Wiltshire Council

Where everybody matters

AGENDA

Meeting:	Audit
Place:	Council Chamber, Council Offices, Bradley Road, Trowbridge
Date:	Wednesday 20 June 2012
Time:	10.30 am

Please direct any enquiries on this Agenda to Roger Bishton of Democratic Services, County Hall, Trowbridge, direct line 01225 713035 or email roger.bishton@wiltshire.gov.uk

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Membership:

Cllr Richard Britton
Cllr Nigel Carter
Cllr Peter Doyle
Cllr Mark Griffiths
Cllr George Jeans
Cllr David Jenkins
Cllr Julian Johnson

Cllr Alan MacRae
Cllr Helen Osborn
Cllr Mark Packard
Cllr Sheila Parker (Vice Chairman)
Cllr Pip Ridout
Cllr Roy While (Chairman)

Non-Voting Members
Cllr John Brady

Cllr Jane Scott OBE

Substitutes
Cllr Chris Caswill
Cllr Ernie Clark
Cllr Michael Cuthbert-Murray
Cllr Rod Eaton
Cllr Mollie Groom

Cllr Francis Morland
Cllr Jeff Osborn
Cllr Paul Sample
Cllr Bridget Wayman

Part I

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

1   **Membership**

To note the membership of the Committee as appointed by Council at its annual meeting on 15 May 2012, as set out at the front of the agenda.

2   **Apologies for Absence**

3   **Chairman's Announcements**

4   **Minutes of the Previous Meeting** *(Pages 1 - 6)*

To confirm and sign the minutes of the Audit Committee meeting held on 21 March 2012. (copy attached)

5   **Members' Interests**

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

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

The Council welcomes contributions from members of the public.

Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution. Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of the agenda no later than **5pm** on **Wednesday 13 June 2012**. 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.

7   **Interim Audit Report 2011-2012** *(Pages 7 - 42)*

The Interim Audit Report for 2011-2012 from KPMG is attached.

8   **Internal Audit Annual Report** *(Pages 43 - 78)*

A report by the Director of Finance enclosing the Annual Audit Report & Opinion 2011-2012 from South West Audit Partnership is attached.

9   **Annual Governance Statement 2011-2012 Draft** *(Pages 79 - 106)*

The draft Annual Governance Statement 2011-2012 by the Solicitor to the Council & Monitoring Officer is attached.

10   **Forward Work Programme** *(Pages 107 - 108)*

To note the Forward Work Programme.

11   **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on Wednesday 19 September 2012.

However, there will be a special meeting of the Committee on Friday 7 September 2012 to consider the Final Statement of Accounts for 2011-2012.

Both meetings will start at 10.30am and will be held in the Council Offices at Monkton Park, Chippenham.

12   **Urgent Items**

Any other items of business, which in the opinion of the Chairman, should be taken as a matter of urgency.

<u>**Part II**</u>

<u>**Items during whose consideration it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed**</u>

None

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Wiltshire Council

Where everybody matters

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 21 MARCH 2012 AT COUNCIL CHAMBER - MONKTON PARK, CHIPPENHAM.

Present:

Cllr Richard Britton, Cllr Nigel Carter, Cllr Peter Doyle, Cllr George Jeans, Cllr David Jenkins, Cllr Julian Johnson, Cllr Alan MacRae, Cllr Sheila Parker (Vice Chairman), and Cllr Roy While (Chairman)

Also Present:

Cllr John Brady and Cllr Jane Scott OBE

1.   **Apologies and Membership Changes**

Apologies were received from Cllrs Helen Osborn, and Bridget Wayman.

Following Council in February, Cllrs Desna Allen and Mark Packard had become substitutes.

2.   **Chairman's Announcements**

The Chairman informed the Committee Members that;

- There would be an additional meeting on the 7 September commencing at 10.30am at Monkton Park to receive and sign off the Final Statement of Accounts 2012.
- A South West Area Partnership (SWAP) training seminar had been arranged for 30 March in Committee Room 3, County Hall.

3.   **Minutes of the Previous Meeting**

The minutes of the last meeting held on 14 December 2011 were presented.

Resolved

To approve as a correct record and sign the minutes of the meeting held on 14 December 2011.

4. **Members' Interests**

There were no declarations of interest.

5. **Public Participation and Committee Members' Questions**

There was no public participation.

6. **Wiltshire Council Internal Audit Plan 2012/13**

The Chairman explained that he would like to take the Plan in four separate elements for ease of discussion these were;

- Audit approach
- Governance
- Fraud
- Remaining Audits

He introduced Dave Hill from the South West Area Partnership (SWAP) who explained that the Plan had been agreed with the Corporate Leadership Team (CLT) and had been widely consulted upon both internally and within the SWAP Management Board.

Audit Approach. Members questioned how the areas for Audit had been selected. It was explained that there had been a wide consultation process had been adopted. A number of Audit Drivers were considered including;

- SWAP Best Practice Reviews
- Risk Register
- Audit History
- Performance
- Workshops with all Partners
- Engagement with Heads of Service and members of CLT

Reassurance was sought that Audits were being conducted in the interest of Wiltshire Council rather than other areas. The Director of Finance explained that in a recent Section 151 meeting there were 30 common cross cutting areas. Wiltshire was the only Unitary Council within the Partnership. Currently an Audit into SAP in other authorities was being undertaken and the outcomes will have benefits and best practice pointers for Wiltshire.

Members asked how the Plan would fit in with our Audit Committee. The Director of Finance explained that the Committee would receive a quarterly report at each meeting and an annual report at the end of the audit year. Beneath this level, reports would be sent to the Heads of Service Departments.

Concern was raised that the knowledge base that had been developed through Wiltshire Council prior to SWAP would have been lost. Dave Hill explained that

two experienced members from the Wiltshire Council team had transferred to SWAP and had worked to pull the plan together.

Members asked for a comparison between the number of audit days from last year's plan and the plan under consideration. It was confirmed that the number of audit days were the same at 2250 days.

It was noted that the Key Risks column should include the word 'Potential'. The Leader explained that these were Potential Key Risks and that audits were undertaken to prevent these risks from happening and that this should be made very clear.

The Chairman explained that the Plan was ongoing and that it would change according to priorities.

Fraud. Members raised concern over the number of fraud items again it was explained that these audits take place to ensure that the key risks detailed do not happen.

Michael Hudson, Director of Finance explained that once the plan was approved, terms of reference for Audits would be produced and work would begin. Final audit findings would be provided quarterly to this Committee.

The Chairman thanked the SWAP Internal Audit team for their work.

Resolved

To approve the Internal Audit Plan 2012/13

7. **Financial Statements Audit Plan 2011/12**

Chris Wilson, Partner and Darren Gilbert, Senior Manager KPMG led the Committee through the report. It was explained that the report details how KPMG will deliver financial statements audit work over the coming year for Wiltshire Council, and the work will supplement the Audit Fee Letter 2011/12 which was noted by the Committee in April 2011.

The key risks identified and that will be focused of the 2011/12 financial statements are;

- Continuing Public Sector Cuts
- Accounting for Heritage Assets
- Revenue and Benefits system changes
- Estate property changes
- SAP operating effectiveness
- Internal Audit

In addition to the financial statements KPMG will also audit the Council's Whole Accounts (WGA) pack. This may incur additional work if objections are received by local electors as they have a right to ask the auditor questions and the right to object to the accounts.

The fee has changed from that set out in the Audit Fee Letter 2011/12 as an additional one off charge was made as a result of assurance work required on the Revenue and Benefits system.

Members discussed some issues surrounding the Estate Property Changes.

The Chairman thanked Chris Wilson and Darren Gilbert for their report.

Resolved

To note the report.

8. **Certification of Grants and Returns 2010/11**

Darren Gilbert, Senior Manager KPMG, informed the Committee that 8 grants were certified with a total value of £307.9M. He explained that 2010/11 had been much improved on past years and that the recommendations that had been suggested had already been fully implemented. He stated that this was a very positive report.

The initial estimated fee for certifying grants and returns was £79828, the actual fee charged was £70677. The lower fee was due to;

- Efficiencies gained within the Housing Benefit and Council Tax benefit grant
- Integrated Transport Package grant return that was completed last year.

Resolved

To note the report.

9. **Preparation of Financial Accounts 2012**

Michael Hudson, Director of Finance, explained that work was on target to finalise the 2011/12 Financial Accounts.

Reporting timelines, deadlines and guidance was issued on 16 March 2012 and a report will go to Cabinet in June.

10. **Risk Management Update**

Eden Speller, Hd of Risk and Assurance detailed the continued improvements that are currently being undertaken including;

- Review of Policy and Strategy
- Review of best practice guidance from partners including SWAP and Wiltshire Fire and Rescue
- Benchmarking with other Local Authorities
- Testing and SWOT analysis

He went on to explain that there had been meetings with the Corporate Leadership Team to discuss the Risk Management arrangements and the role of the Corporate Risk Management Group. A review is being undertaken of membership to reflect the move from departmental working and reporting. It is anticipated that the revised membership will deliver a broader overview of risks facing services. Directors will be better informed, with more involvement and accountability in managing their risks in their service areas.

There will also be a refocus on risks in areas to include statutory, reputational, change management, Health and Safety and Financial. Specific work in areas of Revenue and Benefits; Business Continuity, Emergency Planning, Olympics and the Transfer of Public Health to Wiltshire Council will be reported in papers to Cabinet.

It was reported that there were 3 areas of high risk within the report. These were;

New Ref 1001 – Managing the Volatile Nature of Care Placement Requirements within the Resources Available, it was explained that this updated in light of the OfSTEd inspection and report.

New Ref 1097 – Delivery of 350 Unit Housing PFI Project, the business case for Phase 1 has been signed and from now only phase 2 will be reported on. It is hoped that the risk rating will now fall due to the funding of the PFI.

Risk Ref 1063 – Ability to corporately control the maintenance and monitoring of contracts, the amended contract regulations will be presented to Council for approval and will be in place immediately afterwards. The review of the model contract templates is progressing and should be completed shortly.

Members sought clarification whether the risk model the subject of an internal audit. It was explained that risk management would be audited.

The work being undertaken on contracts was welcomed.

Members questioned some aspects of Business Continuity Management in particular the recent loss of IT through water entering the server room. Dr

Carlton Brand, Corporate Director explained that the ICT Server room outage had been dealt with efficiently, and had occurred because of the building work that was currently being undertaken. ICT had systems up and running quickly. The Chairman thanked Eden Speller for his report and informed members that a further risk seminar would take place later in the year.

Resolved

To note the report.

11. **Forward Work Programme**

   Resolved

   To note the forward work plan subject to changes detailed in the Audit deliverables.

12. **Date of next meeting**

   The next meeting of the Committee will be held on the 20 June 2012 at Bradley Road, Council Chamber.

13. **Urgent Items**

   There were no urgent items.

(Duration of meeting:10.30am -12.20pm)

Interim Audit Report 2011/12

Wiltshire Council

June 2012

cutting through complexity™

Contents

The contacts at KPMG in connection with this report are:

Chris Wilson
Partner
KPMG LLP (UK)

Tel: 0118 964 2269
christopher.wilson@kpmg.co.uk

Darren Gilbert
Senior Manager
KPMG LLP (UK)

Tel: 02920 468205
darren.gilbert@kpmg.co.uk

Rachael Tonkin
Manager
KPMG LLP (UK)

Tel: 0117 905 4654
rachael.tonkin@kpmg.co.uk

Duncan Laird
Assistant Manager
KPMG LLP (UK)

Tel: 0117 905 4253
duncan.laird@kpmg.co.uk

Page 8

This document summarises the key findings arising from our work to date in relation to both the audit of the Council's 2011/12 financial statements and the 2011/12 VFM conclusion.

Page 9

Scope of this report

This report summarises the key findings arising from:

- our interim audit work at Wiltshire Council (the Council) in relation to the 2011/12 financial statements; and

- our work to support our 2011/12 value for money (VFM) conclusion up to June 2012.

Financial statements

Our *Financial Statements Audit Plan 2011/12*, presented to you in March 2012, set out the four stages of our financial statements audit process.

Planning > Control Evaluation > Substantive Procedures > Completion

During March 2012 we completed our planning and control evaluation work. This covered our:

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

- testing of certain controls over the Council's key financial systems with the help of internal audit;

- assessment of the internal audit function; and

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

VFM

Our *External Audit Plan 2011/12* explained our risk-based approach to VFM work, which follows guidance provided by the Audit Commission. We have completed some early work to support our 2011/12 VFM conclusion. This included:

- assessing the potential VFM risks and identifying the residual audit risks for our VFM conclusion;

- considering the results of any relevant work by the Council, the Audit Commission, other inspectorates and review agencies in relation to these risk areas; and

- identifying what additional risk-based work we will need to complete.

Structure of this report

This report is structured as follows:

- Section 2 summarises the headline messages.

- Section 3 sets out our key findings from our interim audit work in relation to the 2011/12 financial statements and VFM.

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

Acknowledgements

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

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

Organisational and IT control environment	Your organisational control environment is effective overall.
	Last year we were unable to rely upon the IT control environment. Improvements have been noted within the control environment in relation to control of powerful user access, user administration and logging of program changes. However, controls implemented during the financial year remain immature and further enhancements could be made which we have recommended. As a result of the quality of the IT controls, significant weaknesses in the control environment remain. Further recommendations have been identified this year, which if implemented should enable the SAP environment to be deemed 'effective' from an audit viewpoint.
	As a result of our findings on user access and program changes, we are again unable to rely fully on your IT control environment. We note, however, the positive direction of travel that the Council has achieved in addressing last year's recommendations. It is also important to note that the issues identified do not mean there have been fundamental failings in the day to day operation of the Council's IT systems. Rather that the weaknesses we have continued to find mean we cannot rely on the operation of certain key controls to gain the assurance that we require for our audit.
Controls over key financial systems	The controls over the majority of the key financial system are generally sound.
	However, there are some weaknesses in respect of individual controls in respect of the Revenue & Benefit systems which means we will need to complete additional substantive work at year-end on the year reconciliations and data transfer. At the current time, it is hoped that the additional work will not create additional costs as we plan that the work will be absorbed into the year end audit. However, this is dependent on how the year end audit progresses and will need to be reviewed at the end of the final audit visit.
Review of internal audit	The Council's internal audit function was outsourced to the South West Audit Partnership (SWAP) part way through the year. This change inevitably had an impact on internal audit during the year, but despite this we found that Internal audit generally complied with the *Code of Practice for Internal Audit in Local Government.*
	We were able to place reliance on some of internal audit's work on the key financial systems. We were able to place partial reliance on internal audit's IT audit work but we had to extend the level of testing in several cases. We are now holding quarterly meetings with SWAP to ensure we develop a closer working relationship.
Accounts production and specific risk areas	The Council's overall process for the preparation of the financial statements is sound.
	The Council has taken the key risk areas we identified seriously and made good progress in addressing them. However, these still present significant challenges that require careful management and focus. We will revisit these areas during our final accounts audit.
VFM audit	Our VFM audit risk assessment and work to date has provided good assurance on the Council's arrangements to secure value for money on its use of resources. We have completed this initial risk assessment and consider that the Savings plan is the key risk for the Council at present. We have also completed a series of interviews with the Corporate directors to support our VFM programme of work.
	We still have to complete our programme of audit work to inform our value for money conclusion, to be issued in September alongside our opinion on the Council's accounts.

Organisational control environment

Your organisational control environment is effective overall.

Work completed

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

In previous years we used our work on the Use of Resources assessment to inform our findings in these areas. Due to the reduced scope of the VFM assessment we have to complete more specific work to support our financial statements opinion.

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

Key findings

We consider that your organisational controls are effective overall.

Our assessment for 'information systems relevant to financial reporting' reflects the findings from our review of your IT control environment.

The grading has been assessed as a '2' as a result of the IT control environment findings (on the next page) and that we are aware that the Finance team do complete a significant level of extra work to provide assurance on the financials, which is inefficient. We are aware of a SAP implementation programme is being completed at present on the end user SAP reporting environment.

Aspect	2011/12 Assessment	2010/11 Assessment
Organisational structure	❸	❸
Integrity and ethical values	❸	❸
Philosophy and operating style	❸	❸
Participation of those charged with governance	❸	❸
Human resource policies and practices	❸	❸
Risk assessment process	❸	❸
Information systems relevant to financial reporting	❷	❷
Communication	❸	❸
Monitoring	❸	❸

Key:
- ❶ Significant gaps in the control environment.
- ❷ Deficiencies in respect of individual controls.
- ❸ Generally sound control environment.

IT control environment

Our review of your IT control environment is confirm that improvements have been made from last year.

However, we are again unable to fully rely on the Council's general IT control environment.

Work completed

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

In completing this work, we can partially rely on internal audit's reviews of SAP (general ledger), Northgate (Revenue & Benefits) and Civica Icon (cash receipting). This has been complemented by our own testing of the controls over:

- physical and logical access to the Council's IT systems and data;

- system changes and maintenance;

- the development of new systems and applications;

- computer operations, including the processing and backup procedures; and

- the monitoring and accuracy of end-user computing.

In relation to Simdell (Housing rents) and overall network controls we have reviewed internal audit's findings and found these to broadly mirror our findings from last year. Given that Simdell is scheduled for replacement this year, and taking into account our findings in relation to SAP, Northgate and Civica, we have not carried out any further work in these two areas.

During the course of the year the Council implemented a new version of the Northgate Revenue and Benefits system, which combines data from all of the previous councils' legacy systems. A review of the controls over the transfer of data in relation to this system is being completed by internal audit, and will be reviewed and supplemented by KPMG, as a distinct piece of work our related findings will be reported separately in our ISA 260 report in September. The timetable for this separate assurance work has unfortunately been delayed. We anticipate that the work will be completed in the next few weeks in time for the final audit visit in July.

Key Findings

Aspect	2011/12 Assessment	2010/11 Assessment
Access to systems and data	❶	❷
System changes and maintenance	❶	❶
Development of new systems and applications	❷	N/A
Computer operations, incl. processing and backup	❸	❷
End-user computing	❸	N/A

Key: ❶   Significant gaps in the control environment.
        ❷   Deficiencies in respect of individual controls.
        ❸   Generally sound control environment.

We again note that further improvements have been made, in the current year, in respect of the IT control environment, particularly in relation to the SAP system.

However, the control environment remains immature following the recent major SAP implementation programme and also the in-sourcing of the IT function from Steria. Our assessment of 'Access to Systems and Data' is Category 1. This is due to the high number of control deficiencies across all the key financial systems and the issues remaining over the control of powerful users accounts from prior year recommendations. It is now critical that these weaknesses are fully addressed to enable the IT control environment to strengthen overall and to be able to progress to the next level.

Our assessment of 'System Changes and Maintenance' is also Category 1, owing to the high number of SAP generic user accounts which enable access to the underlying SQL database which holds all SAP data, which weakens any segregation of duties controls.

Due to the issues identified above we found your IT control environment is ineffective overall for our audit purposes. We noted a number of areas for further improvement.

The following three points explain the key issues identified during the 2011/12 IT audit:

- **Protection of the SAP production environment from direct changes –** There are still a significant number of SAP generic user accounts held by Logica support staff. There is also a lack of compensating monitoring controls in place to ensure that direct database access is appropriate. Although, there are detailed contractual obligations in place between the two parties, from an audit point of view there are no adequate controls to gain comfort that this level of access has not been used inappropriately by an individual user e.g. to bypass operational segregation of duties controls, to directly change underlying data or to make unrecorded changes to the SAP production environment. **(Recommendation 2)**

- **Powerful user accounts** - In respect of the Northgate ICON system there are no formal monitoring procedures in place surrounding Council staff and third party remote application support providers who have powerful access rights within the live environments. Therefore, the same potential concerns as noted above for the similar SAP issue also apply to this system. **(Recommendation 6,10 and 12)**

- **Access to Sensitive SAP transactions –** Control failures have been identified around user administration procedures, in particular against timely removal of user access for staff leavers. In addition, there is a lack of a formalised and complete regular user access review process across all key financial systems. This means that we gain less assurance that appropriate segregation of duties within an application has been maintained throughout the financial year. **(Recommendation 4)**

It should be noted that the issues identified do not mean there have been fundamental failings in the day to day operation of the Council's IT systems. Rather that the weaknesses we have continued to find mean we cannot rely on the operation of certain key controls to gain the assurance we require for our audit.

We will alter our audit strategy to take account of these findings when completing the substantive testing during our final audit visit in July. This will involve direct extractions being made from underlying data for analysis and therefore avoiding placing reliance on key automated controls within SAP.

Recommendations are included in Appendix 1.

Page 13

Controls over key financial systems

The controls over the majority of the key financial system are generally sound.

However, there are some weaknesses in respect of:

- **timely completion of reconciliations of the Council tax and Housing Benefit systems following the transition to the new Northgate system.; and**

- **evidence of completion of bank reconciliations.**

Work completed

We work with your internal auditors to update our understanding of the Council's key financial processes where these are relevant to our final accounts audit. We confirm our understanding by completing walkthroughs for these systems.

We then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

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

This year our audit approach has been amended so that we have not defined payroll, non payroll expenditure, treasury management and benefits expenditure as systems requiring detailed controls testing, as a result of the low risk of material misstatement occurring. This assessment is on the basis that there is a high volume of low value transactions, with a low level of complexity and with a low level of judgement involved in the transactions, as well as good coverage by internal audit. In addition to that the audit last year, both at the interim and final did not identify any material errors or weaknesses in the systems. In addition, we complete detailed testing on the benefits expenditure during the Housing Benefit count audit in August, so we will utilise these findings and not duplicate audit effort during the interim audit visit.

Detailed audit work will be completed during the final audit visit which will focus on substantive analytical procedures. If issues are identified with these tests then further work will be completed but based on our current risk assessment, we are not expecting any material misstatements.

Key findings

The controls over the majority of the key financial system are generally sound but we noted some weaknesses in respect of individual financial systems.

- Cash - Lack of evidence of review of bank reconciliation; and

- Council tax and business rates - Lack of timely completion of reconciliations completed following the transition to the new Revenue & Benefits system (Northgate).

We have made one recommendation for Cash which in appendix 1.

Recommendations for Council tax and business rates have already been made by internal audit on the weaknesses identified and therefore we are not repeating then in this report.

Our plan for the final audit visit is that we will audit the year end bank reconciliations and we will also audit the year end reconciliations of Council tax and housing benefit.

We have not yet assessed the controls over financial reporting as this area is mainly operated during the closedown process and our testing will be supplemented by further work during our final accounts visit.

System	Assessment
Housing rents income	❸
Council tax income	❷
Business rates income	❷
Cash	❷
Asset management	❸
Financial reporting	TBC

Key: ❶   Significant gaps in the control environment.

        ❷   Deficiencies in respect of individual controls.

        ❸   Generally sound control environment.

        TBC   To be tested during the year end audit

Review of internal audit

Internal audit generally complies with the *Code of Practice for Internal Audit in Local Government*.

This has been a difficult year for internal audit with a significant level of change leading up to and after the introduction of SWAP as the Council's internal audit provider.

The Council now needs to fully engage with SWAP, as their internal auditors, rather than treating them as an outsourced provider.

Work completed

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

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

The Code of Practice for Internal Audit in Local Government (the Code) defines the way in which the internal audit service should undertake its functions. We assessed internal audit against the eleven standards set out in the Code.

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

Key findings

Following a review of the work of internal audit work we have been able to place partial reliance on their work. In the case of IT audit we completed additional testing as detailed in page 5.

We have completed the assessment of internal audit based on review of their working papers and our knowledge through our work during 2011/12.

Based on our assessment, internal audit generally complies with the Code.

There have been significant changes in the delivery of the internal audit during the year and so it has been a year of transition. Internal audit commenced the year as an in-house team, however the Head of Internal Audit left in May 2011. During the intervening period the three principle auditors jointed acted as the HIA until the start of November. At the start of November, the internal audit service was outsourced to South West Audit Partnership (SWAP) and the staff were transferred to SWAP.

The internal audit team has had to work through this difficult period of change.

Internal audit took the decision not to adopt the SWAP computerised working papers at the time of transfer and retained their previous audit approach and working practices for the remaining audits in the 2011/12 audit plan. However, the new processes have now been adopted for the 2012/13 year. As a result of this decision, the working practices and approach of internal audit did not significantly alter in 2011/12.

Aspect	2011/12 Assessment	2010/11 Assessment
Scope of internal audit	❸	❸
Independence	❸	❸
Ethics for internal auditors	❸	❸
Audit Committee	❸	❸
Relationships with management, other auditors and other review bodies	❸	❸
Staffing, training and development	❸	❸
Audit strategy and planning	❸	❸
Undertaking audit work audit Non IT audit	❷	❷
IT audit	❶	❶
Audit strategy and planning	❸	❸
Due professional care	❸	❸
Reporting	❸	❸

Key: ❶ Significant areas for improvement

❷ Areas for improvement.

❸ Satisfactory

Key findings

In the table on the previous page, we have split the assessment of 'Undertaking audit work' into two sections being IT and Non IT work. We have maintained the grading as per the prior year's assessment with non IT work as a '2' as a result of some deficiencies with the documentation of the testing.

The IT work has been graded a '1' as a result of the continued weaknesses in the quality of the audit work. The internal audit findings were mainly consistent with KPMG's findings and conclusions. However, the approach taken by internal audit was not complete and KPMG had to complete additional testing to gain the level of assurance required. The details of these weaknesses have been discussed with SWAP. In addition internal audit did not clearly test both the design and implementation of a control together with the operating effectiveness. The documentation of internal audit findings could also be improved as this remained on Wiltshire Council's previous approach.

In addition, following the change to SWAP we understand that the internal audit team have experienced systems access issues, which has led to significant delays in the audit timetable. This has particularly impacted on the IT audits and the internal audit work of the Revenue & Benefits data migration testing.

These issues have been discussed with SWAP and we anticipate that they will be addressed by Wiltshire Council resolving the access issues of the SWAP members and with SWAP introducing their electronic working papers together with providing a more consistent resource within the IT audit function.

We recommend that we complete a full review of the internal audit function in 2012/13 when SWAP has been fully embedded.

We have retained the recommendations for improvement identified in 2010/11 audit, rather than generating new recommendations, as we consider that the two recommendations cover the weaknesses

identified in internal audit in the current year. A status update of the 2010/11 recommendations is provided in Appendix 2.

Looking forward, we are developing a positive and productive working relationship with SWAP and have already held planning discussions aimed at supporting and improving our ability to rely on internal audit's work next year. We look forward to developing this relationship further.

Page 16

The Council's overall process for the preparation of the financial statements is adequate.

Work completed

We issued our Accounts Audit Protocol to Finance on 30 March 2012. This important document sets out our audit approach and timetable. It also summarises the working papers and other evidence we require the Council to provide to support our audit work.

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

As part of our interim work we specifically reviewed the Council's progress in addressing the recommendations in our *ISA 260 Report 2010/11*.

Key findings

We consider that the overall process for the preparation of your financial statements is strong.

There were no high level recommendations issued during the 2010/11 audit.

Last year the Council managed the year end close down process very well and we do not anticipate any change to it this year.

However, this year the final sign off timetable has been tightened, so that it is planned that the financial statements will be signed at the Audit Committee meeting on the 7 September, rather than at the end of September which has always been the case in prior years.

The start of the audit has not yet moved forward, so the finance team has the same length of time to prepare for the audit as last year. However, the change of the final signing does require that all issues raised during the audit are cleared on a timely basis.

At the current time, we are confident that both the Wiltshire Council finance team and the KPMG audit team will be able to meet the new timetable.

The Council has taken the key risk areas we identified seriously and made good progress in addressing them.

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

Page 18

Work completed

In our External *Audit Plan 2011/12*, presented to you in March 2012, we identified the key risks affecting the Council's 2011/12 financial statements.

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

We have been discussing these risks with the finance team as part of our meetings. In addition, we sought to review relevant workings and evidence and agree the accounting treatment as part of our interim work.

Key findings

The key risks identified in the plan included:

■ public Sector cuts and the council's saving plans;

■ code change which includes the requirement to account for heritage assets;

■ revenue and benefit system changes; and

■ estate property changes.

These risks were considered during the interim audit visit and will be the focus of work during the year end audit visit in July to ensure that the risks are monitored and addressed throughout the audit process and our findings will be reported to you in September.

There were two further risks identified in the plan where audit work has already been completed and the findings have been reported to you within this interim report.

■ SAP operating effectiveness (see pages 5 and 6); and

■ Internal audit (see pages 8 and 9).

VFM audit approach

Our VFM audit risk assessment and work to date has provided good assurance on the Council's arrangements to secure value for money on its use of resources. We have completed this initial risk assessment and consider that the savings plan is the key risk for the Council at present and will consider this further during our final audit.

We still have to complete our programme of audit work to inform our value for money conclusion, to be issued in September alongside our opinion on the Council's accounts.

Key issues and recommendations

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

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

We will formally follow up these recommendations next year.

Page 19

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

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
1	❷	**Evidence of review of bank reconciliation** The bank reconciliations are prepared in excel monthly, and are reviewed on screen. As a result there is no evidence that the control is being carried out. As the review is being completed on screen no audit trail exists. There is no evidence that the reconciliation has been independently reviewed by a more senior member of the team which could potential identify errors. The lack of audit trail, also means that it is not possible for the auditors to check to review process is completed on a timely basis. We acknowledge that the finance team want to keep records electronically and do not want to resort to printing out the reconciliation and signing it. However, we recommend that the excel document is signed off electronically and saved on the system for evidence of review. We suggest that the Finance team investigate electronic sign offs as it is possible for a signature to be attached to an individual by their log in and therefore is not just typing their name.	Wiltshire Council has in place a fully automated bank reconciliation process. This is undertaken on a daily basis and is regularly reviewed by management. This includes periodic reconciliations completed by the manager. The reviewer will e-mail confirmation to the Chief Accountant on a regular basis that the reconciliation has been reviewed to strengthen the audit trail. Responsible officer: Stuart Donnelly/Matthew Tiller Date: 30 June 2012

Key issues and recommendations

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
2	❶	**Protection of the production environment from direct changes - *SAP*** The underlying SQL database that holds all SAP data can be accessed using generic user accounts by up to 237 Logica staff. This is considered to be a high volume of users. There is also a lack of compensating monitoring controls in place to ensure that direct database access is appropriate. Direct changes to data via the SAP Graphical User Interface (GUI) is restricted by technical controls to lock the live production environment and enforce changes to be actioned through non-production environments. However, no monitoring is carried out to ensure that these controls are operating effectively and that the production environment and the production client has remained locked from direct changes. There is a risk that unathorised changes are made to the data in the live system which remain undetected. **Recommendation** Restrict access to the underlying database to a minimal number of users, particularly where write/amend/delete access is granted. Such access should be appropriately logged and monitored. The Council should also consider enabling the tracking of changes to the data held within SAP database tables (table logging). Where possible, periodic review of table logs should be implemented to reduce the risk of unauthorised changes.	A mitigating control has been discussed with KPMG, which management will discuss with the Logica service delivery team. This control is whether Logica have a current ISAE3402 report which will provide assurance to KPMG of Logica's control environment. Responsible officer: Stuart Honeyball Date: 30 June 2012

Page 20

Key issues and recommendations

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
3	②	**Standard SAP super user accounts** Standard SAP super user accounts are not appropriately controlled in all instances of SAP. Such accounts are generic and possess the powerful SAP_ALL profile, allowing access to all system functionality. Accounts should be maintained in a locked state with complex passwords and used only where necessary. In such a case, use of the account should be appropriately requested, approved, monitored and documented. It was noted that the greatest risk lies in the unlocked account (DDIC) in the production client. This was stated to be necessary in order for system jobs to execute. **Recommendation** SAP standard user accounts should be locked in all clients and passwords made non-trivial. Dependencies on SAP standard user accounts should be removed where possible and replaced by system or communication type accounts that cannot be accessed by end-users.	The SAP support team have reviewed and continue to review on a monthly basis, the standard transactional activities used across the business and amend as required. Responsible officer: Stuart Honeyball Date: 30 June 2012

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
4	②	**Access to sensitive SAP transactions** A number of users were noted to possess access to sensitive SAP transactions that were not required according to their job role and requirements. It was noted that user access to the above transactions is in some circumstances validated by business requirements. **Recommendation** Access to sensitive SAP transactions should be reviewed to ensure that access is restricted to only those users that require the functionality according to their job role and requirements. Where business reasons exists for access to such transactions, this should be appropriately documented, approved and monitored. Enforce segregation of duties for IT and business users with any known exceptions subject to further documentation and appropriate approval.	Many of these transactions cover standard transactions and have been reviewed and amended. An ongoing monthly review process is in place. The SAP team continue to produce documentation to cover sensitive transactions and any changes made to them to ensure they are properly controlled, recorded and maintained. Responsible officer: Stuart Honeyball Date: 30 June 2012

Page 22

Key issues and recommendations

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
5	❸	**Resolution of problems directly in the SAP production environment** A small number of instances were identified during the financial year where testing for problem resolution was carried out directly in the live production environment. It was stated that taking action in the production environment only occurred where alternative actions had already been carried out. Despite this, there is a risk that the production environment may be negatively impacted by performing un-tested problem resolution activities. **Recommendation** Resolution of problems directly in the production environment should be avoided wherever possible. Such activities should be carried out in a non-production environment that appropriately mirrors the production environment to validate testing performed. This will ensure that there is no risk to the integrity of the production environment whilst performing problem resolution activities.	The auditors recommendations are noted. The Council's standard approach to applying problem fixes is through the development and test systems for testing before release into production. Only in exceptional circumstances are fixes applied directly to live, and then such releases are tightly managed. The system is backed up enabling a restoration to previous state if necessary. Responsible officer: Stuart Honeyball Date: 30 June 2012

Key issues and recommendations

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
6	❶	**Powerful User Accounts - *Northgate*** There are a number of generic powerful user accounts in use for the Northgate system. Although an audit log is produced of all action carried out using these accounts, they are not reviewed and are overwritten every 4 weeks. This may result in the inability to attribute actions to an individual user or unauthorised persons gaining access to the system data. **Recommendation** The use of generic powerful user accounts, where more than one member of staff has access, should be kept to a minimum. Where they are required, regular monitoring of who has access to them should be carried out and a random sample of audit logs reviewed by a senior independent manager.	Access details for the powerful user accounts within the Northgate system are restricted to the Revenues and Benefits system team members. These team members have user accounts with the same level of access as these powerful users in order to minimise the circumstances when these accounts need to be used. The recommendation that the use of these accounts is monitored is accepted and procedures will be put in place for the Systems Manager and Head of Revenues and Benefits to do so on a four weekly basis. Responsible officer: Sally Kimber/Ian Brown Date: 1 July 2012
7	❷	**Removal of user access - *Northgate*** The appropriate line manager is required to complete a leavers form for all leavers which is either emailed or sent in hard copy to the System Administrator, who will then revoke the user's access to Northgate. However, it was noted that very few leavers forms are received by the System Administrator If the System Administrator is not notified of all leavers in a timely fashion there is a risk that unuathorised persons may have access to the system data. **Recommendation** Remind all line managers of the requirement to promptly notify the System Administrator of all leavers.	Recommendation is accepted and in addition, the current users of the system will be checked on a regular basis to the Wiltshire Council directory to ensure that if any leavers have been missed, the relevant line manager can be contacted. Responsible officer: Sally Kimber Date: 30 June 2012

Page 24

Key issues and recommendations

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
8	❸	**Password Configuration Settings - Northgate** Password complexities within Northgate are managed on a profile basis. Each user is assigned to one of 8 individually configured profiles. Of the 8 profiles identified, 7 were noted to have an adequate level of complexity. The password parameters for the remaining profile, "FIRST_DEFAULT, do not comply with the Council password policy. **Recommendation** Amend the password parameters for the "FIRST_DEFAULT" profile in line with the Council's password policy.	Wiltshire Council has approached Northgate for advice regarding this recommendation as although it is accepted, management need to establish if there are any other implications that should be taken into account as this profile is used by the generic user accounts which are used to run specific jobs/processes. Responsible officer: Sally Kimber Date: 30 June 2012
9	❸	**Review of user access - Northgate** No reviews of the appropriateness of user access has been performed since July 2011 and no documentary evidence has been retained for any reviews previously carried out. Without a regular review of system users there is a risk that unauthorised users may have access to the system data. **Recommendation** Undertake a review of all users on a regular (e.g. six monthly) basis to ensure that the level of access remains appropriate and all accounts for users who have left have been removed.	Recommendation accepted. Responsible officer: Sally Kimber Date: 31 July 2012

Page 25

Key issues and recommendations

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
10	②	**Powerful user accounts - *Civica*** Powerful "system Administrator" access to Civica WebPay is controlled via assignment to the administrators user group. However, the System Administrator advised that, due to limitation in the system, it was not possible to generate a list of all users assigned to the administrators user group. "System Administrator" access within Civica Workstation is controlled via assignment of level 20 access. Of the 11 live accounts assigned with level 20 access, two ("system Administrator (001)" and "system Administrator (ww)") were identified for which the System Administrator was not aware of their purpose or who may have access to them. Of the two Civica databases one is hosted by the supplier and one by the Council. Council staff only have direct database access to Workstation. Access to the database is obtained via one of five SQL Database accounts. Of these two were disabled at the time of the audit. Of the remaining three accounts one is used by the application and cannot be used by an individual. Access to the remaining two accounts is restricted to a small number of ICT staff. No review of access is performed and passwords are not subject to periodic change. Without proper controls over such powerful user accounts there is a risk that unauthorised changes to the system data could be made and remain undetected. **Recommendation** The purpose of the two level 20 user accounts in WebPay which the System Administrator is unaware of should be investigated and, if appropriate, deleted. For the two SQL Database accounts , to which ICT staff have access, a log should be maintained showing who had access to the accounts and the date.	At application level, the 001 account is used by automated system jobs and is not assigned to a real user. Will review the requirement and usage of the 001 account and other admin level accounts. There are two separate Civica databases: The WebPay database is hosted by the supplier. Wiltshire council staff have no direct access to this. The local 'workstation' database is stored on Wiltshire systems. Access is controlled by ICT. The 'ICON' account is used in the setup of the application. We will investigate the options around recording who has used the generic accounts on specific dates. Any issues etc are investigated and dealt with on an exceptions basis as all transactions are logged and traceable. Responsible officer: Neil Salisbury Date: December 2012

Page 26

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
11	❷	**Removal of user access -** *Civica* Leavers cannot be clearly identified on the Civica WebPay system as a result of limited information within the system and the fact that the Syntax for the userID does not allow for the full user name. The Civica Workstation system does not permit the disablement or deletion of user accounts. Passwords are reset when the system administrator is notified that a user has left, however, there is no mechanism whereby this can be verified. The system administrator also confirmed that regular reviews of users are not carried out to ascertain if all system users are current and the level of access appropriate for their role. By not removing user accounts for users who have left, there is a risk that access to Council data could be gained by unauthorised persons. **Recommendation** Due to the system limitation it is more vital that regular reviews of users are carried out to identify where users have left or have changed roles and no longer require their current level of access.	We will undertake annual reviews of user accounts starting December 2012. Responsible officer: Neil Salisbury Date: 1 December 2012

Page 27

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
12	❷	**Monitoring of powerful user access by third parties - *Civica*** Access by external persons to the WebPay system is gained using the generic Administrator account. This is enabled only as and when requested. The availability of this account is managed exclusively by the System Administrator. Although a call is logged within the Civica support desk a call is not logged with the Council support desk. This is in contravention of the Council's policy. Third party access to the Workstation system is obtained through the use of the Civica_comino domain level user account. In order to access this account Civica are required to contact IT who issue a unique code, generated by a VPN secureID token which will enable Civica to connect to the Council network. The System Administrator confirmed that no monitoring is performed of actions undertaken by external users on either of the above accounts. **Recommendation** A call should be logged with the IT help desk to record when Civica have been granted access to the WebPay system. The System Administrator should carry out a periodic check of any changes made to the Workstation system using the Civica_Comino Domain account.	WebPay is hosted by Civica. They therefore have full access to the system environment. They are contractually obliged to provide a working system. However, they have no 'user' access to the application unless granted by Wiltshire. This is rare and is usually in response to a support call. We will look to get ODBC access (read only) to the hosted database to enable direct enquiries on user activity. We will ensure that a call is logged with Wiltshire's IT Service Desk when 'user' access is granted to Civica support personnel. The Civica_comino domain account is a Windows account. It carries no application access. Therefore, no direct changes can be made to the application using this account. – In order to gain access to the application as a 'user', this would have to be enabled by the system administrator. Responsible officer: Neil Salisbury Date: No further actions proposed.

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
13	❸	**Changes to system configuration - *Civica*** The System Administrator advised that configuration changes for Civica workstation such as changes to the processing rules are generally actioned by the system administration team and are. These changes are not logged within the service desk and are not subject to independent approval or progression via the ICT change control process. Changes are done in the test environment prior to being actioned in the live environment. Changes are performed by System Administrators using level 20 access. As these changes are not logged there is a risk that unauthorised changes could be made to the system configuration and impact on the accuracy or the system data. **Recommendation** All configuration changes should be logged with the service desk.	Considered minor risk. Major system changes (new interfaces / upgrades etc) are formally tested and recorded. However, it is neither practical nor preferable to log ALL changes with the service desk and little if anything would be achieved by such procedures. Responsible officer: Neil Salisbury Date: No actions proposed.

Page 29

Key issues and recommendations

Page 30

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
14	③	**Access to migrate changes to the Civica production environment** Access to migrate data to the test the live environments is performed via a generic SQL Database owner level account (ICON). The System Administrator confirmed that access to this account is restricted to a limited number of ICT personnel. However, the account password is not subject to periodic changed and the account is not monitored to validate or monitor any actions performed. The account password is stored within a central spreadsheet held by the security team. **Recommendation** Undertake a regular independent review of actions carried out using the ICON accounts.	Any issues are investigated on an exceptions basis. The 'ICON' account is used for ALL ODBC connections by the application. Therefore to attempt to conduct a full review of all actions carried out by this account would be unworkable and would achieve little. Responsible officer: Neil Salisbury Date: No further actions proposed.

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
15	❸	**Monitoring of scheduled jobs - *Civica*** All jobs are monitored on screen but there are no formal established procedures for conducting daily checks or reporting and resolving any errors caused through the overnight processing. No records of the actions taken to correct errors are maintained. **Recommendation** Introduce a formal process for daily checks on all scheduled jobs, and for reporting and resolution of any errors.	Scheduled jobs are monitored on an exceptions basis. We will implement a log of 'exceptions' to include comments, resolutions etc. Responsible officer: Neil Salisbury Date: 1 December 2012

Page 31

Key issues and recommendations

No.	Risk	Issue and recommendation	Management response/ responsible officer/ due date
16	❸	**Change Control - *Civica*** All changes to the Civica WebPay are carried out by Civica. Civica will notify the Council of proposed changes and, if the Council does not raise any objections, will action the changes during system downtime. No assurances are received by the Council as to the level of testing carried out prior to the change actioned. For Workstation the System Administrator confirmed that no changes had been made during the financial year. It was noted that there is no documented change control process in place and no documentation is retained of changes made. Without a proper process in place there is a risk that unauthorised or untested changes could be made to the system which may compromise system performance and data. **Recommendation** Document the process for review, development, testing and approval of all system changes to the workstation. When changes are made documentation should be retained to provide evidence that the proper process had been followed.	For WebPay (hosted), Civica are contractually obliged to provide an up to date system. Therefore they apply software patches etc directly. Version / functionality upgrades etc are controlled by Wiltshire and are tested and logged etc. A basic process for upgrades etc will be documented. Responsible officer: Neil Salisbury Date: 1 December 2012

Page 32

Page 33

This appendix summarises the progress made to implement the recommendations identified in our Interim Audit Report 2010/11 and 2010/11 ISA 260 report and re-iterates any recommendations still outstanding.

Number of recommendations that were:		
	Non IT	**IT**
Included in original report	4	10
Implemented in year	2	-
Remain outstanding, in progress and to be followed up at year end	2	10

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at March 2012
1	❶	**Internal audit review of IT controls** We were able to place full reliance on the testing of financial controls and noted improvements in terms of the adequacy of sample sizes used by internal audit. This was not the case for the IT work, where we found that: ■ internal audit's work did not cover all the areas within our agreed joint working protocol and was not documented sufficiently; ■ the work mainly involved only evaluating whether controls were designed appropriately, rather than also testing whether they were effective in practice; and ■ in some cases, the work completed did not support the conclusions drawn. **Recommendation** Internal audit work on IT controls should be performed and documented to the same standards as non-IT audit work.	Principal auditor – IT. Due date: 30 July 2011	**Outstanding** Following the agreement of the recommendation the principal IT auditor did not transfer to SWAP. SWAP have encountered staffing issues within the IT audit team over the year, with several changes in the team and together with the network access issues, has resulted in the recommendation not being addressed. These issues have been discussed with SWAP and these points have been noted and will be addressed. Internal audit will be using SWAP electronic working papers in 2012/13 which will address many of the points including approach and documentation. It has been agreed that the joint working internal/external audit protocol will be revised and re-issued. The main issue from this year's audit was the timing of the work that internal audit was too late and close to the external audit review dates.

Follow-up of prior year recommendations

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at March 2012
1	❶	**Internal audit review of IT controls – continued**	Principal auditor – IT. Due date: 30 July 2011	**Management response update - SWAP** Following the transfer of the Internal Audit service to SWAP, the Principal I.T. Auditor, formerly from Wiltshire, did not transfer. This caused some issues in terms of continuity and loss of knowledge in terms of the work that had been undertaken to date. In addition the I.T. Manager from SWAP also left leaving a gap in available I.T. resource. However, whilst some I.T. work was delayed due to staff resources, the main issues were around I.T. infrastructure and network access which are still being resolved at this time. The I.T. audit work undertaken during 2011-12 was a significant improvement in both volume and quality and reports were well received by the relevant Wiltshire Council managers. There are still some areas for improvement and these have been discussed with SWAP and will be addressed during the audit work 2012-13. Internal Audit will also be using MKi, SWAP's electronic working paper systems and audit management tool and this will assist KPMG when they review this work. It has also been agreed that the joint working internal/external protocol will be revised and re-issued to clarify all areas of testing required. Responsible officer: Dave Hill, SWAP Date: 31 July 2012

Follow-up of prior year recommendations

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at March 2012
2	2	**Follow up of control failures by Internal Audit** In a number of cases we found that internal audit had not followed up control failures with additional queries to identify whether there are any compensating arrangements in place, which could then be tested to obtain the assurance necessary. The testing of controls had been performed correctly, but it is also important to respond flexibly if the results are not positive to see if it is possible to achieve the audit objective through an alternative way. **Recommendation** Where control failures are identified by internal audit, they should consider whether there are compensating arrangements in place that may provide assurance on the control objective being tested.	Principal auditors Due date: Ongoing	**In progress** The joint internal/external audit working protocol was re-issued in 2011 to enable internal audit to address these points. As a result of the changes in both governance and also the internal audit team itself through the year, these points have not been fully addressed. However, it has been agreed that a further version of the protocol will be issued in 2012 and that internal audit will now address these issues. It has been agreed that Internal audit will meet with external audit on a quarterly basis to ensure that the teams work more closely together to improve communications and clear any queries or issues on a more timely basis. **Management response update – SWAP** The joint internal/external audit working protocol was re-issued in 2011 to enable internal audit to address these points. However, following a meeting with SWAP in May 2012, KPMG has agreed to further revise and re-issue the protocol to ensure that it is consistent across all KPMG/SWAP clients. It has been agreed that Internal Audit will meet with external audit on a quarterly basis to ensure that both teams work closely together to improve communications and clear any queries e.g. gaps in Internal Audit work, on a more timely basis. Responsible officer: Dave Hill, SWAP Date: 30 September 2012

No.	Risk	Recommendation	Officer responsible and due date	Status as at February 2012
3	❶	**Direct changes to live environment – SAP** Introduce immediate logging / alerting of when the SAP production environment needs to be unlocked for direct changes to be made and ensure an adequate audit trail is recorded and retained every time for independent review of appropriateness.	Stuart Honeyball (SAP Support Team Lead)	**In Progress.** See Recommendation 2
4	❶	**Monitoring of powerful application user accounts - *SAP*** Continue to identify where powerful user access can be removed if it is not deemed absolutely necessary. Controls should be formally developed to ensure that logs of powerful user access for both Wiltshire Council staff and Logica are sufficient, complete, and reviewed by an appropriately skilled independent resource.	Stuart Honeyball (SAP Support Team Lead)	**In progress.** See Recommendation 2
5a	❶	**Change management procedures - *SAP*** Review the access assigned to all users on at least an annual basis to ensure the ongoing appropriateness of user access and ensure formally recorded and appropriately signed-off documentation is retained to support performance of this review.	Stuart Honeyball (SAP Support Team Lead)	**Outstanding**

Follow-up of prior year recommendations

No.	Risk	Recommendation	Officer responsible and due date	Status as at February 2012
5b	❶	**Change management procedures** *Civica Icon systems, revenues and benefits systems and Simdell* Ensure Council policies around change management are adhered to with regards to recording / retention of documentation produced for each key stage in the change management process and also for the default disabling of network user accounts used by third party support providers for remote access.		**Civica - Outstanding.** See Recommendation 16 **Simdell** – to be followed up during year end audit **Revenues and benefits** – **Superseded**
6	❶	**Use of shared accounts for application administration duties** *Civica Icon systems, revenues and benefits systems and Simdell* Review all current user accounts with system administrator privileges for appropriateness of ongoing use. Create separate assigned powerful user accounts between the system administrator and the third party support provider. Also, introduce a regular independent monitoring process over these powerful user accounts (especially those used by the third party support provider).		**Revenues and Benefits - Superseded** **Civica and Simdell** - To be followed up during year end audit

Page 37

Follow-up of prior year recommendations

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at February 2012
7	❶	**Use of shared accounts for database administration duties** *Revenues and benefits systems, Civica Icon Workstation* See comment made against issue number four, and in particular for Northgate consider immediate review and reduction in the number of excess accounts, especially in the development stage of the new Northgate system in December.		**Revenues and benefits - superseded** **Civica - Implemented**
8	❶	**Domain / server administrator access - *Network*** Ensure continuance of the internal review and update procedures noted above, ideally to be completed as soon as possible and reduce the number of domain and server level administrator accounts to appropriate and acceptable levels.		**Outstanding**. See Internal Audit Report March 2012, recommendation 7
9a	❷	**User access reviews - *SAP*** Review the access assigned to all users on at least an annual basis to ensure the ongoing appropriateness of user access and ensure formally recorded and appropriately signed-off documentation is retained to support performance of this review.	Stuart Honeyball (SAP Support Team Lead)	**Outstanding** It is further recommended that the newly convened SAP System Owners Board are engaged to facilitate such a review, as appropriate engagement from the business is essential to ensure appropriate knowledge of the access required by users is applied to reviews.

Follow-up of prior year recommendations

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at February 2012
9b	❷	**User access reviews - *Network*** Ensure continuance of the overall network user access review process, with particular focus on the more powerful user accounts.		**Outstanding.** See Internal Audit Report March 2012, recommendation 4
10a	❷	**Removal of user access for staff leavers – *SAP, Network*** Review the current access removal process to identify where potential improvements could be made to revoke access in a timely manner for user accounts relating to staff leavers and changes in staff position/role.	SAP Stuart Honeyball (SAP Support Team Lead)	**In progress**
10b	❷	**Removal of user access for staff leavers** ***Revenues and benefits systems, Simdell*** For Simdell and the revenues and benefits systems, amend the leavers notification process to at least include a regular check (e.g. monthly) of a HR-sourced leavers listing against a full user account listing. For Civica Icon (Webpay), undertake a full review of all current user accounts to identify those that are no longer required and adequately rename the remainder to facilitate a more robust access removal process.		**Civica & Northgate Outstanding.** See recommendation 7 &11 **Simdell – Outstanding.** See Internal Audit report May 2012, recommendation 2

Follow-up of prior year recommendations

No.	Risk	Issue and recommendation	Officer responsible and due date	Status as at February 2012
11	❷	**Automated job schedule controls – *SAP*** Ensure that system access to control key jobs / interfaces is regularly checked and introduce a procedure to formally record when key jobs / interfaces are monitored for successful completion.	Stuart Honeyball (SAP Support Team Lead)	**In progress**
12	❷	**Access assigned to new/existing users** ***Revenues and benefits systems, Civica Icon Workstation, Simdell*** For the revenues and benefits systems, this procedure should be considered during the systems development stage of the new revenues and benefits system. For Civica Icon Workstation, review current process around new user account creation and ensure approval documentation is retained for at least 12 months to maintain a full audit trail. For Simdell, retain the user access requests and approval communications for at least twelve months before disposal to ensure a full audit trail is maintained.		**Revenues & benefits – Superseded** **Civica - Outstanding. See recommendations 11** **Simdell –** To be followed up during year end audit

KPMG

cutting through complexity ™

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WILTSHIRE COUNCIL

AUDIT COMMITTEE

20th June 2012

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INTERNAL AUDIT ANNUAL REPORT

</div>

Purpose of the Report

1. Internal Audit (IA) transferred to the South West Audit Partnership (SWAP) on 1st November 2011. The reporting requirements under the Chartered Institute of Public Finance and Accountancy (CIPFA) require the Chief Internal Auditor to provide an opinion on the overall control environment based upon the work carried out by the function each year. The attached report does that and updates members on activity and performance not reported to the Committee during the year to date against the 2011/12 Annual Plan.

Executive Summary

2. The attached Annual Report identifies that overall the CIA has concluded at page 1:

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

3. The remainder of the report updates members on six areas of operational audits were 'limited assurance' has been concluded. Members should note that these audits were concluded before December 2011, but the finalisation of the reports was delayed due to the transfer. However, management actions have been agreed in all of these areas and considerable progress has been made in responding and implementing actions. For example procedure notes have now been written in relation to Housing Benefits and the Pensions Altair system back up has been resolved. As such good progress has been made in all areas of concern raised.

4.   Overall SWAP IA found:

Assurance (per definitions at Appendix)	Number
Full	5%
Substantive	57%
Partial/Limited	25%
None	1%
Summary audit only	12%

The detail by each audit is set out at Appendix A of the SWAP report.

5.   The report identifies that despite the transfer 100% of audits planned, as revised at the last Audit Committee were completed and the fee delivered as per budget. Due to the limited time of operating the partnership with Wiltshire Council some performance measures, such as time to report, not previously collated were not possible of being collated this year but will be reported to future Committees.

6.   Work on the 2012/13 Audit Plan has commenced and whilst only 4 audits have been finalised (all reasonable assurance) this is due to the timing of the year end work and thus the work remains on track and Appendix B of the SWAP report identifies the work undertaken in the last 3 months and the up and coming audit reviews.

Proposal

7.   Members are asked to note the opinion of the Chief Internal Auditor and the findings from the last two quarters.

Reasons for Proposals

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

Michael Hudson
Director of Finance, S.151 Officer

Report author: **Michael Hudson**
                          01225 713601
                          michael.hudson@wiltshire.gov.uk

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

Page 45

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SWAP

SOUTH WEST AUDIT PARTNERSHIP

Delivering Audit Excellence

Wiltshire Council

Annual Report and Opinion 2011-12

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox
Head of Internal Audit Partnership
Tel: 01935 462371
gerry.cox@southwestaudit.gov.uk

Dave Hill
Group Audit Manager
Tel: 01305 838251
david.hill@southwestaudit.gov.uk

Denise Drew
Audit Manager
Tel: 01225 712702
denise.drew@southwestaudit.gov.uk

Estelle Sherry
Audit Manager
Tel: 01722 434618
estelle.sherry@southwestaudit.gov.uk

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

Annual Opinion:

The Head of Internal Audit is required to provide an annual opinion report to support the Annual Governance Statement.

Head of Internal Audit Opinion

Over the year SWAP has found Senior Management at Wiltshire Council to be supportive of Internal Audit findings and responsive to the recommendations made. In addition there is a good relationship with Management whereby they feel they can approach SWAP openly into areas where they perceive potential problems and again welcome the opportunity to take on board recommendations for improvement.

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

Local Government, along with other Public Sector partners is experiencing unprecedented change driven by Central Government and this, as well as the ongoing merging of systems and processes, will result in many challenges for Wiltshire Council. These changes will mean greater reliance will be placed on internal systems and their effectiveness. In order to make changes and react to new and emerging risks, the Council will need assurance that Internal Controls are in place and operating effectively.

A key objective of SWAP is to continue to support management in this task. I am confident that the Internal Audit Plan for 2012-13 has the correct focus for this purpose, but it will of course need to remain flexible to meeting the ever changing risk environment.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

Annual Opinion:

The Head of Internal Audit is required to provide an annual opinion report to support the Annual Governance Statement.

Purpose of Report

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

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

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

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

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

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

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

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

SWAP SOUTH WEST AUDIT PARTNERSHIP *Delivering Audit Excellence*

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

Annual Opinion:

The Head of Internal Audit is required to provide an annual opinion report to support the Annual Governance Statement.

Background

The Internal Audit service for Wiltshire Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors and in compliance with the CIPFA Code of Practice. The work of the partnership is guided by the Internal Audit Charter which is reviewed annually. Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work of the section is based on the Annual Plan agreed by Senior Management and this Committee. This report summarises the activity of SWAP for the year April 2011 to March 2012.

The provision for Internal Audit transferred to The South West Audit Partnership with effect from the 1st November 2011. All the existing in-house staff, with the exception of the I.T. Manager transferred under TUPE conditions and therefore it is important to note that none of the local expertise was lost as part of this process.

Since November 2011, the arrangements in place have been transitional in that the working practices operated by Wiltshire Internal Audit were not changed. This was a deliberate decision based on a number of factors, but primarily it was felt that changing practices in mid-year may have led to confusion for staff, management and members. Further to this there were significant delays in getting the appropriate I.T. infrastructure in place and therefore the use of SWAP's audit automation tool, MKi would not have been practicable until delivery of the 2012-13 Annual Plan.

As previously reported to Members, the approach adopted by SWAP is different in that we assess risks at a corporate level and prioritise actions at the service/function level. We have, as agreed delivered training to members on this approach and the feedback was extremely positive.

Completed Audit Assignments 2011/12

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

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

Internal Audit Work Programme

The schedule provided at Appendix A contains a list of all audits agreed for inclusion in the Annual Audit Plan 2011/12 and the final outturn for the financial year. In total, 91 (including 8 at draft) audit reviews were completed during the year with a further 7 audits due for completion. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Of the 91 reviews completed, they are broken down as follows:

Operational Audits	29
Key Control	18
Follow Up Work	4
Unplanned / Special Project Work	10
Schools	30

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

Members should note that with effect from the 2012-13 Audit Plan the Audit Framework definitions used will be the same as the rest of the Partnership. This should not cause any issues and both historic and new assurance opinions are noted in the aforementioned document.

Completed Audit Assignments 2011/12

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

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

Audits Completed

OPERATIONAL AUDITS:

Operational Audits are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated. A total of 38 Operational Audits were undertaken by SWAP for the period April 2011 to March 2012. 8 audits are at "draft report status",9 are "in progress" or at "discussion stage" and 21 have now been completed to "final report status". Of the reports issued to at least draft stage, 11 have received "limited assurance".

A "limited/partial" or "none" opinion has been given where some or all key risks are not well managed and systems require the introduction and/or improvement of internal controls to ensure the achievement of objectives (see audit opinion definitions in Appendix D). In our notes below we have tried to summarise the key issues that require management attention to address our findings. These are reports that have been issued since our last update to this Committee in December 2011, and therefore have not previously been reported.

Completed Audit Assignments 2011/12

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

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

Audits Completed

1(9). OSJ Care Homes – Limited Assurance

The Internal Audit Opinion for OSJ Care Homes was Limited Assurance. Weaknesses in the system of control were such as to put service objectives at risk.

A sample of care plans were reviewed and in all cases the daily care plans were completed and signed although issues were identified with the timing of monthly and 6 monthly reviews carried out by OSJ. There were also issues around the timing of annual reviews which should be carried out by the Council as in the majority of files tested the review was overdue or there was no evidence of a review taking place.

In general the cash records were in good order; however there were concerns with the level of detailed receipts and a number of receipts were missing. The audit in 2010 also highlighted these concerns and it was apparent that although steps have been taken by OSJ to address this in the individual homes visited last year, these have not been implemented across the region.

With regards to the information sent from OSJ to the Council, this audit was pleased to observe an improvement since the previous audit. Action is currently taking place to change the whole procedure to ensure that any problems in the homes are detected to enable prompt action to be taken. Again, following the previous audit, new contract management meeting governance arrangements have also been implemented and no further risks identified.

In accordance with the government standards, homes are subject to a regime of external inspection. As more services are being commissioned through external providers, good quality information from the provider and detailed contract review will be increasingly important. The use of Internal Audit could also support this work.

SWAP SOUTH WEST AUDIT PARTNERSHIP *Delivering Audit Excellence*

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

Completed Audit Assignments 2011/12

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

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

Audits Completed

2(33). Altair Pensions Systems – Limited Assurance

The Internal Audit opinion for **Altair Pensions system** was **Limited**. The audit opinion does not reflect any inadequacy of the Pensions team but is as a result of the lack of information provided by Heywood regarding backups, Disaster Recovery Testing and the inability of the system to show the permissions attributed to each role.

It appears that all Wiltshire domain users had read only access to all the documents stored on the Pensions area of the SharePoint site. Due to the very high risk of a data breach, this finding was reported to the Head of Pensions and the Head of Governance Services immediately, for action.

The information provided by the Pensions team was very well presented, accurate and timely.

3(39) Planning Applications – Limited Assurance

The Internal Audit opinion for **Planning Applications** was **'Limited Assurance'**. This means that there are weaknesses in the system of control as to put service objectives at risk. This level of assurance reflects the 'state of flux' reported in the latest Service Delivery Plan due to recent restructuring, relocation of teams, the reliance on legacy ICT systems, and loss of staff prior to the audit and the lack of a single core strategy for Wiltshire.

Three of the four planning teams had been the subject of a partial systems thinking review in the past. As the south team was one of those reviewed our testing initially focussed on that area as it had a degree of commonality with the way two of the other teams operated. The recommendations in this report stem from findings and observations in the south team which we believe will assist two other teams in the short term, and inform best practice for the whole service when the services upgrades to a single new IT system in 2012.

Completed Audit Assignments 2011/12

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

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

Audits Completed

The main areas of control weakness identified were as follows:

- Income collection, recording and banking.
- Audit trail and reconciliation of fees received to the main ledger.
- Segregation of duties, record keeping and checking.
- Monitoring and managing delays in planning decisions.
- Inconsistency in public information on the website.
- Maintaining the project risk register.

4(20) Housing and Council Tax Benefits – Limited Assurance

The Internal Audit opinion for **the Housing and Council Tax Benefits** system was a **Limited Assurance.** This means that weaknesses in the system of control are such as to put service objectives at risk.

This opinion was due largely to the fact that written procedures and operating arrangements were yet to be finalised in a number of key areas.

Our independent testing showed benefit payments under the new application system reconcile to the SAP main ledger, but there was no process or written procedure yet established for weekly reconciliations being carried out and signed off. We were therefore unable to re-perform any management reconciliations as these have not yet being undertaken.

At present, arrangements for the issuing of invoices for benefit overpayments were still to be finalised. Consequently, we have been unable to offer any assurance on the controls in this area following conversion.

Completed Audit Assignments 2011/12

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

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

Audits Completed

We found that exception reporting is only being used currently (as under the legacy Northgate system) to identify large payments. Testing demonstrated that this had successfully identified some incorrect payments due to data omissions on conversion from legacy systems. Staff training was currently being given to staff on using the Northgate Business Objects reporting tool. This should enable development of more sophisticated arrangements for exception reports to be produced for managers that will give early warning of unusual or irregular payments, and assist in the effective monitoring of overpayments.

We also found weaknesses in the way rejected BACs payments were being notified to Benefits staff so that appropriate adjustments can be made to client accounts where payments have not been made. Recommendations were made to improve communication between Accounts Payable and Benefits staff. In addition, our report last year saw advantages in setting up BACs payment runs exclusively for Benefits **)** payments as a means of simplifying the reconciliation process and we again recommended this.

5(54) Luckington Community School – Limited Assurance

The Internal Audit opinion for systems of financial and other control operated within Luckington Community School was:

Limited Assurance – Weaknesses in the system of control are such as to put service objectives at risk.

Our opinion is based on the following key issues:

- The School's Scheme of Delegation was out of date and the Business Register is incomplete.
- Based on the information and documents provided, we could not confirm that the School's budget had been reviewed in accordance with the financial regulations for the current financial year.
- Weaknesses in purchase controls were found, notably orders are not marked as being checked and the Headteacher does not authorise payment of invoices.

Completed Audit Assignments 2011/12

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

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

Audits Completed

- Weaknesses in processing income were found. There is no separation of duties, transfers take place between the Voluntary Fund and bank account, and a number of different records are kept which stretch the audit trail. A comprehensive check on the sums collected, recorded and banked is required to ensure that <u>all income due to the School</u> is received in the School's official bank account and is received promptly, regularly and in full.
- Bank reconciliations and the investigation of un-reconciled items were not carried out promptly.
- From review and testing undertaken, all other expected controls relating to the systems reviewed (as stated above) were found to be operating satisfactorily.

6(63) Nicholas Church of England Voluntary Controlled Primary School – Limited Assurance

The Internal Audit opinion for systems of financial and other control operated within **St Nicholas Church of England Voluntary Controlled Primary School** was:

Limited Assurance – Weaknesses in the system of control are such as to put service objectives at risk.

Our opinion is based on the following key issues:

- The Scheme of Delegation requires updating
- The School Development Plan could be used more effectively
- Budget monitoring reports to the governors need to be timely and regular
- Reports from the financial management system should be retained to support the monitoring reports that are presented to the governors
- Minutes taken at the meetings of the Finance and Buildings Committee should be produced and retained at the School
- Maintaining up to date banking records and regular reconciliations including clearing un-reconciled items is required

Completed Audit Assignments 2011/12

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

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

Audits Completed

- Although we found weaknesses spread amongst the systems that we reviewed (as stated above) there were also good controls in place throughout these systems.

Completed Audit Assignments 2011/12

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

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

Audits Completed

KEY CONTROL AUDITS:

The Key Control Audit process focuses primarily on key risks relating to the Council's major financial systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. The findings from these reviews are considered by the External Auditors when they assess the Council's Financials Statements ay year end.

There were 18 key control audits completed as part of the 2011-12 plan. As can be seen from Appendix A, 12 received "full" or "substantial" assurance, and 6 "limited" assurance.

UNPLANNED / SPECIAL PROJECT WORK:

Occasionally when Management identify a potential area for specific attention or an unexpected problem arises in a service area, Internal Audit are requested to undertake a review to provide advice and, if appropriate, recommendations for improvement. In some cases it may be necessary to defer planned reviews in order to complete these special reviews, but where ever possible the impact on the delivery of the plan has been minimised. 10 additional unplanned audits were undertaken during the period April 2011 to March 2012 all of which have been completed.

FOLLOW-UP WORK:

Follow-up Audits are carried out to confirm that any recommendations from the original audit, where a "partial" or "none" opinion was afforded, have been completed as agreed. 4 Follow-up Audits were undertaken during the period April 2011 to March 2012 and it is pleasing to note that all high priority actions have been reviewed and management action to address these confirmed.

Audit Progress 2012/13

Our audit activity is split between:

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

Audits Progress 2012-13 Plan

The Annual Audit Plan 2012-13 was agreed by this Committee on Wednesday, 21st March, 2012 and the progress to date on the quarter scheduled work is detailed in Appendix B.

As mentioned earlier in this report, the processes, assessment of risk and prioritisation of recommendations will all be changed to the new approach adopted by SWAP and all of its partners. There will clearly be somewhat of a learning curve for staff but the new approach allows us to compare and contrast risks across our partners from the same basis.

In terms of the 2012-13 plan I am pleased with the progress that has been made although our priority must be to bring the 2011-12 plan to a swift conclusion. A more detailed report with greater narrative will be presented to members at the September Audit Committee.

Summary of Control Assurance and Recommendations

Assurance by Category

- Full 5%
- No 1%
- Summary 12%
- Limited 25%
- Substantial 57%
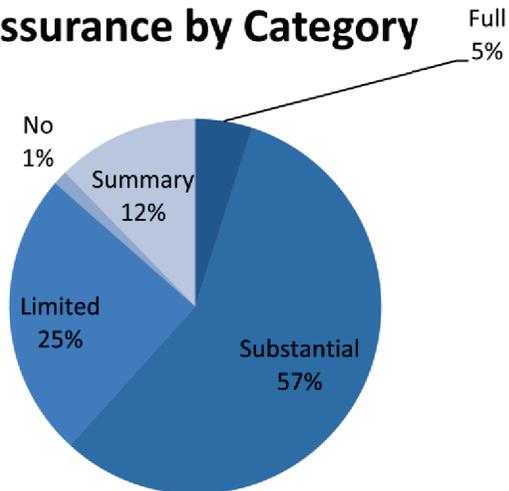
Audit Recommendation by Priority
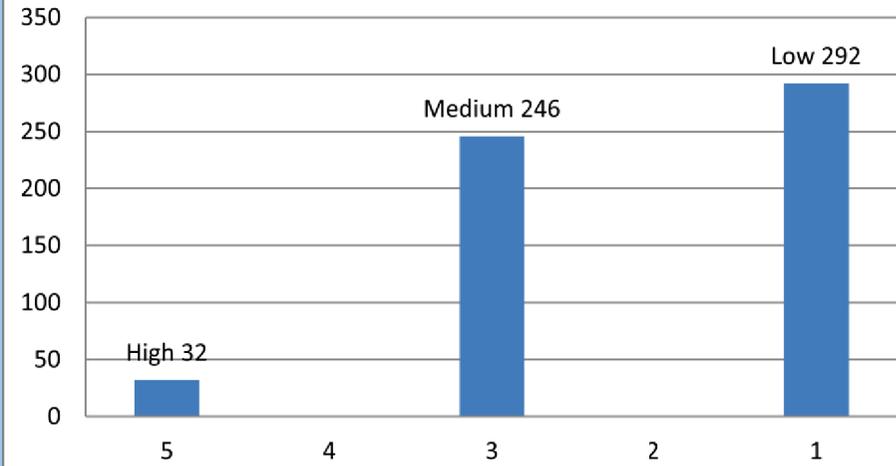
Priority	Count
5	High 32
4	
3	Medium 246
2	
1	Low 292

Performance:

The Head of Internal Audit Partnership reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

SWAP now provides the Internal Audit service for 12 Councils and also many subsidiary bodies.

SWAP performance is subject to regular monitoring review by both the Management and Partnership Boards. The respective outturn performance results for Wiltshire Council for the 2011/12 year are as follows;

Performance Target	Average Performance
Audit Plan Percentage Completion 100% (Reflecting agreed amended plan and "In Progress" work to be completed by the end of June 2012)	100%
Draft Report Reports Issued within 5 working days Reports issued within 10 working days	Full Year Not Available Full Year Not Available
Final Reports Reports issued within 10 working days of discussion of draft report.	Full Year Not Available
Quality of Audit Work Individual Audit Assignment Feedback	85%
Audit Fee Audit Fee to Planned Fee - 0% Variation	0%

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

Performance:

The Head of Internal Audit Partnership reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

Appendix C shows a list of detailed KPI's that SWAP will be measured against during the year. These may be subject to some refinement but these will be reported on a quarterly basis to this Committee. KPI's since November have not been produced purely due the different systems operating in year, however, I am happy with the performance to date as reported.

With regards to the 2011/12 Annual Plan for Wiltshire Council, there were a total of 92 reviews completed. In agreement with management, and previously reported to this Committee a number of reviews were removed due to the disruption by changes to management arrangements.

Most audits have been completed to report stage. For those reviews still showing as "In Progress", testing in most cases has been completed and these are targeted to be finalised before the end of June.

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 85% is set where 75% would represent a score of good. The latest Scorecard across the entire Partnership shows the current average feedback score to be 84%. Whilst the feedback has been limited due to the transitional arrangements the average feedback score was for Wiltshire Council was 85%.

Audit No	Directorate/Service	Audit Area	Audit Type	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
								High 5	4	3	2	Low 1
	FINAL REPORTS ISSUED DURING 2011-12											
1	Chief Executives	Council Tax	Key Control	April 2011	Final	Substantial	7	0	0	3	0	4
2	Chief Executives	Contract Administration	Operational	April 2011	Final	Limited	9	4	0	5	0	0
3	Children & Education	Trading Services - Braeside	Operational	April 2011	Final	Limited	13	2	0	5	0	6
4	Community Services	Area Boards, Communities	Operational	April 2011	Final	Substantial	11	0	0	0	0	11
5	Community Services	Care Homes	Operational	April 2011	Final	Substantial	4	2	0	0	0	2
6	Community Services	Care Placements (Corporate Risk CR003)	Operational	April 2011	Final	Summary	0	0	0	0	0	0
7	Community Services	Court of Protection	Operational	April 2011	Final	Limited	12	2	0	8	0	2
8	Community Services	Court of Protection	Follow Up	February 2012	Final	Summary	0	0	0	0	0	0
9	Community Services	Orders of St John (OSJ) Care Homes Contract	Operational	April 2011	Final	Limited	9	0	0	5	0	4
10	Community Services	Traveller Services	Operational	April 2011	Final	No	10	6	0	4	0	0
11	Community Services	Traveller Services (Follow Up)	Follow Up	November 2011	Final	Limited	10	1	0	5	0	4
12	Corporate	SAP (IT)	Operational	2010/11	Final	Substantial	15	0	0	4	0	11
13	Corporate	Grants	Operational	April 2011	Final	Substantial	7	0	0	0	0	7
14	Corporate	SAP Administration	Operational	April 2011	Final	Summary	0	0	0	0	0	0
15	Finance	Accounts Payable	Key Control	November 2011	Final	Substantial	8	0	0	0	0	8
16	Finance	Accounts Receivable	Key Control	November 2011	Final	Substantial	1	0	0	0	0	1
17	Finance	Cash Investments & Borrowing	Key Control	November 2011	Final	Full	1	0	0	0	0	1
18	Finance	Contract Management	Operational	April 2011	Final	Limited	9	4	0	4	0	1
20	Finance	Housing & Council Tax Benefits	Key Control	January 2012	Final	Limited	4	0	0	2	0	2
21	Finance	Management Accounting / Budgeting	Key Control	November 2011	Final	Substantial	3	0	0	1	0	2
22	Finance	Payroll	Key Control	November 2011	Final	Substantial	7	0	0	0	0	7
23	Finance	Pensions	Key Control	November 2011	Final	Substantial	8	0	0	2	0	6
24	Housing Services	Housing Rents	Key Control	January 2012	Final	Substantial	9	0	0	3	0	6
25	ICT	Mobile Phones	ICT	April 2011	Final	Limited	8	2	0	6	0	0
26	ICT	IT Infrastructure	Key Control	April 2011	Final	Substantial	14	0	0	9	0	5
27	ICT	Revenue and Benefits (IT) - North	Key Control	2010/11	Final	Limited	26	0	0	15	0	11
28	ICT	Revenue and Benefits (IT) - West	Key Control	2010/11	Final	Limited	17	0	0	9	0	8
29	ICT	Revenue and Benefits (IT) - East	Key Control	2010/11	Final	Limited	18	0	0	10	0	8

30	ICT	Revenue and Benefits (IT) - South	Key Control	2010/11	Final	Limited	20	0	0	8	0	12
31	ICT	Housing Rents (Simdell)	Key Control	2010/11	Final	Substantial	18	0	0	10	0	8
32	ICT	Cash Management (IT Civica)	Key Control	2010/11	Final	Substantial	23	0	0	17	0	6
33	ICT	Pensions	Key Control	April 2011	Final	Limited	9	1	0	4	0	4
34	ICT	Core Financial Systems - SAP	Key Control	November 2011	Final	Substantial	23	0	0	4	0	19
35	Neighbourhood & Planning	Fleet Management	Operational	2010/11	Final	Limited	20	2	0	11	0	7
36	Neighbourhood & Planning	Concessionary Travel	Operational	November 2011	Final	Substantial	3	0	0	1	0	2
37	Neighbourhood & Planning	Highways Maintenance Network	Follow Up	February 2012	Final	Summary	0	0	0	0	0	0
38	Neighbourhood & Planning	Markets	Operational	April 2011	Final	Substantial	3	0	0	1	0	2
39	Neighbourhood & Planning	Planning Applications	Operational	April 2011	Final	Limited	18	0	0	5	0	13
40	Neighbourhood & Planning	Provision of Highways Services, Ringway	Follow Up	February 2012	Final	Summary	0	0	0	0	0	0
41	Neighbourhood & Planning	Waste Collection (Corporate Risk CR027)	Operational	April 2011	Final	Summary	0	0	0	0	0	0
42	Neighbourhood & Planning	Waste Management & Landfill Strategy (Corporate Risk CR001)	Operational	April 2011	Final	Summary	0	0	0	0	0	0
43	Transformation & Resources	Internal Governance	Operational	April 2011	Final	Substantial	2	0	0	1	0	1
44	Transformation & Resources	Pre-Employment Screening	Operational	April 2011	Final	Substantial	8	0	0	2	0	6
	SCHOOLS AUDITS UNDERTAKEN DURING 2011-12											
45	Schools - Primary (incl First, Infant & Junior)	All Cannings Primary School	School	February 2012	Final	Full	1	0	0	0	0	1
46	Schools - Primary (incl First, Infant & Junior)	Brinkworth Earl Danby's Church of England Primary School	School	October 2011	Final	Substantial	5	0	0	0	0	5
47	Schools - Primary (incl First, Infant & Junior)	Christian Malford Church of England Primary School	School	November 2011	Final	Substantial	2	0	0	1	0	1
48	Schools - Primary (incl First, Infant & Junior)	Churchfields, The Village School	School	October 2011	Final	Substantial	7	0	0	2	0	5
49	Schools - Primary (incl First, Infant & Junior)	Devizes Southbroom Infants School	School	December 2011	Final	Substantial	3	0	0	1	0	2
50	Schools - Primary (incl First, Infant & Junior)	Easton Royal Community Primary School	School	November 2011	Final	Substantial	3	0	0	3	0	0
51	Schools - Primary (incl First, Infant & Junior)	Forest & Sandridge Church of England Primary School	School	January 2012	Final	Substantial	3	0	0	2	0	1
52	Schools - Primary (incl First, Infant & Junior)	Holt Voluntary Controlled Primary School	School	January 2012	Final	Substantial	2	0	0	0	0	2
53	Schools - Primary (incl First, Infant & Junior)	Langley Fitzurse Church of England Primary School	School	October 2011	Final	Substantial	3	0	0	2	0	1
54	Schools - Primary (incl First, Infant & Junior)	Luckington Community School	School	January 2012	Final	Limited	11	0	0	9	0	2
55	Schools - Primary (incl First, Infant & Junior)	Monkton Park Community Primary School	School	January 2012	Final	Substantial	3	0	0	3	0	0
56	Schools - Primary (incl First, Infant & Junior)	New Close Community School	School	November 2011	Final	Full	1	0	0	0	0	1
57	Schools - Primary (incl First, Infant & Junior)	North Bradley Church of England Primary School	School	November 2011	Final	Substantial	7	0	0	3	0	4
58	Schools - Primary (incl First, Infant & Junior)	Seend Church of England Voluntary Aided Primary School	School	January 2012	Final	Substantial	3	0	0	3	0	0
59	Schools - Primary (incl First, Infant & Junior)	Semley Church of England Voluntary Aided Primary School	School	November 2011	Final	Substantial	3	0	0	1	0	2
60	Schools - Primary (incl First, Infant & Junior)	Sherston Church of England Primary School	School	January 2012	Final	Substantial	6	0	0	4	0	2

61	Schools - Primary (incl First, Infant & Junior)	Southbroom Church of England Junior School	School	December 2011	Final	Substantial	7	0	0	3	0	4
62	Schools - Primary (incl First, Infant & Junior)	St Joseph's Catholic Primary School Malmesbury	School	January 2012	Final	Substantial	2	0	0	1	0	1
63	Schools - Primary (incl First, Infant & Junior)	St Nicholas Church of England (V.C.) Primary School Bromham	School	October 2011	Final	Limited	14	0	0	8	0	6
64	Schools - Primary (incl First, Infant & Junior)	The Manor Church of England Primary School	School	September 2011	Final	Substantial	6	0	0	1	0	5
65	Schools - Primary (incl First, Infant & Junior)	The Mead Community Primary School	School	January 2012	Final	Substantial	2	0	0	2	0	0
66	Schools - Primary (incl First, Infant & Junior)	The Minster Church of England Primary School	School	November 2011	Final	Substantial	5	0	0	2	0	3
67	Schools - Primary (incl First, Infant & Junior)	Whitesheet Church of England Voluntary Aided Primary School	School	November 2011	Final	Substantial	8	0	0	5	0	3
68	Schools - Primary (incl First, Infant & Junior)	Winsley Church of England Voluntary Controlled Primary School	School	November 2011	Final	Full	1	0	0	0	0	1
69	Schools - Primary (incl First, Infant & Junior)	Wootton Bassett Infants	School	January 2012	Final	Substantial	8	0	0	4	0	4
70	Schools - Primary (incl First, Infant & Junior)	Wylye Valley School	School	November 2011	Final	Substantial	7	1	0	5	0	1
71	Schools & Learning	Schools Advice	Advice	April 2011	Final	Summary	0	0	0	0	0	0
72	Schools & Learning	Themed Reviews (Contingency)	School	January 2012	Final	Summary	0	0	0	0	0	0
73	Schools - Primary (incl First, Infant & Junior)	Harnham Infant School	School	November 2011	Final	Substantial	4	0	0	4	0	4
74	Schools - Primary (incl First, Infant & Junior)	Urchfont C.E. Primary School	School	January 2012	Final	Substantial	4	0	0	3	0	1
	ONGOING ADVICE DURING 2011-12											
75	Chief Executives	Banking (HSBCnet)	Advice	April 2011	Completed	Advice	0	0	0	0	0	0
76	Children & Education	Care Placements (Corporate Risk CR003)	Advice	April 2011	Final	Summary	0	0	0	0	0	0
77	Client Support	Corporate Advice	Ongoing Advice	April 2011	Completed	Advice	0	0	0	0	0	0
78	Client Support	Corporate Meetings	Ongoing Advice	April 2011	Completed	Advice	0	0	0	0	0	0
79	Client Support	External Audit	Ongoing Advice	April 2011	Completed	Advice	0	0	0	0	0	0
80	Corporate	National Fraud Initiative	Ongoing Advice	April 2011	Completed	Summary	0	0	0	0	0	0
81	Corporate	Project Management	Operational	November 2011	Completed	Advice	0	0	0	0	0	0
82	Corporate	Anti Fraud & Corruption	Ongoing Advice	April 2011	Completed	Summary	0	0	0	0	0	0
83	Finance	Risk Management	Advice	November 2011	Completed	Advice	0	0	0	0	0	0
84	Neighbourhood & Planning	Housing PFI Scheme (Corporate Risk CR001)	Advice	April 2011	Final	Summary	0	0	0	0	0	0
85	Neighbourhood & Planning	Carbon Reduction (Corporate Risk CR008)	Advice	April 2011	Final	Summary	0	0	0	0	0	0
	DRAFT REPORTS ISSUED DURING 2011-12											
86	Children & Education	Child Placements Out of County	Operational	November 2011	Draft	TBC	7	1	0	3	0	3
87	Children & Education	Safeguarding (Child Protection)	Operational	November 2011	Draft	TBC	18	3	0	6	0	9
88	ICT	Core Financial Systems - Benefit Systems	ICT	November 2011	Draft	TBC	7	0	0	0	0	7
89	ICT	Core Financial Systems - Cash Receipting (Civica)	ICT	November 2011	Draft	TBC	16	0	0	0	0	16

90	ICT	Core Financial Systems - Housing Rents (Simdell)	ICT	November 2011	Draft	TBC	4	0	0	0	0	4
91	ICT	IT Infrastructure	ICT	April 2011	Draft	TBC	7	2	0	1	0	4
92	ICT	New Revenues & Benefits System (Northgate)	ICT	April 2011	Draft	TBC	0	0	0	0	0	0
93	Neighbourhood & Planning	Leisure Services Management	Operational	November 2011	Draft	TBC	0	0	0	0	0	0
	CURRENT WORK IN PROGRESS 2011-12											
94	Children & Education	Child Placements Foster Carers	Operational	November 2011	In Progress		0	0	0	0	0	0
95	Community Services	DCS Systems Thinking Review Programme	Operational	November 2011	In Progress		0	0	0	0	0	0
96	Corporate	Income	Operational	April 2011	In Progress		0	0	0	0	0	0
97	Finance	Procurement & Contract Management	Operational	November 2011	In Progress		0	0	0	0	0	0
98	Neighbourhood	Car Parking Services	Operational	November 2011	In Progress		0	0	0	0	0	0
99	Neighbourhood	StreetScene	Operational	November 2011	In Progress		0	0	0	0	0	0
100	Neighbourhood	Traffic and Network Management	Operational	November 2011	In Progress							
101	Neighbourhood & Planning	Section 106 Agreements	Operational	November 2011	In Progress	Deferred to Q1/Q2 2012/13	0	0	0	0	0	0
102	Transformation & Resources	Temporary Staff / Consultants	Operational	November 2011	In Progress	Deferred to Q1/Q2 2012/13	0	0	0	0	0	0
	ADDITIONAL UNPLANNED WORK											
103	Chief Executives	Cash and Physical Assets	N/A									
104	Children & Education	Communications	Special Investigation									
105	Dept for Children & Education	Cash and Physical Assets	N/A									
106	Finance	Revenue and Benefits - Migration Work	N/A									
107	Finance	Procurement & Contract Management	Special Investigation									
108	Neighbourhood & Planning	Cash and Cheque Income	N/A									
109	Neighbourhood & Planning	Cash Receipts	N/A									
110	Neighbourhood & Planning	Maintenance Contracts	N/A									
111	Neighbourhood & Planning	Cash and Physical Assets	N/A									
112	Transformation & Resources	Cash and Physical Assets	N/A									
	REMOVED/DEFERRED WORK DUE TO LOSS IN AVAILABLE PRODUCTIVE DAYS (reported to this Commmittee December 2011)											
113	Chief Executives	Capital Accounting	Operational	November 2011	Removed	Undertaken by External Audit.						

114	Children & Education	Internal Governance	Operational	November 2011	Removed	Changes in Organisational Structure
115	Community Services	Assessments & Reviews (Care & Financial)	Operational	April 2011	Removed	New processes being implemented.
116	Community Services	Internal Governance	Operational	November 2011	Removed	Changes in Organisational Structure
117	Corporate	Management Restructuring	Operational	March 2012	Removed	Themed audit review - commencing April 2012
118	ICT	CareFirst	Operational	April 2011	Deferred	Date to be agreed.
119	ICT	Customer Relationship Management System	Operational	November 2011	Removed	To be included in 2012/13 plan (if still required) due to loss in available productive days.
120	ICT	Housing Management System	Operational	April 2011	Removed	Agreed to defer to 2012-13 whilst new systems and processes are being implemented.
121	ICT	Information / IT Management	Operational	April 2011	Removed	To be included in 2012/13 plan (if still required) due to loss in available productive days.
122	ICT	IT Asset Database	Operational	November 2011	Deferred	To incude in IT Plan 2012 as part of contingency.
123	Corporate	Freedom of Information, Data Protection Act	Operational	November 2011	Deferred	Included in 2012-13 Plan
124	HR & Organisational Development	Sickness Absence	Operational	November 2011	Deferred	Requested by Client - Q2 2012/13
125	Transformation & Resources	Corporate Employment Policies & Procedures	Operational	April 2011	Deferred	Deferred until 2012-13.
126	Public Health & Public Protection	Internal Governance	Operational	November 2011	Removed	Changes in Organisational Structure
127	Public Health & Public Protection	IT systems	Operational	April 2011	Removed	To be included in 2012/13 plan (if still required) due to loss in available productive days.
128	Schools - Primary (incl First, Infant & Junior)	Whiteparish All Saints Church of England Aided Primary School	School	January 2012	Deferred	Completed Q1 2012/13 Opinion = Partial
129	Schools - Primary (incl First, Infant & Junior)	Malmesbury Primary School	School	February 2012	Removed	Proposed Academy school
130	Schools - Primary (incl First, Infant & Junior)	Pembroke Park Primary School	School	January 2012	Deferred	Completed Q1 2012/13 Opinion = Reasonable
131	Schools - Primary (incl First, Infant & Junior)	Wardour Catholic Primary School	School	January 2012	Removed	Abandoned due to LEA intervention at school

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Audit No.	Directorate/Service	Audit Area	Audit Type	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
								5	4	3	2	1
STATUS OF PLANNED WORK QUARTER 1 2012/2013												
1	Business Services	Disaster Recovery	ICT	April 2012	Created		0	0	0	0	0	0
2	Client Support	Planning, Reporting & Advice	Advice	April 2012	On Going		0	0	0	0	0	0
3	Communities & Libraries	Libraries	Operational	April 2012	In Progress		0	0	0	0	0	0
4	Community Services	Area Boards, Communities	Operational	April 2012	Created		0	0	0	0	0	0
5	Corporate	Capital Projects	Operational	April 2012	In Progress		0	0	0	0	0	0
6	Corporate	Complaints	Operational	April 2012	In Progress		0	0	0	0	0	0
7	Corporate	SAP Administration	Operational	April 2012	In Progress		0	0	0	0	0	0
8	Finance	Contract Management	Operational	April 2012	In Progress		0	0	0	0	0	0
9	Finance	Creditor Fraud	Governance, Fraud & Corruption	April 2012	In Progress		0	0	0	0	0	0
10	Finance	Housing & Council Tax Benefits	Operational	April 2012	In Progress		0	0	0	0	0	0
11	Finance	Imprests/Cash Remote Offices	Follow Up	April 2012	In Progress		0	0	0	0	0	0
12	Finance	Partnerships	Operational	April 2012	In Progress		0	0	0	0	0	0
13	Finance	Procurement Cards	Follow Up	April 2012	In Progress		0	0	0	0	0	0
14	Housing Services	Housing Repairs	Operational	April 2012	In Progress		0	0	0	0	0	0
15	HR & Organisational Development	Restructuring & Redundancies	Operational	April 2012	In progress		0	0	0	0	0	0
16	HR & Organisational Development	Staff leavers	Operational	April 2012	Created		0	0	0	0	0	0
17	ICT	Housing Management System	ICT	April 2012	In progress		0	0	0	0	0	0
18	Legal & Democratic	Coroners	Operational	April 2012	In Progress		0	0	0	0	0	0
19	Legal & Democratic	Electoral Services	Operational	April 2012	Created		0	0	0	0	0	0
20	Neighbourhood	StreetScene	Operational	April 2012	In Progress		0	0	0	0	0	0
21	Public Protection	Business Continuity	Governance, Fraud & Corruption	April 2012	In Progress		0	0	0	0	0	0
22	Public Protection	Licensing	Operational	April 2012	In Progress		0	0	0	0	0	0
23	Schools - Primary (incl First, Infant & Junior)	Amesbury Archer Primary School	School	April 2012	In Progress		0	0	0	0	0	0
24	Schools - Primary (incl First, Infant & Junior)	Baydon St Nicholas CE School	School	April 2012	In Progress		0	0	0	0	0	0
25	Schools - Primary (incl First, Infant & Junior)	Bellefield Primary & Nursery School	School	April 2012	Completed	Reasonable	2	0	0	2	0	1
26	Schools - Primary (incl First, Infant & Junior)	Bratton Primary School	School	April 2012	In Progress		0	0	0	0	0	0
27	Schools - Primary (incl First, Infant & Junior)	Burbage Primary School	School	April 2012	In progress		0	0	0	0	0	0
28	Schools - Primary (incl First, Infant & Junior)	Chapmanslade CE VC Aided Primary School	School	April 2012	In progress		0	0	0	0	0	0
29	Schools - Primary (incl First, Infant & Junior)	Cherhill CE Primary School	School	April 2012	Completed	Reasonable	3	0	0	2	0	1
30	Schools - Primary (incl First, Infant & Junior)	Chilton Foliat CE VA Primary School	School	April 2012	In Progress		0	0	0	0	0	0
31	Schools - Primary (incl First, Infant & Junior)	Crockerton CE VA Primary School	School	April 2012	In Progress		0	0	0	0	0	0
32	Schools - Primary (incl First, Infant & Junior)	Dilton Marsh CE Primary School	School	April 2012	In Progress		0	0	0	0	0	0
33	Schools - Primary (incl First, Infant & Junior)	Figheldean St Michael's CE Primary School	School	April 2012	In Progress		0	0	0	0	0	0

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								5	4	3	2	1
34	Schools - Primary (incl First, Infant & Junior)	Five Lanes Primary	School	April 2012	In progress		0	0	0	0	0	0
35	Schools - Primary (incl First, Infant & Junior)	Great Bedwyn CE Primary School	School	April 2012	In Progress		0	0	0	0	0	0
36	Schools - Primary (incl First, Infant & Junior)	Great Wishford CE Aided Primary School	School	April 2012	In Progress		0	0	0	0	0	0
37	Schools - Primary (incl First, Infant & Junior)	Greentrees Primary School	School	April 2012	In Progress		0	0	0	0	0	0
38	Schools - Primary (incl First, Infant & Junior)	Holbrook Primary School	School	April 2012	In Progress		0	0	0	0	0	0
39	Schools - Primary (incl First, Infant & Junior)	Kington St Michael CE Primary School	School	April 2012	Completed	Reasonable	2	0	0	2	0	0
40	Schools - Primary (incl First, Infant & Junior)	Larkrise School	School	April 2012	In progress		0	0	0	0	0	0
41	Schools - Primary (incl First, Infant & Junior)	Lyneham Primary	School	April 2012	In Progress		0	0	0	0	0	0
42	Schools - Primary (incl First, Infant & Junior)	Ogbourne St George & St Andrew VC CE Primary School	School	April 2012	In Progress		0	0	0	0	0	0
43	Schools - Primary (incl First, Infant & Junior)	Old Sarum Primary School	School	April 2012	In Progress		0	0	0	0	0	0
44	Schools - Primary (incl First, Infant & Junior)	Pembroke Park Primary School	School	April 2012	Completed	Reasonable	3	0	0	2	0	1
45	Schools - Primary (incl First, Infant & Junior)	Princecroft Primary School	School	April 2012	In Progress		0	0	0	0	0	0
46	Schools - Primary (incl First, Infant & Junior)	St George's CE Primary School	School	April 2012	In Progress		0	0	0	0	0	0
47	Schools - Primary (incl First, Infant & Junior)	St Michael's CE (Aided) Primary School, Aldbourne	School	April 2012	In Progress		0	0	0	0	0	0
48	Schools - Primary (incl First, Infant & Junior)	Stratford-sub-Castle CE VC Primary School	School	April 2012	In Progress		0	0	0	0	0	0
49	Schools - Primary (incl First, Infant & Junior)	West Ashton CE VA Primary School	School	April 2012	In progress		0	0	0	0	0	0
50	Schools - Primary (incl First, Infant & Junior)	Wilton & Barford CE Primary School	School	April 2012	In Progress		0	0	0	0	0	0
51	Schools - Secondary (incl Upper)	The Clarendon College	School	April 2012	In Progress		0	0	0	0	0	0
FUTURE PLANNED WORK												
52	Children & Education	Children and Families	Operational	July 2012			0	0	0	0	0	0
53	Client Support	Investigations (Contingency)		July 2012	Ongoing		0	0	0	0	0	0
54	Community Services	Child/Adult Transition	Operational	July 2012			0	0	0	0	0	0
55	Community Services	Continuing Health Care	Operational	July 2012			0	0	0	0	0	0
56	Community Services	Orders of St John (OSJ) Care Homes Contract	Operational	July 2012			0	0	0	0	0	0
57	Corporate	Committee Reporting - Member Decisions		July 2012			0	0	0	0	0	0
58	Corporate	Contract Fraud		July 2012			0	0	0	0	0	0
59	Corporate	Fees & Charges		July 2012			0	0	0	0	0	0
60	Corporate	Financial Procedure Rules & Contract Standing Orders		July 2012			0	0	0	0	0	0
61	Corporate	Managing With Reduced Resources		July 2012			0	0	0	0	0	0
62	Corporate	Project Management		July 2012			0	0	0	0	0	0
63	Finance	Procurement & Contract Management	Key Control	July 2012			0	0	0	0	0	0
64	Housing Services	Affordable Housing	Operational	July 2012			0	0	0	0	0	0
65	Housing Services	Housing Benchmarking	Operational	July 2012			0	0	0	0	0	0
66	HR & Organisational Development	Behaviours Framework		July 2012			0	0	0	0	0	0

Audit No.	Directorate/Service	Audit Area	Audit Type	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
								5	4	3	2	1
67	HR & Organisational Development	Sickness Absence		July 2012			0	0	0	0	0	0
68	ICT	CareFirst	ICT	July 2012			0	0	0	0	0	0
69	ICT	Cloud Computing	ICT	July 2012			0	0	0	0	0	0
70	Legal & Democratic	Assets & Property	Operational	July 2012			0	0	0	0	0	0
71	Legal & Democratic	Litigation Management	Operational	July 2012			0	0	0	0	0	0
72	Neighbourhood & Planning	Economic Development	Operational	July 2012			0	0	0	0	0	0
73	Public Protection	Emergency Planning	Operational	July 2012			0	0	0	0	0	0
74	Schools & Learning	School Reviews (Contingency)		July 2012			0	0	0	0	0	0
75	Business Services	IT Networks	Operational	October 2012			0	0	0	0	0	0
76	Community Services	Assessments & Reviews (Care & Financial)	Operational	October 2012			0	0	0	0	0	0
77	Community Services	DCS Care Home	Operational	October 2012			0	0	0	0	0	0
78	Corporate	Campus Programmes		October 2012			0	0	0	0	0	0
79	Corporate	Corporate Governance		October 2012			0	0	0	0	0	0
80	Corporate	Direct Payments Fraud		October 2012			0	0	0	0	0	0
81	Finance	Accounts Payable	Key Control	October 2012			0	0	0	0	0	0
82	Finance	Accounts Receivable	Key Control	October 2012			0	0	0	0	0	0
83	Finance	Cash Investments & Borrowing	Key Control	October 2012			0	0	0	0	0	0
84	Finance	Council Tax	Key Control	October 2012			0	0	0	0	0	0
85	Finance	Financial Reporting	Key Control	October 2012			0	0	0	0	0	0
86	Finance	Housing & Council Tax Benefits	Key Control	October 2012			0	0	0	0	0	0
87	Finance	Imprests	Key Control	October 2012			0	0	0	0	0	0
88	Finance	Management Accounting / Budgeting	Key Control	October 2012			0	0	0	0	0	0
89	Finance	NNDR	Key Control	October 2012			0	0	0	0	0	0
90	Finance	Payroll	Key Control	October 2012			0	0	0	0	0	0
91	Finance	Pensions	Key Control	October 2012			0	0	0	0	0	0
92	Finance	Risk Management	Key Control	October 2012			0	0	0	0	0	0
93	Housing Services	Housing Rents	Operational	October 2012			0	0	0	0	0	0
94	ICT	Core Financial Systems - Benefit Systems	ICT	October 2012			0	0	0	0	0	0
95	ICT	Core Financial Systems - Cash Receipting (Civica)	ICT	October 2012			0	0	0	0	0	0
96	ICT	Core Financial Systems - Housing Rents (Simdell)	ICT	October 2012			0	0	0	0	0	0
97	ICT	Core Financial Systems - SAP	ICT	October 2012			0	0	0	0	0	0
98	ICT	SAP Access Controls	ICT	October 2012			0	0	0	0	0	0
99	Adult Care	Help to Live at Home	Operational	January 2013			0	0	0	0	0	0
100	Children & Education	Adoption & Fostering	Operational	January 2013			0	0	0	0	0	0
101	Children & Education	Care Placements	Operational	January 2013			0	0	0	0	0	0

Audit No.	Directorate/Service	Audit Area	Audit Type	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
								5	4	3	2	1
102	Children & Education	Child Protection	Operational	January 2013			0	0	0	0	0	0
103	Community Services	Care Transfers	Operational	January 2013			0	0	0	0	0	0
104	Corporate	Change Management		January 2013			0	0	0	0	0	0
105	Corporate	Communications		January 2013			0	0	0	0	0	0
106	Corporate	Community Budgets		January 2013			0	0	0	0	0	0
107	Corporate	Expenses Fraud		January 2013			0	0	0	0	0	07
108	Corporate	Performance Management		January 2013			0	0	0	0	0	08
109	Housing Services	Housing Strategy	Operational	January 2013			0	0	0	0	0	0
110	ICT	Contingency	ICT	January 2013			0	0	0	0	0	0
111	Legal & Democratic	Data Quality	Operational	January 2013			0	0	0	0	0	0
112	Neighbourhood	Car Parking Services	Operational	January 2013			0	0	0	0	0	0
113	Neighbourhood & Planning	Street Lighting	Operational	January 2013			0	0	0	0	0	0
114	Neighbourhood & Planning	Traffic & Network Management	Operational	January 2013			0	0	0	0	0	0
115	Schools & Learning	Themed Reviews (Contingency)		January 2013			0	0	0	0	0	0

	Performance Measure	Target	Actual
1.1	% of audits delivered to agreed plan	100%	
1.2	% of unplanned audits completed as a % of total audits completed	100%	
1.3	% of quarterly partnership review meetings SWAP representative attend	100%	
1.4	Quarterly reports and Annual Report issued to Audit Committee on time	100%	
1.5	Audit Committee satisfaction	85% good or above	
1.6	Number of follow up audit recommendations actioned	90%	
1.7	Effective escalation process in place: • High priority matters resolved within 15 days • Low priority matters resolved in 60 days • Matters referred t Head of SWAP as unresolved after 15/60 days • Matters referred to SWAP management board as unresolved by Head of SWAP • Matters referred to SWAP Board as unresolved	95% 100% Not > 5% 0% 0%	
1.8	Audit Committee satisfaction	85% good or above	
1.9	% of audits relied upon by external auditors	100%	
1.10	% Audit reports completed in timely manner (to be defined as: • Audits commenced on planned start date • Draft issued within 5 days of target completion date • Final agreed report issued with 15 days	 90% 95% 100%	
1.11	% of transferred staff (by individual) spent on Wiltshire Council audits	80%	
1.12	% of non transferred staff spent on Wiltshire Council audits	20%	
1.13	Sickness levels kept below national benchmark	6 days	
1.14	% of partner cross cutting audit recommendations implemented	75%	
1.15	Audit fee to planned fee	0% variation	

Page 75

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Audit Framework Definitions

Control Assurance Definitions

Comprehensive (Full)	★★★	I am able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable (Substantial)	★★★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial (Limited)	★★★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	★★★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.

Priority 4: Important findings that need to be resolved by management.

Priority 3: The accuracy of records is at risk and requires attention.

Priority 2: Minor control issues have been identified which nevertheless need to be addressed.

Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

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WILTSHIRE COUNCIL

AUDIT COMMITTEE

20 June 2012

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Annual Governance Statement 2011/12

Purpose of the report

1. To ask the Audit Committee to consider a draft Annual Governance Statement for 2011/12 for preliminary comment before final approval is sought from the Committee at its meeting on 7 September 2011.

Background

2. The Council is required, as part of its annual review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2011/12. This will be signed by the Leader of the Council and the Corporate Directors after final approval by the Audit Committee on 7 September 2012 and forms part of the Statement of Accounts.

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

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

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

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

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

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

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

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

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

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

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

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

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

5. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2011/12, but must take account of any significant issues of governance up to the date of publication in September 2012. The AGS should outline the actions taken or proposed to address any significant governance issues identified.

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

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

Draft AGS - Content

8. A copy of the draft AGS for 2011/12 is attached at Appendix 1.

9. The draft reflects the elements described in paragraph 3 of this report and has regard to revised guidance from CIPFA. The draft is based on work undertaken to date and will be revised in the light of further work by the Governance Assurance Group and any observations of this Committee,

Cabinet, the Standards Committee and the Council's external auditors, KPMG.

10. Section C of the AGS describes the Council's governance framework for the relevant period - April 2011 to date. The final version will need to reflect the position up to the date of approval and signature in September 2012.

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

12. The levels of assurance obtained from the range of audits completed during the year has led Internal Audit to the overall audit opinion that for 2011-12 it is able to give reasonable assurance on the adequacy and effective operation of the Council's overall control environment. KPMG's interim audit report 2011/12 supports this in its finding that the Council's organisational control environment is effective overall.

13. The Governance Assurance Group is obtaining assurance statements from directors in relation to their services. These will be reviewed and any issues which impact upon the Council's governance arrangements will be included in a further revision of the draft AGS and highlighted at the next meeting.

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

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

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

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

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

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

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

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

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

16. The following have been identified as significant governance issues at this stage in view of their size, complexity and impact on the delivery of the Council's priorities:

- Transfer of Public Health functions
- Safeguarding and Looked after Children Services
- Implementation of the Transformation Programme
- Managing significant reductions in Government funding and changes in legislation

17. Details on these issues are set out at paragraph 91 of the draft AGS.

18. The Assurance Group will continue to review the various sources of assurance and any variation or further significant governance issues that are identified will be reported to the meeting of Audit Committee in September for final consideration and approval.

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

Financial implications

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

Risk Assessment

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

Environmental Impact

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

Equality and Diversity Impact

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

Reasons for the Proposal

24. To prepare the AGS 2011/12 for publication in accordance with the requirements of the Audit and Accounts Regulations.

Proposal

25. The Committee is, therefore, asked:

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

b. to note that the draft AGS will be revised in the light of any comments this Committee may wish to make and the ongoing review work by the Governance Assurance Group. It will then be considered by Cabinet and the new Standards Committee before being brought back to this Committee for final approval and publication by 30 September 2012.

Ian Gibbons
Solicitor to the Council and Monitoring Officer

Report Authors: Ian Gibbons and Marie Lindsay, Ethical Governance Officer
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Unpublished documents relied upon in the production of this report:

None.

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Annual Governance Statement

2011-12

Wiltshire Council
Where everybody matters

Contents

A.   Scope of Responsibility

1. Wiltshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

B.   The Purpose of the Governance Framework

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

4. The assurance framework and the system of internal control are significant parts of that framework. They are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The assurance framework and the system of internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The assurance framework also provides a mechanism for monitoring and implementing a system of continuous governance improvement.

5. The governance framework has been in place at the Council for the year ended 31 March 2012 and up to the date of approval of the statement of accounts for 2011/12.

C.   The Governance Framework

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

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

Purpose and Planning

8. The Council's vision and goals are set out in its 4 year Business Plan, which was adopted by the Council on 22 February 2011. The Council's vision is to create stronger and more resilient communities and in support of this it has the following goals:

   - provide high quality, low cost customer focused services;
   - ensure local, open and honest decision making;
   - working with our partners to support Wiltshire's communities.

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

Policy and Decision-Making Framework

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

11. The Constitution defines the role and responsibilities of the key bodies in the decision-making process - the Council, Cabinet, and Committees, including the Strategic Planning Committee, Area Planning Committees, Licensing Committee, Overview and Scrutiny Select Committees, Standards Committee, Audit Committee, Staffing Policy Committee, Officer Appointments Committee and Area Boards.

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

13. The Leader and Cabinet are responsible for discharging the executive functions of the Council, within the budget and policy framework set by the Council, and some of this is delegated to Area Boards.

14. The Council publishes a Forward Work Plan once a month giving details of all matters anticipated to be considered by the Cabinet over the following 4 months, including items which constitute a key decision.

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

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

17. During 2011-12 the overview and scrutiny arrangements consisted of four main select committees covering Organisation and Resources, Children's Services, Environment, and Health and Adult Social Care. The Select Committees established a number of standing and ad hoc task groups to undertake detailed monitoring and reviews. Rapid scrutiny exercises have provided other opportunities where there have been time constraints. Scrutiny member representatives can also be appointed to boards of major projects. The arrangements for overview and scrutiny were revised by Council in May 2012.

18. These arrangements serve to hold the Cabinet, its Committees, individual Cabinet Members and Corporate and Service Directors to public account for their executive policies, decisions and actions.

19. The Standards Committee is responsible for:

   • promoting and maintaining high standards of conduct by Members and Officers across the Council;
   • determination of complaints under the Members' Code of Conduct;
   • oversight of the Constitution, complaints in relation to the Council's services, and the whistle blowing policy.

20. On 15 May 2012 the council appointed a new standards committee with terms of reference that reflect the council's responsibilities under the new standards regime which will come into effect on 1 July 2012.

21. The Audit Committee is responsible for:

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

Wiltshire Pension Fund

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

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

- the maintenance of the fund;
- preparation and maintenance of policy, including funding and investment policy;
- management and investment of the fund;
- appointment and review of investment managers.

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

Regulation of Business

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

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

26. The statutory officers - the Head of Paid Service (Service Director, HR and Organisational Development), the Monitoring Officer (Solicitor to the Council) and the Chief Finance Officer have a key role in monitoring and ensuring compliance with the Council's regulatory framework and the law. The statutory officers are supported in this role by the Council's HR, legal and democratic services, finance, governance and procurement teams, and also by the internal audit service which is provided by South West Audit Partnership (SWAP).

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

- Audit Committee
- Overview and Scrutiny Committees and Task Groups
- Standards Committee
- Internal Audit, through SWAP
- External Audit and Inspection Agencies.

28. The Council has established a Governance Assurance Group whose membership is composed of senior officers with lead responsibility for key areas of governance and assurance, together with an elected member who is the vice-chair of the Audit Committee, and a member of the Standards Committee. Other officers and members attend by invitation to provide the Group with information about issues on which the steering group is seeking assurance. Officers can also bring any concerns about the Council's governance arrangements forward to the Group for

consideration.

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

Management of Resources, Performance and Risk

Financial management

30. Financial management and reporting is facilitated by:

- Regular reports to Cabinet on the Council's Revenue Budget and Capital Programme;
- regular review by the Corporate Leadership Team;
- bi-monthly consideration of these reports by the Budget and Performance Task Group;
- budget monitoring by Service Managers;
- compliance with the Council's Budgetary and Policy Framework, Financial Regulations and Financial Procedure Rules;
- compliance with external requirements, standards and guidance;
- publication of Statement of Accounts;
- overseeing role of the Audit Committee.

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

Performance and Risk Management Reporting

32. The Council's Business Plan sets out how the Council will:

- protect our most vulnerable citizens by investing in their services;
- invest in the future of Wiltshire by enhancing key service areas;
- keep the council tax low;
- make savings to cover the cut in government funding and projected investments.

33. It also identifies the benefits and outcomes to be delivered over the next four years. These are supported by corresponding programmes and measures, with clear responsibilities for delivery. A new 'scorecard' approach has been introduced to report progress on the Business Plan.

34. The Risk Management Strategy is being reviewed to ensure that risk management arrangements remain appropriate and opportunities and threats are identified and managed to help achieve the Council's priorities.

35. Reports which cover the significant corporate risks are submitted to the Corporate Leadership Team on a quarterly basis and to the Audit Committee six monthly.

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

Internal Audit

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

38. Internal Audit has the following additional responsibilities:

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

39. The annual Internal Audit Plan is based on an assessment of risk areas, using the most up to date sources of risk information, in particular the Council's Corporate and Service Risk Registers. The Plan is agreed with Corporate Directors and Service Directors, and presented to the Audit Committee for approval. The Committee receives reports of progress against the plan throughout the year. The Internal Audit Annual Report summarises the results and conclusions of the audit work throughout the year, and provides an audit opinion on the internal control environment for the Council as a whole.

External Audit and Inspections

40. The Council is subject to reviews by external inspection agencies, OFSTED, and the Care Quality Commission (CQC). The results of these inspections are used to help strengthen and improve the Council's internal control environment and help secure continuous improvement.

Directors Assurance Statements

41. Directors' assurance statements are being obtained from all service directors and will be reviewed by the Assurance Group. Any significant governance issues identified will be reported in Section E.

Monitoring Officer

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

D.   Review of Effectiveness

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

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

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

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

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

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

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

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

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

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

46. The Council's vision and goals are set out in its Business Plan 2011-2015. This is consistent with the long term priorities that are set out in the Community Plan 2011-2026.

47. The Community Plan (our sustainable community strategy) was developed with partners during 2010/11 and approved by the Council on 17 May 2011. It gives partner organisations a set of general principles to check their plans against. It has three long term priorities:

   - Creating an economy that is fit for the future;
   - Reducing disadvantage and inequalities;
   - Tackling the causes and effects of climate change.

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

48. The Council has taken steps to make its purpose and responsibilities clear to staff and the community it serves. These have included:

   - Regular staff briefings by the Leader and Corporate Directors and involvement in the corporate induction process.

   - Communication channels, including the Council's website and Intranet, Team Wire and Elected Wire (an on-line briefing for staff and councillors respectively), Your Wiltshire residents magazine, delivered to all households in Wiltshire and providing information about Council services, how to get involved, and information from partner agencies. The Council also arranges face-to-face events, including road shows, area boards, contact centres, customer forums and exhibitions.

49. The ongoing development of area boards has played a key role in ensuring robust public accountability and engagement with more than 10,000 people attending area board meetings over the past year. Over 600 local issues have been resolved and over £1.4m has been allocated to support local projects by the Boards, generating in excess of £3 million of external funding and investment in our communities.

50. The governance arrangements for the area boards is set out in the Council's Constitution.

51. In 2011 the Area Boards' processes were the subject of internal audit review and no significant areas of risk were found. The recommendations arising from the review were addressed during the year.

52. The Leader undertook a review of the operation of area boards in 2010, involving consultation with councillors, parish councillors, officers, partners and the general public. The review highlighted a number of actions to be taken to develop area boards, and in particular to:

- *ensure that a representative cross section of the community is engaged at a local level* – changes have since been introduced to ensure that the Boards and the Council are focusing on the needs of those people either cannot or who rarely attend Area Board meetings. This has included the launch of the Wiltshire Voices programme, the Joint Strategic Assessment profiling, online blog sites and increased use of social networking to involve and engage local people.

- *enhance the area boards' decision making role* – over the last year more functions have been delegated to the Area Boards - most notably additional highways functions. Place based budget pilots and campus developments will increase this further during 2012, with further devolution promised in the Council's Localism Programme.

- *clarify and promote the role of the community area partnerships* – the introduction of community area Joint Strategic Assessments have reinforced role of the Community Area Partnerships and community-led planning which has improved the collaborative relationship with the Area Boards.

- *raise public awareness of the area boards* – the introduction of community area network news letters and e-bulletins have helped increase awareness of Area Boards activities and this in turn has helped improve public satisfaction with the Boards.

- *recognise and enhance the role of parishes within the area board framework* – parish councils are now seen as the most local level of Wiltshire's area governance arrangements with increased devolution of consultation to parish level and a change in the way in which issues are managed.

53. A further review was undertaken in 2011 which revealed a 12% increase in public satisfaction with the Area Boards. Each Area Boards was provided with its results with a best practice checklist to encourage further improvements. The survey and self assessment will now be repeated annually.

54. During 2011/12 a number of council assets were transferred to parish councils and other community groups. The Council has reviewed its policy for the transfer of assets and renewed its commitment in this area.

55. The Council has re-written Section 11 of the Constitution, now called the Procurement and Contract Rules. These new rules introduce an improved approach to planning and delivering procurement related expenditure.

Specific responsibilities have been given to Service Directors to create and present a 12 month (minimum) plan identifying where procurement activity will take place within their respective Service Areas. To govern the activity and capture the resulting benefits the Corporate Procurement and Commissioning Board has been established with a new membership and Terms of Reference. The Board will be chaired by the Service Director for Finance (also Section 151Officer) and be attended by the Cabinet Member for Procurement, a Corporate Director, the Solicitor to the Council, the Head of Procurement, and the relevant Service Directors.

56. The new approach to procurement governance will create a check and challenge system as a powerful and effective means of holding procurement decision-makers to account, ensuring legal and process compliance, and introducing renewed focus on delivering value for money. It will also ensure that those responsible for procurement decisions are clearly identifiable. The procurement operation is focusing on optimising supply side benefits and constructively managing demand through the Procurement and Commissioning Board.

57. The Partnership Protocol and Register, now in operation for one year, has captured the Council's existing partnerships arrangements. At present there are 51 identified partnerships in operation. Each partnership has an identified owner within the Council and has been reviewed to identify the risk status. The details of each partnership are available via the electronic Partnerships Register on the Council's intranet.

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

58. The Constitution sets out clearly the roles and responsibilities of councillors and officers in the decision making process. This includes schemes of delegation which are currently under review as part of the ongoing review of the Constitution.

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

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

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

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

61. The Officers' Code of Conduct was significantly strengthened by the introduction in the spring of 2012 of the Behaviours Framework. This framework clearly articulates the behaviours expected of council officers, and forms an integral part of the Council's recruitment and performance management procedures.

62. The Council is developing a new code of conduct for councillors and arrangements for dealing with member misconduct complaints under the requirements of the Localism Act 2011 which come into effect from 1 July 2012.

63. The Council has a Whistle Blowing Policy and an Anti-Fraud and Corruption Policy which were updated in 2010. It has also introduced an Anti Money Laundering Policy. The Standards Committee receives an annual report on the effectiveness of the whistle blowing policy. The Audit Committee has responsibility for monitoring the implementation of the Anti Fraud and Corruption Policy and Strategy and the Anti Money Laundering Policy.

64. The Council's Governance Service is responsible for customer complaints, access to information legislation, the Code of Conduct for Members, and the promotion of good governance within the Council and with key partners, including the town and parish councils of Wiltshire. This helps to ensure that robust governance arrangements are supported across the Council.

65. The Council is developing a culture that reflects a modern, new organisation that embraces change, treats everybody fairly and values diversity. To this end it has agreed the following core values:

   - Placing its customers first;
   - Strengthening its communities;
   - Adopting a 'can-do' approach in everything it does.

66. The Council's Standards Committee has played an important role in overseeing and promoting ethical governance throughout the Council. Further information on its work is contained in its Annual Report for 2011-12. In particular, the Committee has played an active role in ensuring that the Council has in place arrangements to promote and maintain high standards of conduct following the abolition of the statutory standards regime as a result of the Localism Act 2011.

Internal Audit

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

68. From November 2011 the Council's internal audit function has been provided by SWAP. In reviewing the effectiveness of the Council's internal audit arrangements the Council's external auditors, KPMG, identified that this change inevitably had an impact on Internal Audit during the year, but despite this they found that Internal Audit generally complied with the Code of Practice for Internal Audit in Local Government.

69. The Internal Audit Annual Report and Opinion 2011-12 summarises the results and conclusions of the audit work throughout the year, and provides an independent audit opinion on the internal control environment for the Council as a whole.

70. The levels of assurance obtained from the range of audits completed during the year has led Internal Audit to the overall audit opinion that for 2011-12 it is able to give reasonable assurance on the adequacy and effective operation of the Council's overall control environment. KPMG's interim audit report 2011/12 supports this in its finding that the Council's organisational control environment is effective overall.

71. The response of management throughout the Council to the results of audit work has continued to be positive and constructive, and appropriate action is being taken to manage the risks identified in audit reports. Progress on the implementation of agreed management actions is reported regularly to the Audit Committee.

72. Following a recommendation from the Audit Committee, Internal Audit reports and recommendations for management action are received by the relevant Cabinet Members.

External Audit

73. The latest report to those charged with governance, issued by KPMG in respect of Wiltshire Council for 2010/2011, was presented to the Audit Committee in September 2011. The Letter summarised the key issues arising from the audit of Wiltshire Council for the year ended 31 March 2011 and an assessment of the Council's arrangements to secure value for money in its use of resources.

74. The letter highlighted the key message as follows:

- KPMG issued an unqualified opinion on the accounts.

- KPMG confirmed that the Council had addressed critical accounting matters appropriately. This included the implementation of International Financial Reporting Standards (IFRS), which had been addressed appropriately by the Council.

- KPMG identified a number of adjustments to the draft financial statements, however these were all classification errors and as such had no impact on the overall reported financial position or performance. They concluded that this result demonstrates the high level of care and resource that the finance team put into preparing the financial statements and the working papers for audit.

- KPMG also confirmed that the quality of the accounts and the supporting working papers provided to them was excellent. Officers dealt efficiently with audit queries and the audit process was completed to the planned timescales. It was noted that this was achieved whilst coping with the department restructuring and the transition to IFRS which resulted in a significant amount of additional work for KPMG and Finance staff.

- KPMG concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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

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

76. Risk assessment forms an integral part of management reporting supporting the decision making process.

77. Work of the Council's Overview and Scrutiny Select Committees, task groups and associated activities have focused on:

- Supporting/challenging the delivery of one council benefits and efficiencies, service redesign, harmonisation and transformation;

- Monitoring the performance of the Council's major service providers including external contractors and partners;

- Reviewing the implementation of major corporate projects;

- Monitoring the Council's (and its statutory partners) performance against targets;

- Engaging in the Council's budget setting process and budget monitoring;

- Engaging in the development of the Council's Business Plan;

- Initiating reviews into matters of local concern relating to service delivery and contributing to the development and review of policy.

78. In May 2012 the Council agreed revised arrangements for its overview and scrutiny function to increase its effectiveness by providing greater consistency of approach across the function, delivering a single work programme based on the Council's priorities, and encouraging increased councillor engagement.

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

- review and approval of the Annual Governance Statement and Statement of Accounts for 2010/11;

- review of the work and findings of Internal Audit, including the Annual Report and audit opinion on the control environment, and the approval of the provision of Internal Audit services through SWAP with effect from 1 November 2011;

- review of the Council's risk management arrangements;

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

80. Risks are identified and monitored by services departments. Significant risks are identified and reviewed on a regular basis by the Corporate Risk Management Group. Reports are issued on the significant risk areas through the Council's reporting arrangements. Training on Risk Management is delivered to Members annually, including the development of specific training for staff involved in risk arrangements as a result of their work.

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

82. Work in respect of the Council's Business Continuity Management processes have continued and the quality of data collected through business impact analysis (BIA) has improved overall.

83. Since November 2011 the council has experienced a series of actual and intentional disruptions to its services and these have been used to further strengthen business continuity arrangements. Aspects of the corporate business continuity management were successfully invoked as a precautionary measure, with the formation of a tactical a strategic group and regular situation reports to CLT and Cabinet.

84. Public protection is currently undergoing a systems thinking review and business continuity will be the pilot for emergency planning. In addition, the corporate business continuity policy will undergo an in-depth review to assess how business continuity management structures have performed and to keep the policy in line with the leaner council structures.

85. The Council's Business Plan sets out how the Council will manage the risks and challenges arising from the reduction in government funding and the substantial changes in the way local government is organised.

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

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

87. The Council's Councillor Development Policy:

- establishes councillors' individual training needs and protocols and allocates budget according to the Council's priorities;
- ensures equality of access to funds and training events;
- evaluates the effectiveness of councillor development annually to inform the allocation of funding for future years.

88. A cross party Councillor Development Group meets every eight weeks to discuss ideas on councillor development to equip councillors with the skills and knowledge they need to perform their role, encourage greater involvement in local democracy, and monitor the budget.

89. Wiltshire Council was externally assessed by South West Councils on 9 August 2011 and was subsequently awarded Charter Status for Councillor Development. This is recognition that the Council has achieved best practice in the way it provides learning and development opportunities for its elected councillors. The accreditation lasts for three years. The Council hopes to apply for charter plus status after the new Council has been elected in 2013.

90. A Comprehensive Councillor Development Programme has been produced covering a range of topics from community leadership to ICT skills. This links in with the corporate aims and values of the Council and also anticipates the new challenges that will be faced by councillors in relation to localism. As part of this work a level 5 qualification (degree

level), in leadership and management, was developed and a number of councillors successfully achieved their certificates.

91. Councillors are encouraged to complete a training needs assessment form each year and are also offered a one to one meeting with a learning and development professional. The training needs highlighted by this process are taken into account when producing the development programme to ensure that it is councillor led.

92. A refreshed People Strategy is being developed to support delivery of the business plan, embed the behaviours framework and develop the culture of the council. An action plan will support the delivery of the People Strategy, which is critical to enabling the Council to create the capacity it needs to work in different ways and successfully meet current and future challenges.

93. Key priorities include:

- Corporate and service workforce planning framework - the organisational wide workforce plan is critical in identifying the people resources required now and in the future to deliver the priorities identified in the business plan;

- Review of terms and conditions of employment and reward schemes to deliver savings and to ensure that the Council's terms and conditions enable it to compete effectively in the labour market and support retention of the key knowledge and skills required to deliver services;

- Review and refresh of HR policies and procedures that support good people management practices and enable effective deployment of policies and procedures by managers and employees;

- Development and maintenance of self service tools and information (HR Direct) for managers and employees to improve the delivery of HR services, enable effective deployment of HR policies and procedures and develop effective people management capacity;

- Delivery of a performance management framework, including a refreshed electronic appraisal which incorporates the new Council values and behaviours, as well as the development of a framework of performance management tools for managers;

- Leadership and management development - programmes of development ongoing. A review and refresh of all management development programmes is taking place to ensure the content incorporates the new Council values and behaviours;

- Councillor development - a programme has been developed with and for elected members;

- A business focused blended learning programme of employee learning which will include the changing capability requirements e.g. commissioning and partnership skills;

- Continue to deliver an employee assistance programme in partnership with Job Centre Plus, independent financial advisers and occupational health for managers and staff who are at risk of redundancy as part of service reviews and operational restructuring.

IT Control Environment

94. The Council's external auditors, in their Interim Audit Report 2011-12, recognise that improvements have been made in the IT control environment, particularly in relation to the SAP system, but have identified a number of areas for further improvement. These are the subject of ongoing work and discussions between the Council and its auditors, the outcome of which will be reported to the Committee at its meeting in September.

Housing Landlord Service Improvement Plan

95. Wiltshire Council's housing services are engaged in a range of improvement projects which will modernise the services and address the issues raised in recent audits. The improvements include:

- new maintenance and repairs contracts reflecting the self financing model;

- an Asset Management Strategy and Business Plan;

- a new IT system design with improved work flows;

- a restructure of the Housing Management function;

- improved tenancy engagement and participation.

96. This work will start to deliver real improvement in the autumn of 2012. The programme of work is governed by a programme board which considers all risks and issues at its fortnightly meeting.

Governance Arrangements for Dealing with Complaints Involving Third Parties

97. The Council is undertaking a review of its complaints arrangements following a restructure of this function in the first part of this year. This will include a review of its arrangements for dealing with complaints involving third parties.

E) Significant Governance Issues

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

Transfer of Public Health Functions

Wiltshire Council and NHS Wiltshire are preparing for the transfer of public health functions to the council in April 2013 under the Health and Social Care Act 2012. This may be regarded as a significant governance issue due to the nature and complexity of the proposed transfer and the steps that need to be taken in order to ensure a smooth transition. An integrated Transition Board has been set up to oversee the activities of the transition project and sub-groups. The Transition Group is chaired by the Council member for Public Health and Protection Services and comprises of members from both the PCT and the council, representing the various sub-groups.

Risks associated with the transition are reported to the Transition Board and to the Council and NHS Wiltshire where necessary.

Safeguarding and Looked after Children Services

In March 2012 Ofsted carried out an inspection of Wiltshire's safeguarding and looked after children services. Their report, published on 24 April 2012, found:

- the overall effectiveness of safeguarding services is inadequate;

- wider safeguarding provision is effective and in a number of instances there is evidence of good and outstanding practice;

- the capacity for improvement is adequate.

- political and managerial ambition and prioritisation across the partnership are at least adequate and provide a clear direction of travel. There is a strongly evidenced commitment from all partners to ensure that the well-being and safety of children and young people are central to service planning and delivery.

- Services for children and young people who have learning difficulties and those who are disabled have been transformed over the past 18 months and are good with some outstanding features.

The inspectors reported that as soon as the issues were raised with the Council that immediate and appropriate action was taken to ensure the children and young people identified were re-assessed and appropriately protected. A detailed improvement plan was drafted and shared with inspectors before they left. This plan has subsequently been developed following receipt of the inspection report.

The immediate actions as set out in the inspection report and the improvement plan are either well underway or have been completed. An Improvement Board has been set up and has already met twice. The terms of reference for this board and its role have been agreed. Its key purpose is to oversee, challenge and support the delivery of improvement. Membership is at senior level and includes representatives from the Council, health services and police and the chair of the newly established safeguarding scrutiny task group. An independent chair has been appointed. A multi-agency operational group, will support the board to ensure that the improvements are delivered.

An external audit of all child protection cases, open cases held within the Referral and Assessment team, and cases where children have returned home following accommodation by the Council, has been undertaken and action has been taken in response to any identified issues. Additional management capacity is in place and quality assurance processes have been strengthened. Staff and managers are regularly updated and invited to attend development sessions.

The Department for Education has confirmed that the Council's actions to date have been timely and appropriate and the inspectors stated that the Council is committed, within challenging budget reductions, to protecting its front line services.

Implementation of the Transformation Programme

The Council's Business Plan is ambitious and involves major transformational change to enable the Council to meet the significant challenges that it is facing and deliver its vision to create stronger and more resilient communities. The Council has developed effective governance arrangements to underpin the delivery of the Business Plan but these need to be kept under review to ensure that they remain robust and fit for purpose.

Managing Significant Reductions in Government Funding and Changes in Legislation

The funding formula for local government and other public sector partners is changing in 2012 for 2013/14. As yet only draft guidelines have been issued and a final announcement is not expected until January/February 2013. That is the same time as the Council Tax is set.

This causes uncertainty over the process of setting budgets and precepts. Alongside this the changes proposed will give more localised decisions around areas such as local business rates and council tax collection, which in turn will increase the volatility risk of income. At the same time the Council must manage the increasing demand for services, for example, to protect vulnerable children and adults. The Council will need to develop plans over the next few months to anticipate these challenges.

Jane Scott
Leader of the Council   _____

Corporate Directors   _____

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WILTSHIRE COUNCIL

AUDIT COMMITTEE
20 June 2012

Proposed Draft Forward Work Programme for Audit Committee 2012/13

Meeting Date and Time	Name of Report	Officer	Scope of Report
7 September Additional Statement of Accounts Meeting			
September	Annual Governance Statement 2012	Ian Gibbons, Monitoring Officer	Report and Statement
September	Statement of Accounts 2012	Michael Hudson, Director of Finance	Report
September	Report to those charged with governance	Darren Gilbert, KPMG	Report
19 September Audit Meeting			
September	Internal Audit Progress Report 2012-13	SWAP, Dave Hill	Report
September	Risk Management Update	Eden Speller, Head of Risk and Assurance	Verbal update and report
December	Internal Audit Progress Report 2012-13	Steve Memmott, Hd of Internal Audit	Report
December	Annual Audit Letter	Darren Gilbert, KPMG	Report
March	Financial Statements Audit Plan 2012/13	Rachael Tonkin, KPMG	Report
March	Certification of Grants and Returns 2010/11	Darren Gilbert, KPMG	Report
March	Audit Plan 2013/14	Darren Gilbert, KPMG	Report
March	Risk Management Update	Eden Speller, Head of Risk and Assurance	Verbal update and report
March	Progress Report – Preparation of 2013 Financial Accounts	Matthew Tiller, Chief Accountant	Verbal update and report
March	Draft Internal Audit Plan 2013/14	SWAP	Report and Plan
March	Internal Audit Progress Report 2012/13	SWAP	Verbal update and report

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