12	▶	Outside	Updated our 5 year land supply in April. Development Management teams are seeking to approve applications where there are no major policy obstacles, Spatial Planning continue to support neighbourhood plans to bring forward housing sites, in addition to encouraging developers to bring forward allocated sites. We do have an improved position, but still short of the 5 years. Progress on the local plan is still being given a priority.	Moderate	3	3	9
4 Increasing vulnerability to climate impacts	Inability to adapt key infrastructure and services to increasingly severe weather impacts from climate change.	Increased impacts from more frequent and intense weather events such as flooding, droughts, heatwaves and storms.	Direct impact on health, safety, environment, businesses and infrastructure.	Health & Safety	Service Delivery	Sarah Valdus	Treat	3	4	12	New	Outside	The council's climate adaptation plan is currently being reviewed and will identify what measures can be put in place to prepare council services and the county for these climate impacts. Due to the costs associated with implementing some of these measures and the long term nature of these	Moderate	2	4	8

Strategic Risk Register - ranked by Inherent Risk Score (the risk as it is now), national level risks shown in grey																		
Risk short name	Cause	Event	Effect	Primary Risk Category	Secondary Risk Category	Owner	Risk Response	Q4 Inherent Impact	Q4 Inherent Likelihood	Q4 Inh Risk Rating	Q4 DoT	Appetite check Q4	Q4 Mitigation Actions	Q4 Actions Confidence	Q4 Residual Impact	Q4 Residual Likelihood	Q4 Res Risk Rating	
5	Uncontrolled cost of social care (predominantly adults)	Changes in regulation (including the cost of increased infection prevention & control measures), workforce pressures and inflationary pressures in the care market	Each individual care package cost increases	Greater budgetary pressure to meet statutory requirements impacting on preventative and other spend	Financial	Service Delivery		Tolerate	3	3	9	▶	Within		Moderate	3	3	9
6	Cyber Resilience	Malicious attacks from either internal or external individuals or organisations with the intent of stealing data or impacting the council's ability to deliver services.	Wiltshire Council's security is compromised opening up access to councils systems and personal and corporate data for malicious activity.	Loss of personal or corporate information OR loss or interruption of some or all council services delivered to citizens of Wiltshire.	Service delivery	Reputation	Mark Tucker	Treat	3	3	9	▶	Within	Work continues around recovery plans. A new plan is in place with a phased delivery over the next two years supported by a new Cybersecurity Strategy.	High	3	3	9
7	Failure in Safeguarding Children	The council and / or multi- agency partners failing to follow procedures or to undertake a thorough assessment	The council and / or multi- agency partners providing inappropriate intervention or no intervention.	Children not being protected from harm.	Service Delivery	Reputation	Lucy Townsend	Treat	4	2	8	▶	Within	6% vacancy rate across the service, 17% vacancy rate for social workers filled with 12% agency staff. Market Supplements agreed to enhance our workforce strategy. Remains 1 of our 6 strategic priorities.	High	2	2	4
8	Impact of negative media/social media coverage on council	Potential negative reaction to council decision making and delivery of services.	Negative public reaction expressed via social media and through the media	Negative impact on council's reputation.	Reputation	Reputation	Perry Holmes	Tolerate	2	3	6	▼	Within	Good controls in place include horizon scanning, working closely with directorate SMTs and trained members of staff ready to respond to incidents.	High	2	3	6

Strategic Risk Register - ranked by Inherent Risk Score (the risk as it is now), national level risks shown in grey

Risk short name	Cause	Event	Effect	Primary Risk Category	Secondary Risk Category	Owner	Risk Response	Q4 Inherent Impact	Q4 Inherent Likelihood	Q4 Inh Risk Rating	Q4 DoT	Appetite check Q4	Q4 Mitigation Actions	Q4 Actions Confidence	Q4 Residual Impact	Q4 Residual Likelihood	Q4 Res Risk Rating	
9	[Composite] Information Governance	Failure to manage information effectively in keeping with Data Protection Act Principles leading to reportable incidents and potential data breaches	1. Personal information not obtained and / or processed fairly 2. Excessive information obtained and held beyond service purpose 3. Information held for longer than purpose requires 4. Information not accurately captured / maintained or kept current 5. Information not protected by adequate technical measures 6. Sensitive information inappropriately disclosed either verbally, on paper or electronically.	Unlawful use and / or disclosure of personal data results in Risk and distress to individuals concerned, potential fines from Information Commissioners Office (ICO), reputational damage and loss of confidence in the authority.	Legal	Financial	Perry Holmes	Tolerate	3	2	6	▶	Within		High	3	2	6
	[Composite] Income Collection	Decrease in levels of income due to lower payment rates, take up of services or increase default rates	Failure to collect income as expected and budgeted for	Increased financial pressure on other service areas in order to deliver a balanced budget across the Council as a whole which results in cuts to those other services spend.	Financial	Reputation	Lizzie Watkin	Treat	2	3	6	▶	Within	Additional budget monitoring and training with all heads of service	High	2	2	4
	[Composite] Corporate Health, Safety & Wellbeing	Inadequate or ineffective control strategy is established	Lack of application by managers and individuals of corporate policy and procedures	Likelihood of personal harm increases.	Health & Safety		Kate Blackburn	Tolerate	2	3	6	▶	Within	Ongoing programme of compliance monitoring and additional capacity created by cessation of traded off to non-maintained schools	High	2	2	4

Page 70

Strategic Risk Register - ranked by Inherent Risk Score (the risk as it is now), national level risks shown in grey																		
Risk short name	Cause	Event	Effect	Primary Risk Category	Secondary Risk Category	Owner	Risk Response	Q4 Inherent Impact	Q4 Inherent Likelihood	Q4 Inh Risk Rating	Q4 DoT	Appetite check Q4	Q4 Mitigation Actions	Q4 Actions Confidence	Q4 Residual Impact	Q4 Residual Likelihood	Q4 Res Risk Rating	
12	[Composite] Budget management	New unfunded project, unforeseen demand or failure to make planned savings	Inability to deliver key statutory services within the service-level budget envelope	Increased financial pressure on other service areas in order to deliver a balanced budget across the authority as a whole which results in cuts to those other services spend.	Financial	Reputation	Lizzie Watkin	Treat	2	3	6	▶	Within	New planned savings delivery work	High	2	2	4
13	[Composite] Not on track for the Council to be carbon neutral by 2030	Lack of prioritisation for carbon reduction by other council departments	Financial considerations mean decisions are made not to undertake carbon reduction activity	Wiltshire Council fails to be carbon neutral by 2030	Service Delivery	Reputation	Parvis Khansari	Tolerate	2	3	6	▶	Within	Significant investments in energy efficiency measures and renewable energy across our estate, streetlights and fleet	High	2	2	4
14	Hospital discharges resulting in high cost and highly restrictive packages of care	Increase in number people needing to be discharged from hospital not being discharged	Challenge from external partners on the quality/quantity of available provision	Increase in out of county placements and / or high cost packages, hospital beds being unavailable for others with complex needs.	Service delivery	Financial		Treat	2	2	4	▼	Within	Liaison with health partners. Weekly Community Team for People with Learning Disabilities (CTPLD) update call with health and Dynamic Support Register (DSR) meetings. Accommodation needs shared with commissioning to inform strategy. MADE events identifying discharge pathway plans.	High	2	2	4

Emerging Risks	
Events that have the potential to interrupt the work of the Council but of which not enough is yet known to quantify the risk to the delivery of our services.	
Continuing financial impact of global events	International capital and energy markets remain impacted by conflict and speculative investment are likely to sustain additional inflationary pressure in the UK. Disruption to global supply chains causing shortages, more inflation and potentially more demand for support of council services. A more uncertain world could mean a more insular economy and lower UK market sentiment meaning less investment in Wiltshire.
Additional service pressures	As the Council operates in a multi-agency environment with complex and intricate dependencies, it could be adversely impacted by the actions of others (including short term workforce pressures, greater service demand or budgetary constraints).

How to read the strategic risk register

There are significant challenges for Wiltshire Council as it looks to empower people, build stronger communities, grow the county's economy and lead the way in tackling climate change. The Strategic Risk Register reflects these challenges.

The Strategic Risk Register draws together information recorded on risk registers of individual services across Wiltshire Council.

Information that has significance across the council as a whole is displayed in two categories on the Strategic Risk Register.

1. Critical service risks: significant risks that sit in a single service but which, should they become an issue, will have a significant impact on the council as a whole.
2. Composite strategic risks: where similar risks exist in a number of different services which would not have a significant impact on the organisation on their own but put together represent a significant impact. These risks are compiled into a single strategic composite risk and included within the strategic risk register. These risks are scored by reviewing the service component risks.
3. National level risks: Wiltshire Council's response to the risks recorded by central government on the National Risk Register (NRR). The updated NRR is due to be published in the near future. When it is, Wiltshire Council will work within the Local Resilience Forum to produce an appropriate response. In the meantime Wiltshire Council's pre-existing response to the previous NRR is shown in the grey rows above.

Each risk is fully defined by the responsible service (who assess the cause, event and effect that make up the identified risk).

Each risk is scored for impact and likelihood to give an overall score. A risk is scored twice; firstly, as inherent (the current level of risk) and then as residual (the risk as it would be once all the planned mitigating actions are in place).

The confidence in the implementation of these mitigating actions is assessed as high, moderate or low. This guides the reader of the register to understand the true current risk.

A whole range of service risks are kept under observation each quarter.

Audit and Governance Committee
Proposed Forward Work Plan 2023

Please note that the FWP is a dynamic document, updated on a regular basis as required

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
Tue 25 July 2023 2.30pm	Statement of Accounts 2019/20 Update - TBC	Lizzie Watkin/ Andy Brown/ Deloitte	11 July 2023	17 July 2023
	Internal Audit Update Report	SWAP		
	AGS 2022/23	Perry Holmes/Maria Doherty/David Bowater		
	Service update on any limited assurance audits - TBC	TBC		

Audit and Governance Committee
Proposed Forward Work Plan 2023

Please note that the FWP is a dynamic document, updated on a regular basis as required

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
Tue 19 September 2023 2.30pm	Stone Circle annual governance update	Perry Holmes / Amy Williams	5 Sep 2023	11 Sep 2023
	Whistle blowing activity update	Perry Holmes / Maria Doherty		
	Introduction to new auditors (from financial year 2023/24) – Grant Thornton - TBC	Grant Thornton		

Audit and Governance Committee
Proposed Forward Work Plan 2023

Please note that the FWP is a dynamic document, updated on a regular basis as required

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
Wed 22 November 2023 10.30am	Statement of Accounts 2020/21 - TBC To approve the SoA 2020/2021 including: Report to those Charged with Governance (ISA 260) To include assurance from the Pension Committee, 2 Letters of representation, AGS, statements	Lizzie Watkin/ Andy Brown/ Deloitte	8 Nov 2023	14 Nov 2023
	Internal Audit Update Report	SWAP		
	Anti-fraud risk update	Lizzie Watkin		
	Corporate risk update	Martin Nicholls		

Audit and Governance Committee
Proposed Forward Work Plan 2023

Please note that the FWP is a dynamic document, updated on a regular basis as required

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
Wed 7 Feb 2024 2.30pm	Statement of Accounts 2021/2022 - TBC To approve the SoA 2021/2022 including: Report to those Charged with Governance (ISA 260) To include assurance from the Pension Committee, 2 Letters of representation, AGS, statements	Lizzie Watkin/ Andy Brown/ Deloitte	24 Jan 2024	30 Jan 2024
	Internal Audit Update Report	SWAP		
	Governance update on AGS 2022/23 actions – TBC	Perry Holmes/Maria Doherty/David Bowater		

Audit and Governance Committee
Proposed Forward Work Plan 2023

Please note that the FWP is a dynamic document, updated on a regular basis as required

Meeting Date	Item	Responsible Officer	Draft Report Deadline	Publication Deadline
Late April 2024 Date TBC	Statement of Accounts 2022/23 TBC To approve the SoA 2022/23 including: Report to those Charged with Governance (ISA 260) To include assurance from the Pension Committee, 2 Letters of representation, AGS, statements	Lizzie Watkin/ Andy Brown/ Deloitte	TBC	TBC
	Internal Audit Update Report	SWAP		
	External Audit Plans	Grant Thornton		
	Accounting Policies 2023/24	Lizzie Watkin / Sally Self		
	Policy updates: <ul style="list-style-type: none"> • Anti-Fraud Corruption and Bribery • Anti-Tax Evasion • Whistleblowing • Anti-Money Laundering 	Lizzie Watkin / Perry Holmes / Maria Doherty		

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

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