

# AGENDA

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**Meeting:** Audit and Governance Committee

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

**Date:** Friday 17 January 2025

**Time:** 11.30 am

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## Voting Membership:

Cllr Iain Wallis (Chairman)

Cllr Stuart Wheeler (Vice-Chairman)

Cllr Chuck Berry

Cllr Pauline Church

Cllr Adrian Foster

Cllr Gavin Grant

Cllr Howard Greenman

Cllr George Jeans

Cllr Antonio Piazza

Cllr Pip Ridout

Cllr Martin Smith

## Non-Voting Membership:

Cllr Nick Botterill

Cllr Richard Clewer

Andrew Geddes

Jennifer Whitten

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## Substitutes:

Cllr Liz Alstrom

Cllr Richard Britton

Cllr Ernie Clark

Cllr Matthew Dean

Cllr Ross Henning

Cllr Jon Hubbard

Cllr Tom Rounds

Cllr Jo Trigg

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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 - 50*)

To confirm and sign the minutes of the ordinary meeting held on 17 October 2024 and the extraordinary meeting held on 5 December 2024.

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 through the Chairman.

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 Friday 10 January 2025 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 Tuesday 14 January 2025. 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 **Annual Audit Letter for 2019/20 audit** (*Pages 51 - 64*)

To receive the Annual Audit Letter for the 2019/20 audit from the external

auditors for that year, Deloitte.

7 **Annual Governance Statement (AGS) 2023/24 governance update on actions** *(Pages 65 - 74)*

To receive a governance update on improvement actions within the 2023/24 AGS.

8 **Internal audit update reports** *(Pages 75 - 84)*

To receive the internal audit updates from SWAP.

9 **Early Years Extended Entitlement internal audit - management action plans** *(Pages 85 - 90)*

To receive management action plans in relation to an Early Years Extended Entitlement no assurance internal audit.

10 **Direct Payments Children's internal audit - management action plans** *(Pages 91 - 96)*

To receive management action plans in relation to a Direct Payments Children's limited assurance internal audit.

11 **External audit progress report** *(Pages 97 - 120)*

To receive an external audit progress report from Grant Thornton.

12 **Forward Work Programme** *(Pages 121 - 122)*

To note the Forward Work Programme

13 **Date of Next Meeting**

To note that there will be an extraordinary meeting of the Committee on 18 February 2025 at 10.30am. The next regular meeting of the Committee will be held on 10 April 2025 at 10.30am.

14 **Urgent Items**

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

15 **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 16 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 and 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

16 **IT audit findings report** (*Pages 123 - 140*)

To receive an IT audit findings report from the external auditors, Grant Thornton.

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## **Audit and Governance Committee**

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### **MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 17 OCTOBER 2024 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

#### **Present:**

Cllr Iain Wallis (Chairman), Cllr Stuart Wheeler (Vice-Chairman), Cllr Pauline Church, Cllr Gavin Grant, Cllr Howard Greenman, Cllr George Jeans, Cllr Pip Ridout, Cllr Martin Smith, Andrew Geddes, Jennifer Whitten and Cllr Ross Henning (Substitute)

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#### **45 Apologies**

Apologies for absence were received from:

- Cllr Chuck Berry
- Cllr Adrian Foster, who was substituted by Cllr Ross Henning, and
- Ian Howse from Deloitte

#### **46 Minutes of the Previous Meeting**

The minutes of the meeting held on 23 July 2024 were presented for consideration, and it was,

#### **Resolved:**

**To approve and sign the minutes as a true and correct record.**

#### **47 Declarations of Interests**

There were no declarations of interest.

#### **48 Chairman's Announcements**

##### **Statement of Accounts update**

It was announced that the committee would be receiving updates from both Deloitte and Grant Thornton at the meeting on their work, (although it was noted that Ian Howse from Deloitte was unwell and therefore had tendered apologies), however it was felt appropriate to update the committee first on the legislative dates for the accounts and audit processes and completion of the backlog.

On 30th July 2024 the government announced its intentions to pursue proposals to clear the backlog and set statutory backstops to clear outstanding

accounts. The calling of the general election caused delays to parliamentary procedures to progress changes to the regulations that were required. It had now been announced that all accounts up to and including the financial year 2022/23 had a backstop date of 13 December 2024, with the accounts for the 2023/24 financial year having a backstop date of 28 February 2025, which would ensure that the processes were not affected by pre-election periods. The external auditors would explain in greater detail in their updates later in the meeting.

49 **Public Participation**

There were no public statements or questions received.

50 **Internal Audit Charter and Mandate**

Sally White, Assistant Director, South West Audit Partnership (SWAP) briefly presented the Internal Audit Mandate and Charter, which started at page 17 of the agenda pack and would be taken as read. The charter was usually brought to the Committee in April every year. However, due to the Chartered Institute of Internal Auditors (SWAP's professional body) launching a new set of standards, bringing the charter to the Committee was delayed so that the new standards could be incorporated.

Members of the Committee then had the opportunity to ask questions. In response it was explained that changes to the charter included some essential elements that the Audit & Governance Committee must undertake to support the internal audit mandate. The charter now also ensured quality. It was not that these things were not happening previously, but they were not included in the charter, so it had now been updated to include them.

In response to a further query, it was stated that the last external quality assurance assessment was in 2020. These had to be undertaken every 5 years. SWAP was being assessed again in November 2024 and the results would be brought to the Committee.

On the proposal of the Chairman, seconded by Cllr Pip Ridout, it was,

**Resolved:**

**To approve the Internal Audit Mandate and Charter.**

*Note: Following approval, the internal audit mandate and charter was signed by the Chairman, and the signed version is appended to these minutes.*

51 **Internal Audit update report**

Becky Brook, Principal Auditor, SWAP, presented the internal audit update report, which started at page 25 of the agenda pack and would be taken as read.

Headlines included that SWAP were reporting 5 limited assurance audits, these were:

- Landlord compliance fire safety – general fund assets, this was also a significant corporate risk to the organisation, and SWAP would work with the service until there was improvement.
- Procurement processes
- Accounts payable – post Oracle go live
- Accounts receivable – post Oracle go live, and
- Main accounting – post Oracle go live

Details on these limited assurance audits could be found at pages 33 – 37 of the agenda pack.

There was no update on the ICT Network Boundary Defences audit previously reported to the Committee, but SWAP would continue to monitor progress and bring any relevant updates to future meetings.

Internal audit coverage by strategic risk was detailed at page 27. There was no coverage for the Special Education Needs and Disabilities (SEND) risk, so SWAP were working with Directors to see where assessment would be most useful.

Implementation of management actions were detailed at page 30. There were now only 3 overdue actions, which had decreased from 9 in July. It was noted that this did not include actions where dates had been revised. SWAP were working with managers to make sure they considered everything relevant which may affect deadline dates.

It was noted that the 5 limited assurance audits all had their own separate agenda items later in the agenda and therefore questions on those would be taken within those agenda items.

Members queried managers revising deadline dates for management actions and why this occurred. It was stated that managers needed to be mindful when setting dates and ensure that they had considered everything. For example, if there were longer term projects as part of the action plan, these needed to be taken into consideration.

Lizzie Watkin, Director of Finance & Procurement (S151 Officer), stated that there may be some optimism bias when setting deadlines which managers then failed to realise. However, it was not thought that there were systemic issues. Officers would take this away for any management actions which had seen slippage. It was highlighted that SWAP kept a watchful eye on this and would challenge the position to push dates back, as well as reporting any concerns to the S151 officer.

Coverage of strategic risks was discussed further. Members were uneasy about the lack of coverage for the SEND and Climate Impacts risks. SWAP stated that these were strategic risks as assessed by Wiltshire Council and details were

available in the papers for Cabinet. In relation to the lack of internal audit coverage, timing came into it. The Climate Impact risk was not above appetite on the risk register. SWAP met with the Director of Finance and Procurement (S151) and the Director Legal and Governance regularly to talk through potential work to mitigate risk.

Lizzie Watkin explained that with regards to the SEND risk that the council had signed up to the Safety Valve agreement so there had been lots of work and scrutiny in that space. Discussions were being had on the correct time to bring in internal audit. It was a challenge and would be ongoing. It was hoped that they could get some coverage from internal audit in the next year or so which would bring value.

Perry Holmes, Director Legal and Governance, stated that all the risks on the strategic risk register were being treated. There were two-way discussions with SWAP regarding that. All risks had been reassessed under the new risk management framework, and risk was reported on quarterly to Cabinet. The Committee were correct to query the internal audit coverage on these risks, however it was a matter for SWAP how they used their resources.

Members discussed this issue further and stated that in future it would be useful to have some context or some of the rationale as to why SWAP did not look at certain areas.

It was clarified that for the landlord compliance fire safety audit, it related to the general fund asset, so this was for anything council owned that was not housing.

On the proposal of the Chairman, seconded by Cllr Gavin Grant, it was,

**Resolved:**

**To note the internal audit update from SWAP.**

52 **Financial Key Controls limited assurance audits - management action plans**

Lizzie Watkin, Director of Finance and Procurement (S151), introduced the item, explaining that there had been 5 limited assurance audits since the last meeting, and the Committee would now get an update on the weaknesses identified and actions agreed. This item covered the 3 financial key controls audits, which were:

- Main accounting – post Oracle go live
- Accounts payable – post Oracle go live and
- Accounts receivable – post Oracle go live

These areas were key financial controls as they ensured the accounts were not exposed to error, misstatement or fraud, so it was very important.

## **Main accounting – post Oracle go live**

Sally Self, Chief Accountant, presented the slides for the main accounting audit, which were also included in the agenda, starting on page 39. These detailed the findings of the audit, the actions planned in response, and progress against those actions.

Following the presentation Members had the opportunity to ask questions. A summary of topics covered, and points raised is below.

- **Finding 1: Bank reconciliations**

In response to a question the officer clarified that bank reconciliation took place monthly. The officer explained that she had reviewed the reconciliation, however had not signed it off as was unhappy with what was presented. In response to further questions regarding this, the officer explained that she had been reviewing the reconciliation and signing it off under the old system (SAP). Following the move to Oracle, she had performed the review but had questions regarding some of the data and there was an unreconciled amount, which is why she did not sign it off. The issues had now been identified, so she could sign it off.

- **Finding 2: Monitoring of Civica cash receipting system**

In response to a question, it was explained that when going live with a new Enterprise Resource Planning (ERP) system, there was exposure to the way data transferred between systems. Civica cash receiving into Oracle did not post correctly and there were no controls in place to identify that it was not posting correctly. So, there was risk in the early days of implementing the new system. However, it was identified, and new processes were being put in place. There was still a way to go as it was a massive task.

- **Finding 3: Suspense Accounts**

Members expressed concerns as they felt that suspense accounts should be cleared frequently. Officers stated that there was a team working on clearing the suspense account on a daily basis, however, there were about 7000 items a day, so it was quite a task. There were performance targets, and performance was reviewed at Performance Outcome Groups (POGs) and Boards (POBs). The suspense account did not always get zeroed every day.

- **Finding 4: There is no Finance Manual in place**

Officers explained that not everyone in the council had finance responsibility, but there were quite a lot of devolved systems in many different services, which is why a central manual for anyone that required it would be useful. There were many different guides, however these were not all contained in one place. So, most of the content existed, it just needed to be pulled together. Updates were also required due to transferring to Oracle. It was anticipated that a first draft would be available by the end of the year.

In relation to this, as Oracle had now been in place for nearly a year, Members queried whether processes were developed in conjunction with Oracle and these had guides which were scattered in more than one place, or whether the processes and guidance was being developed retrospectively. Officers stated that they were there on the whole but scattered. There were user manuals for Oracle. Some processes had to be redeveloped following go live and some processes were outside the system, so it all needed to be brought together and be accessible to anyone. Members queried the non-compliance, and officers stated that really this was a technicality. All the documentation was there, it just needed to be brought together.

- **Finding 5: Inadequate User Access Roles for Users on Oracle**  
Members queried segregation of duty, authorisation limits and dual authorisation for payments and certain tasks. Officers explained that this finding referred to being able to run processes on Oracle, and that nothing untoward had been found. Accounts payable did have inherent system controls based on position, management level et cetera.
- **Finding 6 - No appropriate processes and records for the Direct Debits the Council has agreed to accept**  
In response to questions officers clarified that this referred to payments out. Some suppliers would only accept direct debits. The council had experienced issues with a bank processing direct debits where they did not have a signatory on the direct debit. If that happened, it would get refunded immediately. This highlighted why reconciliation was so important.
- **Finding 7- Inconsistent format for the Journal Control Checks report**  
In response to questions officers clarified that individual services could not raise journals. That responsibility sat with finance. Issues had been more about the style of the reports in Oracle as they looked different to previously. Members felt that it did not matter whether we were using SAP or Oracle, this had been discussed before at the Committee and there should be a system of control in place for all journals. Officers explained that there was a consistent approach and documentation in Oracle. Only experienced finance staff processed journals. There was also now a 2 stage process to approve journals. This is what had been discussed in the past at the Committee.
- **Finding 8- Reconciliation between the Civica system and the Civica Suspense Account for the year end on 31st March 2024.**  
This related to the timing of files running on Civica. It was slightly trickier in Oracle to identify outstanding items. Issues had now been resolved.

### **Accounts payable – post Oracle go live**

Sally Self presented the slides for the accounts payable audit which were also contained in the agenda from page 51.



Members stated that the actions all looked like improvements to controls and queried whether there were any actual discrepancies or fraud uncovered.

Lizzie Watkin explained that the audit had found weaknesses in the controls or controls not in place that should be. No instances of fraudulent activity were uncovered. Furthermore, it was high risk going to a new ERP. There had been some confusion in the early days, and then there were bits of the system that did not work as expected. This was all about the additional controls to ensure the council had all the checks and balances in place, the officer gave assurance that nothing concerning was found.

In response to a question as to what Redwood was, it was explained that this was the user interface when you log into oracle.

### **Accounts receivable – post Oracle go live**

Sally Self presented the slides for the accounts receivable audit which were contained in the agenda from page 61, highlighting that the processes were very different in Oracle to how it had been in SAP.

Members questioned whether the issues that had been identified were just since Oracle has been implemented, or whether this had possibly been missed by internal audit previously. Furthermore, they questioned whether there had been more focus on the IT implementation of Oracle than on basic financial controls.

Lizzie Watkin explained that the change of ERP had highlighted some issues. People were previously very familiar with the process, how they did things, and what was expected. The change of ERP had changed everything, the data looked different, the flow was different, and people were caught off guard in relation to key financial controls and why they undertook certain processes. These audits had purposefully looked at these areas. It had been a learning process for everyone. Did people understand why they did what they did? The answer was not consistently across the board.

Becky Brook, SWAP stated that they have a process of continuous audit, so this had been looked at quarterly. The additional areas identified since the implementation of Oracle pushed the outcome of this audit to a limited opinion. However, some of the issues had been in existence previously. Officers would have been given management actions, even if it was not reported as a limited assurance audit. SWAP also explained the timeline and thought process in relation to this audit.

Members noted that many of the management actions were related to improving process and policy and highlighted that many of the findings were related to people. They queried whether there were any actions related to training and if so whether there was the capacity to deliver it. Officers confirmed that teams were working through providing documents and training, particularly in relation to accounts receivable. The change of ERP highlighted the need for

not just systems training but also training on principals and core fundamentals. A lot of work had been undertaken around the Chartered Institute of Public Finance and Accountancy (CIPFA) framework and competencies, so that staff know what is expected. Officers were also working with training colleagues and speaking to HR about core expectations for managers. Members requested that updates on how the training was going be brought to future meetings.

The lack of a finance manual was discussed in further detail, with SWAP explaining that this had been flagged previously, with an action related to that since 2018/19. It had been thought that swapping to the new ERP would solve this as new documentation would need to go with the new ERP. However, it had been nearly a year since the implementation of the new ERP and this action had not yet been completed, which is why SWAP were flagging it now. Lizzie Watkin stated that they had been aware of this for some time, however due to the upcoming implementation of Oracle, it did not make sense to compile all the information until that had been rolled out. Risks were mitigated for. However, at this point, it should be in place. The officer needed to focus on the here and now and on how best to use her resources. It was a risk, but not as significant as some of the other risks being presented today. This Committee must have oversight and hold officers to account to ensure that they were mitigating risks and addressing issues. This was part of the process and the value that could be gained from internal audit.

Members raised concerns regarding debt recovery and queried when the Corporate Debt Recovery Policy was last reviewed. Officers thought that this was in 2015. It would be reviewed as part of bringing together the finance manual. Members questioned whether there was a log for policies and how the council ensured that they were kept up to date. Officers explained that the finance manual should refer to all the additional policies. The organisation did not change significantly in terms of its business, although the environment it was operating in could. Officers felt that they should commit to review policies every 2 years. Members hoped that it would be possible to look at the policy review process at a future meeting, and requested it be added to the Forward Work Plan for the Committee.

Some Members congratulated officers for what they were doing and felt that they were doing the best they could in a difficult situation. They felt there were capacity issues and not enough resources.

Cllr Nick Botterill, Cabinet Member for Finance and a non-voting Member of the Committee, was in attendance virtually. He highlighted the free and frank discussion which had taken place, and the importance of shining a light in these areas. He also stressed the monumental task which migrating to Oracle was. The process had caused issues as some councils and had even been a factor in Birmingham City Council issuing a section 114 notice. However, the council did have to upgrade systems. The fact that they had got to the business-as-usual stage was a reflection of the quality of the senior leadership and teams that were working on this. The audit process was helpful and helped us to pull everything together.

Members discussed a proposal, and following proposal by the Chairman, seconded by Cllr Martin Smith, it was,

**Resolved:**

- **To note the presentation and management action plans in relation to the financial key controls limited assurance audits, and**
- **To request the Committee receive an update from officers in relation to the training programme being rolled out associated with these financial key controls limited assurance audits.**

53 **External Audit Progress Report**

Liam Royle, Public Sector Audit Manager, Grant Thornton and Jackson Murray, Director, Public Sector Audit, Grant Thornton, presented the Wiltshire Council and Pension Fund external audit progress report.

The representative stated that in the last update at the July meeting, it was stated that the intention was to bring the 2023/24 audit plan to this meeting and there was an indicative audit plan in the appendix to the report. This showed what work would have been undertaken. However, Grant Thornton were not going to be able to undertake the 2023/24 audit, as there was not enough time before the backstop date of 28 February 2025 to do the audit and publish the accounts. So those accounts would receive a backstop disclaimer opinion. It was highlighted that Grant Thornton did want to undertake the audits, although there were clearly going to be caveats around what the audit opinions might mean. They would like to give assurance where they could, as this would give a better starting point for 2024/25. There was an impact from draft accounts preparation for the preceding years so there had been some difficulty in progressing work that they could have done this year.

Grant Thornton had made some good progress in the pension fund audit and hopefully they would bring the final pension audit to next meeting. Materiality had been reduced and was lower than normal due to the anticipated backstopping of prior periods. There would be a £15,000 fee variation for additional work undertaken. Also, a smaller variation of £3,765 would be raised as the Public Sector Audit Appointments (PSAA) had not included this. The pension fund audit would get signed off alongside the main Wiltshire Council accounts, and therefore was delayed as they could not issue opinions on those until they were issued for the main accounts.

Grant Thornton had also been engaging with Deloitte regarding the outstanding audit opinions.

The backstop date of the 13 December 2024 for the accounts up to 2022/23 was highlighted and it was stressed that in order for that to happen the 2022/23 accounts would need to be published for 30 days ahead of consideration, so would need publishing soon. The draft 2023/24 accounts would need to be published mid-January 2025. A letter sent to the Chairman of the Committee explaining

the situation in further detail was highlighted and could be seen at page 105 of the agenda.

It was stated that 5 years of no assurance external audits was significant to come back from. This could make the 2024/25 audit difficult as how could they gain assurance? It normally took about 3 years to get back to a clean audit opinion. The regulatory bodies were trying to work out details as to how things would work.

*The Chairman called a recess at 12.50pm. At which point Cllrs Howard Greenman, George Jeans and Pip Ridout left the meeting due to other commitments.*

*The meeting reconvened at 1.00pm.*

Members queried the reduction in the level of materiality. In response it was explained that this was not the only audit where Grant Thornton had been unable to bring forward assurances from previous years and for all of those audit's materiality had been reduced. For Wiltshire Council, Grant Thornton had to take into consideration the statutory recommendations by the previous auditor, the 4 years without assurance, and the limited assurance internal audits coming through. There was a scale auditors adhered too. Due to the circumstances described above, Wiltshire Council was at the bottom of that scale. Significant risks had been identified. Expenditure was a significant risk, which had been raised by Deloitte and would have been raised in the 2023/24 audit.

It was confirmed that Grant Thornton saw all of SWAP's internal audit reports when they were issued. However, they could not rely directly on SWAP's work but would have to undertake their own work. So, there could be some areas of duplication, but external auditors tended to look through a slightly different lens, as it was all about the financial statements.

Members commented that they found the aggregation of the Wiltshire Council and the Pension Fund audits slightly unhelpful.

On the proposal of the Chairman, seconded by Cllr Stuart Wheeler, it was,

**Resolved:**

**To note the Wiltshire Council and Pension Fund external audit progress report.**

54 **External Audit planning report on the 2020/21, 2021/22 and 2022/23 audits**

The Chairman explained that Ian Howse of Deloitte had been due to present the external audit planning report for the 2020/21 to 2022/23 audits. Unfortunately, however, Mr Howse was unwell and had tendered apologies, so the report would be taken as read.

At the Chairman's invitation Lizzie Watkin, Director Finance and Procurement (S151) explained that the report was in relation to the outstanding Statements of Accounts (SoAs).

There was a date in the calendar for an extraordinary meeting of the Committee to consider the accounts. It was stated that this meeting would likely need to be moved back to the first week of December so there would be time to get the accounts published (for the public inspection period) ahead of the meeting. Mr Howse would be at that meeting. The council were expecting a backstop disclaimer opinion on all 3 sets of accounts to be considered at that meeting, and now for the 2023/24 accounts as well, which was disappointing.

On the proposal of the Chairman, seconded by Cllr Stuart Wheeler, it was,

**Resolved:**

**To note the external audit planning report on the 2020/21, 2021/22 and 2022/23 audits, from Deloitte.**

55 **Stone Circle Annual Governance Update**

Perry Holmes, Director Legal and Governance, presented the Stone Circle Annual Governance update.

The officer explained that this report was about the governance framework around Stone Circle. It was not about the performance of the companies, although some details regarding performance had been provided for information. The governance framework involved Cabinet, the Cabinet Shareholder Group, the Audit and Governance Committee, and now Scrutiny had got involved as well. The companies had Board meetings, and a Wiltshire Council director was on the Board. The council Business Plan encouraged the company to own more houses which supported the Business Plan objective to grow the economy by facilitating the provision of affordable homes and developing new housing on public land.

Members were pleased to see the governance framework that was in place and the involvement of scrutiny. It was noted that the investment of £42 million was becoming significant and Members queried what was being done to protect that investment for the benefit of Wiltshire.

The officer explained that by adopting a best practise governance framework as described in the report, this was the best way to protect the investment. There was regular contact with the company's directors, quarterly shareholder group meetings and their aim was to look at what the council was getting for the investment and whether it was safe. The portfolio included 168 houses, which were rented, and the rent was sufficient to cover the debt. The model was similar to the Housing Revenue Account (HRA). There was more risk in building houses to sell, however there was a housing need, so there was a market. The company could also sell the houses back to the rental company to rent out.

Members questioned whether there was any customer/tenant involvement or engagement, similar to that within council housing stock. The officer stated that the company had a significant interest in managing that relationship. The council had a very skilled set of colleagues who managed the relationship with HRA tenants. Stone Circle had some learning to do in this area and this was encouraged.

Members queried whether the Corporate Director Resources leaving Wiltshire Council would affect the governance arrangements for the companies and who would take on the lead role. The officer explained that the Chief Executive would seek to appoint an interim Corporate Director Resources, however for now, the Director of Finance and Procurement could act up in that regard. Also, the Director Adult Social Care was on the Board. Members expressed concern for the workload of the Director of Finance and Procurement.

The Chairman stated that there were 2 proposals within the report, these were that the Audit and Governance Committee:

1. Note the updates to governance arrangements for the Stone Circle companies since the previous report to the committee in September 2023.
2. To comment and make suggestions on the future governance framework for the Stone Circle companies as they see fit.

The Committee did not have any formal comments or suggestions and therefore, on the proposal of the Chairman, seconded by Cllr Gavin Grant, it was,

**Resolved:**

**To note the updates to governance arrangements for the Stone Circle companies since the previous report to the committee in September 2023.**

## 56 **Landlord Compliance Fire Safety - General Fund Assets - Action Plans**

Ashley Byers, Interim Head of Health and Safety and Nick Darbyshire, Head of Strategic Asset & FM gave a presentation on the Landlord Compliance Fire Safety - General Fund Assets action plans, the presentation is appended to these minutes.

In addition to the presentation, the officers explained that when the audit was undertaken, within the vast majority of Wiltshire Council sites, the local responsible person idea was well established and there were no weaknesses in the main buildings, such as hubs and leisure centres. However, there were a few pockets where there was some ambiguity. Those gaps were now being filled and there were clear lines of responsibility.

In response to questions, it was explained that there was a fire risk assessment programme, and these were usually undertaken every 3 years, unless there had

been a major change to the building. When the audit was undertaken, the fire risk assessor was on sick leave, which was unfortunate timing. However, it did identify fragility in the system that was previously in place. They could have commissioned an external provider.

It was explained that SWAP had not undertaken this specific audit before, but they had completed a premises health and safety audit in 2019, which had included fire safety. Some of these points had been identified in that audit.

Officers confirmed that fire drills were undertaken in all major buildings, however, there had been a weakness in recording that. There were some properties where drills were overdue, and they were working quickly to rectify that.

In response to a question regarding policies and practices for sites owned by third party contractors, such as some recycling facilities, it was stated that this would be covered within the contract management process. Furthermore, there was a high degree of assurance for council owned schools.

It was explained that the Health and Safety policy was due for a review in September 2024, the new draft was nearly finished and would follow the correct internal processes for policy approvals. In response to a question, it was confirmed that there was a Health and Safety policy prior to the current one, the officer was unsure why the date of issue was September 2023, this was possibly because it was radically reviewed. Members again stated that they would like the policy review process to come to a future meeting.

On the proposal of the Chairman, seconded by Cllr Martin Smith, it was,

**Resolved:**

**To note the presentation and management action plans in relation to Landlord Compliance Fire Safety - General Fund Assets - Action Plans.**

*Jennifer Geddes and Cllr Stuart Wheeler left the meeting at 2.10pm.*

57 **Procurement Action Plan**

Deborah Bull, Head of Procurement, gave a presentation on the Procurement action plan, which was also included in the agenda pack, starting on page 171.

Following the presentation there were no questions, and on the proposal of the Chairman, seconded by Cllr Ross Henning, it was,

**Resolved:**

**To note the presentation and Procurement Action Plan.**

58 **Forward Work Programme**

Members discussed the Forward Work Programme (FWP) which started at page 185 of the agenda. It was requested that the policy review process was added to the FWP. Members also wanted progress updates on all the action plans discussed at the meeting.

Officers advised that SWAP would follow up on all the audits and action plans and update the Committee.

On the Chairman's proposal, seconded by Cllr Gavin Grant, it was,

**Resolved:**

**To note the FWP with the addition of the policy review process.**

59 **Date of Next Meeting**

There was an extraordinary meeting scheduled for 28 November 2024, to consider the Statement of Accounts 2020/21 to 2022/23. However, as explained earlier in the meeting, this would be moved back to the first week of December.

The next ordinary meeting of the Committee would be held at 10.30am on 29 January 2025.

There would be an additional extraordinary meeting scheduled for mid-February 2025, to consider the 2023/24 accounts.

60 **Urgent Items**

There were no urgent or part II (private) items, so the Chairman thanked everyone for attending and closed the meeting.

(Duration of meeting: 10.30 am - 2.30 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](mailto:tara.hunt@wiltshire.gov.uk)

Press enquiries to Communications, direct line 01225 713114 or email [communications@wiltshire.gov.uk](mailto:communications@wiltshire.gov.uk)





# Wiltshire Council

## Internal Audit Charter and Mandate



## INTERNAL AUDIT CHARTER AND MANDATE

### Purpose

SWAP Internal Audit Services creates, protects, and sustains value by providing the audit committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight, that meets rigorous professional standards.

The internal audit function enhances:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Institute of Internal Auditors Global Internal Audit Standards™ which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the audit committee.
- Internal auditors are free from undue influence and committed to make objective assessments.

### Commitment to Adherence to the Global Internal Audit Standards

The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The chief audit executive will report annually to the partner audit committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program, managed and monitored by the SWAP senior management team and the SWAP board.

### Authority

The audit committee grants the internal audit function the mandate to provide the audit committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the audit committee. Such authority allows for unrestricted access to the audit committee.

The audit committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

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## SWAP INTERNAL AUDIT SERVICES

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- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the Partner and other specialized services from within or outside the Partner organisation to complete internal audit services.

### **Independence, Organisational Position and Reporting Relationships**

The chief audit executive will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The chief audit executive will report functionally to the audit committee and administratively (for example, day-to-day operations) to the Service Manager Assurance and Chief Financial Officer (Section 151 Officer). This positioning provides the authority and status to bring matters directly to senior management and escalate matters to the audit committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the audit committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the audit committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### **Changes to the Mandate and Charter**

Circumstances may justify a follow-up discussion between the chief audit executive, audit committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant re-organisation within the organisation.
- Significant changes in the chief audit executive, audit committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Audit Committee Oversight**

To establish, maintain, and ensure that the internal audit function has sufficient authority to fulfill its duties, the audit committee will:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.

- Ensure the chief audit executive has unrestricted access to, communicates, and interacts directly with the audit committee, including in private meetings without senior management present.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the chief audit executive and senior management about the “essential conditions,” described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function’s charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter [annually] with the chief audit executive to consider changes affecting the organisation, such as the employment of a new chief audit executive / head of internal audit or changes in the type, severity, and interdependencies of risks to the organisation; and annually approve the internal audit charter.
- Approve the risk-based internal audit planning process and review the live plan that is available on-line .
- Collaborate with senior management to determine the budgets, qualifications and competencies the organisation expects in a chief audit executive, as described in the Global Internal Audit Standards.
- Review the chief audit executive’s performance, provide feedback to the SWAP CEO, plus senior management and the organisation’s CEO.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established.
- Review of the results of the quality assurance and improvement program annually.
- Make appropriate inquiries of management and the chief audit executive to determine whether scope or resource limitations are inappropriate.

#### **Chief Audit Executive Roles and Responsibilities**

##### **Ethics and Professionalism**

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Partner organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture within SWAP and Wiltshire Council.
- Report organisational behavior that is inconsistent with the SWAPs and Wiltshire Council’s ethical expectations, as described in applicable policies and procedures.



**Objectivity**

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Wiltshire Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of a Wiltshire Council's employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, audit committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

**Managing the Internal Audit Function**

The chief audit executive has the responsibility to:

- Communicate a risk-based internal audit plan to the audit committee and senior management for review.
- Communicate the impact of resource limitations on the internal audit plan to the audit committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in Wiltshire Council's business, risks, operations, programs, systems, and controls.
- Communicate with the audit committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the audit committee and senior management regularly as appropriate.

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## SWAP INTERNAL AUDIT SERVICES

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- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Partner organisation and communicate to the audit committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Partner organisation's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the audit committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the audit committee.

### **Communication with Audit Committee and Senior Management**

The chief audit executive will report at least annually to the audit committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan (live reporting available on-line).
- Significant revisions to the internal audit plan (live reporting available on-line).
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the audit committee.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Partner organisation's risk appetite.

### **Quality Assurance and Improvement Programme**

The SWAP senior leadership team in collaboration with the chief audit executive / will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations

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SWAP INTERNAL AUDIT SERVICES

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relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the audit committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be completed at least once every five years by a qualified, independent assessor or assessment team from outside both SWAP and the Partner Organisation; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

**Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the organisation, including all of Wiltshire Council's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the audit committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Wiltshire Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Wiltshire Council's strategic objectives are appropriately identified and managed.
- The actions of Wiltshire Council's officers, directors, management, employees, and contractors comply with the organisation's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Wiltshire Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

**Approval/Signatures**

*Sally Waisa*

02/10/2024

Chief Audit Executive

Date

  
\_\_\_\_\_  
Audit Committee Chair

Date 12/10/24

  
\_\_\_\_\_  
Executive Director (SWAP)

Date 02/10/2024

Revised August 2024



# General Fund Assets

## Landlord Compliance Fire Safety Audit

Page 29

**Nick Darbyshire**

Head of Strategic Asset Maintenance & Facilities Management

**Ashley Byers**

Interim Head of Health & Safety

Minute Item 56

# Audit Objective

To provide assurance that all Council-owned General Fund Assets are safe and compliant with policy and legislation in relation to Fire Safety

# Audit Scope

- The Council's policy framework for fire safety checks and records to ensure compliance with the Health & Safety at Work Act and Buildings Safety Act
- Records are held to support compliance with fire safety checks
- Fire risk assessments and routine evacuation procedures are conducted and responsible persons, such as Site Managers, are appropriately trained for each site
- Management oversight, reporting of KPIs and breaches of regulations
- Contract management, monitoring and reporting, including assurance over the competency of staff undertaking the checks

# Executive Summary

There are significant gaps, weaknesses, or instances of non-compliance.

Governance, risk management and control requires improvement



Organisational Risk Assessment – **HIGH**

# Management Action Plan

## Fire Safety Policy

Priority	3	Reference	AP#4556	Timescale	31/01/2025
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### Finding

- The Fire Safety Policy applicable to the general fund assets is out of date and overdue a review.
- This is deemed to be a low priority as the policy remains fit for purpose
- Gaps Identified in the governance of some of the operational aspects of fire safety

### Action

- No progress has been made on the review of the Fire Risk policy until the wider update of the corporate H&S policy has been completed.
- Establishment of local Responsible Persons under way

# Management Action Plan (2)

## Fire Safety Records

Priority	3	Reference	AP#4616	Timescale	31/12/2024
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### Finding

- A Fire Risk Assessments are recorded in the concerto system.
- Remedial actions from FRAs are not individually recorded and itemised.

### Action

- Remedials Module in concerto has been redesigned.
- FRA remedials are now entered into concerto and recorded.
- Additional resource (2 x FTE) has been recruited into the Compliance team to carry out work

# Management Action Plan (3)

## Fire Safety Officers

Priority	2	Reference	AP#4660	Timescale	31/12/2024
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### Finding

- FRAs internally provided by Building Control via 1 FTE who is off sick at the point of the Audit
- Lack of integration between provider of FRAs and updates to the system.

### Action

- Building control have allocated additional resource to clear back log
- Joint work has been undertaken to improve process flow and interactions with the concerto system rather than using spreadsheets
- A number of external providers have been commissioned to provide sample FRAs while considering outsourcing
- Compliance and building control working on improving the quality and consistency of recommendations stemming from FRAs

# Management Action Plan (4)

## Fire Safety & Evacuation Procedures

Priority

1

Reference

AP#4709

Timescale

31/12/2024

### Finding

### Action

- Inconsistent fire risk assessment record keeping
- Lack of consistent fire drills and record keeping
- No clear delegation or process for weekly fire testing
- Corporate H&S Policy does not clearly define asset related responsibilities

- H&S Policy currently under review with clear premises responsibility outlined
- Workbook created to record Fire Safety activity pending permanent solution
- Creation of '**Local Responsible Person**' & training programme



Staff	Service
Chief Executive	Chief Executive
Director of Service	Director of Service
Head of Service	Head of Service
Service Managers / staff	Service Managers / staff
Personal safety / Manual handling / Specific to roles, service, customers / training	Operational risks / risk assessments / service-related equipment, tools, PPE / training

Land/Property Asset		
Chief Executive	Chief Executive	Chief Executive
Director of Service (Main user of building)	Director of Assets	Director of Assets (Landlord)
Head of Service	Head of Corporate H&S	Head of SAM&FM
<b>Local Responsible Person</b>	H&S Advisers	Specialist Responsible Persons FM Technical Staff
Building H&S / Fire Safety / compliance activity / training	Corporate Policy / advice / auditing / policing / corporate training	Building compliance / servicing and maintenance / compliance training

# 'Local Responsible Person' – Duties & activities

<p><b>Fire Safety</b></p>	<ul style="list-style-type: none"> <li>- 'Fire-aware' - flammable products, build-ups of materials, sources of ignition</li> <li>- Hold copies of Personal Emergency Evacuation Plans (PEEP) for all disabled or mobility impaired staff</li> <li>- Hold copy of Fire Risk Assessment and ensure it is available to staff and contractors</li> <li>- Annual/6-monthly Evacuation Drill (supported by Corporate H&amp;S Team)</li> <li>- Monthly 'Flick' test of emergency lighting</li> <li>- Weekly Fire Alarm Test</li> <li>- Daily visual checks of             <ul style="list-style-type: none"> <li>- Fire Exits – ensure they are not blocked</li> <li>- Fire Extinguishers – in the correct place</li> <li>- Signage – in the correct place</li> <li>- Fire Alarm Panel – no warning lights</li> </ul> </li> <li>- Record all checks</li> </ul>
<p><b>Legionella</b></p>	<ul style="list-style-type: none"> <li>- Hold copy of Legionella Risk Assessment and ensure it is available to staff and contractors</li> <li>- Routine flushing of low usage water outlets (frequency determined by Risk Assessment)</li> <li>- Record all checks</li> </ul>
<p><b>Asbestos</b></p>	<ul style="list-style-type: none"> <li>- Hold copy of Asbestos Survey and Register and ensure it is available to staff and contractors</li> <li>- Ensure contractors attending site have seen and signed the Asbestos Register</li> </ul>
<p><b>General</b></p>	<ul style="list-style-type: none"> <li>- Undertake periodic inspection of the site/property and report any concerns.</li> </ul>

## Audit and Governance Committee

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### MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 5 DECEMBER 2024 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

#### **Present:**

Cllr Iain Wallis (Chairman), Cllr Stuart Wheeler (Vice-Chairman), Cllr Pauline Church, Cllr Adrian Foster, Cllr Gavin Grant, Cllr Pip Ridout, Cllr Martin Smith, Cllr Nick Botterill and Andrew Geddes

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#### 61 **Apologies**

Apologies for absence were received from:

- Cllr Richard Clewer
- Cllr Howard Greenman,
- Cllr George Jeans, and,
- Jennifer Whitten

#### 62 **Declarations of Interests**

There were no declarations of interest.

#### 63 **Chairman's Announcements**

The Chairman stated that the announcement regarding the Statement of Accounts 2019/20 would now be taken under Urgent Items.

#### 64 **Public Participation**

There were no public statements or questions received.

#### 65 **Statement of Accounts 2020/21 and 2021/22**

The Chairman invited Lizzie Watkin (Interim Corporate Director Finance and S151 Officer) to introduce the Statement of Accounts 2020/21 and 2021/22. The officer apologised that she was attending the meeting virtually, which was unavoidable as she had a meeting in London after the Committee.

It was highlighted that the Committee had heard about the issues in relation to these accounts many times. Both sets of accounts had been published for the regulatory 30 day public inspection period. Deloitte were the external auditors for these accounts and were at the meeting in person. The council was expecting a disclaimer opinion from the external auditors, and this was what

had been presented in the papers. There were various steps to conclude to meet the backstop of 13 December 2024, these included approving the accounts, approving the letter of representation, ratifying the Annual Governance Statements (AGS) and approving the amendments. It was explained that when the AGS was first considered we were expecting an adverse opinion on the 2019/20 accounts. So, the suggested amendments recognised the technical changes in terms of the audit opinions for the accounts. The Committee needed to formally delegate to the S151 to finalise matters and get signatures ahead of the backstop.

At the Chairman's invitation Ian Howse, Deloitte, spoke, commenting that at long last the 2019/20 accounts had been signed and apologised for the delay regarding that. Today the Committee were considering the 2020/21 and 2021/22 accounts. It was explained that in September 2024 legislation had been brought in with backstop deadlines, whereby all accounts up to and including 2022/23 should be signed off by 13 December 2024. The 2020/21 and 2021/22 accounts would receive disclaimer opinions, which essentially meant that they were not given an opinion. This was not very satisfactory; however, Wiltshire Council were not alone in this, and many local authorities had faced delays in relation to audits. It was highlighted that the 2022/23 accounts should also be being considered at this meeting, however they had not completed their public inspection period, so these would miss the backstop deadline, which would need to be reported to government. The work on those would be completed as quickly as possible after the backstop, they would also receive a disclaimer opinion.

Details were given on the ISA 260 report for 2020/21 and 2021/22 (published in supplement 2) which was usually issued following an audit, however, it was noted that there had not really been an audit in the usual sense. Possible errors were listed within the report. As mentioned earlier there would be a disclaimer opinion on both sets of accounts. Material issues would be included with the opinions when published. They had raised some deficiencies regarding financial reporting controls. Value for money work was still ongoing and would be reported following the backstop. An annual report would also be issued in due course.

There had been a couple of objections from the public inspection period regarding the 2020/21 and 2021/22 accounts, which was basically the same objection and related to the definition of a road or highway. So, at present Deloitte could not issue a certificate. It was hoped that this would be resolved by the next meeting. The disclaimers would be issued so that the backstop could be met.

The Chairman thanked Mr Howse and his teams, and the S151 officer and her teams for their work on these accounts.

Members then had the opportunity to ask questions. They requested an indication of the main things they needed to consider, as approving the accounts was a big and important issue.

Ian Howse explained that if they kept working on the accounts, they could resolve all the issues, but they would miss the backstop deadline. The delays were due in part to issues with the 2019/20 accounts and audit, which had the knock-on effect of not being able to guarantee that figures were correct in these accounts. Deloitte had listed in their report figures they thought might be incorrect, however they had not had time to go through them as they usually would. International Financial Reporting Standards (IFRS) accounting had been the main issue, however, there may simply be typographic or transposition errors. This did not affect things like Council Tax and funds available to provide services. The net expenditure did not look correct to Deloitte, and they were unsure whether all prior period unadjusted misstatements had been corrected in this set of accounts, so there were quite a lot of unknowns. Given the time that had passed since these accounts were relevant it was felt that one needed to move on. The council knew where it was with budget and revenue, and the auditor's opinion would not affect business as usual for the council.

The Member stated that they were hoping for more detail, as there were some large discrepancies such as the £22 million quoted which made them concerned about accounting regularities.

The S151 officer explained that the type of issues that Deloitte flagged were largely about presentation. There was no question about usable reserves, money available and outturn reports were good. For a set of accounts of this scale and complexity, sometimes there may be transposition errors or typos. The officer was not concerned at this stage. Furthermore, given where we were, it was important to remember that these were old accounts, and no one was making decisions based on these accounts. If the council had time, we would keep rolling on the audit work. The Committee should focus on the bottom line, reserves and resources. If errors were found in the disclaimed accounts, they would be corrected. The current financial state was sound, and the focus should be on financial resilience and sustainability, rather than historic accounts with possible errors and misstatements.

The Chairman summarised that given time we could ensure that everything in the accounts was completely correct, however, if the Committee did not follow the recommendation in the report we would miss the backstop. It was queried what missing the backstop would mean. The S151 officer stated that the consequences of missing the backstop were unknown. We would miss the backstop on the 2022/23 accounts. It was a question of resources, which on both sides were an issue. The council needed to be mindful to allocate resources to the right areas, such as successful production of the 2023/24 accounts and then the 2024/25 accounts, so that we were getting back on track and back in the usual audit rhythm. Several Members felt that continuing work on these accounts would not be a good use of resources.

Members highlighted a broader concern, as whilst the Committee had heard about the accounts for several years so had a good understanding of the situation, not all Members did, and likely the public did not either. Therefore, the Committee requested that communications to fellow councillors and the public were thought about carefully. The Chairman highlighted that he had taken part

in discussions with officers regarding communications around this, as it was important. If not communicated carefully, given the financial narrative around local authorities in general, the information could be misconstrued.

Members asked further questions, including what reputational damage there was from signing off with no audit opinion; whether issues must be raised in the inspection period; whether discrepancies were within tolerances and what we were doing to prevent this happening again, as resources were lacking.

Ian Howse explained that the £22 million discussed earlier was a prior year figure, not a current year figure, so was a transposition error. In terms of reputational damage there had been a good article in the Financial Times the day before, highlighting that only 10% of local authorities had up to date signed accounts, so that could be a good article to refer to, in order to give context. This was not an acceptable situation but was the best solution in terms of the situation being faced. The key thing was to get onto the 2024/25 audit in a timely fashion and this option was designed to do that. It was hard to say if there would be reputational damage. He was aware of 6 audit opinions in his own firm that would miss backstop, so again this was a national issue. There was also very little time between this backstop on 13 December 2024 for accounts up to and including 2022/23 and the next one on 28 February 2025 for the 2023/24 accounts. It was likely that even more local authorities would miss the February backstop.

Members stated that there was a lot of talk of 'putting this to bed' which was agreed with, however they sought reassurance moving forward, as lessons had to be learned from this. The Chairman highlighted that this had come up in his discussions with officers and SWAP (internal audit).

The S151 officer stated that they had discussed historic issues and chaos in the system in terms of accounts and audits processes. The government backstop legislation was seen as the best way to solve the situation. The council had to get back on position in terms of capacity and resources. The council had struggled to recruit to technical accounting roles, as resources were scarce in this space. Agency resources had been deployed in capital and assets accounting to undertake work, and current employees were working alongside these external resources so that they could learn from them. A career step role for technical accounting had been introduced. In addition, employees were undertaking Chartered Institute of Public Finance and Accountancy (CIPFA) professional accountant training. So, the council was 'growing its own' in this space. There was now a lot of additional capacity. As part of the action plan following the 2019/20 ISA 260 a lot of the issues had been resolved and internal staff were being upskilled. Likewise, the external agency staff would be kept on until the internal teams had embedded and understood all the learning.

Cllr Nick Botterill, Cabinet Member responsible for Finance, stated that this situation was different to the banking crisis, our assets were understood, as were our reserves, cashflow and debts. A decision had to be made as to whether we continued trying to refine old accounts, or whether to move on. He felt that it was time to move on. Assurances had been received from officers in

regards to the council's situation and we were not in danger from liabilities and the like.

The Chairman stated that in terms of transparency and communications, particularly to Members, the Committee now provided an annual report to Full Council which in part had come out of a Member attending Audit and Governance.

Members further discussed the situation and there was general agreement that the recommended proposals should be accepted as we needed to look forwards and not backwards and should draw a line under this. There was no material impact from the accounts. The Committee wanted to be in a better position for the 2024/25 accounts and ensure that there were enough trained resources in place going forwards.

The S151 officer highlighted some of the issues which had caused the situation, such as issues in 2014/15, when there had been a loss of technical accounting resources and changes to presentation. Many of the issues had been unpicked with the 2019/20 accounts. One had to have confidence in some of the numbers so that you could move forward. The officer would not let the agency resource go without being confident that the internal team have the numbers, confidence and capability. The backstops were resetting things. However, there had been no reset with regulatory requirements, which were considered to be over the top for local authorities. There also had not been any changes to audit regulations regarding support for local financial resourcing. Without changes to those, then it was possible that delays may be faced in the future again. In her view, the regulations also needed resetting.

Mr Howse wanted to be clear that when approving the Wiltshire Council accounts, the Pension Fund accounts were also being approved, and he stated that the pension funds would also be getting a disclaimer opinion.

There was no further debate, and the Chairman proposed the officer recommendation. Cllr Gavin Grant stated that he was happy to second that but with slight amendments to the wording of the AGS amendments, as follows:

**Annual Governance Statement 2020/21 officer proposed wording amendment with Cllr Grant's amendment in red text (Appendix A AMENDED):**

Recommended wording:

The Council has been working with the External Auditor to agree an approach to drawing the outstanding accounts to conclusion. The Council accepted an 'except for' qualification for the 2018/19 accounts associated with the queries associated with the historic balances within the revaluation reserve and the capital adjustment account. The Council has accepted a disclaimer of opinion for the 2019/20 accounts and accepted a disclaimer of opinion for the 2020/21 accounts issued under the backstop regulations **as laid down by government legislation** and has implemented various improvements and additional controls

to address the deficiencies reported by the External Auditor. Details of the auditor's opinion can be found in the auditor's ISA260 report.

**Annual Governance Statement 2021/22 officer proposed wording amendment with Cllr Grant's amendment in red text (Appendix B AMENDED):**

Recommended wording:

The Council has been working with the External Auditor to agree an approach to drawing the outstanding accounts to conclusion. The Council accepted an 'except for' qualification for the 2018/19 accounts associated with the queries associated with the historic balances within the revaluation reserve and the capital adjustment account. The Council has accepted a disclaimer of opinion for the 2019/20 accounts and accepted a disclaimer of opinion for the 2020/21 and 2021/22 accounts issued under the backstop regulations **as laid down by government legislation** and has implemented various improvements and additional controls to address the deficiencies reported by the External Auditor. Details of the auditor's opinion can be found in the auditor's ISA260 report.

Officers stated that this would be acceptable, and the Chairman accepted this as a friendly amendment. Following which it was put to the vote and it was,

**Resolved:**

**That the Audit & Governance Committee:**

- 1. Delegate approval of the following items to the S151 Officer in consultation with the Chair of the Audit & Governance Committee to allow the accounts and audit processes to draw to final conclusion:**
  - a. The Letters of Representation for the 2020/21 and 2021/22 financial years for both Wiltshire Council and Wiltshire Pension Fund.**
  - b. The Statement of Accounts 2020/21.**
  - c. The Statement of Accounts 2021/22.**
- 2. Approve an amendment to the Annual Governance Statement (AGS) that refers to an 'except for' qualification for the 2019/20 accounts and ratify that no other amendments are required to the Annual Governance Statement for 2020/21 (Appendix A AMENDED).**
- 3. Approve an amendment to the Annual Governance Statement (AGS) that refers to an 'except for' qualification for the 2019/20 accounts and ratify that no other amendments are required to the Annual Governance Statement for 2021/22 (Appendix B AMENDED).**

**66 Update on Statement of Accounts 2022/23**

Lizzie Watkin, Interim Corporate Director Finance and S151 Officer gave an update to the Committee on the Statement of Accounts 2022/23.



As described earlier in the meeting, these accounts would not be completed ahead of their backstop on 13 December 2024 as they had not been published in time for the 30 day public inspection period to be complete ahead of the meeting. They had not been published in time as resources were tied up working on the 2020/21 and 2021/22 accounts. The council would need to tell government that the backstop would be missed, and the impact or implications of that were not known. There might be a knock on affect for the 2023/24 accounts.

The 2022/23 accounts had now been published in draft for their 30 day inspection period and they were working with the external auditors so that these could be considered at the meeting of the Audit and Governance Committee on 17 January 2025. The hope was that the Committee would be able to do what had been done today for those accounts as well.

Mr Ian Howse, Deloitte had nothing further to add.

The Chairman proposed to note the report which was seconded by Cllr Stuart Wheeler, and it was,

**Resolved:**

**That the Audit & Governance Committee note the contents of the report.**

67 **Forward Work Programme**

The Chairman highlighted the Forward Work Plan (FWP) in the agenda and queried if any changes were requested, none were. It was,

**Resolved:**

**To note the FWP.**

68 **Urgent Items**

The Chairman noted that following agenda publication an updated final ISA 260 external auditors report for 2019/20 audit was published as in agenda supplement 1 which would be taken under urgent items.

Lizzie Watkin, Interim Corporate Director Finance and S151 Officer, stated that at the meeting of the [Audit & Governance Committee in February 2024](#) the Statement of Accounts 2019/20 were considered and approved. We now had the full conclusion from the external auditors and the Committee needed to receive that and ensure there were no issues. The Committee had debated these accounts many times, and this was the final wrapping up.

Ian Howse, Deloitte, added that this just concluded the position, and they were signed on 22 November 2024. This was a positive step forward on getting back on track.

Members requested some clarity on points 45, 47 and 49 (pages 70, 71 and 72 of supplement 1) where there appeared to be some degree of disagreement between Deloitte and senior management, as it would be helpful to understand. It was highlighted that this had been debated back in February. However, the S151 officer stated that sometimes management and auditors did not agree. This was not concerning, and it was right that they should have their own professional opinions. There was no significant risk from disagreements.

Point number 45 was about technical resources capacity which had been discussed in some detail earlier in the meeting. The officer disagreed with the auditor's comments under this point and noted that significant improvements had been made in terms of capacity and training for staff.

In relation to point number 47 about cash flow statements, the officer did not think there was an issue there. They had moved forward and would continue to work with the external auditors. In relation to point 49, the council were notified late by the auditors, so they did not have time to work through that one. It would be considered every year going forward on the accounts.

Ian Howse, Deloitte stated that management were clear on what needed to be done, and an improvement journey was underway. There was no particular tension, but possibly a slight disagreement on the cause of issues.

Members queried the timescale to no longer be reliant on agency staff and for internal teams to have sufficient numbers and competency. The officer stated that the 2023/24 accounts were underway, and these would be completed with agency resources in place. The 2024/25 accounts would again be undertaken with agency resources in place and this set of accounts would be much more robust. Internal staff would get to see the full robust process and have support if required, it would be a good test. The officer would then make a judgement call on whether internal staff were ready.

On the proposal of the Chairman, seconded by Cllr Martin Smith, it was,

**Resolved:**

**That the Audit and Governance Committee note the contents of the report.**

(Duration of meeting: 10.30 - 11.55 am)

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

Press enquiries to Communications, direct line 01225 713114 or email [communications@wiltshire.gov.uk](mailto:communications@wiltshire.gov.uk)

## **APPENDIX A AMENDED – Annual Governance Statement 2020/21 wording amendment**

### Original wording included in AGS:

The Council has been working with the External Auditor to agree an approach to drawing the outstanding accounts to conclusion. The Council accepted an 'except for' qualification for the 2018/19 and 2019/20 accounts associated with the queries associated with the historic balances within the revaluation reserve and the capital adjustment account. The Council has accepted a disclaimer of opinion for the 2019/20 accounts and has implemented various improvements and additional controls to address the deficiencies reported by the External Auditor. Details of the auditor's opinion can be found in the auditor's ISA260 report.

### Recommended wording:

The Council has been working with the External Auditor to agree an approach to drawing the outstanding accounts to conclusion. The Council accepted an 'except for' qualification for the 2018/19 accounts associated with the queries associated with the historic balances within the revaluation reserve and the capital adjustment account. The Council has accepted a disclaimer of opinion for the 2019/20 accounts and accepted a disclaimer of opinion for the 2020/21 accounts issued under the backstop regulations **as laid down by government legislation** and has implemented various improvements and additional controls to address the deficiencies reported by the External Auditor. Details of the auditor's opinion can be found in the auditor's ISA260 report.

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## **APPENDIX B AMENDED – Annual Governance Statement 2021/22 wording amendment**

### Original wording included in AGS:

The Council has been working with the External Auditor and has agreed an approach to evidence the fixed asset accounting disclosures historical balances within the revaluation reserve and capital adjustment account to ensure the 'except for' qualification on these accounts for 2018/19 and 2019/20 is cleared for the accounts for the financial year 2020/21 and to progress the outstanding approval of the 2019/20 accounts which are currently unable to be approved due to a national issue on Infrastructure Asset valuation. Details of the conclusion and opinion can be found in the auditor's ISA 260 reports.

### Recommended wording:

The Council has been working with the External Auditor to agree an approach to drawing the outstanding accounts to conclusion. The Council accepted an 'except for' qualification for the 2018/19 accounts associated with the queries associated with the historic balances within the revaluation reserve and the capital adjustment account. The Council has accepted a disclaimer of opinion for the 2019/20 accounts and accepted a disclaimer of opinion for the 2020/21 and 2021/22 accounts issued under the backstop regulations **as laid down by government legislation** and has implemented various improvements and additional controls to address the deficiencies reported by the External Auditor. Details of the auditor's opinion can be found in the auditor's ISA260 report.

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Annual Audit Letter on the 2019/20  
External Audit  
Wiltshire Council

December 2024

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12 December 2024

The Members  
Wiltshire Council  
County Hall  
Bythesea Rd  
Trowbridge  
BA14 8JN

Dear Sirs

We have pleasure in setting out this Annual Audit Letter to summarise the key matters arising from the work that we have carried out in respect of the audit for the year ended 31 March 2020.

Although this letter is addressed to the Members of Wiltshire Council ("the Council"), it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Public Sector Audit Appointments Ltd (PSAA) website at [www.psa.co.uk](http://www.psa.co.uk) and on the Council's website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Ltd. This is available from [www.psa.co.uk](http://www.psa.co.uk).

This key contents of this letter have been discussed and agreed with the Council. A copy of the letter will be provided to all Members.

This is our second year as the external auditor of the Council following the transition of the PSAA contract in 2018/19. Our aim is to deliver a high standard of audit, delivering insights identified from our audit work to make a positive and practical contribution, which supports the Council's own agenda.

Yours faithfully



**Ian Howse**  
Audit Partner  
For and on behalf of Deloitte LLP  
Cardiff, United Kingdom

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# Key Messages

Statement of Accounts	
<p><b>Disclaimer opinion issued on 22 November 2024</b></p>	<p>In 2019/20 the Council was required to prepare its Statement of Accounts in accordance with International Financial Reporting Standards (“IFRS”) as defined in the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and other relevant legislation.</p> <p>The Statement of Accounts was prepared in accordance with the agreed timetable, however, the audit was not completed in line with the original deadline of 31 July 2020.</p> <p>Through our audit planning we identified five significant risks of material misstatement which we addressed through our audit. These were:</p> <ul style="list-style-type: none"> <li>• property valuations;</li> <li>• completeness of accrued expenditure;</li> <li>• valuation of the Council’s share of the Wiltshire Pension Fund Net Liability;</li> <li>• completeness of finance leases; and</li> <li>• management override of controls.</li> </ul> <p>Materiality for the Council’s accounts was set at £17m.</p> <p>We issued a disclaimer audit opinion on the Statement of Accounts on 22 November 2024 in respect of the 2019/20 financial statements.</p>
Value for Money (VfM) Conclusion	
<p><b>Unqualified opinion issued on 20 November 2020</b></p>	<p>We are required to base our statutory VfM conclusion on the criteria specified by the National Audit Office, namely whether the Council has in place proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.</p> <p>We issued an adverse opinion in respect of the VfM conclusion on 22 November 2024.</p>
Annual Governance Statement	
<p><b>All relevant governance matters were adequately and appropriately disclosed</b></p>	<p>We have considered the contents of the Annual Governance Statement and confirmed that the Statement complied with guidance and that it adequately and appropriately disclosed all relevant governance matters arising in the year that we are aware of.</p>
Whole of Government Accounts	
<p><b>The Council is above the audit threshold</b></p>	<p>The Council prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury.</p> <p>We have not undertaken an audit of this pack for 2019/20 due to the delay in signing the 2019/20 audit opinion and given the passage of time this work is no longer necessary.</p>

<b>Audit Findings</b>	
<b>A number of recommendations were made to improve internal controls and financial reporting.</b>	During our audit we identified a number of areas for significant improvement in internal controls and procedures which were communicated to management and the Audit and Governance Committee. These weaknesses in controls were found to be pervasive and led to a significant volume of errors being identified.
<b>Audit Certificate</b>	
<b>We issued our certificate on 22 November 2024</b>	We issued our certificate on 22 November 2024. The certificate confirms that we have concluded the audit for 2019/20 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

# Responsibilities and Scope

## Responsibilities of the Council and Auditors

The Council is responsible for maintaining the control environment and accounting records and preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on IFRS and other relevant legislation.

We are appointed as the Council's independent external auditors by PSAA, the body responsible for appointing auditors to local public bodies in England.

As the Council's appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the National Audit Office's Code of Audit Practice ("the Code"). Under the Code, we have responsibilities in two main areas:

- auditing the Council's accounts; and
- evaluating whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

## The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board ("APB"). The audit opinion on the accounts reflects the financial reporting framework adopted by the Council, being the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on IFRS and other relevant legislation.

We conducted our work on the value for money conclusion in line with guidance issued by the National Audit Office, in respect of local government bodies for the financial year ended 31 March 2020.

# Audit of the Accounts

Statement of Accounts	
<p><b>Disclaimer opinion issued on 22 November 2024</b></p>	<p>Before we give our opinion on the accounts, we are required to Report to Those Charged with Governance any significant matters arising from the audit. A detailed report was discussed with the members of the Audit and Governance Committee in February 2024.</p> <p>Materiality for the Council’s accounts was set at £17m which equated to 1.7% of total expenditure. The level of materiality shapes and informs the extent of the audit work we undertake, including review of balances which are below this which exhibit particular characteristics. This assists in the identification of transactions and balances which are likely to give rise to material misstatements, and in determining the extent of work undertaken in respect of the areas we judged to contain such risks.</p> <p>Our Report to Those Charged with Governance, in the case of the Council, the Audit and Governance Committee, set out the details of any errors identified during the audit which were greater than £874k which is our clearly trivial threshold.</p> <p>Our audit work was designed to specifically address the following significant audit risks:</p> <ul style="list-style-type: none"> <li>• <b>Whether property valuations were materially correct</b> - We obtained an understanding of the design and implementation of key controls in place around the property valuation, including how the Council assures itself that there are no material impairments or changes in value for the assets not covered by the annual valuation work by the valuer. We reviewed revaluations performed in the year, assessing whether they have been performed in a reasonable manner, on a timely basis and by suitably qualified individuals. We used our valuation specialists, Deloitte Real Asset Advisory, to review and challenge the appropriateness of the assumptions used in the valuation of the Council’s property assets including considering the assumptions made of movements between the valuation being performed in February 2020 and the year-end. We tested a sample of revalued assets and re-performed the calculation of the movement to be recorded in the financial statements to check they were correctly recorded.</li> <li>• <b>Whether the defined benefit pension valuation is appropriate</b> - We obtained an understanding of the design and implementation of the key controls in place in relation to the Council’s review of the assumptions. We evaluated the competency, objectivity and independence of Hymans Robertson the actuarial specialist. We reviewed the methodology and appropriateness of the assumptions used in the valuation, utilising a Deloitte Actuary to provide specialist assessment of the variables used. We reviewed the pension related disclosures in respect of actuarial assumptions in the financial accounts for consistency with the Actuary’s Report.</li> <li>• <b>Whether the Statement of Accounts contained all of the accrued expenditure relating to the year ended 31 March 2020</b> – We obtained an understanding of the design and implementation of the key controls in place to ensure the completeness and valuation of accruals. We performed focused testing in relation to the completeness of accruals through testing of post-year end invoices raised and payments made.</li> <li>• <b>Whether the Statement of Accounts contained all relevant finance leases</b> – We obtained an understanding of the design and implementation of controls in place in relation to the completeness of the leases balance. We reviewed the Council’s contracts register for any indication of additional leases. We performed a search of income and expenditure ledger codes for keywords indicative of lease arrangements. We selected a sample of properties,</li> </ul>

	<p>vehicles, plant and equipment and obtained documentation to support whether or not the asset relates to a lease arrangement.</p> <ul style="list-style-type: none"> <li>• <b>Whether the Council’s controls had been bypassed by management in the preparation of the financial statements (management override of controls)</b> – We tested the design and implementation of key controls in place around journal entries and key management estimates. We risk assessed journals and selected items for detailed testing. The journal entries were selected using computer-assisted profiling based on areas which we considered to be of increased interest. We reviewed accounting estimates for biases that could result in material misstatements due to fraud. We did not identify any significant transactions that were outside of the normal course of business for the Council.</li> </ul> <p>We issued a disclaimer of opinion on the Council’s 2019/20 accounts on 22 November 2024. This means we were able to form an opinion.</p> <p>The following was included as the basis for the disclaimer opinion:</p> <p>“We have identified a significant number of separate control deficiencies relating to the financial statements for the year end 31 March 2020. These control deficiencies represent a pervasive weakness in controls to support the production of accounts in compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2019/20. As a result of the weaknesses in controls our audit has identified a significant number of errors in the 2019/20 financial statements. These have included errors resulting in material changes to Property Plant and Equipment, Long Term Assets, Net Assets and Total Reserves.</p> <p>We have also identified a significant number of adjustments relating to the current and prior period but have been unable to obtain sufficient appropriate audit evidence over their completeness and accuracy due to the pervasiveness of the issues identified and whether these have been accounted for and disclosed in the financial statements.</p> <p>Overall, the errors identified are pervasive and material and have led us to conclude that in combination with the pervasive control weaknesses we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.</p> <p>The control deficiencies and errors have arisen as a result of issues with the Authority’s accounting system which impedes the ability to maintain accurate accounting records, a significant number of historical issues with underlying accounting records, in particular those relating to the Authority’s fixed assets which account for the majority of the Authority’s total assets, insufficient staff resourcing of appropriate skills and experience to maintain the underlying accounting records which were free from material misstatements and prepare financial statements in accordance with the requirements of the financial reporting framework.”</p>
<p><b>Key issues from work performed on the Statement of Accounts</b></p>	
<p><b>We identified 15 uncorrected misstatements</b></p>	<p>We received a set of draft accounts in line with the agreed deadline, which were supported by working papers.</p> <p>The final Statement of Accounts upon which we issued our disclaimer opinion contained fifteen unadjusted known errors and five further potential errors.</p>

In total these unadjusted known errors would if corrected decrease expenditure by £1m, reduce net assets by £15m and reduce reserves by £14m.

The largest items were as follows:

- The understatement of pension liabilities as a result of the Goodwin case. The Council's Actuary assessed the possible impact of the Goodwin case to be an increase of pension liabilities by £3m for a typical employer and the accounts do not reflect this liability;
- We identified two assets which had been recorded twice in the fixed assets register resulting in an overstatement of the property, plant and equipment balance of £2m;
- We identified a number of instances of the understatement of accruals through our testing of a sample of payments that left the bank post year end with an estimated value of £3m;
- The Council disposed of 26 DIY shared ownership properties in error due to not thinking these were owned by the Council and subsequently discovering that they were. Additionally, these properties had never been revalued. This resulted in an overstatement of losses on disposal of £2m; and
- There were a series of investment assets held by the pension scheme which due to stale pricing issues with the valuation of the fund liability led to an impairment of £12m for the pension fund as a whole. The impact for Wiltshire Council of this is £5m understatement of the pension liability.

We also identified a further five potential errors which at the time of issuing our opinion had not been fully quantified:

- The Council has Infrastructure assets on the balance sheet with a net book value of £410m valued on a modified historic costs basis. All infrastructure is depreciated by the Council over a useful economic life of 60 years. The Council only has records sufficient to support 23% of this balance, the remaining balance cannot be tested back to underlying records to determine the correct classification as infrastructure or the classification of the balance into sub-categories of roads, bridges, drainage, streetlights and cycle routes. As we would expect there to be different useful economic lives for these sub-categories, without an analysis between the sub-categories we are unable to determine if the average useful economic life applied by the Council was reasonable and does not result in a material misstatement of depreciation or net book value.
- We identified some differences between the changes made to the financial statements to reflect the service asset reclassification and the listings in the supporting working papers. This identifies a potential issue within note 15 of approximately £1m in opening cost, £0.6m in closing cost, £0.6m in opening depreciation and £0.6m in closing depreciation, resulting in a net book value difference of £0.3m. In addition, in the 2017/18 column on the balance sheet there is a difference of £0.3m between other land & buildings and vehicles, plant, furniture and equipment.
- During our work on the reclassification of service assets (in response to the error identified where service assets were incorrectly categorised in the Property Plant and Equipment (PPE) note) we identified several assets with carried forward impairment/depreciation balances despite being revalued. The Council has done some work to correct the error, however, we have not tested this. In addition, we encountered issues in being able to test proposed adjustments as the Council had not been updating the Fixed Asset Register for PPE errors identified throughout the audit. Therefore, we have not been able to quantify the full impact of this. Between version 12 and 13 of the financial statements a number of balances within the PPE Note 15 were changed by the Council. These included a £47m adjustment to cost brought forward, £6m adjustment to revaluation increase/ decreases recognised in Reval reserve, £14m adjustment to revaluation increase/ decrease in surplus/ deficit on provision of services resulting in total adjustment to cost of £39m. In terms of accumulated depreciation the changes were: brought forward depreciation £47m adjustment, £14m

	<p>adjustment to revaluation losses/ impairment recognised in surplus/ deficit on provision of services, £6m adjustment to revaluation losses/ impairment recognised in revaluation reserve, leading to an overall adjustment of £39m in accumulated dep carried forward. No impact on the net book value. We have not completed testing of these changes.</p> <ul style="list-style-type: none"> <li>• During our testing of the reclassification of services adjustment we identified a number of errors which had been corrected in year. These included 6 assets which had a brought forward accumulated depreciation/impairment balance which appeared incorrect, however, 3 of these were revalued in year, so the brought forward balance was written out on revaluation, and the other 3 assets were reduced to nil and written out in year. This results in a potential error in the brought forward balance of £0.8m and there may be further errors as our testing was not extended.</li> <li>• We completed some additional journal testing related to automatic journals. This testing identified a shared ownership lease of a property which we have not been able to locate within the Council's lease working papers which may indicate that lease disclosures are incomplete.</li> </ul> <p>These uncorrected misstatements were reported to those charged with governance who represented to us that they considered them immaterial both individually and in aggregate.</p>
<b>Annual Governance Statement</b>	
<p><b>The Statement includes all appropriate disclosures and is consistent with our understanding of the Council's governance arrangements</b></p>	<p>As appointed auditors, we review the Annual Governance Statement ("AGS") and comment on any inconsistencies noted between the AGS and our audit work, other work relating to the Code of Audit Practice, and our understanding of the Council's Governance arrangements.</p> <p>We have concluded that the Statement includes all appropriate disclosures and is consistent with our understanding of the Council's governance arrangements and internal controls derived from our audit work.</p>
<b>Powers and Duties</b>	
<p><b>We did not receive any questions about the accounts or make any public interest reports</b></p>	<p>Under the Local Audit and Accountability Act 2014, auditors have specific powers and duties, including to give electors the opportunity to raise questions about the accounts and to consider and decide upon objections received in relation to the accounts. We did not receive any such questions or objections.</p> <p>We have a duty to consider whether to issue a report in the public interest about something we believe the Council should consider, or if the public should know about.</p> <p>We have not identified any matters that would require us to issue a public interest report.</p> <p>Given the pervasive control issues we identified, and which contributed to the disclaimer opinion I considered it necessary to issue a Statutory Recommendation to the Council (copied to the Secretary of State) under Section 24 Schedule 7 (2) of the Local Audit and Accountability Act. The Council was required by Section 4 (5) of the same Act to consider my recommendation at a meeting held within one month of the recommendation. The Council met this requirement when it considered my recommendation at the Full Council meeting on 20 February 2024.</p>
<b>Audit Certificate</b>	
<p><b>We issued our certificate on 22 November 2024</b></p>	<p>We issued our certificate on 22 November 2024. The certificate confirms that we have concluded the audit for 2019/20 in accordance with the requirements of the Local Audit &amp; Accountability Act 2014 and the Code of Audit Practice.</p>



# Value for Money

## Background and approach

The approach to our audit work in relation to value for money (“VFM”) was specified by the National Audit Office.

We are required to satisfy ourselves that the Council has made proper arrangements for securing financial resilience and economy, efficiency and effectiveness in its use of resources.

We would emphasise that it is the arrangements in place that we are required to assess, and not the actual decisions made by the Council.

We planned our local programme of work based on our risk assessment, which was informed by a series of risk factors determined by the National Audit Office.

We did not identify any significant risks as part of our risk assessment.

## The VFM conclusion

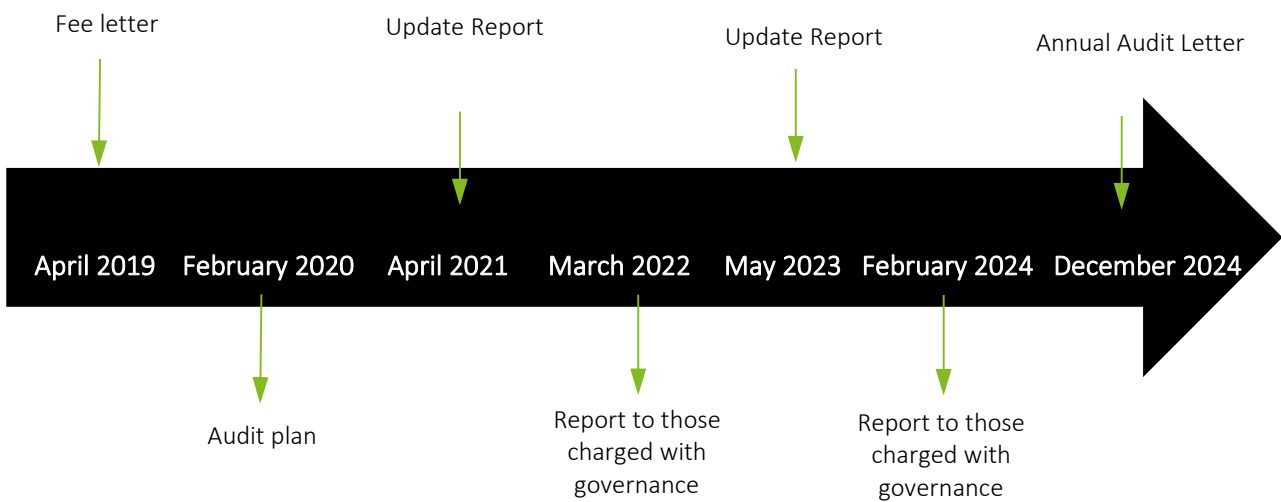
Having performed our work in line with guidance received from the National Audit Office we issued an adverse value for money conclusion for the 2019/20 financial year. Through our audit we have identified pervasive control weaknesses which undermine the production of reliable financial statements. This has led us to conclude that there are weaknesses in arrangements for reliable and timely financial reporting and maintaining a sound system of internal control which has been reflected in our audit report. We have considered the significance of the impact of this weakness in arrangements which has led to a disclaimed opinion on the financial statements and a Statutory Recommendation and concluded that the weakness is so significant that we have issued an adverse opinion.

# Other Matters

## Reports issued

Reports issued during the course of the 2019/20 audit included:

- fee letter for the Council;
- audit plan for the Council;
- reports to those charged with governance on the 2019/20 audit of the Council; and
- an annual audit letter.



## Analysis of audit fees

Audit fees charged are as follows:

	2020 £
Scale fee for the audit of the Authority’s annual accounts and VfM conclusion	128,913
Additional fees for increased work due to FRC challenge in respect to asset valuation and pension liabilities	9,523
Interim additional variation agreed with PSAA	236,483
Final fee variation (yet to be agreed)	TBC
<b>Total audit fees (excluding VAT and final variation)</b>	<b>374,919</b>

## Independence and objectivity

In our professional judgement, our policies and safeguards that are in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired.

We confirm that we comply with FRC Ethical Standards for Auditors and that, in our professional judgement, we and, where applicable, all Deloitte network firms are independent and our objectivity is not compromised.

In our opinion there are no inconsistencies between FRC Ethical Standards for Auditors and the Council's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.

We are not aware of any relationships which are required to be disclosed.

No matters impacting our independence have arisen during the year.

### **Statement of Responsibilities**

The Statement of Responsibilities of Auditors and Audited Bodies issued by PSAA explains the respective responsibilities of auditors and of the audited body and this report is prepared on the basis of, and our audit work is carried out in accordance with, that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the National Audit Office.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Council but no control procedures can provide absolute assurance in this area.



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**Wiltshire Council**

**Audit and Governance Committee**

**17 January 2025**

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**Subject: Corporate Governance Update**

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## **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 consideration of the Annual Governance Statement in July, this report provides an update on the current status of improvement actions identified in the Annual Governance Statement 2024.

## **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 occasional 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 2023/24.

## **Lizzie Watkin**

Interim Corporate Director, Resources (S151 Officer)

## **Perry Holmes**

Director, Legal and Governance (Monitoring Officer)

## **Tamsin Kielb**

Director, Human Resources and Organisational Development

## Wiltshire Council

### Audit and Governance Committee

17 January 2025

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#### Subject: Corporate Governance Update

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#### 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 2024/25.

#### 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 2024-25.

#### Main Considerations

4. In 2023-24'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 Monitoring Officer has considered:
  - 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 2023-24 is included at **Appendix 1**. This document will be kept live and updated and inform the development of the AGS for

2024-25.

8. Since the Annual Governance Statement for 2024 was [considered](#) by the Audit Committee it is worth noting that the council has received further assurance for its activities through an Ofsted inspection of arrangements for SEND and CQC inspection on adult social care.
9. All these reports are generally positive and bolster the findings of the [corporate peer review](#), which noted the 'impressive organisational governance' that exists within the council.

Report Authors:

**Lizzie Watkin** – Interim Corporate Director, Resources (S151 Officer)

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

**Tamsin Kielb** - Director, Human Resources and Organisational Development;

**David Bowater** – Senior Corporate Support Manager

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## **Appendices**

Appendix 1 LCCG AGS update

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

AGS improvement actions	Current Status	
<p><b><i>Review contract management approaches to embed standard contract management activity; deliver policy and training to embed the Socially Responsible Procurement Policy across the Council; and strengthen our approach to working with SMEs and VCS'.</i></b></p>	<p>With the planned introduction of the Procurement Act 2023 on the 24<sup>th</sup> February 2025 there will be a requirement placed upon the Council to formally report at a national level contract performance where it is deemed to be poor, for those contracts deemed in scope as set out in the Procurement Act 2023. Additionally, for certain contracts, there will be a requirement for the Council to publish, annually, performance against some Key Performance Indicators. A project plan has been developed, which includes things such as a toolkit and training development. A draft contract management policy and tool kit has been developed. Shortly we will trial it's use on some contracts to test its suitability. Following that testing action will be taken to roll it out across the organisation.</p> <p>A Socially Responsible Procurement Policy and associated action plan was agreed by Cabinet in November 2022. That policy is used and referenced in procurement activity. Work has been completed that allows us to 'match' what social value we have been offered via our contacted services to community projects across the Council footprint. This is in its infancy but so far the outputs have been positive.</p>	<p><b>LW DB</b></p>

**Principle B - Ensuring openness and comprehensive stakeholder engagement**

AGS improvement actions	Current Status	
<p><b><i>Develop a renewed framework for working with the Voluntary and Community Sector</i></b></p>	<p>A joint WC and VCSE conference was held in November 2024, focussed on the strategic relationship between the partners. This successful and well attended event set the foundations for the delivery of the VCSE/ WC framework, with a multi-stakeholder steering group now in place to oversee its delivery.</p> <p>VCSE reps are included on HWB, WPSB &amp; ICA and we are looking to include them in BSW C&amp;YP Programme Board.</p>	<p><b>DR RS</b></p>
<p><b><i>Implement a council-wide system for publishing officer decisions in line with the Openness of Local Government</i></b></p>	<p>Officer decision making guidance has been reviewed and published internally setting out the types of decisions which should be published in accordance with the regulations. The CivicaModGov software used for committee paper publication has been used to publish officer decisions to a dedicated portal on the council's website. The Democracy and Governance teams will be taking steps this year to roll out further support to council decision makers to embed the practice of submitting records of officer decisions for publication.</p>	<p><b>PH JM KE</b></p>

<b>Bodies Regulations 2014</b>		
<b>Review the role and function of Area Boards so that they add maximum value to our place shaping ambitions.</b>	The role and future function of Area Boards within Place shaping remains under consideration. A maturity matrix to assess impact and performance of the Area Boards is being developed, that will measure delivery against key council objectives. Area Boards continue to deliver connectivity to communities through the local partnership model, that provides local decision making, intelligence sharing and transparent funding investment.	<b>DR RS</b>
<b>Report annually on the performance of key partnerships to Audit and Governance Committee</b>	An update is being prepared for the meeting of the Audit and Governance Committee in July.	<b>PH MN</b>

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

<b>AGS improvement actions</b>	<b>Current Status</b>	
<b>Develop a more clearly articulated strategic narrative of place, using the Local Plan as key spatial narrative.</b>	<p>The emerging draft Local Plan (approved by Council) was submitted to the Secretary of State in November 2024. The Plan will be independently examined in 2025. This provides a spatial vision, settlement and delivery strategy which will inform place-shaping for the future of Wiltshire.</p> <p>Together with the development of the LTP this will provide the key spatial narrative. Governance structures have been established (including a Place Shaping Board) and are aligned to principal settlements. Programme reporting mechanisms established.</p> <p>A two-year transformation programme for the Planning service has been established to ensure the service has effective processes, procedures, decision-making and resources to deliver the council's place-shaping ambitions. Delivery of the Local Plan will be at the centre of the council's place-shaping strategy.</p> <p>A new economic strategy that supports the narrative of place and case for investment has been prepared and will be considered by Cabinet in January 2025.</p>	<b>PK NT VM</b>

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

AGS improvement actions	Current Status	
<p><b><i>Consider how developing a comprehensive Asset Management and Capital Investment Strategy could support future transformation and place shaping ambitions and inform future budget decisions</i></b></p>	<p>Capital Programme Improvement Board has been established to have greater oversight over existing and in year planned spend is now maturing. Recent Audit of Capital Programme process has received substantial assurance.</p> <p>New Asset Strategy is in draft with intention to bring forward for approval in mid-2025.</p> <p>Renewed strategic asset dialogue with public sector partners has been established with oversight and support from One Public Estate and Cabinet Office.</p> <p>Asset Optimisation savings being included in MTFs and consequently a new Asset Optimisation Programme is being geared up with support from Transformation Team, Capital Projects Team and Services.</p>	<p><b>LW JB</b></p>
<p><b><i>Continue to ensure the approach to transformation is embedded and understood across the council.</i></b></p>	<p>In October and November 2024 we undertook a self-assessment review of our organisational governance and control capabilities around Transformation using the Local Government Associations Transformation Maturity Assessment Framework. This included interviews with the Chief Executive and all Directors, as well as many Heads of Service, service managers and operational specialist. This has had a significant positive impact on the overall awareness of Transformation across the council. This will be followed up with a detailed action plan to address the lowest scoring areas identified in the self-assessment, including for example development of a benefits management strategy which will become a pre-requisite for all future programmes – this consistency will further enhance the awareness of the proposed transformation approach/strategy.</p> <p>Identification of planned transformation requirements from all Services has now also been incorporated into our corporate Service Planning approach and assessment template, which has been endorsed by CLT and is in use for 2025.</p> <p>Previously proposed revisions to the Transformation Planning Group (TPG) process are now complete and include better use of technology tools to support the process, a common set of assessment criteria (which has been approved by Transformation Board) and a clearer more streamlined experience for services who want to get transformation proposals onto the pipeline.</p> <p>New Programme Pipeline status BI reporting dashboard created for Transformation Board members is now being used and is being rolled out across all Exec level programme boards for individual programmes.</p>	<p><b>SH PH MN</b></p>

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

<b>AGS improvement actions</b>	<b>Current Status</b>	
<b><i>Rollout training and awareness on decision making processes, and organisational discipline</i></b>	Guidance on the council’s decision-making processes has been developed and is available on the corporate intranet. Further briefings with councillors and staff will take place following the local elections.	<b>PH JM KE</b>

**Principle F – Managing risks and performance through robust internal controls and strong public financial management**

<b>AGS improvement actions</b>	<b>Current Status</b>	
<b><i>Develop a Data Quality Strategy outlining objectives, roles, reporting, security and sharing.</i></b>	The Data Strategy is complete and has been signed off and accepted by the Transformation Board and the Chief Executive. A detailed delivery plan to execute the aims of the strategy is in final draft and will start being followed from end of February 2025.	<b>SH</b>
<b><i>Continue implementing the new risk management approach and develop a corporate approach to benchmarking and service review</i></b>	The Internal Audit Action Plan from the 2023 audit into risk management processes is now complete, with one outstanding action being delayed for a future audit following agreement with SWAP. Training in the new risk management approach has been delivered to SMTs and a wide variety of teams across the council. A Strategic Risk Working Group is meeting regularly to oversee the risk framework and to ensure that risk governance processes are in place.	<b>PH MN CP</b>
<b><i>Build on the collaborative approach to budget setting, aligning organisational processes more closely to the outcomes in the Business Plan to ensure a focus on the resources used and outcomes to be achieved</i></b>	<p>An outcome-based process has been developed ensuring directorate level service plans link clearly with Business Plan principles. Service planning processes will be used to link priorities, finance, procurement and HR to inform both performance goals and resource allocation (including people and funding).</p> <p>A Cabinet Member with specific portfolio responsibility for Transformation is expected to be confirmed in January 2025, and it has been proposed that this is closely aligned with the Finance portfolio to strengthen links between Transformational activities and financial sustainability.</p> <p>The portfolio management approach which includes organisational level prioritisation and governance arrangements continues to be refined to promote alignment of corporate programmes and transformation activities with the Business Plan. Business Plan outcome markers are included for every programme in the Transformation Portfolio reporting Dashboard to help monitor areas requiring additional activity.</p> <p>As part of service planning and transformation programmes we are including scope for challenge through use of insight and corporate research activity and programme governance. Regular reports on progress with transformation programme are included in quarterly monitoring reports at Cabinet.</p>	<b>LW SH MN</b>

	<p>The culture of collective financial management, open challenge &amp; delivery continues. Testament to this is the financial position of the council in setting a balanced budget for the 2024/25 and 2025/26 financial years as part of the MTFS 2024/25-2026/27 and the management of the 2024/25 Q1 £8m forecast overspend position to less than £1m at Q2.</p> <p>Saving delivery targets/plans are reported and managed through services and linked in to transformation programmes and POBs/POGs. They are reported to Cabinet as part of the overall budget monitoring reports, detailing progress; which is good at over 85% either delivered or on track with some risk and 15% with significant delivery risk.</p>	
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**Principle G - Implementing good practices in transparency, reporting and audit to deliver accountability**

AGS improvement actions	Current Status	
<b><i>Review how performance can be communicated to the public to deliver maximum openness and transparency, including financial information as part of this.</i></b>	<p>Investment in the Data and Insight team is being sought in the 2025/6 budget planning cycle to develop and grow this corporate function so it can better align to and have the capacity to support the wide range of demand from across the council to improve our data and performance reporting capabilities.</p> <p>The annual service planning review process was initiated in October 2024 in parallel to the budget setting process, and is identifying areas of strong performance mapped to the Business Plan. Corporate performance targets are being reviewed annually as part of performance reporting to Cabinet. There is good Cabinet engagement with data, with standing agenda items proving a success and a good example of officer and elected member cohesion.</p>	<b>SH MN</b>

**Initials**

**LW:** Lizzie Watkin, Director, Finance

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

**PH:** Perry Holmes, Director, Legal and Electoral Services

**PK:** Parvis Khansari, Corporate Director, Place

**NT:** Nic Thomas, Director, Planning

**JB:** James Barraah, Director, Assets

**SH:** Stuart Honeyball, Director, Transformation

**DB:** Deborah Bull, Procurement

**RS:** Rhys Schell, Strategic Engagement and Partnerships

**JM:** Jo Madely, Deputy Monitoring Officer and Head of Legal Services

**KE:** Kieran Elliott, Democracy Manager

**VM:** Victoria Moloney, Head of Economy and Regeneration

**MN:** Martin Nicholls, Executive Office

Key: Blue – Complete or near complete / Grey – activity underway or on track / Red – behind schedule

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## Wiltshire Council

### Report of Internal Audit Activity

#### Progress Report 2024/25 – January 2025

Page 75

Agenda Item 8

## Executive Summary

As part of our update reports, we will provide an ongoing opinion to support our end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks.

The contacts at SWAP in connection with this report are:

**Sally White** Assistant Director  
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[sally.white@swapaudit.co.uk](mailto:sally.white@swapaudit.co.uk)

**Becky Brook** Principal Auditor  
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SWAP is an Internal Audit partnership covering 25 organisations. Wiltshire Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

For further details see:  
<https://www.swapaudit.co.uk/>



### Audit Opinion, Significant Risks and Audit Follow Up Work

#### Audit Opinion

Based on the outcomes of recent reviews completed, we recognise that generally risks are well managed. However, as we are yet to do any follow up work to validate progress against actions agreed for the key financial controls for Main Accounting, Accounts Payable and Accounts Receivable as previously reported, we continue to offer a **Limited opinion** in those areas with an overall **Reasonable opinion** for the remainder of the Council's control framework.

We are continuing to work with the Director of Finance and Procurement (S151 Officer) and will be undertaking full follow up reviews of the Key Financial Controls listed above from January 2025 to ensure that actions are completed.

Since our last update report, we have issued one **limited assurance** opinion report for Direct Payments – Children's and one **no assurance** opinion report for Early Years Extended Entitlement. Further details of these can be found in Appendix B on pages 8-9 of this report which includes the scope and objective of each review. Neither of these were deemed to be a significant organisational risk to the Council.

#### Significant Organisational Risks

We have previously reported the following significant risks to this Committee:

- **Landlord Compliance Fire Safety – General Fund Assets** – we will be scheduling follow up work for this area in due course; and
- **ICT Network Boundary Defences** – we will continue to report any relevant information to this Committee until the project is completed.



# Internal Audit Plan Progress 2024/2025

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



## SWAP Internal Audit Plan Coverage

Following on from the presentation of strategic risks to the Council’s Cabinet Tuesday 19<sup>th</sup> November we have now mapped our audit work to the Council’s newly defined strategic risks.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits
WC AF-24-01 - Failure to achieve full statutory landlord compliance	Some	Reasonable
WC EN03 - Increasing vulnerability to climate impacts	None	
WC FI24 - Inability to withstand the impact of excessive inflation on suppliers	None	
WC FI-24-03 - Lack of financial resilience and sustainability	Good	Reasonable
WC FI-24-04 - Lack of commercial and contractual oversight	Adequate	Reasonable
WC HR-24-01 - Failure to recruit and retain staff	Some	Reasonable
WC IT-24-01 - Lack of ICT resilience and security	Adequate	Reasonable
WC LG22 - Impact of negative media/social coverage on the Council	Adequate	Reasonable
WC STR-24-01 - Failure to deliver statutory responsibilities	Adequate	Reasonable
WC STR-24-02 - Failure to respond to emergencies	Some	Reasonable
WC STR-24-03 - Failure in safeguarding	Adequate	Reasonable
WC STR-24-04 - Lack of suitable governance processes	Adequate	Limited
WC STR-24-09 - Failure in corporate health, safety and wellbeing	Some	Reasonable
WC STR-24-11 - Inability to provide sufficient social care plans to meet demand within available budgets	Adequate	Reasonable
WC STR-24-12 - Inability to meet increasing demand for EHCPs and support to children with SEND within available budgets	None	
WC STR-24-13 - Failure to deliver strategic housing aspirations	Some	Reasonable
WC STR-24-14 - Failure to deliver strategic employment and economic aspirations	Some	Reasonable
WC STR-24-16 - Failure to achieve Carbon Neutral (Net Zero) ambitions	Some	Reasonable

We previously reported a gap in coverage against the strategic risk for **SEND**, this strategic risk has been altered slightly with the revised wording included in the table above (**STR-24-11**). We are still reporting a gap in coverage however, we continue to liaise with the S151 Officer and the Director Education and Skills on a regular basis to determine the best timing to provide additional independent oversight of this area. Discussions are ongoing regarding High Needs Block Sustainability and we have some audit areas identified which will be discussed with the S151 Officer prior to inclusion in the rolling plan.

The identified gap for the strategic risk relating to **climate impact (EN03)** does not currently have any internal audit work programmed against it. The Climate Adaptation Plan is under review and will identify what work is required to prepare the Council and the County for these climate impacts. We continue to liaise with the Environment service following on from our Climate Change review and will continue to assess the value to the Council of any work in this area and what other assurances are available. An update on the Council's response to Climate Emergency was presented to Cabinet on 17<sup>th</sup> September.

Following the recent change to strategic risks we are now exploring with officers our coverage under the strategic risk **Inability to withstand the impact of excessive inflation on suppliers (FI24)**.

We continue to work with the Corporate Directors and Directors to ensure that we provide comprehensive coverage of the Council's risks, and that our work aligns to the Council's Business Plan objectives. As always Members and Senior Officers of the Council are able to view our live rolling plan dashboard through SWAP's audit management software, **AuditBoard**, at any time.

If you choose to view our rolling plan dashboard in AuditBoard, you will be able to view our coverage split in ways other than just the strategic risks of the Council including by Corporate Priority. There is also the facility to drill through (right click within the coverage boxes) to view the audits that have contributed to that coverage and average opinion.

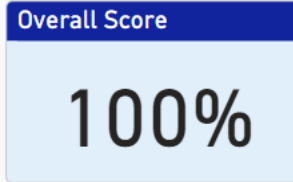
# Internal Audit Plan Progress 2024/2025

We review our performance to ensure that our work meets our clients' expectations and that we are delivering value to the organisation.



## SWAP Performance Measures

Performance Measure	Performance
<b>Overall Client Satisfaction</b> <i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i>	<b>100%</b>
<b>Value to the Organisation</b> <i>(Client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i>	<b>98%</b>



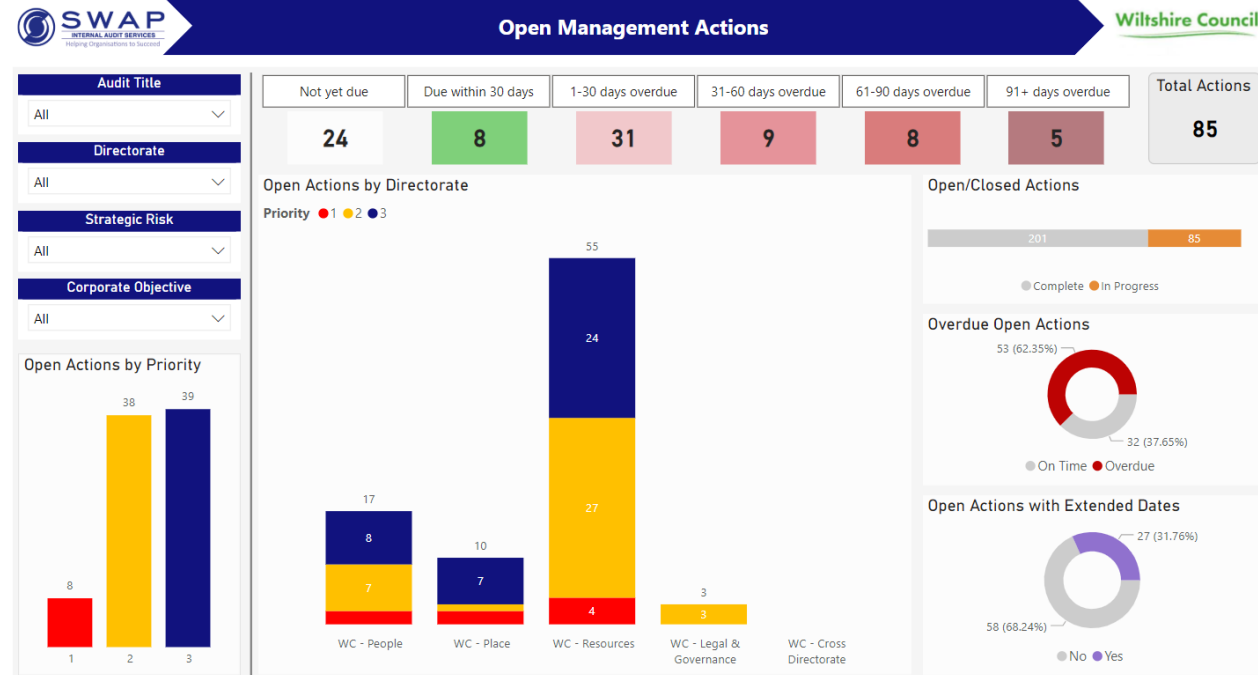
Scope	Professionalism and Conduct	Communication, Timeliness and Findings	Value	Demonstrating our Values
<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>98%</b>

# Internal Audit Plan Progress 2024/2025

We monitor the Council's performance on implementation of agreed actions.



Implementation of Audit Actions (as at 8<sup>th</sup> January 2025)



Since the last update in October the number of **overdue actions** has increased. Many of these were actions agreed as part of the reviews which we reported to this Committee in October 2024. We have follow up work scheduled for January to ascertain the status of these actions and hope this work will result in a reduction in the number of overdue actions. Other actions are being followed up with the relevant officers and there are no concerns that need to be reported to this Committee at this time as engagement from officers remains good in most cases.

The number of open actions with extended dates has reduced since the previous update as a result of actions being completed. All requests to revise timescales are subject to assessment and agreement by Management and Internal Audit. A table of definitions for each action priority category is included at Appendix A on page 7 of this report. **NB: There is a higher than anticipated number of overdue actions in the 1–30-day category due to the timing of these Committee papers.**

## Added Value

**'Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.'**



## Added Value

### Cifas

We continue to work with the Council to identify and support services where use of the Cifas data matching service could bring benefits. Since the last report to this Committee, we have:

- Continued to work with Procurement to implement Cifas alongside the new Procurement Act.
- Explored the use of the Insider Threat Protect database with HR&OD, with a demonstration from Cifas delivered and costings confirmed. HR&OD are now making their decision whether to join.
- Worked with the Housing and Homelessness services who are in the early stages of introducing Cifas into their business-as-usual processes.
- Provided the Fair Processing Notices to Economy and Regeneration for Business Grants to start implementation in this area.
- Supporting Insurance and Right to Buy with their use of Cifas.
- Meeting booked to discuss potentially using Cifas for Direct Payments.

### Added Value Activities

- Additional advice and guidance was given to the Retrofit Delivery team in relation to the Fraud Management Plan and Fraud Risk Assessments required by DESNZ for the Home Upgrade Grant;
- Data analytics was carried out on to identify potential duplicate payments, over/under spend compared to estimates and incomplete parent declaration forms for Early Years Funding;
- Accountancy funding spreadsheet used for Early Years funding was interrogated, unused cells removed and advice given to the Accountant that manages the data;
- Results of a SWAP Partner benchmarking analysis regarding Domestic Abuse Strategy were shared with the Council; and
- A request to obtain data regarding employment history checks was carried out and results shared with the Director HR&OD.

### Newsletters and updates

SWAP regularly produces a newsletter and other relevant updates for partners such as fraud bulletins, which provide information on topical issues of interest.

The role of SWAP as the internal auditors for Wiltshire Council is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. In order for senior management and members to be able to appreciate the implications of the assurance provided within an audit report, SWAP provide an assurance opinion. The four opinion ratings are defined as follows:

Assurance Definitions	
<b>No Assurance</b>	The review identified fundamental gaps, weaknesses or non-compliance, which require immediate action. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Limited</b>	The review identified significant gaps, weaknesses or non-compliance. The system of governance, risk management and control requires improvement to effectively manage risks to the achievement of objectives in the area audited
<b>Reasonable</b>	The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Substantial</b>	The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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In addition to the assurance definitions above we also provide an ‘assurance dial’ which indicates on a range of high medium or low where within the range of that assurance a particular audit assurance sits.



Categorisation of Actions	
Each action has been given a priority rating with the following definitions:	
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.

Early Years Extended Entitlement – Final Report – October 2024



Audit Objective

To provide assurance that early years providers are claiming for the right number of hours, for the right number of children and at the right time in accordance with the Local Provider Agreement.

Executive Summary

	<b>Assurance Opinion</b>	<b>Management Actions</b>	<b>Organisational Risk Assessment</b>	<b>Medium</b>
	The review identified fundamental gaps, weaknesses or non-compliance, which require immediate action. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	<b>Priority 1</b>	1	Our audit work includes areas that we consider have a medium organisational risk and potential impact.
		<b>Priority 2</b>	0	
		<b>Priority 3</b>	1	The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.
		<b>Total</b>	2	

Key Conclusions

<p>The no assurance opinion has been provided due to record keeping by providers not being of sufficient quality and integrity to demonstrate that funding claims submitted by them are accurate. Parent Declaration forms serve to notify the Council of the funding being claimed by the parents as well as providing a consent for processing data. In some instances, forms were incomplete or missing and there is the potential that UK GDPR has been breached. The Council does not have oversight of all registers and Parent Declaration forms at this time and therefore pays funding with a degree of trust that these are accurately completed and maintained by the provider.</p>	<b>Audit Scope</b> The audit aimed to review the following: <ul style="list-style-type: none"> <li>• Policies and procedures;</li> <li>• Compliance with legislative regulations;</li> <li>• Assessment of data input/output;</li> <li>• The accuracy of funding for a sample of claims made by early years providers in the last 12 months;</li> <li>• Quality Assurance processes in place to verify and substantiate claims; and</li> <li>• Data analysis to identify duplicate records and potential overpayments.</li> </ul> The depth of testing, and subsequent assurance of this audit, was limited by the quality of data presented for review.
<p>There is no quality assurance process in place within the Council to pick up the identified issues and they only became evident through this audit. Whilst expected to be resource intensive in the immediate term, a robust process is required to ensure that funding is paid based on accurate and reliable source data from providers.</p>	
<p>The Management Accountant keeps process notes for the spreadsheet used to calculate the payments to Early Years providers. These notes were not up to date, but we are pleased to report that the updated document was provided to us before the end of the audit fieldwork.</p>	
<p>Both the Commissioning and Early Years teams involved in the Early Years Extended Entitlement are actively seeking ways they can support providers to ensure funding claims are accurate. The Early Years team's wealth of knowledge and experience helps them to spot anomalies and outliers. A more structured quality assurance process will help to ensure accurate funding is paid.</p>	

Other Relevant Information

Data analysis was undertaken on funding paid to highlight any potential discrepancies; full results have been provided as an appendix to this report with the data shared for further investigation by the team. We would like to thank the Early Years and Commissioning officers for their time and support during this review.



Direct Payments - Children’s – Final Report – November 2024



**Audit Objective** To ensure direct payments are appropriately offered to service users and governed effectively.

**Executive Summary**

	<b>Assurance Opinion</b>	<b>Management Actions</b>	<b>Organisational Risk Assessment</b>	<b>Medium</b>
	The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management, and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.	<b>Priority 1</b>	1	Our audit work includes areas that we consider have a medium organisational risk and potential impact.
		<b>Priority 2</b>	2	
		<b>Priority 3</b>	0	
		<b>Total</b>	<b>3</b>	The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.

**Key Conclusions**

	The audit identified significant weaknesses in record keeping practices, for example, a lack of evidence such as bank statements and supporting documents retained on service user records. Additionally, there are no quality assurance or spot-checking processes in place to ensure that service user records are complete and accurate, which may have an impact on oversight and the ability to monitor budgets .	<b>Audit Scope</b> <ul style="list-style-type: none"> <li>• A review of policies and procedures for the administration of direct payments and to ensure consistent application of these;</li> <li>• Identification of all areas within the Council who offer direct payments across Children’s Services;</li> <li>• Data analysis of a range of financial and Social Care records from LiquidLogic and Oracle (previously SAP);</li> <li>• Review of information available to both staff processing direct payments and Service Users when offered the service, including how the Council ensures that all Service Users who are eligible are offered direct payments;</li> <li>• Review of how the Finance Team set up, monitor, and end Direct Payments to include the return of high balances in bank accounts;</li> <li>• Review of record management, sharing and oversight of the entire Direct Payment Service.</li> </ul>
	There is a reliance on manual spreadsheets due to the absence of a finance module in LiquidLogic for Children’s Finance teams. These spreadsheets are cumbersome, not fit for purpose and difficult to interpret. There is a risk of inaccurate/incomplete data entry and data loss.	
	The team relies on a single part time Finance Officer, creating a significant vulnerability. This poses a significant risk to the Council, as the departure of the current Finance Officer would result in the loss of crucial knowledge and expertise, impacting the continuity and efficiency of financial operations.	
	There is a process in place to ensure that each direct payment package receives a review at panel on an annual basis. This helps to ensure that the package provided is meeting the young person’s needs.	

**Other Relevant Information**

This review began as a joint review of Adults and Children’s Direct Payments. It was agreed that SWAP would report separately on the two services, Adults and Children’s, due to the differences in process.

The outcome of this review will be reported to Audit & Governance Committee and management will be required to present progress against the action plan.



# Early Years Extended Entitlements Audit



# Context

- The DfE expanded entitlements to funded childcare in September 2024 for children from the term after they are nine months old for working parents. This is currently 15 hours per week, this will rise to 30 hours from September 2025.
- From September 2025 all children from the age of nine months of working parents will be entitled to 30 hours of funded childcare for 38 weeks of the year up until they start school.
- Two-year-olds in families receiving additional support will continue to be entitled to 15 hours per week.
- Approximately 18,500 children will qualify for funded entitlements from April 2025.
- Consequently, the Early Years Entitlement (EYE) funding budget increased from £33m in 2023-24 to £53m in 2024-25 to £77m for 2025-26.

# Finding 1 - Inadequate record keeping by providers

ACTION: A programme of quality assurance of provider registers and parent declaration forms will be implemented:

- Additional data statement to be included on Headcount submission to confirm consent (GDPR compliance) for information to be shared between parents to providers to the Local Authority
- 10% compliance cross checking Parent Declaration forms against claims by Early Years Entitlement (EYE) team
- 3 x termly visits to providers to check Parent Declaration forms against registers by EYE team
- Annual self-assessment surveys to be completed by providers

This will be implemented by 31 March 2025

## Finding 2 – Process notes for calculating payments to Early Years providers

### ACTION:

Page 88 The guidance for calculating payments to providers has been reviewed and updated during the audit.

Completed October 2024

## Additional Actions

- We have looked at Inclusion Support Funding (ISF – SENIF) applications from providers and they are now cross referenced with the EYE claimed hours, and we will recoup any over payments.
- This process has been communicated to providers and added to the ISF guidance document available on Right Choice.

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# Children and Young People with Disabilities Service

## SWAP Audit Findings on Review of Direct Payments

January 2025

**Audit Objective**

To ensure that use of direct payments is appropriately offered to services users and effective governance in place.

**Background**

Direct payments are a means of providing a Service User (SU) with a personal budget which is allocated by Social Care if they are eligible to receive care and support. Direct payments aim to give the SU more flexibility in how their services are provided, giving greater choice and control. Direct payments can be used to arrange support designed to meet individuals needs and outcomes.

**Risk to be reviewed**

Direct payments are not consistently applied and controls in place are not robust to safeguard Council funds against fraud or erroneous use, resulting in care outcomes not being met and service users wellbeing being compromised.

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**Audit Scope**

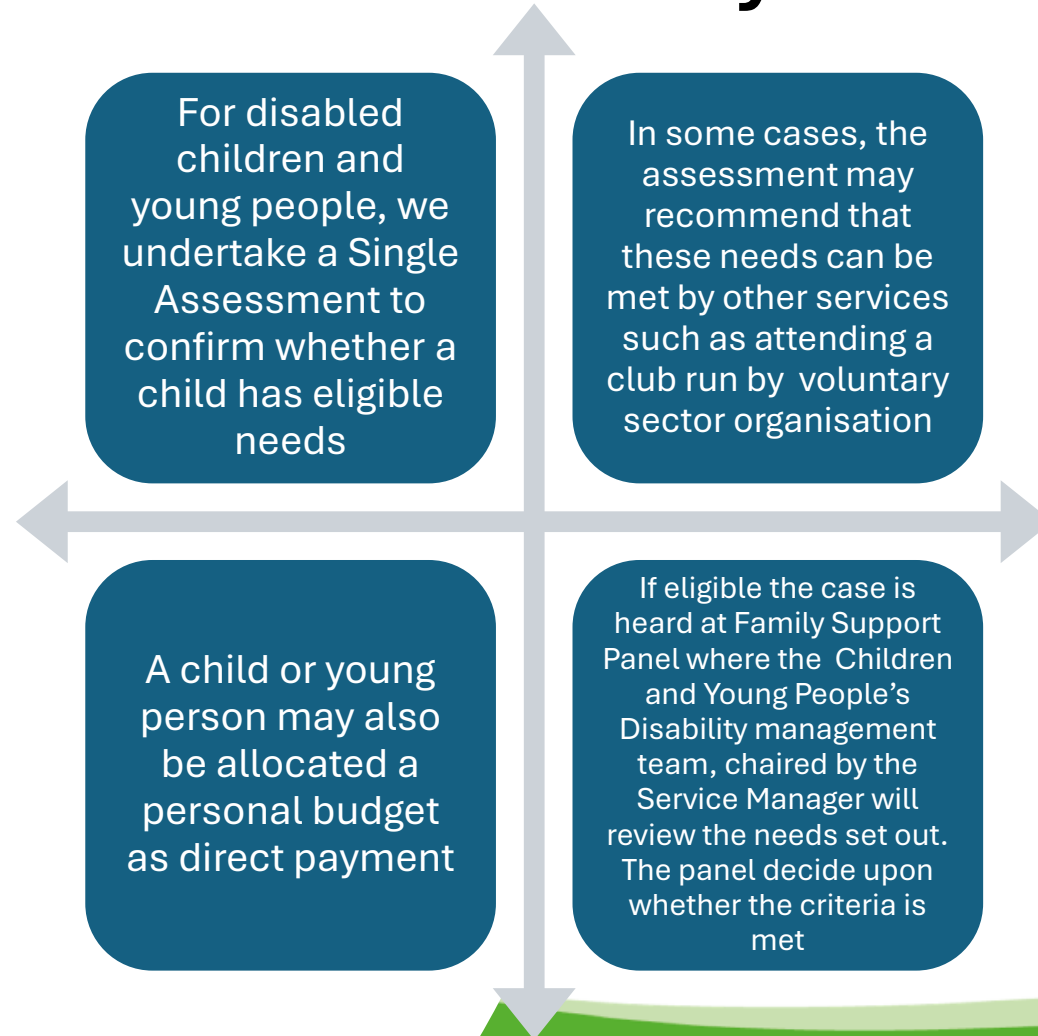
The audit will review the following:

- A review of policies and procedures for the administration of direct payments and to ensure consistent application of these;
- Identification of all areas within the Council who offer direct payments across Children’s and Adult Services;
- Data analysis of a range of financial and Social Care records from LiquidLogic and Oracle (previously SAP);
- Review of information available to both staff processing direct payments and Service Users when offered the service, including how the Council ensures that who are eligible are offered direct payments;
- Review of how the Finance Team set up, monitor, and end Direct Payments to include the return of high balances in bank accounts;
- Review of record management, sharing and oversight of the entire Direct Payment Service.

These terms of engagement set out the scope and coverage of the review but should not be regarded as an exhaustive programme of work and initiative and discretion planned scope can only be completed if information is made available promptly and necessary staff are available otherwise the scope of work may require amendment.



# How are Direct Payments Assessed



- Parents can spend the personal budget through an agency to provide support or receive it as a direct payment to meet the child's needs or a combination

## Finding 1.

### Record Keeping and Quality Assurance

There are significant weaknesses in record keeping practices for Children's Direct Payments.

Key issues include:

- Inconsistent retention of bank statements and supporting evidence on children's LiquidLogic records, including detail of whether monies owed to the Council have been returned, potentially impacting budget monitoring and oversight;
- Absence of spot checking or quality assurance processes to ensure data accuracy and completeness of service user records;
- Correspondence being sent and received from individual user mailboxes as well as the designated shared mailbox, risking data accessibility; and
- Potential fraud indicators in service users bank statement returns not being documented or evidenced as having been investigated.

These issues collectively highlight a need for improved oversight and robust quality assurance processes to ensure accurate and reliable financial management and record-keeping.

**Update:** Assurance audit is booked for 13/1/2025 due to cancellation of earlier meeting as a result of sickness. Findings will be reported into Q3 POG and SMT Performance Report. The policy guidance has been completed and will be shared with CIC by 10<sup>th</sup> January 2025. Systems Team are building a Personal Budget At a Glance Report that will be implemented by 1<sup>st</sup> March 2025. This will provide us with enhanced visibility and more sophisticated reporting. We do not require the Liquid Logic finance Model to achieve this oversight. There is now a central Personal Budget email address that is used for all correspondence and all finance have access.

## Action

We have already initiated a review into the issues identified and taken some action including setting up a direct payments mailbox.

There will be quarterly quality assurance of direct payments by the Team Manager and Business Support Manager to review oversight of the record keeping. This will commence in Q3 2024.

This will be reported into POG on a quarterly basis, first report at the end of Q3.

There is a meeting booked with the Performance and Data team to discuss the data to inform our new tracking spreadsheet 12/12/2024.

We have a meeting booked on the 12/12/2024 to write guidance and a flowchart with timescales for quality assurance checks with a target for implementation in Jan 2025.

The longer term plan will be to transfer all DP related information on to LiquidLogic (need to get timescale from Systems Team meeting 06/12/2024).

Priority	1	SWAP Reference	AP#5160
Responsible Officer	Service Manager for IFD		
Timescale	28 <sup>th</sup> February 2025		

Finding 2.	Action			
<p><b><u>Resourcing and Knowledge Management</u></b></p> <p>There are risks associated with the current staffing and knowledge management practices within the CYPDT finance team. These include:</p> <p><b><u>Single Point of Failure</u></b> The team relies on a single part-time Finance Officer, creating a significant vulnerability. There is no contingency plan in place to cover the responsibilities of this officer in the event of sick leave or other long-term absences.</p> <p><b><u>Lack of Documentation</u></b> Procedures and processes are not adequately documented. This poses a substantial risk to the Council. If the current Finance Officer were to leave it would result in the loss of crucial knowledge and expertise, impacting the continuity and efficiency of financial operations.</p>	<p>A review will take place in November 24 . Consideration is being given to:</p> <ul style="list-style-type: none"> <li>• Implementing quarterly meetings between the Service Manager, Admin Manager and Finance Officer to review the direct payment spreadsheet;</li> <li>• Documenting processes and procedures;</li> <li>• Other administration officers already have access to the system and we carry out training on the workflow within the finance team;</li> <li>• Knowledge sharing with the Children in Care finance team so that all officers are able to process and review if required.</li> </ul>			
<b>Priority</b>	2	<b>SWAP Reference</b>	AP#5161	
<b>Responsible Officer</b>	Service Manager for IFD			
<b>Timescale</b>	31 <sup>st</sup> December 2024			

**Update:** Quarterly meetings are in place. Procedures documents have been completed implemented and shared with finance officers, a review of their use and confidence will be undertaken in Q4. Wider sharing with CIC teams will be completed by 10<sup>th</sup> January 2025.

<p><b>Finding 3.</b></p>	<p><b>Action</b></p>														
<p><b><u>Spreadsheet and Data Management</u></b></p>	<p>There is a short term goal of exploring possibilities for improving the current system. In the short term, the Service Manager will liaise with the Systems Team and work with the Performance Analyst for SEND to look at ways to improve data management. Meeting booked for the 12/12/2024. We have been advised by systems that we have a provisional target of Q1/Q2 2025.</p>														
<p>The following issues, in relation to external spreadsheets and data management, were identified:</p>	<p>We will work with the Systems and Performance Management team to ensure we have a robust system of recording and retaining information and key reports can be run from the system to future proof the service and provide forecasting and more detailed analysis. Our accounts team will review the proposal for feedback.</p>														
<ul style="list-style-type: none"> <li>• Reliance on spreadsheets, created and maintained outside of the system, due to the absence of a finance module in LiquidLogic for Children’s Finance teams;</li> <li>• Failure to archive spreadsheets, leading to potential inaccuracies in historical data and potential breaches to data protection regulations; and</li> <li>• Use of outdated and cumbersome spreadsheets, such as the DP tracker, which are not fit for purpose, difficult to interpret and subject to potential errors and inaccuracies.</li> </ul>	<table border="1"> <tr> <td data-bbox="1309 851 1574 901"><b>Priority</b></td> <td data-bbox="1582 851 1847 901">2</td> <td data-bbox="1854 851 2109 901"><b>SWAP Reference</b></td> <td data-bbox="2117 851 2372 901">AP#5204</td> </tr> <tr> <td data-bbox="1309 905 1847 955"><b>Responsible Officer:</b></td> <td colspan="3" data-bbox="1854 905 2372 955">HOS Support and Safeguarding</td> </tr> <tr> <td data-bbox="1309 959 1847 1009"><b>Timescale</b></td> <td colspan="3" data-bbox="1854 959 2372 1009">30<sup>th</sup> September 2025</td> </tr> </table>			<b>Priority</b>	2	<b>SWAP Reference</b>	AP#5204	<b>Responsible Officer:</b>	HOS Support and Safeguarding			<b>Timescale</b>	30 <sup>th</sup> September 2025		
<b>Priority</b>	2	<b>SWAP Reference</b>	AP#5204												
<b>Responsible Officer:</b>	HOS Support and Safeguarding														
<b>Timescale</b>	30 <sup>th</sup> September 2025														
<p>These issues increase the risk of inaccurate/incomplete data entry and data loss, which could lead to non-compliance with regulations and impact decision making.</p>															

**Update:** The Systems Team are in process of building our Personal Budget At a Glance Report that covers all issues raised re reliance, single point of failure and issues with reporting and this will be in situ by 1<sup>st</sup> March 2025.



# Wiltshire Council and Pension Fund

Audit progress report and sector updates

January 2025



# Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and, in particular, we cannot be held responsible to you for reporting all the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

# Audit progress report

# Introduction

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This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

<https://www.grantthornton.co.uk/industries/public-sector/local-government/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



# Progress at January 2025

## Financial Statements Audit

### Wiltshire Council

The local authority backstop deadline for years up to 2022/23 was 13 December 2024. As at this date all outstanding audit opinions were required to be issued where it was possible to do so, with disclaimers of opinion issued for audit years where the appointed auditor was unable to undertake sufficient work. At this Council the 2020/21, 2021/22, and 2022/23 years were outstanding and expected to be disclaimed. The Council published draft accounts for 2020/21 and 2021/22 in sufficient time to allow for the required public inspection period of 30 working days, and disclaimers of opinion were issued by the predecessor auditor, Deloitte LLP, for these years on 12 December 2024, ahead of the statutory deadline. The 2022/23 financial statements were not published until 29 November 2024 and therefore could not be disclaimed by the deadline. We understand that Deloitte are still in the process of finalising their backstop opinion for the outstanding year.

The financial statements for 2023/24 have not yet been published. The backstop date for this year is 28 February 2025. To allow for the required public inspection period ahead of the backstop deadline, the statements need to be issued on or before 16 January 2025, which management have informed us may not be possible and the Council could also miss the statutory backstop deadline for 2023/24. Once the statements are published and the public inspection period completed, we will work with officers to enable the disclaimer of opinion to be issued as soon as possible.

### Wiltshire Pension Fund

The work on Wiltshire Pension Fund is almost complete, with 36 queries on benefits payable items outstanding at 8 January 2025. We have meetings scheduled for 9 January to close as many of these as possible and will update the Committee on progress at the meeting. We expect to be able to issue IAS 19 assurance letters to the auditors of scheduled bodies shortly after these queries have been completed.

As members will be aware, we cannot sign the opinion of the Pension Fund until the audit of the Council as the administering authority is complete. We will also be unable to complete our procedures on the consistency of the accounts included in the Pension Fund annual report with the Council's accounts until the draft Council accounts are available.

Due to the disclaimer of opinions issued for 2020/21, 2021/22, and the upcoming disclaimer of 2022/23, the form of the audit opinion for 2023/24 for the Pension Fund will be also be disclaimed as we are unable to gain assurance over the opening balances. Members should understand that this does not reflect a lack of work done on the Pension Fund audit or assurance provided by the finance team in 2023/24, and we expect to be able to rebuild assurance in the audit of the Pension Fund over the coming years as planned (subject to successful completion of our remaining substantive work).

We noted in our previous report that the audits of both the Council and Pension Fund are dependent on the successful completion of an IT audit findings report by our IT audit team and in past progress reports we have noted significant delays in this work. The draft report mentioned in the previous report has now been issued by our IT audit team and finalised in conjunction with management. This report highlights some significant deficiencies in IT control which relate to the previous financial reporting/ERP system, SAP, but notes no significant deficiencies in the Oracle Fusion system which replaced it during 2023/24. The findings are reported to members in a separate agenda item.

# Progress at January 2025 (cont.)

## Value for Money

We presented an interim Auditor's Annual Report (AAR) to the 23 July 2024 meeting of this committee. In this report we concluded that there was a significant weakness in arrangements for financial sustainability as a result of the increasing Dedicated Schools Grant (DSG) deficit and raised a key recommendation in support of this. We also made improvement recommendations across the three reporting criteria.

As noted on the previous page, Wiltshire Council has faced challenges with the production of its draft financial statements, as identified with the following publication dates; 2020/21 - 3 April 2024, 2021/22 - 23 September 2024, 2022/23 - 2 December 2024 (and hence 13 December 2024 backstop missed), 2023/24 - remain unpublished.

This impacts the ability of external auditors to conclude timely audits, and we have previously confirmed to members and officers that we will backstop 2023/24 once the Council has published draft financial statements and satisfied the requirements of the public inspection period. This lack of audit impacts on the integrity of the financial information being used to inform decisions relating to budgets and financial planning as there has been no external validation of the financial statements for a number of years.

The Council's predecessor external auditor issued a statutory recommendation on the Council's control environment in February 2024, related to the 2019/20 financial year. We identified a risk of significant weakness in arrangements as a result of this, but given no financial statements have been produced we have not been able to undertake any meaningful work on this area. We consider the lack of draft financial statements to be an additional significant weakness in the Council's value for money arrangements for 2023/24 in respect of governance. The Council should identify the reasons for the delays in producing draft accounts and ensure that draft accounts are provided by required deadlines.

## Key Recommendation

The Council should ensure that draft financial statements together with associated working papers are published for all outstanding years as a matter of urgency. The Council should also ensure a robust closedown plan, supported by sufficient resource, is in place to deliver the draft 2024/25 draft financial statements to the statutory deadline.

## Management response

The council recognises the importance of the financial statements being produced in a timely manner in line with statutory deadlines and has and will continue to employ specialist, experienced finance support to deliver draft accounts as a matter of urgency. These specialist resources are supporting the learning and development of the substantive team and will remain employed until the 2024/25 draft accounts are produced. Additional resource has been allocated within the substantive team and training opportunities taken to ensure officers are able to effectively manage future financial statement production.

A final AAR including this recommendation will be issued alongside our audit report on the 2023/24 financial statements.

# Audit Deliverables

Below are some of the audit deliverables planned for 2023/24.

2023/24 Deliverables	Planned Date*	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2023/24 financial statements.</p>	No longer proposed – backstop	Indicative plan issued October 2024 as part of the progress report
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the Audit and Governance Committee.</p>	TBC – early 2025	Awaiting publication of 2023/24 draft accounts
<p><b>Auditors Report</b></p> <p>This includes the opinion on your financial statements.</p>	TBC – early 2025	Awaiting publication of 2023/24 draft accounts
<p><b>Auditor's Annual Report</b></p> <p>This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.</p>	<p>Interim report published on 23 July 2024</p> <p>Additional key recommendation reported in this progress report</p>	Final report to be issued along with auditor's report

# Sector updates

# IFRS 16 - leases

## Lessee accounting up to 31 March 2024

Until April 2024, when a local authority gained the use of an asset under a lease agreement, it had to determine whether it was a finance lease or an operating lease. The distinction was based on which entity had substantially all the risks and rewards of ownership. It was important because finance leased assets were deemed capital and accounted for on the authority's balance sheet, whereas operating lease costs were charged to expenditure over the life of the lease.

## Lessee accounting from 1 April 2024

From the adoption by local government of IFRS 16 leases on 1 April 2024, the distinction between operating and finance leases for lessees has been removed. Now all leases, apart from those that are deemed low value or short term, are accounted for on balance sheet by lessees.

## Asset and liability recognised

Under IFRS 16, lessees recognise their right to use an asset, and they recognise a liability for the present value of the total amount they expect to pay over the period of the agreement for that asset. Initially, the right of use asset and the liability are usually recognised at the same value, unless there have been any relevant payments before the start of the lease.

After initial recognition, the right of use asset is valued the same way as owned assets of a similar type and the liability is increased for interest due or changes in expected payments due to the application of a rate or index such as retail price index; and decreased for amounts paid.

## Public sector adaptation

In the public sector, the definition of a lease has been extended to include the use of assets for which little or no consideration is paid, often called "peppercorn" rentals. This is one instance where the right of use asset and its' associated liability are not initially recognised at the same value. For peppercorn rentals, the right of use assets are initially recognised at market value. Any difference between market value and the present value of expected payments is accounted for as income. This has similarities with the treatment of donated assets.

## Judgements required

Most of the information needed to determine the appropriate figures for the accounts will come from the lease agreement. However, sometimes judgements may need to be made by management. Such judgements may include:

- ❖ determining what is deemed to be a low value lease. This is based on the value of the underlying asset when new and is likely to be the same as the authority's threshold for capitalising owned assets;
- ❖ determining whether an option to terminate or extend the lease will be exercised. This is important as it affects the lease term and subsequently the calculation of the lease liability based on the expected payments over the lease term; and
- ❖ the valuation of the right of use asset after recognition. An expert valuer may be required to support management in this.

# IFRS 16 – leases continued

## Lessor accounting

IFRS 16 has preserved the distinction between finance and operating lease accounting for lessors. The key things that lessors need to be aware of are:

- ❖ assets leased out for a peppercorn rental should be treated as finance leases if they have, in substance, been donated to the operator; and
- ❖ if the asset is sub-let, the consideration of whether the sub-lease is a finance lease or an operating lease takes account of the value and duration of the head lease rather than the value and life of the underlying asset.

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## Questions to consider

Questions for Audit Committees to ask themselves include:

- ❖ How have we gained assurance on completeness? Have we identified all our leases, including those for a peppercorn rent?
- ❖ Have we set our threshold for low value leases?
- ❖ Have we identified all options to terminate or extend existing leases and assessed the lease term based on the likelihood we will exercise them?
- ❖ Have we reconciled our operating lease commitments as disclosed in our 31 March 2023 accounts under IAS 17 to our lease liability under IFRS 16 on 1 April 2024?
- ❖ How have we gained assurance that right of use assets are carried at the appropriate value at the balance sheet date?
- ❖ For an intermediate lessor, have we reassessed whether the leases out are finance or operating leases with reference to the terms of the head lease?
- ❖ Have we updated our systems to ensure that the budgetary and accounting impact of all leases is identified in a timely and effective manner?

For more information, see [IFRS 16: how can local authorities prepare? | Grant Thornton](#)

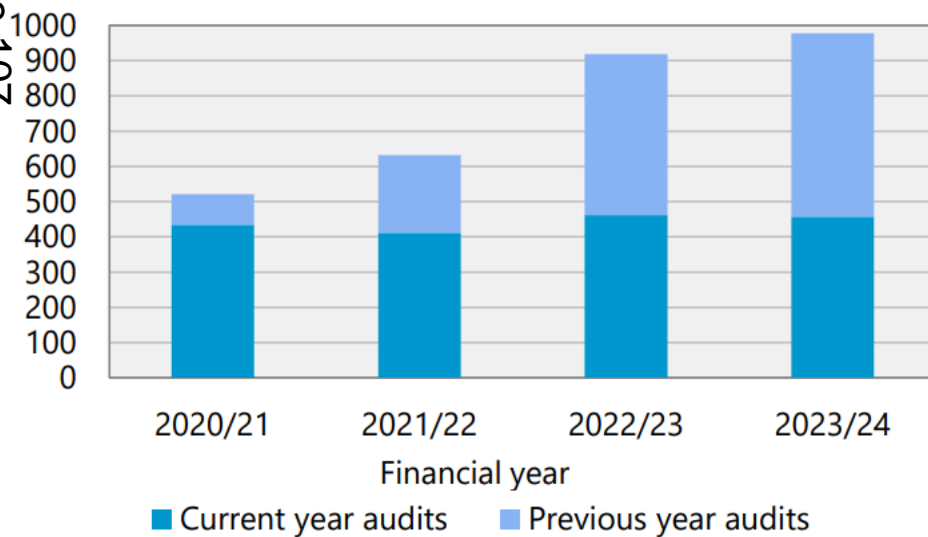
# Update on the local audit backlog

On 19th November 2024, the [Financial Reporting Council \(FRC\)](#) shared the latest Public Sector Audit Appointments Ltd (PSAA) data on the number of local government audits outstanding nationally by their due dates for 2020/21, 2021/22, 2022/23, and for 2023/24 (where 30 September 2024 was treated as the cut-off date).

The FRC showed that on 30<sup>th</sup> September, on average every local authority buying their external audit services through PSAA had two years audits outstanding.

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**Outstanding local government audits**



We are pleased to be able to show that Grant Thornton rates of delivery are well ahead of the national average. PSAA data shows that by mid November 2024, Grant Thornton had signed off 74% of all opinions due up to and in respect of 2022/23. For prior year value for money audits, 99% have been completed, putting us significantly ahead of the national average.



**74%** opinions signed

**99%** completed VFM audits

With new [backstop arrangements having been announced](#) and a new [Code of Audit Practice](#) the focus now will be on recovery, enabling those authorities which have been backstopped to rebuild assurance over the coming years.

On 13<sup>th</sup> December 2024, disclaimed or modified opinions will be required for all financial years up to and including 2022/23, if financial audits are not complete. On 28<sup>th</sup> February, the same will apply for the financial year 2023/24. The government is clear that where there are modified opinions, auditors are still expected to discharge their other statutory duties, for example to report on Value for Money arrangements. To support the recovery, all authorities should prioritise the timely publication of draft financial statements along with supporting working papers.

Audit Committee members may find this ICAEW podcast (which features Grant Thornton) on unclogging the local audit backstop useful <https://www.icaew.com/insights/podcast/behind-the-numbers/can-we-unclog-the-local-audit-backlog>

# Reflections on the Autumn Budget

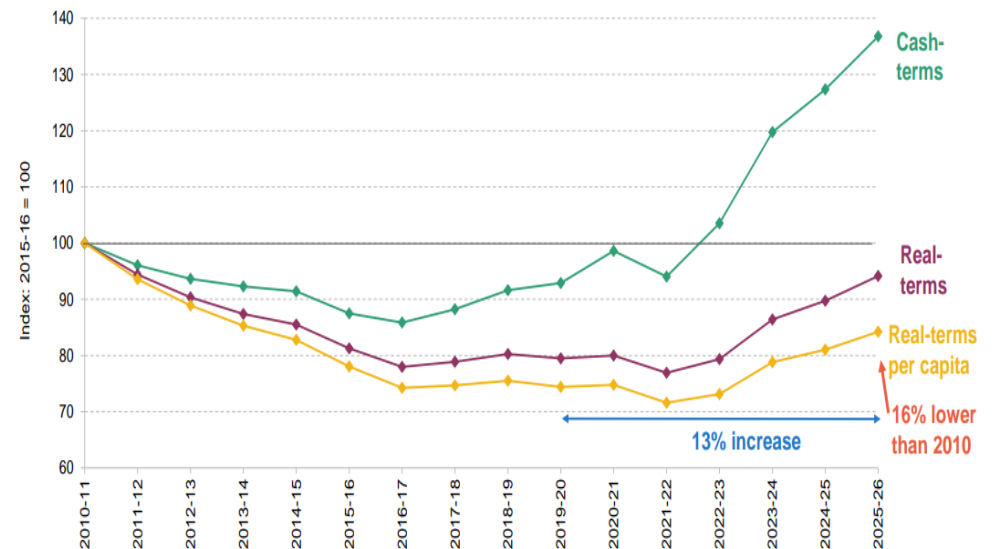
[The Autumn Budget 2024](#) had mixed reactions in the local government sector. The budget included measures that are expected to provide a 3.2% real-terms increase in total local government core spending power next year (2025/26). This includes £1.3 billion of extra funding through the finance settlement; council tax flexibilities; and locally-retained business rates. There were a raft of other positive measures equating to an additional £4.5 billion in additional funding for the sector as well.

However, not everything was positive. Multi-year settlements were delayed (since [announced](#) as starting from 2026/27). The UK Shared Prosperity Fund has been nearly halved (from £1.5 billion to £0.9 billion), with Cornwall estimated to be the biggest English loser. It was also unclear what impact increased employer national insurance contributions, and a higher minimum wage would have on the sector. There was speculation around whether compensation will fully cover additional employer national insurance costs; what will happen if town and parish councils are not included in compensation packages; and how the social care sector will cope with the additional costs.

As the graph on the right shows, the [Institute for Fiscal Studies](#) estimates that core funding per resident will still be 17% lower in 2025/26 than it was in 2010 - or 16% lower after allowing for extended producer responsibility (ERP).

Financial pressure is not going away. Councils need to continue with financial discipline and, for future planning, should avoid optimism bias. When it comes to preparing budgets for 2025/26 and the medium-term period thereafter, Audit Committees need to be just as ready to challenge assumptions as they needed to be before under the previous administration.

## Institute for Fiscal Studies: Funding per resident 16% lower than 2010 after allowing for ERP:





# Reorganisation and devolution – time to prepare

With the Autumn Budget came the announcement of a forthcoming Devolution White Paper. Even while we wait for the paper, the direction of travel towards reorganisation and devolution already seems clear:

- ❖ At the Annual LGA Conference on 23 October 2024, Local Government Minister Jim McMahon stated that the government’s ambition is to have Combined Authorities across all England
- ❖ The 30 October 2024 Budget papers included: “The upcoming English Devolution White Paper will set out more detail on the government’s devolution plans, including working with councils to move to simpler structures that make sense for their local areas, with efficiency savings from council reorganisation helping to meet the needs of local people”
- ❖ Speaking at the LGC Summit in November, the Lords Minister for Housing and Local Government [Baroness Sharon Taylor](#) stated that “The intention is to have a tiered approach that enables regions to progress as quickly as they are able and willing, those who are ready and capable of advancing faster will be encouraged to do so”. The Baroness made it clear that those ready to move to Combined Authority should have the confidence to do so.
- ❖ The government is implementing the first integrated settlements for the Greater Manchester and West Midlands Combined Authorities from the start of the 2025/2026 financial year, as well as for the North-East, South Yorkshire and West Yorkshire Mayoral Combined Authorities, and Liverpool City Region Combined Authority from the start of the 2026/2027 financial year.
- ❖ On 28 November 2024, the [Local government finance policy statement](#) stressed that “devolving power to leaders with skin in the game will generate new jobs, skills, and ultimately growth, by allowing policy to be ..... informed by local knowledge”.

It will be important that those considering reorganisation are well prepared. Grant Thornton’s recent study of [Learning from the new unitary councils](#) shows how important it is to think early about the right finance team; the governance and performance management frameworks that are going to be needed; the strategic approach to IT; and arrangements for joined-up procurement and contract management.



However, it is also important to go into reorganisation with realistic expectations. The [Local Government Chronicle](#) highlighted in November that evidence is mixed on whether creating unitaries leads to savings; and mixed on whether setting up unitaries necessarily leads to the greater devolution regions may be hoping for.

In the short term it is worth noting, as [Baroness Sharon Taylor](#) herself highlighted, that Whitehall is unlikely to support fiscal devolution when so many councils are still struggling to catch-up with accounts backlog.



# Renewing and reforming governance

English councils seeking to restore trust in how they spend council taxpayers' money should recommit to the Nolan principles underpinning high standards in public life, a report published by the think-tank Localis, and supported by Grant Thornton, has advised.

The Localis report acknowledges the severe challenges faced by Councils since the abolition in 2010 of regulator the Audit Commission, and the effect of straitened local finance settlements, but argues that improved governance will be essential to ensuring attempts by the new government to rebuild local public finances are effective.

Among principal recommendations aimed at Councils, the report calls for a shift towards long-term financial planning in line with multi-year settlements once they are introduced; and for local authorities to create organisational cultures that embrace challenge and criticism and hold town hall leaders accountable.

This process would be achieved, the paper suggests, by:

- ❖ Formalising checks and balances;
- ❖ Giving statutory monitoring officers more support and protection to perform their duties;
- ❖ Reviewing whistleblowing policies; and
- ❖ Strengthening internal audit functions to identify emerging financial threats.

In their recommendations to central government, the report authors call for a national body, or set of local bodies, to oversee the local audit system by setting standards, managing contracts, maintaining quality of audit as well as overseeing the strategic functions of Councils.

A further key recommendation is for central government to provide a framework for local government that establishes a clear definition of good governance and outlines the different roles and responsibilities of local government – effectively moving away from the current centralised approach to council financing and empowering Councils to manage their finances strategically.

Other recommendations include a call to give Councils more resources to clear the backlog of audits and to recruit and retain experienced governance officers by working with professional organisations.

For a full copy of the report, see [“Renewing and reforming local financial governance towards long-term resilience and sustainability”](#),



# Local Government and Social Care Ombudsman Triennial Review

The Local Government and Social Care Ombudsman (LGSCO) published their latest triennial review in October 2024, stating that in the last three years they have made decisions on more than 52,000 complaints across every dimension of local service provision. They highlighted that their casework is dominated by complex issues in the areas of homelessness, special educational needs and disabilities (SEND) and adult social care, rather than the small localised matters envisaged fifty years ago when the Ombudsman was first set up.

As the last port of call for complaints about the actions of local councils and adult social care providers, LGSCO's work gives them a unique insight into the effectiveness of public redress and accountability systems. The Ombudsman plays a vital role in identifying systemic failure. However, their triennial findings paint a worrying picture about the state of services, and they make a case for being given more powers to act.

*"In the last three years we have become increasingly concerned about the ongoing sustainability and effectiveness of the sectors within our jurisdiction and the sustainability of our own service..... This is caused by the acute challenges in local government and social care, the effectiveness of statutory public services and the closure of discretionary services".*

Local Government &  
Social Care  
**OMBUDSMAN**

The triennial review called for four changes to help maximise the impact LGSCO can have in future:

- ❖ Simplified legislation giving the Ombudsman clear, straightforward powers of investigation for all local government services;
- ❖ A new statutory duty for Ombudsman to monitor compliance with the Complaint Handling Code ensuring that all Councils adhere to it; and putting LGSCO on an equivalent footing to the Housing Ombudsman and UK Ombudsman services;
- ❖ Mandatory signposting to the Ombudsman by all adult social care providers, including those in the private sector, who tend not to signpost at present; and
- ❖ New powers for the Ombudsman to investigate the implementation of education, health and care plans; support for children with additional needs; and admissions and exclusions in schools.

For a full copy of the triennial review see [LGSCO Triennial Review 2024-27](#).

# Reforming the children's social care system

Government data [published in November](#) shows that council spending on looked after children increased from £3.1 billion in 2009/10 to £7 billion in 2022/23.

However, while social workers struggle with rising caseloads and councils face bankruptcy, Local Government Association analysis quoted by the government shows that there are over 1,500 children in placements that each cost the equivalent of over £0.5 million every year, while the largest 15 private providers make an average of 23 per cent profit.

Looking specifically at deprivation of liberty, the [Children's Commissioner](#) concluded in November that "Children's basic rights (are) being ignored in a system that puts profit-making above protection".

Bridget Phillipson, Secretary of State for Education, announced on 18 November 2024, that the government intends to tackle those private providers who deliver "subpar standards of care at sky-high costs". Intended new reform measures laid out by the government include:

- ❖ Increased financial transparency for placement providers, allowing councils to challenge profiteering whilst also allowing oversight over supply chain continuity;
- ❖ A backstop law to limit profitability; and
- ❖ New powers to Ofsted to fine providers for breaches to safety and quality standards.

New funding for preventative work is expected to follow and the government is calling for more not-for-profit providers to come forward and set up homes.

The Children's Commissioner has in turn called for far fewer children to be deprived of their liberty, and never in an illegal children's home.

For Councils thinking of starting preventative work or thinking of setting up new homes, Audit Committees should ask what networking has been undertaken. There are many Councils that have already investing in prevention packages and in-house provision. A realistic understanding of their experiences and the timescales for financial return will be important.

As a minimum, Audit Committees should be asking about the legality of their Council's current provision.



# Special Educational Needs

The **National Audit Office reported in October** that the current system for Special Educational Needs (SEN) is not achieving value for money and is not sustainable. Key statistics supporting that conclusion are that:

- ❖ Since 2015, demand for EHC plans has increased 140%, leading to 576,000 children with plans in 2024. There has also been a 14% increase in the number of those with SEN support, to 1.14 million pupils in school.;

Although DfE has increased high-needs funding, with a 58% real-terms increase between 2014-15 and 2024-25 to £10.7 billion, the system is still not delivering better outcomes for children and young people or preventing local authorities from facing significant financial risks;

The Department for Education estimates that some 43% of local authorities will have deficits exceeding or close to their reserves in March 2026. This contributes to a cumulative deficit of between £4.3 billion and £4.9 billion when accounting arrangements that stop these deficits impacting local authority reserves are due to end; and furthermore....

- ❖ Families and children lack confidence in a SEN system that often falls short of statutory and quality expectations.

Along similar lines, **the County Councils Network** has estimated that almost three quarters of England's largest councils risk bankruptcy by 2027 if statutory override for their Special Educational Needs and Disability (SEND) deficits ends in March 2026.

The Autumn Budget Included a £1 billion funding uplift to reform the SEND system, but this looks far from likely to address the fundamental issues of concern. For SEN, the National Audit Office has recommended:

- ❖ Whole system reform;
- ❖ Root cause analysis of the reasons for the rise in SEN demand;
- ❖ Local authorities being given the power to require providers to take SEN pupils
- ❖ Building a vision and long-term plan for inclusivity across mainstream education.

For Councils struggling with SEND deficits now, the last point is at least one that they can already have some influence over. The NAO refers to building “an evidence base” for where mainstream settings can best support children with SEN; and using this to improve parents’ confidence in mainstream options. The NAO also refers to improving data and interventions around the early years so that needs are identified and supported early, avoiding them escalating into needs outside the mainstream.

Whilst we wait for a wholesale reform that could take years to come, Audit Committees can help by asking challenging questions around how their Council compares with others for ratios of children educated in a mainstream setting; and how their Council compares for ratios of spend on early years rather than later years intervention.



# The travel to school challenge

The County Council's Network (CCN) and IMPOWER have released a new report which spotlights the financial pressure on Council's home to school transport budgets and sets out key strategies for local areas to adopt to help meet the challenge.

The 140% increase in the number of EHC plans over the course of the last decade has led to dramatically increased "travel to school" (TTS) costs and CCN's data estimates that:

The average Council in England was transporting 1,300 SEND pupils in 2023/24, up from 911 in 2018/19. This is an increase of 43%;

The average cost per SEND pupil using transport has also increased by 32%: from £6,280 to £8,299 per pupil;

- ❖ If nothing changes, the number of children requiring free transport will rise from 85,000 in 2023 to 129,000 in 2028; and
- ❖ The cost could reach £3.6 billion per year by 2030.

The report argues that a system-wide response is needed to tackle the TTS challenge. Councils need to balance costs, user satisfaction and outcomes and then work to:

- ❖ Influence demand (with a view to increasing the uptake of personal transport budgets);
- ❖ Take a data driven approach (to tailoring transport options while transitioning); and then
- ❖ Maximise independence - by offering independent travel training and promoting the personal transport budgets.

In the short term, "nearest available school" management checks and regular needs-based reviews are important. Underpinning everything in the report is the basic premise that enabling independent travel brings as many gains socially to children as it does financially to government.

For a full copy of the report, see [Resources - County Councils Network](#).



*"TTS is a formative part of all our lives, whether that is being dropped off on our first day at primary school by our parents, making new friends on the bus to secondary school or that first taste of independence walking home alone".*

*"Getting to and from school is the first step on a journey towards independent travel that opens many doors".*

# Crisis of care for adults

Data published by the [Nuffield Trust](#) in November shows that:

- ❖ Increases to Employer National Insurance Contributions (announced in the Autumn Budget) look set to cost the adult social care sector over £900 million next year, more than wiping out the extra funds allocated to social care in the Budget; and
- ❖ Taken together with the planned increases to National Minimum Wage rates, 18,000 independent organisations providing adult social care in England will be faced with increased costs of an estimated £2.8 billion in the next financial year. Many could potentially exit the market.

This comes after the [Association of Directors of Adult Social Services](#) had already published their annual Autumn Survey showing how fragile the sector already is:

- ❖ Even before the Autumn Budget, 81% of Councils expected to overspend their adult social care budgets in 2024/25 (up from 72% in 2023/24), with an estimated total overspend of £564 million; and
- ❖ Significant numbers of councils were already being required to make further in-year savings —35%, compared to 19% in 2022.

With needs becoming ever more complex, and therefore difficult to make savings around; and investment money needed if the approach is ever to move from

reactive to preventative care, it is hard not to see the increases in national Insurance and the Minimum wage as hugely problematic for the care sector.

As the Nuffield Trust argues, if Councils are unable to pay social care providers' higher fees after the changes go through, most small providers who cannot absorb these extra costs will have to increase prices for people who pay for their own care; stop accepting council-funded people; or go out of business altogether.



nuffieldtrust



directors of  
**adass**  
adult social services



# Procurement Act “go-live” delayed

The Cabinet Office announced in a statement on 12 September 2024 that the implementation of the Procurement Act 2023 has been delayed by four months. Originally due to come into force on 28 October 2024, the ‘go-live’ date of the Act has been delayed until 24 February 2025. The government states that this is to allow time for a new National Procurement Policy Statement to be prepared and agreed.

The delay will be welcomed by many Councils because it means more time to prepare for the changes the new Act will bring. Transition should be smoother as the additional four months eaves more time for training staff and updating policies. However, it also does mean that Councils need to decide what to do for new procurements that had been planned to occur around now. Councils need to decide whether to go ahead with the new procurement using existing regulations or whether to extend existing contracts and delay the new procurements until February.

Councils are going to need to be clear with suppliers but also clear with themselves. Important messages to convey to staff over this interim period will be:

- ❖ Any spike in contract extensions for this one-off period will need to be ring-fenced as something not expected to be repeated; and
- ❖ Any new procurements entered into during these interim four months will need to go on being managed under the existing regulations even if there are modifications to the contracts after February 2025.



Regardless of which regulations apply at any one time, local government procurement is a complex area which we have shown in previous reports is often under-resourced. Questions that Audit Committees can usefully be asking while we wait for the new Act include as much about business as usual as they do about the current legal changes:

- ❖ How many vacant posts are there in our procurement top team?
- ❖ Where contract management is devolved outside the procurement top team, what are the on-going support and training arrangements for contract managers?
- ❖ Are exemptions and waivers reported to us regularly?
- ❖ What oversight is there now over decisions around contract extensions and delays while we wait for the new law to come into force?

For the Ministerial Statement on delays to the Procurement Act, see [UK Parliament](#).

For more general lessons to learn on procurement and contract management see [Local government procurement and contract management](#).

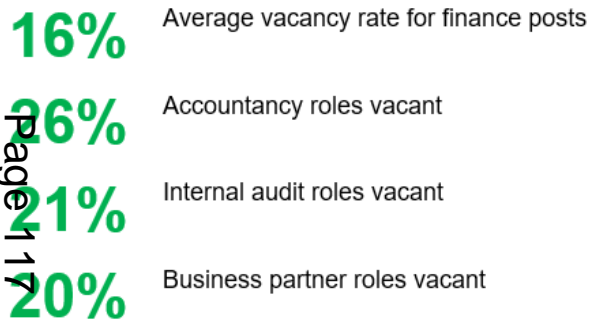
For a recent guide by the Crown Commercial Service to getting ready for the changes, see [TPP-Customer-Guidance](#),





# Finance workforce

In October 2024, the Local Government Association (LGA) provided a series of key recommendations for action at a local, regional and national level to address the workforce challenges that face the finance profession in English Councils. LGA research, which was supported by CIPFA and funded by MHCLG, reported:



The LGA report made twenty-six different recommendations were clustered around four strategic themes:

- ❖ Leadership capacity and capability – succession planning for future Chief Finance Officers;
- ❖ Attracting and recruiting the right staff - especially at graduate and junior level;
- ❖ People development – including professional training for those already in finance teams; and continuous professional development for those that have already qualified; and
- ❖ Creating the right environment to deliver – including reducing the use of agency and interim staff; better workforce planning; and equipping staff with skills to help with retention.

Engaging with the “next generation” is going to be vitally important for any workforce action plan to be sustainable. LGA reported that two thirds of the respondents they surveyed said the main reasons for employees leaving the service was to increase their pay. Staff leaving for retirement was the second most frequent reason. Staff seeking better career opportunities was the third most frequent reason.

LGA reports that the most common problem, raised by those consulted, was the absence of a national approach to marketing and promotion for careers in local government finance. A national website was suggested, with clear communication to a wider audience; and expert support from a national centre to individual Councils running recruitment campaigns. Better regional and local co-operation was also noted as required though.

One thing that might help is the new Local Government Graduate Programme finance scheme (“IMPACT”). This is a four-year programme that treats graduates across different councils as one cohort – with central support. Whilst this is currently only being piloted in London, some councils elsewhere in the country have started to participate with a local campaign in place of or alongside the national campaign.

For details of IMPACT and the Councils already partnering with it, see [Impact: The Local Government Graduate Programme – partner councils](#).

For the full LGA report, see [Local government finance workforce action plan for England](#).

# Audit Committee resources

**The Audit Committee and organisational effectiveness in local authorities (CIPFA):**

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

**LGA Regional Audit Forums for Audit Committee Chairs**

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email [ami.beeton@local.gov.uk](mailto:ami.beeton@local.gov.uk) LGA Senior Adviser, for more information.

**Public Sector Internal Audit Standards**

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

**Code of Audit Practice for local auditors (NAO):**

<https://www.nao.org.uk/code-audit-practice/>

**Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):**

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

**The Three Lines of Defence Model (IAA)**

<https://www.theiaa.org/globalassets/documents/resources/the-ias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

**Risk Management Guidance / The Orange Book (UK Government):**

<https://www.gov.uk/government/publications/orange-book>

**CIPFA Guidance and Codes**

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

**Audit Committees: Practical Guidance For Local Authorities And Police**

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

**Delivering Good Governance in Local Government**

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

**Financial Management Code**

<https://www.cipfa.org/fmcode>

**Prudential Code**

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

**Treasury Management Code**

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



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**Audit and Governance Committee**  
**Proposed Forward Work Plan 2025/26**

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

Meeting Date	Item	Responsible Officer/Organisation	Draft Report Deadline	Publication Deadline
<b>18 Feb 2025 (Extraordinary meeting)</b>	Statement of Accounts 2022/23	Lizzie Watkin / Deloitte	5 Feb 2025	10 Feb 2025
	Statement of Accounts 2023/24 – TBC	Lizzie Watkin / Grant Thornton		
	Audit Findings Report – TBC	Grant Thornton		
	Auditors Report (inc. opinion) – TBC	Grant Thornton		
	Auditor’s Annual Report (inc. key outputs and value for money) - TBC	Grant Thornton		
<b>10 April 2025</b>	Internal Audit update report	SWAP	27 Mar 2025	2 April 2025
	Internal Audit Mandate and Charter	SWAP		
	Accounting Policies 2024/25	Lizzie Watkin / Sally Self		
	External Audit Plans 2024/25	Grant Thornton		
	Anti-Fraud Corruption and Bribery activity update	Lizzie Watkin		

	Policy Review Process	David Bowater		
<b>10 July 2025</b>	External Auditor's Annual Report	Grant Thornton	26 Jun 2025	2 July 2025
	Internal Audit update report	SWAP		
	Whistleblowing activity update	Jo Madeley		
	Risk Management update	Catherine Pink		
	Key Partnerships Performance	Perry Holmes / Martin Nichols		
	AGS 2024/25	Perry Holmes / David Bowater		

Future meeting dates:

- 14 October 2025
- 22 January 2026
- 29 April 2026

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

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