

AGENDA

Meeting: Audit
Place: Kennet Room - County Hall, Trowbridge BA14 8JN
Date: Wednesday 18 December 2013
Time: 9.30 am

Please direct any enquiries on this Agenda to David Parkes of Democratic Services, County Hall, Trowbridge, direct line (01225) 718220 or email david.parkes@wiltshire.gov.uk

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

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

Membership:

Cllr Richard Britton
Cllr Tony Deane (Chairman)
Cllr Stewart Dobson
Cllr David Jenkins
Cllr Julian Johnson
Cllr Stephen Oldrieve
Cllr Helen Osborn

Non-Voting Members
Cllr Jane Scott OBE

Substitutes

Cllr Trevor Carbin
Cllr Chris Caswill
Cllr Terry Chivers
Cllr Peter Edge
Cllr Peter Evans
Cllr Nick Fogg

Cllr Linda Packard
Cllr Sheila Parker (Vice Chairman)
Cllr David Pollitt
Cllr James Sheppard

Cllr Dick Tonge

Cllr Mike Hewitt
Cllr Chris Hurst
Cllr George Jeans
Cllr John Noeken
Cllr Jeff Osborn

Part I

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

1 Apologies and Membership Changes

2 Chairman's Announcements

To receive any announcements through the Chair.

3 Minutes of the Previous Meeting (*Pages 1 - 10*)

To confirm and sign the minutes of the Audit Committee meetings held on 4 and 17 September 2013.

4 Members' Interests

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

5 Public Participation and Committee Members' Questions

The Council welcomes contributions from members of the public.

Statements

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

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution. Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of the agenda (acting on behalf of the Director of Resources) no later than 5pm on **11 December 2013**. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

6 Internal Audit December Update Report (Pages 11 - 38)

A report from the Associate Director, Finance (s.151 Officer) is attached.

7 KPMG (External Audit) Annual Audit letter 2012/13 (Pages 39 - 48)

The Annual Audit letter 2012/13 is attached.

8 QL Housing Implementation - Data migration (Pages 49 - 56)

The Wiltshire Council Housing Migration Report (2012/13) from KPMG is attached.

9 Report of the Audit Committee Task Group Review of Internal Audit Project Procedures and Reporting (Pages 57 - 62)

At its meeting on 17 September 2013 the Audit Committee agreed the membership of a Task Group on Internal Audit. A report from the Task Group is attached.

10 Forward Work Programme

To suggest items for a Forward Work Programme.

11 Date of next meeting

To note that the next regular meeting of the Committee will be held on Tuesday 11 March 2014.

12 Urgent Items

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

Part II

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

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AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 17 SEPTEMBER 2013 AT COUNCIL CHAMBER - COUNCIL OFFICES, MONKTON PARK, CHIPPENHAM, SN15 1ER.

Present:

Cllr Richard Britton, Cllr Trevor Carbin (Substitute), Cllr Tony Deane (Chairman), Cllr Howard Greenman, Cllr David Jenkins, Cllr Julian Johnson, Cllr Helen Osborn, Cllr Linda Packard, Cllr Sheila Parker (Vice Chairman), Cllr David Pollitt and Cllr James Sheppard

Also Present:

Cllr Dick Tonge

59 **Apologies and Membership Changes**

Apologies for absence were received from Councillors Stephen Oldrieve and Jane Scott.

Councillor Oldrieve was substituted by Councillor Trevor Carbin.

There were no changes to the membership of the Committee.

60 **Chairman's Announcements**

There were no announcements.

61 **Members' Interests**

There were no interests declared.

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

There were no questions or statements submitted.

63 **Internal Audit Progress Report 2012-2013**

The first Internal Audit Progress Report for 2013/14 was presented by the representatives from the South West Area Partnership (SWAP). It was highlighted that there had been no non-assurances identified during the course of the audit. A correction was made to page 5 of the Internal Audit Work Plan,

clarifying that the outturn performance results were as at the end of August 2013, not February 2013. The detailed audit plan and monitoring statement, identifying key dates and slippages of planned audit stages was also presented, and it was confirmed that despite this there were no potential significant risks identified for the period April-August 2013.

A debate followed, where the need for planned dates of completion for each stage of an audit, enabling the Committee to clearly identify where slippages occurred in the process, was requested and further detail was sought on recommendations the internal auditors had made and if they were accepted was sought. It was agreed with SWAP that the Committee Members would be consulted on which specific information they would like to receive in future updates, in time for the next meeting of the Committee. The possibility of the Committee viewing the detailed internal reports from SWAP on the auditing process was raised, including added value, and it was agreed the Monitoring Officer would investigate the required processes to achieve that request.

In response to queries it was clarified that the Balfour Beatty Highways contract was in the process of being signed off by Legal Services.

After discussion,

Resolved:

To note the findings from the IA audits to date, and to note that SWAP are to consult with the Committee Members to determine which content should be included in future IA audit reports.

64 **Price for Certification - Update**

The Service Director (Business Services) presented a report updating the Committee on the current position regarding the recommendations in the KPMG Interim Audit 2012/13 report regarding the IT control environment, as requested by the Committee on 18 June 2013.

It was stated that officers had met with KPMG on 31 July 2013 regarding additional certification from CGI, formerly known as Logica) and compliance with required appropriate standards as detailed fully in the agenda papers. It was noted that as a result of Logica's acquisition by the Canadian company CGI in August 2012, compliance with legislation which officers believe would comply with KPMG's requirements. Representatives from KPMG confirmed positive action had been taken and that progress was moving in the right direction.

After discussion,

Resolved:

- 1) To note that the requirement identified by KPMG for CGI to obtain certification to ISAE3402 has been successfully mitigated though the ongoing approach outlined in section 2 of the agenda report.**

- 2) **To note and agree that KPMG will provide the Council with feedback and consultation on key Information Services procedures to ensure they support audit objectives.**

65 **National Fraud Initiative 2012**

The Service Director (Finance) presented the report briefing members on the work and outcomes for the Council in relation to the National Fraud Initiative data matching exercise for 2012/13, operated by the Audit Commission. It was stated the exercise matches data held by Local Authorities and other audited public bodies to prevent and detect fraud.

It was noted that as of 30 August 2013 the council had processed in excess of 4000 matches, identifying overpayments totalling £31,673, and that approximately 1400 matches remained to be processed.

A discussion followed where the cost to recover and amount recovered of the overpayments versus the fee to take part in the exercise was raised, along with how the council conducted the exercise. It was stated that a specific team of officers was being assigned to undertake the exercise and any future exercise, in addition to other duties, and that while the amount recovered as a result of the exercise was not large, identifying and preventing any level of fraud remained a priority. In response to queries it was clarified that no matches had been identified under the 'Right to Buy' section of the exercise.

Resolved:

To note the update.

66 **Internal Audit Review - KPMG**

The Review of Internal Audit Function report produced by KPMG was presented, and it was noted that no incidences of non-compliance from the internal auditors. Five areas of partial compliance had been noted, but it was stated none had been of substantial functions. Overall there was a figure of 4% partial compliance.

A debate followed, where members raised that the focus in the report should include the effectiveness of bringing about changes through internal audit, and not merely effectiveness in following rules and procedures, but it was noted that the report's facts and conclusions supported that appropriate work and processes were being undertaken.

Resolved:

To note the report from KPMG.

67 **Risk Management Update**

The Risk Management Update was presented, noting all risks as identified by the Corporate Risk Management Group (CRMG). Out of a total of thirteen risks a total of one was identified as high risk, concern over appropriate levels of security and safety of confidential/sensitive data. It was stated that an improvement plan had been put in place to be led by the Head of Governance, with staffing resources put in place to implement the plan.

Members considered the list of Corporate Risks as detailed in the agenda papers, and debated whether additional risks should be included. The impact of the council's voluntary redundancy programme and the related continual reorganisation of teams and reshuffling of staff were raised as potential corporate risks. The Committee did not accept the omission of the risks from the list as being service level risks only

Details were also sought on the composition of and meeting schedule of the CRMG, and it was stated the group met approximately every six weeks and membership includes the Service Director (Finance) and other Service Directors, with input from Legal, Insurance and other services. Specific mention was made to risk 1059, 'Failure to monitor/reduce overspend', and it was stated an update on the risk would follow at the next Committee meeting.

At the conclusion of debate, it was,

Resolved:

To note the latest position regarding the Council's risks that are identified in the current Corporate Risk Register as detailed in Appendix A of the report, with the inclusion of risks regarding the Voluntary Redundancy Programme and Staff Reorganization, confirming the status of the high level risks being reported from service areas and that the Risk Management Strategy and the processes associated are to be reviewed to ensure that arrangements are fit for purpose to monitor progress against the new Business Plan.

68 **Date of next meeting**

The date of the next meeting was confirmed as 18 December 2013.

69 **Urgent Items**

- i) The Chair detailed concerns relating to the service to the Committee as a result of high staff turnover and sought assurances any issues would be resolved. It was also requested a single officer from the team of the Service Director (Finance) be nominated to act as the focal point for report production and finalization to ensure consistency in quality of reports.

- ii) The creation of a Working Task Group on Internal Audit in line with previously agreed Terms of Reference was noted and the following membership suggested:

Cllr Richard Britton
Cllr David Jenkins
Cllr Stephen Oldrieve
Cllr David Pollitt

It was requested that any suggestions for lines of enquiry or proposals be sent to Democratic Services and then the lead member of the Task Group once agreed.

(Duration of meeting: 2.00 - 3.00 pm)

The Officer who has produced these minutes is Kieran Elliott, of Democratic Services, direct line (01225) 718504, e-mail kieran.elliott@wiltshire.gov.uk

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AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 4 SEPTEMBER 2013 AT COUNCIL CHAMBER - COUNCIL OFFICES, MONKTON PARK, CHIPPENHAM, SN15 1ER.

Present:

Cllr Richard Britton, Cllr Tony Deane (Chairman), Cllr David Jenkins, Cllr Julian Johnson, Cllr John Noeken (Substitute), Cllr Stephen Oldrieve, Cllr Helen Osborn, Cllr Sheila Parker (Vice Chairman), Cllr David Pollitt and Cllr James Sheppard

Also Present:

Cllr Jane Scott OBE and Cllr Dick Tonge

49 **Apologies and Membership Changes**

Apologies were received from Councillors Stewart Dobson, Howard Greenman and Linda Packard.

Councillor John Noeken replaced Councillor Stewart Dobson for this meeting only.

50 **Chairman's Announcements**

There were no Chairman's announcements.

51 **Minutes of the Previous Meeting**

The minutes of the meeting held on 18 June 2013 were presented and it was

Resolved:

To approve the minutes as a true and correct record.

52 **Members' Interests**

There were no disclosable interests declared.

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

There was no public participation.

54 **Report to those Charged with Governance**

The Committee considered the covering report of the Service Director, Finance, along with reports which had been prepared by the Council's external auditor, KPMG. The report summarised the conclusions and key issues arising from the recent audit of the Council's financial statements for the year ending 31 March 2013 and KPMG's assessments of the Council's arrangements to secure value for money in its use of resources.

Chris Wilson, Partner, KPMG and Tara Westcott, Audit Manager, KPMG led the Committee through the significant points of the report as detailed below:

- One audit adjustment to the draft financial statements was identified, which related to a technical accounting adjustment. The adjustment was due to one balance being reported as a debtor instead of as a creditor. Processes are being reviewed to tighten procedures for 2013/2014. This adjustment does not affect either the cost of providing services or the net worth of the Council. This has been adjusted by the Council.
- KPMG concluded that the council continued to evidence a strong financial reporting process and produced draft financial statements of high quality.
- KPMG concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- KPMG anticipated issuing an unqualified VFM audit opinion by 4 September 2013.

The Chairman, on behalf of the Committee thanked all those involved in the preparation of the Council's accounts and congratulated them on achieving an excellent report from KPMG.

The Committee had the opportunity to raise points of interest, in particular comments were made about (i) the audit adjustment detailed in bullet point one above, (ii) the downward revaluation of the new office building, representing phase 1 of the renovation of County Hall and how it was reflected in the accounts.

Resolved:

- a) That the Committee receive the draft accounts for 2012/2013.**
- b) That the Chairman of the Audit Committee be authorised to sign the management representation letter**

Note :

The above resolution is linked to minute 56 below.

55 Annual Governance Statement

The Service Director of Law and Governance, Ian Gibbons, outlined the changes that had been made since the Audit Committee considered the draft Annual Governance Statement (AGS) on 18 June 2013. He informed the Committee that the AGS had been presented to both the Standards Committee on 10 July 2013, Cabinet on 23 July 2013 and to KPMG the Council's external auditors. The AGS had been revised to reflect the comments made.

The Service Director of Law and Governance reported that since the report had been published, the new Business Plan 2013-17 had been agreed by full council on 3 September and paragraphs 11 and 53 of the AGS would be updated to reflect this. He also confirmed that the AGS conformed to CIPFA guidance.

Members raised a number of points of interest, in particular comments were made about (i) additional funding for the Safeguarding of Children and Young People and (ii) the management of significant reductions in Government funding.

Resolved:

That the Annual Governance Statement 2012/13 for publication with the Statement of Accounts be approved, subject to minor amendments to reflect the approval of the new Business Plan 2013-17.

56 Statement of Accounts 2012/13

The Committee considered the report of the Service Director of Finance on the Council's Statement of Accounts 2012/13.

The report detailed the process and requirements for the production and publication of the annual Statement of Accounts and how the draft Statement was required to be certified by the Chief Finance Officer then subject to external independent scrutiny by the Council's appointed auditors – KPMG.

Members of the Audit Committee raised a number of issues over the presentation of the accounts which officers responded to in particular the following issues were raised:

- The deficit in the Local Government Pension Scheme and how this could be resolved
- The recommended level of reserves

Members thanked all officers involved in the preparation of the accounts for producing an easy to understand guide and congratulated them for achieving a near balanced budget.

Resolved:

- a) That the draft Statement of Accounts for 2012/13 be received**
- b) That the Audit Committee Chairman be authorised to sign the letter of the Statement of Responsibilities for the Statement of Accounts**
- c) That all Council Officers and officers from KPMG be thanked for the excellent work in preparing the Statement of Accounts for 2012/13**

Note: This resolution is linked with minute 54 above.

57 Date of next meeting

That the next meeting will take place on 17 September, 2013 starting at 2:00pm in the Council Chamber at Monkton Park, Chippenham.

58 Urgent Items

There were no urgent items.

(Duration of meeting: 1.00 - 2.05 pm)

The Officer who has produced these minutes is Stuart Figini, of Democratic Services, direct line (01225) 718376, e-mail stuart.figini@wiltshire.gov.uk

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

WILTSHIRE COUNCIL

AGENDA ITEM NO.

AUDIT COMMITTEE

17th December 2013

INTERNAL AUDIT 2013/14 DECEMBER UPDATE REPORT

Purpose of the Report

1. This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section. In particular, it provides a summary of:
 - the outcomes of audits completed during the period,
 - the results and outcomes of follow-up reviews carried out during the period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year
 - an update on the delivery of the 2013/14 IA Plan, including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits.

Executive Summary

2. A total of 79 audit assignments from the 2013-14 plan have been progressed during the year. Of these, 24 reached final or draft stage; 10 follow up reviews; 3 special investigations/advice and 42 are currently in progress. This is not uncommon at this stage of the year.
3. Overall IA concluded as per its assurance definitions at page 9 of the SWAP report at Appendix A of this report that the majority of its findings were of reasonable assurance.
4. From this work no potential very high significant 'corporate' risks have been identified.
5. There were no audit reviews that were afforded partial assurance.

Assurance (per definitions at Appendix A)	Percentage – Update 1 September 2013	Percentage – Update 2 December 2013	Percentage – Update 3 March 2014
Substantial	0%	8%	
Reasonable	45%	59%	
Partial	23%	21%	
None	0%	0%	
Advice/Follow Up Audits	32%	12%	

6. Overall, 148 recommendations have been made by IA to date (124 reported at update 1), broken down as follows:

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	Total reported Update 1
2012/13 carry forward audits	0	37	64	8	1	110
2013/14 audits Update 1	1	9	3	1	0	14
2013/14 audits Update 2	0	2	14	8	0	24
Total year to date	1	48	81	17	1	148
Percentage	1%	32%	55%	11%	1%	

7. Appendix B identifies the carry forward 2012/13 audits, and the full plan for 2013/14. Included in that are those that have been deferred to later in the financial year, or until 2014/2015.
8. Internal Audit have undertaken other additional work and this is detailed below:
 - Information Services, System Administration
 - 4 Unplanned Investigations
9. Overall the performance of SWAP is on track with the partnership performance measures.

Proposal

10. Members are asked to note the findings from IA audits to date.

Reasons for Proposals

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

Michael Hudson
Associate Director, Finance, S.151 Officer

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

Appendices: A – IA Third Progress Report 2013/14
B – IA detailed Audit Plan and monitoring statement 2013/14
C – Significant Corporate Risks
D – Summary of audits deemed 'Partial / No' assurance

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Wiltshire Council

Report of Internal Audit Activity 2013/14
December 2013

Contents

The contacts at SWAP in connection with this report are:

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The Chief Executive of SWAP is required to provide an opinion to support the Annual Governance Statement.

“risks are generally well managed and the systems of internal control are working effectively”

Audit Opinion

Overall, based on the work completed to date this financial year, I can report that risks are generally well managed and the systems of internal control are working effectively. Management respond positively to internal audit suggestions for improvements and corrective action is often taken quickly, wherever this is possible or practical.

Our audit activity is split between:

- **Operational Audits**
- **Key Control Audits**
- **Governance, Fraud & Corruption Audits**
- **IT Audits**
- **Special Reviews**

Role of Internal Audit and Audit Work

The Internal Audit service for Wiltshire Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The Partnership is also guided by the Internal Audit Charter approved by this Committee.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness.

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Associate Director, Finance (Section 151 Officer), following consultation with the Corporate Leadership Team and External Auditors. This year's Audit Plan was reported to this Committee at its meeting on 20th March 2013.

Key Control Audits are undertaken in quarter three of each year and these are planned in conjunction with the Council's External Auditor to assist in their assessment of the Council's financial control environment. This reduces the overall cost of audit to the Council.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, risk and control. This audit assignment activity is broken down into various categories of work as outlined in the bullet points shown in the column on the left of this page.

Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action

“There have been 24 recommendations raised since our last update with 92% being priority 3 or 2.”

“There have been no partial or non-assurance opinions issued”

Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2013/14 and also records the status of any outstanding work carried forward from the 2012/13 plan. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed on pages 9 and 10 of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘Partial Assurance Opinion’ have been summarised in Appendix D.

However, in circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised in Appendix C. These items will remain on this schedule for monitoring by the Committee until the necessary management action is taken and appropriate assurance has been provided that the risks have been mitigated / addressed.

Summary of Control Assurance and Recommendations

Efficiencies and Added Value

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

“Audits have added value through recommending improvements that will deliver more efficient processes.”

Primarily Internal Audit is an assurance function and will remain as such. However, Members requested that we provide them with examples of where we have “added value” to a particular service or function under review. In response to this we have changed our approach and internal processes and will now formally capture at the end of each audit where we have “added value”.

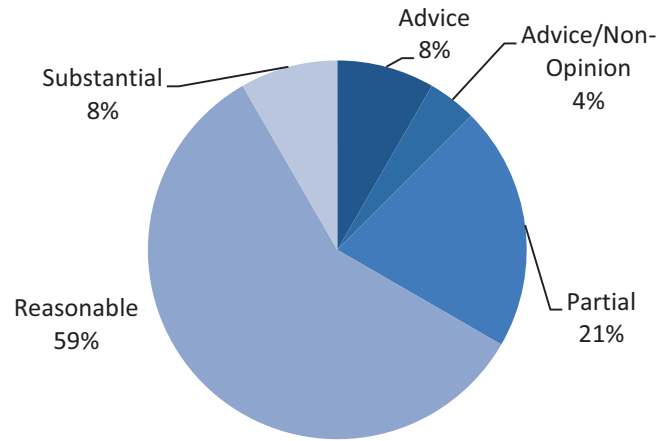
The SWAP definition of “added value” is “it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost”.

As we complete our operational audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. Work of particular note this quarter includes:

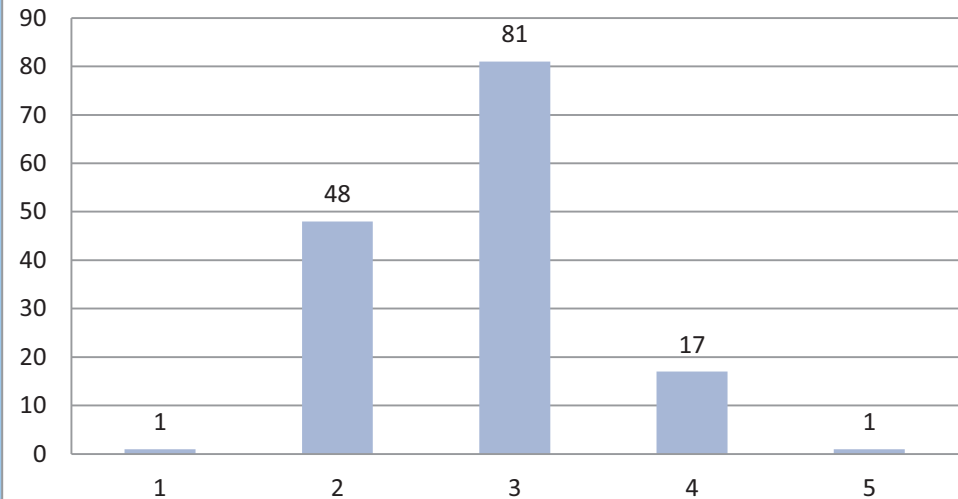
1. Homes4Wiltshire - An area of over control was identified and implementation of the associated recommendations should free up in house staff so that they can process their own work more quickly.
2. Information Assurance - Value was added to this audit in that the split between Assurance Officers situated under Governance and the Assurance officer situated under operational IT meant that no previous overview of Assurance checks had taken place, as a whole function.
3. Accounts Payable - This audit is recognised by the client as complementing the ongoing FIT Review. Some fundamental decisions will be taken by Corporate management to respond to the actions raised and improve the efficiency of the payments system.
4. Highways - Contract transition arrangements/Exit arrangements will be looked at across the whole authority and the lessons learned applied to strengthen future contract monitoring.

Control Assurance % by Category

(including 12/13 work completed in year)



Audit Recommendations by Priority



Summary of Internal Audit Work to date

A total of 79 audit assignments from the 2013-14 plan have been progressed during the year. Of these, 24 reached final or draft report stage; 10 follow up reviews; 3 special investigations/advice and 42 are currently in progress. The diagrams above summarise the outcomes of final reports.

Performance:

The Chief Executive of SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.

“More work is needed to improve the timeliness of issuing final reports”

SWAP Performance

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 Board and the Members Meeting. The respective outturn performance results for Wiltshire Council for the 2013/14 year (as at 30 November 2013) are as follows;

Performance Target	Average Performance
<u>Audit Plan – Percentage Progress</u>	
2012/13 Work C/Fwd	99%
Final, Draft and Discussion	33%
Fieldwork Completed awaiting report	0%
In progress	41%
Yet to commence	26%
<u>Draft Report (2013/14)</u>	
Issued within 5 working days	61% (Ave Days are 6)
Issued within 10 working days	78% (Ave Days are 6)
<u>Final Reports</u>	
Issued within 10 working days of discussion of draft report.	31% (Ave Days are 12)
<u>Quality of Audit Work</u>	
Customer Satisfaction Questionnaire	79%

Performance:

The Chief Executive of SWAP reports performance on a regular basis to the SWAP Management and Boards.

“Feedback returns remains low, but satisfaction is broadly in line with target.”

SWAP Performance

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 current accumulative feedback for Wiltshire Council is 79%.

There is still concern about the level of feedback received in terms of numbers, currently standing at about 30%. In order for Internal Audit to continue to improve the service it provides, feedback is an essential ingredient and we would therefore continue to encourage management to complete the customer questionnaires sent at the conclusion of each audit.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Approved Amendments to Annual Audit Plan 2013-14

Planned audit work is as detailed in Appendix B. Audit work remains under constant review to ensure that, if necessary, internal audit resources can also be targeted at emerging issues in a timely manner. Any changes that are required are agreed with the Associate Director Finance (Section 151) and are reported to the Committee.

During the first two quarters specific requests for Internal Audit support has resulted in a requirement to complete additional audit work. At present these additions are covered from the agreed contingency allowance or from deferred or removed audits.

The additional work covers review activity in the following areas:





- Access Controls.
- Simdell Migration for KPMG.
- Information Services, Systems Administration.
- Ongoing Investigation work as and when required.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- Substantial
- Reasonable
- Partial
- None

Audit Framework Definitions

Control Assurance Definitions

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

Categorisation of Recommendations

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

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Audit Framework Definitions

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

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

AUDIT NO	Directorate/Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Start Date	Actual Start Date	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations				
															5	4	3	2	1
STATUS OF CARRIED FORWARD 2012-13 WORK																			
2012/13-1	Children & Families	Care Placements	Operational	Care Placements	January 2013	Final	Partial							9	0	5	4	0	0
2012/13-2	Children & Families	Out of County Placements	Follow Up	Out of County Placements Follow Up	March 2013	Final	N/A							0	0	0	0	0	0
2012/13-3	Communities	Area Boards, Communities	Operational	Area Boards, Communities	January 2013	Draft	Reasonable							0	0	0	0	0	0
2012/13-4	Core Cross-Cutting	Direct Payments	Governance, Fraud & Corruption	Direct Payment Fraud	October 2012	Final	Reasonable							4	0	4	0	0	0
2012/13-5	Core Cross-Cutting	Expenses Fraud	Governance, Fraud & Corruption	Expenses Fraud	January 2013	Final	Reasonable							5	0	0	5	0	0
2012/13-6	Core Cross-Cutting	Managing with Reduced Resources	Non Opinion	Managing with Reduced Resources	July 2012	Final	N/A							0	0	0	0	0	0
2012/13-7	Finance	Accounts Payable	Key Control	Non Pay Expenditure and Creditors	October 2012	Final	Reasonable							8	0	0	6	1	1
2012/13-8	HR & Organisational Development	Staff Leavers	Non Opinion	Staff Leavers	October 2012	Final	N/A							12	0	5	6	1	0
2012/13-9	Information Services	Carefirst - Adults	ICT	Carefirst IT Adults	July 2012	Final	Reasonable							6	0	2	3	1	0
2012/13-10	Information Services	Carefirst - Children	ICT	Carefirst - Children	August 2012	Final	Reasonable							4	0	1	3	0	0
2012/13-11	Information Services	Civica Cash Receipting	Key Control	Core Financial Systems - Cash Receipting - Civica	October 2012	Final	Partial							17	0	7	10	0	0
2012/13-12	Information Services	Simdell Housing Rents	Key Control	Core Financial Systems - Housing Rents - Simdell	October 2012	Final	Partial							10	0	6	3	1	0
2012/13-13	Information Services	IT Infrastructure	Key Control	Infrastructure key Control 2012-13	October 2012	Final	Reasonable							5	0	2	3	0	0
2012/13-14	Information Services	SAP IT Key Control	Key Control	Core Financial Systems - SAP	October 2012	Final	Reasonable							27	0	2	21	4	0
2012/13-15	Information Services	Simdell Housing Rents	ICT	Migration from Simdell to QL	December 2012	Final	Reasonable							3	0	3	0	0	0
2012/13-16	Strategic, Highways & Transport	Fleet	Follow Up	Fleet Follow Up	February 2013	Deferred 13/14	N/A							0	0	0	0	0	0
2012/13-17	Transformation	Campus Programmes	Operational	Campus Programmes	October 2012	Final	Reasonable							0	0	0	0	0	0
TOTAL NO OF RECOMMENDATIONS														110	0	37	64	8	1
FINAL REPORTS ISSUED 2013-14																			
1	Adult Care & Housing Operations	Care Homes	Operational	DCS Care Home	May 2013	Final	Advice							0	0	0	0	0	0
2	Adult Care & Housing Operations	Disabled Facilities Grant	Operational	Disabled Facilities Grant	April 2013	Final	Substantial	01/07/2013	16/07/2013	28/08/2013	10/10/2013	11/09/2013	06/11/2013	0	0	0	0	0	0
3	Adult Care & Housing Strategy	Orders of St John (OSJ) Care Homes Centres	Operational	Orders of St John Contract Monitoring	July 2013	Final	Reasonable	19/08/2013	06/08/2013	11/11/2013	07/11/2013	25/11/2013	03/12/2013	2	0	0	1	1	0
4	Business Services	Customer Services	Operational	LAGAN Access Controls	July 2013	Final	Advice							0	0	0	0	0	0
5	Business Services	Health & Safety	Operational	Health & Safety Inspections	April 2013	Final	Reasonable	09/07/2013	09/07/2013	14/08/2013	12/09/2013	28/08/2013	18/09/2013	2	0	0	2	0	0
6	Children & Families	Children's safeguarding	Follow Up	Children's safeguarding follow up Phase 1	July 2013	Final	N/A	15/07/2013	15/07/2013	07/08/2013	07/08/2013	21/08/2013	07/08/2013	0	0	0	0	0	0
7	Children & Families	Children's Centres	Operational	Contract Monitoring in Childrens Centres	April 2013	Final	Substantial	04/07/2013	04/07/2013	13/09/2013	26/09/2013	27/09/2013	15/10/2013	3	0	0	0	3	0
8	Core Cross-Cutting	Financial Procedure Rules & Contract Standing Orders	Follow Up	Financial Regulations & Contract Standing Orders Follow Up	July 2013	Final	N/A		06/09/2013					21/11/2013	0	0	0	0	0
9	Core Cross-Cutting	Partnerships	Follow Up	Partnerships Follow Up	July 2013	Final	N/A		13/08/2013					16/08/2013	0	0	0	0	0

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															5	4	3	2	1
10	Finance	Care Packages	Operational	Client Contributions	July 2013	Final	N/A							0	0	0	0	0	0
11	Finance	Grants	Special Investigation	Grants Special Investigation	October 2013	Final	N/A	15/10/2013	15/10/2013				08/11/2013	0	0	0	0	0	0
12	Finance	Imprests	Operational	Imprest Accounts	April 2013	Final	Partial	07/06/2013	02/07/2013	07/08/2013	08/08/2013	21/08/2013	23/08/2013	7	0	4	2	1	0
13	Finance	Imprests/Cash Remote Offices	Special Investigation	Review of Cash Office	May 2013	Final	N/A	31/05/2013	31/05/2013	11/06/2013	07/06/2013	25/06/2013	25/06/2013	0	0	0	0	0	0
14	HR & Organisational Development	Sickness Absence	Follow Up	Sickness absence follow up	July 2013	Final	Non Opinion	02/08/2013	02/08/2013				22/08/2013	0	0	0	0	0	0
15	Information Services	Information Assurance	ICT	Quality Assurance Checks	October 2013	Final	Reasonable	20/06/2013	19/06/2013	19/08/2013	31/10/2013	02/09/2013	27/11/2013	4	0	1	3	0	0
16	Information Services	Information Security	Special Investigation	Unauthorised SAP access	July 2013	Final	N/A	01/07/2013	01/07/2013	17/07/2013		31/07/2013	31/07/2013	0	0	0	0	0	0
17	Neighbourhood	Neighbourhood	Operational	Neighbourhood	January 2014	Final	Included in Highways Contract Audit							0	0	0	0	0	0
18	Procurement	Contract Management	Follow Up	Contract Management Follow Up	July 2013	Final	N/A		30/07/2013				20/11/2013	0	0	0	0	0	0
19	Public Health & Public Protection	Licensing	Operational	Licensing	April 2013	Final	Reasonable	27/06/2013	01/07/2013	03/09/2013	11/10/2013	17/09/2013	08/11/2013	7	0	0	3	4	0
20	Risk Management	Risk Management	Follow Up	Risk Management Follow Up	July 2013	Final	N/A		12/08/2013				21/11/2013	0	0	0	0	0	0
21	Strategic, Highways & Transport	Highways	Operational	New Highways Contract	July 2013	Final	Partial	12/06/2013	20/06/2013	05/08/2013	09/08/2013	19/08/2013	22/08/2013	7	1	5	1	0	0
22	Strategic, Highways & Transport	Highways	Grant Certification	Highways capital grant certification	June 2013	Final	N/A						29/08/2013	0	0	0	0	0	0
23	Strategic, Highways & Transport	Traffic & Network Management	Follow Up	Traffic & Network Co-ordination Follow Up	July 2013	Final	N/A		19/08/2013		20/11/2013		20/11/2013	0	0	0	0	0	0
24	Strategic, Highways & Transport	Volunteer drivers / Escorts	Operational	Passenger Transport Safeguarding	April 2013	Final	Reasonable	12/07/2013	12/07/2013	21/10/2013	07/11/2013	04/11/2013	03/12/2013	6	0	1	5	0	0
TOTAL NO OF RECOMMENDATIONS														38	1	11	17	9	0
AUDITS AT DRAFT, DISCUSSION OR REVIEW STAGE 2013-14																			
25	Adult Care & Housing Operations	Care Management & Quality	Operational	Referrals & Assessments	April 2013	Draft		23/07/2013	23/07/2013	23/10/2013	20/11/2013	06/11/2013		0	0	0	0	0	0
26	Adult Care & Housing Strategy	Care & Nursing Homes	Operational	Care & Nursing Home Provision	April 2013	Draft		24/07/2013	06/09/2013	06/11/2013	07/11/2013	20/11/2013		0	0	0	0	0	0
27	Adult Care & Housing Strategy	Homes 4 Wiltshire	Non Opinion	Homes 4 Wiltshire	July 2013	Draft		22/08/2013	13/09/2013	10/10/2013	09/10/2013	24/10/2013		0	0	0	0	0	0
28	Finance	Accounts Payable	Operational	Payments outside SRM	April 2013	Draft		12/07/2013	12/07/2013	10/10/2013	13/11/2013	24/10/2013		0	0	0	0	0	0
29	Finance	Accounts Receivable	Operational	Debt Management	July 2013	Draft		09/09/2013	09/09/2013	05/11/2013	21/11/2013	19/11/2013		0	0	0	0	0	0
30	Information Services	Information Management	ICT	File Storage (Manual Files)	April 2013	Draft		20/06/2013	20/06/2013	23/08/2013	31/10/2013	06/09/2013		0	0	0	0	0	0
31	Information Services	Simdell Housing Rents	ICT	WC_Simdell QL migration	July 2013	Discussion Document		29/07/2013	25/07/2013	10/09/2013		24/09/2013		0	0	0	0	0	0
32	Procurement	Major Contracts	Operational	Contract Clauses	July 2013	Draft		09/09/2013	09/09/2013	01/11/2013	21/12/2013	15/11/2013		0	0	0	0	0	0
CURRENT WORK IN PROGRESS 2013-14																			
33	Business Services	Capital Projects	Follow Up	Capital projects follow up	September 2013	In Progress								0	0	0	0	0	0

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															5	4	3	2	1
34	Business Services	Strategic Property Services	Operational	Energy Management	April 2013	In Progress		Grant Claim Work - No Key Dates						0	0	0	0	0	0
35	Children & Families	Adoption & Fostering	Grant Certification	Adoption Grant	June 2013	In Progress		30/05/2013	30/05/2013	09/04/2014		23/04/2014		0	0	0	0	0	0
36	Children & Families	Foster Carers	Operational	Foster Carer Reports	April 2013	In Progress		09/07/2013	20/08/2013	25/09/2013		09/10/2013		0	0	0	0	0	0
37	Children & Families	Youth Centres	Operational	Locally Held Funds Accounting/Procedures	April 2013	In Progress		Work started then complimentary work being undertaken by Accountancy. Further work to be undertaken to provide assurance later in the year.						0	0	0	0	0	0
38	Communities	Housing Rents	Operational	Housing Rents	October 2013	In Progress		11/11/2013	14/11/2013	22/01/2014		05/02/2014		0	0	0	0	0	0
39	Core Cross-Cutting	Assurance Mapping	Non Opinion	Assurance Mapping	July 2013	In Progress		Ongoing work to support the Annual Planning Process.						0	0	0	0	0	0
40	Core Cross-Cutting	Legionella	Operational	Legionella	July 2013	In Progress		Being undertaken with Legionelle and COSHH Audit						0	0	0	0	0	0
41	Economy & Regeneration	Economic Development	Follow Up	Enterprise Network Project Follow Up	July 2013	In Progress								0	0	0	0	0	0
42	Finance	Accounts Receivable	Key Control	Accounts Receivable	October 2013	In Progress		11/11/2013	11/11/2013	06/02/2014		20/02/2014		0	0	0	0	0	0
43	Finance	Council Tax	Key Control	Council Tax	October 2013	In Progress		16/12/2013		19/02/2014		05/03/2014		0	0	0	0	0	0
44	Finance	General Ledger & Financial Accounting	Key Control	General Ledger & Financial Accounting	October 2013	In Progress		11/11/2013		13/02/2014		27/02/2014		0	0	0	0	0	0
45	Finance	Housing & Council Tax Benefits	Key Control	Housing & Council Tax Benefits	October 2013	In Progress		06/01/2014		25/02/2014		11/03/2014		0	0	0	0	0	0
46	Finance	Imprests/Cash Remote Offices	Governance, Fraud & Corruption	Unannounced imprest visits	April 2013	In Progress		13/08/2013	13/08/2013	09/04/2014		23/04/2014		0	0	0	0	0	0
47	Finance	Income	Operational	Income/Banking	July 2013	In Progress		08/10/2013	24/10/2013	13/12/2013		27/12/2013		0	0	0	0	0	0
48	Finance	NNDR	Key Control	NNDR	October 2013	In Progress		16/12/2013		19/02/2014		05/03/2014		0	0	0	0	0	0
49	Finance	Payroll	Key Control	Payroll	October 2013	In Progress		05/11/2013	05/11/2013	06/02/2014		20/02/2014		0	0	0	0	0	0
50	Finance	Pensions	Key Control	Pensions	October 2013	In Progress		09/12/2013	25/11/2013	11/02/2014		25/02/2014		0	0	0	0	0	0
51	Finance	Revenues & Benefits	Operational	Welfare reform Act	July 2013	In Progress		17/10/2013	24/10/2013	19/12/2013		02/01/2014		0	0	0	0	0	0
52	Finance	Treasury Management	Key Control	Treasury Management	October 2013	In Progress		16/12/2013		11/02/2014		25/02/2014		0	0	0	0	0	0
53	Information Services	Civica Cash Receipting	ICT	Civica Cash Receipting	October 2013	In Progress		13/11/2013	13/11/2013	22/01/2014		05/02/2014		0	0	0	0	0	0
54	Information Services	IT Infrastructure	ICT	Corporate ICT Processes	October 2013	In Progress		18/11/2013	18/11/2013	05/03/2014		19/03/2014		0	0	0	0	0	0
55	Information Services	Northgate Benefit System	ICT	Northgate Benefit System	October 2013	In Progress		02/12/2013		10/01/2014		24/01/2014		0	0	0	0	0	0
56	Information Services	QL Housing Management System	ICT	WC_QL Housing Management System	October 2013	In Progress		11/11/2013	20/11/2013	23/01/2014		06/02/2014		0	0	0	0	0	0
57	Information Services	SAP IT Key Control	Key Control	SAP IT Key Control	October 2013	In Progress		18/11/2013	18/11/2013	05/03/2014		19/03/2014		0	0	0	0	0	0
58	Information Services	Systems Administration	ICT	Systems Administration	October 2013	In Progress		14/10/2013	14/10/2013	16/01/2014		30/01/2014		0	0	0	0	0	0
59	Legal & Democratic	Complaints	Operational	Complaints within Services	July 2013	In Progress		14/10/2013	08/11/2013	18/12/2013		01/01/2014		0	0	0	0	0	0

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															5	4	3	2	1
60	Legal & Democratic	Electoral Services	ICT	Xpress Payroll	April 2013	In Progress		23/09/2013	24/09/2013	08/01/2014		22/01/2014		0	0	0	0	0	0
61	Legal & Democratic	Freedom of Information, Data Protection Act	Operational	Departmental management of Freedom of Information Requests, Subject Access Requests and Complaints.	July 2013	In Progress		14/10/2013	08/11/2013	18/12/2013		01/01/2014		0	0	0	0	0	0
62	Legal & Democratic	Litigation Management	Follow Up	Litigation Management Follow Up	July 2013	In Progress								0	0	0	0	0	0
63	Neighbourhood	Leisure	Operational	Legionella and COSHH	April 2013	In Progress		14/08/2013	28/08/2013	14/10/2013		28/10/2013		0	0	0	0	0	0
64	Schools & Learning	Benchmarking	School	Schools - Benchmarking	April 2013	In Progress		02/05/2013	02/05/2013	23/09/2013		07/10/2013		0	0	0	0	0	0
65	Schools & Learning	Payment Cards	School	Schools - Payment Cards	April 2013	In Progress		02/05/2013	02/05/2013	23/09/2013		07/10/2013		0	0	0	0	0	0
66	Schools & Learning	Schools Support	Operational	Schools Support	October 2013	In Progress		Key Dates still to be agreed.						0	0	0	0	0	0
67	Schools & Learning	Unofficial Funds	Operational	Unofficial Fund Accounting/Procedures	July 2013	In Progress		01/08/2013	01/08/2013	29/11/2013		13/12/2013		0	0	0	0	0	0
68	Strategic, Highways & Transport	Fleet	Operational	Fleet	July 2013	In Progress		14/08/2013	14/08/2013	15/10/2013		29/10/2013		0	0	0	0	0	0
69	Transformation	Campus Programmes	Operational	Programme Management	July 2013	In Progress		Key Dates still to be agreed.						0	0	0	0	0	0
SCHOOL ESTABLISHMENT VISITS 2013-14																			
70	Schools - Primary (incl First, Infant & Junior)	St Bartholomew's Church of England Primary School	School	St Bartholomew's Church of England Primary School	April 2013	Final								0	0	0	0	0	0
71	Schools - Primary (incl First, Infant & Junior)	St John's Catholic Primary School, Trowbridge	School	St John's Catholic Primary School Trowbridge	April 2013	Final								0	0	0	0	0	0
72	Schools - Primary (incl First, Infant & Junior)	The Trinity Church of England Voluntary Aided Primary School, Devizes	School	The Trinity Church of England Voluntary Aided Primary School, Devizes	April 2013	Final								0	0	0	0	0	0
73	Schools - Primary (incl First, Infant & Junior)	St Sampson's Infants' School	School	St Sampson's Infants School	April 2013	Draft								0	0	0	0	0	0
74	Schools - Primary (incl First, Infant & Junior)	Westbury Church of England Junior School	School	Westbury Church of England Junior School	April 2013	Review								0	0	0	0	0	0
75	Schools - Primary (incl First, Infant & Junior)	Nursteed Community Primary School	School	Nursteed Community Primary School	September 2013	In Progress								0	0	0	0	0	0
76	Schools - Primary (incl First, Infant & Junior)	Preshute Church of England Primary School	School	Preshute Church of England Primary School	April 2013	In Progress								0	0	0	0	0	0
77	Schools - Primary (incl First, Infant & Junior)	St Dunstan Church of England Primary School	School	St Dunstan Church of England Primary School, Calne	June 2013	In Progress								0	0	0	0	0	0
78	Schools - Primary (incl First, Infant & Junior)	Stanton St Quintin Primary School	School	Stanton St Quintin Primary School	September 2013	In Progress								0	0	0	0	0	0
79	Schools - Secondary (incl Upper)	The Trafalgar School at Downton	School	The Trafalgar School at Downton	September 2013	In Progress								0	0	0	0	0	0
80	Schools - Primary (incl First, Infant & Junior)	Horningsham Primary School	School	Horningsham Primary School	Oct - Dec 2013	Created								0	0	0	0	0	0
81	Schools - Primary (incl First, Infant & Junior)	Lypiatt Primary School	School	Lypiatt Primary School	Oct - Dec 2013	Created								0	0	0	0	0	0
82	Schools - Primary (incl First, Infant & Junior)	Neston Primary School	School	Neston Primary School	Oct - Dec 2013	Created								0	0	0	0	0	0
83	Schools - Primary (incl First, Infant & Junior)	Noremarsh Community Junior School	School	Noremarsh Community Junior School	Jan - Mar 2014	Created								0	0	0	0	0	0
84	Schools - Primary (incl First, Infant & Junior)	Wardour Catholic Primary School	School	Wardour Catholic Primary School	Jan - Mar 2014	Created								0	0	0	0	0	0

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															5	4	3	2	1
85	Schools - Primary (incl First, Infant & Junior)	Westbury Infants School	School	Westbury Infants School	Jan - Mar 2014	Created								0	0	0	0	0	0

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															5	4	3	2	1
FUTURE PLANNED WORK 2013-14																			
86	Adult Care & Housing Operations	Help to Live at Home	Operational	Help to Live at Home	Jan - Mar 2014	Created								0	0	0	0	0	0
87	Adult Care & Housing Strategy	Continuing Health Care	Operational	Continuing Health Care	Oct - Dec 2013	Created								0	0	0	0	0	0
88	Business Services	Direct Payments	Special Investigation	Investigation Direct Payment	Oct - Dec 2013	Created								0	0	0	0	0	0
89	Children & Families	Child Placements	Operational	Child Placements	Jan - Mar 2014	Created								0	0	0	0	0	0
90	Children & Families	Social Work Teams	Operational	Capacity of Social Work Teams	Oct - Dec 2013	Created								0	0	0	0	0	0
91	Children & Families	Troubled Families	Operational	Troubled Families	Oct - Dec 2013	Created								0	0	0	0	0	0
92	Commissioning & Performance	Child Protection	Operational	Child Protection Plans	Jan - Mar 2014	Created								0	0	0	0	0	0
93	Communities	Area Boards, Communities	Special Investigation	Investigation Area Board Grant	Oct - Dec 2013	Created								0	0	0	0	0	0
94	Core Cross-Cutting	Consultants	Operational	Consultants	Jan - Mar 2014	Created								0	0	0	0	0	0
95	Core Cross-Cutting	Expenses Fraud	Operational	Expense Claims	Jan - Mar 2014	Created								0	0	0	0	0	0
96	Core Cross-Cutting	Project Management	Operational	Programme Management	Jan - Mar 2014	Created								0	0	0	0	0	0
97	Economy & Regeneration	Economic Development	Governance, Fraud & Corruption	Partnerships Governance	Oct - Dec 2013	Created								0	0	0	0	0	0
98	Finance	Accounts Payable	Key Control	Accounts Payable	Oct - Dec 2013	Created								0	0	0	0	0	0
99	Finance	Grants	Project	PROVISION ONLY - Grant Certification	All Year	Created								0	0	0	0	0	0
100	Finance	Imprests/Cash Remote Offices	Special Investigation	Investigation Cash Office	Oct - Dec 2013	Created								0	0	0	0	0	0
101	HR & Organisational Development	Behaviours Framework	Operational	Behaviours Framework	Jan - Mar 2014	Created								0	0	0	0	0	0
102	HR & Organisational Development	Restructuring & Redundancies	Operational	Voluntary redundancies	Jan - Mar 2014	Created								0	0	0	0	0	0
103	HR & Organisational Development	Workplace Transformation	Operational	Flexible Working	Oct - Dec 2013	Created								0	0	0	0	0	0
104	Information Services	Disaster Recovery	ICT	Disaster Recovery	Jan - Mar 2014	Created								0	0	0	0	0	0
105	Information Services	Information Assurance	ICT	Protective Marking	Jan - Mar 2014	Created								0	0	0	0	0	0
106	Schools & Learning	School Reviews (Contingency)	Project	PROVISION ONLY - School Reviews (Contingency)	All Year	Created								0	0	0	0	0	0
107	Schools & Learning	Themed Reviews (Contingency)	Project	PROVISION ONLY - Themed Reviews (Contingency)	Jan - Mar 2014	Created								0	0	0	0	0	0
108	Strategic, Highways & Transport	Building Control / Planning	Operational	Building Control / Planning	Jan - Mar 2014	Created								0	0	0	0	0	0
109	Transformation	BDUK Broadband	Operational	BDUK Broadband	Oct - Dec 2013	Created								0	0	0	0	0	0

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															5	4	3	2	1
DEFERRED OR REMOVED WORK 2013-14																			
110	Adult Care & Housing Operations	Care Management & Quality	Operational	Reassessments & Reviews	July 2013	Deferred		Audit initially planned for Quarter 2, now split into 2 phases. Phase 1 nearing completion, Phase 2 to be carried out in Quarter 4.					0	0	0	0	0	0	
111	Adult Care & Housing Operations	Vulnerable Adults	Follow Up	Vulnerable Adults follow up	July 2013	Deferred		Deferred to Quarter 4 to allow previous actions to be implemented.					0	0	0	0	0	0	
112	Core Cross-Cutting	Disclosure and Barring Service (DBS)	Operational	Disclosure and Barring Service (DBS)	July 2013	Deferred		Deferred to Quarter 4 at request of Client.					0	0	0	0	0	0	
113	Finance	Fees & Charges	Follow Up	Fees & Charges follow up	July 2013	Deferred		Still awaiting for the policy to be agreed, due to go to Cabinet 14th January 2014.					0	0	0	0	0	0	
114	HR & Organisational Development	Workforce	Operational	Employment Tracking	July 2013	Deferred		This audit was deferred to allow a sufficient gap between the completion of the leavers audit and this one as it involves the same service area. To be undertaken in Quarter 4 subject to further discussion.					0	0	0	0	0	0	
115	Information Services	Cloud Computing	ICT		July 2013	Deferred		This audit was initially deferred due to internal staff sickness.					0	0	0	0	0	0	
116	Information Services	Information Security	ICT	Information Security Breaches	April 2013	Deferred		Deferred until Quarter 4.					0	0	0	0	0	0	
117	Public Health & Public Protection	Emergency Planning	Operational	Emergency Planning	October 2013	Deferred		Deferred at request of the client until Quarter 1, 2014-15.					0	0	0	0	0	0	
118	Schools & Learning	Special Educational Needs	Operational	SEN Provision	July 2013	Deferred		Deferred until Quarter 4.					0	0	0	0	0	0	
119	Strategic, Highways & Transport	Concessionary Fares	Operational	Concessionary Fares	July 2013	Deferred		Audit deferred to coincide with audit to be undertaken at Dorset County Council.					0	0	0	0	0	0	
120	Waste Management	Waste Management & Landfill Strategy	Operational	Waste Strategy	July 2013	Deferred		Initially revised start date Quarter 3. Agreed with Service Director and S151 that this audit was not appropriate at this time. Instead, Internal Audit to attend Waste Management FSDM workshop to provide support for project work.					0	0	0	0	0	0	
121	Adult Care & Housing Strategy	Child/Adult Transition	Operational	Transitions	January 2014	Removed								0	0	0	0	0	0
122	Children & Families	Adoption & Fostering	Operational	Adoption	January 2014	Removed								0	0	0	0	0	0
123	Children & Families	CareFirst	Operational	CareFirst (Practitioner Level)	July 2013	Removed								0	0	0	0	0	0
124	Communications	Communications	Operational	Communications	July 2013	Removed								0	0	0	0	0	0
125	Communities	Heritage	Operational	Security of Artefacts	July 2013	Removed								0	0	0	0	0	0
126	Core Cross-Cutting	Primary Data Centre	Operational	Primary Data Centre	April 2013	Removed								0	0	0	0	0	0
127	Neighbourhood	Car Parking Services	Follow Up	Car parking services follow up	July 2013	Removed								0	0	0	0	0	0
128	Strategic, Highways & Transport	Traffic & Network Management	Follow Up	Traffic & Network Inspection Follow Up	August 2013	Removed								0	0	0	0	0	0

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Schedule of Potential Significant Risks Identified from Internal Audit Work during the period 1 April 2013 – 30 November 2013

NEW RISKS IDENTIFIED DURING THE PERIOD 1 APRIL 2013 TO 30 NOVEMBER 2013								
Ref	No	Name of Audit	Weaknesses Found	Risk Identified	Recommended Action	Managers Agreed Action	Agreed Date of Action	Managers Update
NONE IDENTIFIED FROM INTERNAL AUDIT WORK DURING THIS PERIOD								

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Summary of Key Points Relating to "Partial Assurance" Reviews

AUDIT TITLE	AUDITORS OPINION
	No reports that have been finalised since the last report to this Committee in September have provided a "partial or no assurance".

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Wiltshire Council

Audit Committee

18 December 2013

KPMG (External Audit) Annual Audit letter 2012/13

Executive Summary

1. Attached is the Annual Audit Letter issued by Wiltshire Council's external auditors (KPMG LLP). The Letter looks at the work done by KPMG on the records and work of the authority for 2012/13. This is a summary of work already reported to this Committee during the year.
2. KPMG are, as are all external auditors, required to report their findings from each audit year. The report attached in appendix A meets that requirement.

Background

3. KPMG have summarised the key findings from 2012/2013 audit of Wiltshire Council. They issued unqualified opinions on financial statements and value for money conclusion on 4 September 2013. There are no high priority recommendation as a result of their 2012/2013 audit work.
4. Appendix 1 of the KPMG letter summarises the timing of their reports issued. All of these have been previously reported to the Audit and Appendix 2 has details of the audit fees.

Proposal

5. Members of the Audit Committee note KPMG's Annual Audit Letter and receive an update on progress in March 2014.

Reason for the Proposal

6. To inform Audit Committee of the Council's external assessment of its financial and governance control environment.

Michael Hudson
Associate Director Finance

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

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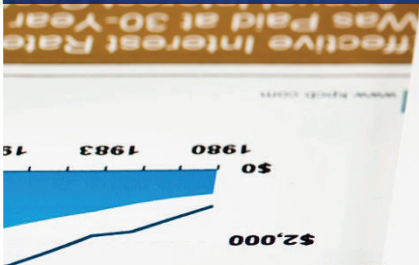
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Annual Audit Letter 2012/13

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Wiltshire Council

October 2013



The contacts at KPMG in connection with this report are:

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Report sections

- Headlines

Page

2

Appendices

1. Summary of reports issued
2. Audit fees

4

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Chris Wilson, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 03034448330.



Section one Headlines

This report summarises the key findings from our 2012/13 audit of Wiltshire Council (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2012/13 financial statements and the 2012/13 VFM conclusion.

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VFM conclusion	<p>We issued an unqualified value for money (VFM) conclusion for 2012/13 on 4 September 2013.</p> <p>This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
VFM risk areas	<p>We identified two significant risks to our VFM conclusion and considered the arrangements you have put in place to mitigate these.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> ■ The Authority has developed detailed savings plans for both 2012/13 and 2013/14 and monitors delivery of these plans on an ongoing basis. As a result of the overall financial control environment in operation, the Authority achieved an under spend against the 2012/13 budget; and ■ During the year, the Authority recognised a significant downwards revaluation in relation to the first phase of the renovation of County Hall. Members and officers were kept informed of the renovation of County Hall during the year. Discussions and audit evidence has been obtained on the additional benefits and ongoing saving to be incurred as a result of the renovation.
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 4 September 2013. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.</p>
Financial statements audit	<p>Our audit identified one audit adjustment with a value of £2.0 million. This amendment related to the inclusion of the year-end Teacher's Pension superannuation balance being included within debtors despite being in a credit position. The correction of this issue had no impact upon either the deficit on provision of services for the year; or the net worth of the Authority as at 31 March 2013.</p> <p>The Authority has, as in prior years, evidenced a strong financial reporting process and produced draft financial statements of high quality. Officers dealt with audit queries in a highly efficient manner which assisted in ensuring that the audit process was completed within the planned timescales.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding. No significant changes were required as a result of our audit of the statement.</p>



Section one Headlines (continued)

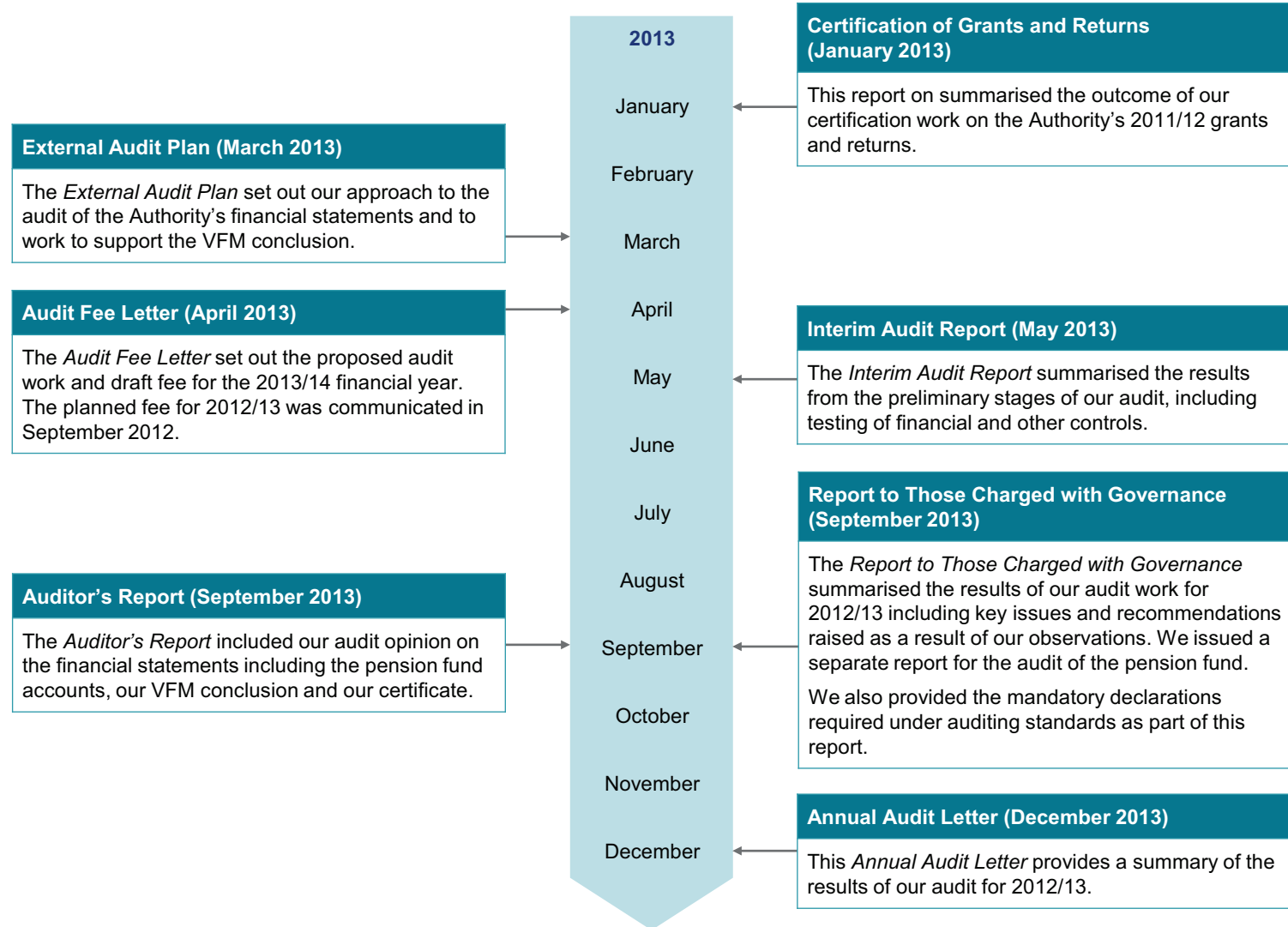
We provide a summary of our key recommendations in Appendix 1.

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 2.

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Pension fund audit	There were no significant issues arising from our audit of the pension fund. We therefore, issued an unqualified audit opinion on the pension fund accounts, as part of our audit report on the Authority's financial statements.
Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.
High priority recommendations	We raised no high priority recommendations as a result of our 2012/13 audit work. As a result of the audit of the financial statements we raised one low priority recommendation in our <i>ISA 260 Report 2012/13</i> in relation to the completeness of Academy school asset disposals.
Certificate	We issued our certificate on 4 September 2013. The certificate confirms that we have concluded the audit for 2012/13 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our fee for 2012/13 was £254,250, excluding VAT. This is higher than the planned fee of £222,156, as a result of additional work delivered during the year, but represents a significant reduction from the total fee for 2011/12. Further detail is contained in Appendix 2.

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



This appendix provides information on our final fees for 2012/13.

To ensure openness between KPMG and your Audit Committee about the extent of our fee relationship with you, we have summarised the outturn against the 2012/13 planned audit fee.

External audit

Our final fee for the 2012/13 audit of the Authority was £254,250. This is an overall reduction of 37 percent on the comparative total fee for 2011/12 of £402,760. This reflects the significant reductions made nationally by the Audit Commission to its scale fees.

The final fee compares to a planned fee of £222,156. The reason for this variance is the completion of additional work which was not allowed for in our initial planned fee as follows:

- The completion of a comprehensive review of the internal audit function provided by South West Audit Partnership (“SWAP”) against the *CIPFA Code of Practice for Internal Audit in Local Government* (£16,353);
- A review of the data migration process undertaken by the Authority, and subsequent work by SWAP, in relation to the implementation of the QL housing rents system (£9,883); and
- Investigation and responses into an elector challenge during the year (£5,858).

Our fees in relation to the additional work outlined above are still subject to final determination by the Audit Commission, and therefore, pending this, represents our best estimate of the cost for the year.

Our final fee for the 2012/13 audit of the Pension Fund was in line with the planned fee of £24,246.

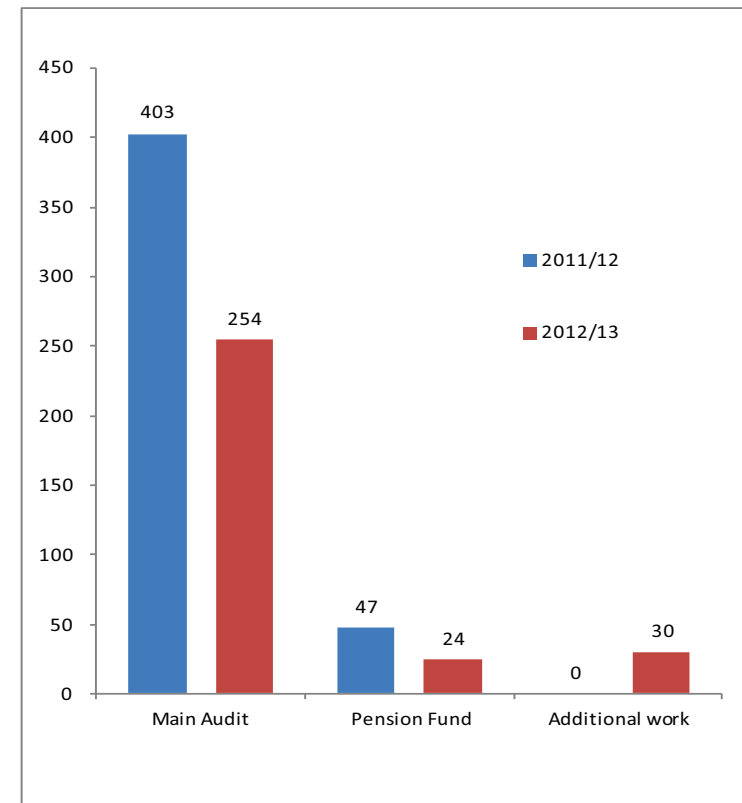
Certification of grants and returns

Our grants work is still ongoing and the fee will be confirmed through our report on the *Certification of Grants and Returns 2012/13* which we are due to issue in January 2014.

Other services

During the year we undertook £30,000 of non- audit work in relation to a due -diligence review of the Regional Growth Fund.

External audit fees 2012/13 (£'000)





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QL Housing Implementation – Data migration

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Wiltshire Council

September 2013



Agenda Item 8

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Report sections

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■ Summary	2
■ Areas of good practice	3
■ Areas for improvement	4-5

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The data migration element of the implementation of the QL Housing application as Phase One of the project has been managed and performed in a satisfactory manner.

We noted areas of good practice as well as other areas where performance should be improved.

Objective

The primary objective of our work on the migration of data from the existing Simdell Housing application and the other supporting databases to the QL application has been to gain sufficient comfort that the migration was materially complete and accurate.

Background

A project was initiated in January 2012 to upgrade and replace the housing IT system. The application, Simdell, had been inherited from Salisbury District Council, the only one of the former district councils which had retained housing stock. Simdell was at the end of its life and lacked some functionality, which had been compensated for by the use of work-arounds and the development of end user databases. The replacement application selected was QL Housing, from the Simdell supplier Aareon UK Ltd. In addition modules from First Touch in respect of mobile workforces functionality were also selected for implementation with QL. The planned Phase One modules of QL and the core business functions of First Touch mobile went live on 30 January 2013, with the remainder planned for phase 2, which was planned to start in February 2013.

Approach

South West Audit Partnership ("SWAP") the internal auditors undertook a review of the implementation of QL, including work on the migration of data. We reviewed their work and the additional work requested as a result of our review.

Overall our approach was as follows:

- Review the approach and report of SWAP.
- Review supporting documentation.
- Investigate specific areas of audit risk.
- Carry out re-testing of key areas.

Overall assessment

Overall we consider that the data migration project has been managed and performed in a satisfactory manner. The evidence we examined indicated that the process went well, and that the application went live on the expected date, despite changes in the Housing department during the project. We note some areas of good practice, whilst also raising some learning points. These are shown in the detailed reporting sections of this report.

We have not included any formal recommendations for management responses within this report as detailed feedback has already provided to the Council by the internal auditors, SWAP, and we have also reported similar learning issues in past reports by us on data migration to new applications.

Good practice was noted in the level of involvement of the Project Sponsor, in the quality of some documentation and in the Council's initiatives to provide good practice guidance.

Areas of good practice	
Involvement of Project Sponsor	The documentation indicated that there was steady, on-going leadership from a single sponsor during the life of the project. This included evidence of him querying the results of testing. A good project sponsor, providing strong, on-going leadership, is an important element of a successful project.
Documentation	<p>There was an inconsistent level of quality with the supporting documentation. However, there were good areas, in particular :</p> <ul style="list-style-type: none"> ■ the pro-forma structure for the user acceptance scenario testing; ■ use of the Aareon system checkpoint reports to identify quickly if there were any migrated fields which did not show values due to mapping errors; and ■ the clear and comprehensive go live cut over plan.
Production of guides and best practice examples	<p>The Corporate Programme office is building up a library of guides for staff and "Best Practice" examples as part of an on-going improvement process, although there is no process for giving formal approval to these toolsets.</p> <p>An example of this is that in February 2013 a pro-forma Test Strategy document was produced as a template for future projects.</p>

Improvements are needed to the audit trail of documentation.

Issues and learning points for development

Documentation – consistency and quality

As noted in the report by SWAP – Migration from Simdell to QL, key documents were found to be incomplete and recommendation 1.1b in that report applies here. Recommendation 1.1b stated: “key documents such as the Project Brief, should be reviewed to ensure that they have been completed and submitted for approval.”

We noted the following:

- The Project Initiation Document (“PID”) was incomplete.
- Data Migration “Strategy” was actually a detailed plan with extract code included. There was no overall test strategy.
- Many documents did not have details of either the author or the date of production.
- Others had not been fully updated – e.g. On the Data Transfer Issue Log the field recording the date the document was last updated showed May 2012, despite evidence of later updates. Some of the issues had not been sign off as cleared
- The Data Transfer Issue Log is, however, a good example of format, showing owner, version, the date last updated and its purpose was clear.

Good quality documentation is essential to ensuring that the project, including the data migration element :

- is effectively planned;
- that the plan is being followed and updated for the impact of issues arising;
- problems are recorded and dealt with properly throughout the life of the project;
- individual and group responsibilities are clearly defined and allocated ;and
- the go live decision can be made in the knowledge that they key elements have been recorded and presented to support the decision.

Areas for improvement (continued)

Better consideration of the need to retain staff with understanding of the old application(s) is needed. Key go-live criteria were not clearly defined and the legacy system was not retained for audit purposes as initially requested.

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Issues and learning points for development

<p>Personnel</p>	<p>The unfinished state of the early project documentation was ascribed to the illness of the initial project manager, and the delay in replacing that person. This possible scenario should be reviewed and a process put in place to ensure that appropriate, if necessary, temporary cover is brought in within an appropriate timescale.</p> <p>During the period of the first phase of the project, we understand from SWAP that there was a reorganisation of the Housing department, with some staff having to reapply for their job. The person identified in the PID as the stakeholder from the business, and who was due to work full time on the project, was issued with a redundancy notice, which was later rescinded. This person was key to the project as he had extensive knowledge of Simdell and was made responsible for the data migration reconciliations and other testing. We recall that during the SAP implementation project the reconciliation of one district's sales ledger was greatly hampered by the loss of staff with experience of the old application.</p> <p>Overall, whilst we acknowledge that these organisational changes are important, it is also vital that the impact of the loss of staff with critical knowledge of application systems, especially during projects involving those systems, is properly taken into account.</p>
<p>Go-live criteria</p>	<p>We were unable to identify where the go-live criteria were specified. The failure to define the key requirements which have to be met for an application to go live can lead to an inappropriate decision on the go-live. The project sponsor indicated his concurrence with the go-live in a "Well Done" e-mail to the team on 30 January, based per the project team, on his having the results of testing and the outstanding issues.</p>
<p>Availability of the legacy system for audit</p>	<p>SWAP had requested that the Simdell live system should remain available for audit testing, as evidenced in the minutes of the project Board Close down, on 20 March 2013. However this did not happen and their testing had to be done on an incomplete test system. Whilst SWAP were able to obtain data by other routes, consideration should be given to having a process for validating the decision to close down superceded applications. In addition to needing an audit sign off, this should ensure that all data subject to legal requirements has been retained.</p>



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Report of the Audit Committee Task Group review of Internal Audit project procedures and reporting

Purpose of report

To invite the Audit Committee to note the findings and conclusions of the Task Group and to seek the Committee's approval of the recommendations contained in the Group's report.

Introduction

The Audit Committee set up a Task Group to examine Internal Audit (IA) processes, documentation and its reporting to the Audit Committee.

The Task Group consisted of Councillors Britton, Jenkins, Oldrieve and Pollitt.

On Wednesday 27th November Councillors Britton, Jenkins and Pollitt received a presentation from David Hill, Suella Coman and Denise Drew from SWAP's Wiltshire Council IA team. The excellent comprehensive presentation covered the sequence of events and documentation around the definition and the actual conduct of an IA review. The Task Group received specimen documentation and had a wide-ranging discussion of the format of IA reports to the Audit Committee.

Executive Summary

Conclusions:

1. The Task Group agrees with our external auditors that IA projects appear to be professionally conducted and soundly managed.
2. The present arrangements for reporting the progress of IA projects do not allow the Audit Committee effectively to monitor the progress of the overall IA programme.
3. The current arrangements for the reporting of IA projects and their outcomes to the Audit Committee do not form a satisfactory basis on which the Committee can satisfy itself that IA is delivering value for money in terms of resulting in actual improvements to Wiltshire Council's systems, procedures and processes.
4. The Audit Committee needs to be better placed to judge the extent to which IA recommendations are implemented as being the best measure of whether or not IA delivers value for money.

Recommendations:

1. The current IA reports to the Audit Committee should be replaced with a new reporting format based on the grouping of projects by their current status.
2. The Audit Committee should receive a separate report of Levels 3, 4 and 5 recommendations which are not accepted by management.
3. The management of functional areas where IA have made recommendations of level 3, 4 or 5 in importance should, within three months of IA's Final Report, report to the Audit Committee their progress in implementing those recommendations.

Review of IA project procedures

The SWAP team described two projects to the Task Group: Disabled Facilities Grants and Contract Monitoring in Children's Centres.

We received an explanation of the various stages of the IA process from project specification through to Final Report sign-off and were given samples of some of the documentation produced at each stage.

We looked at the sophisticated planning and project software (MKInsight) in use although we noted a potential weakness in that after scoping a project the system relies on the completion of a manual form to then transfer data to the project management database. We understand this matter is being addressed to ensure that common data is used throughout.

Although we have not been present at any actual project management and review meetings the software, documentation and processes described to us seem comprehensive and effective in providing a sound basis for:

- Proper project management
- Effective client communications
- An audit trail

Such a brief and limited review is insufficient to enable us to give the Audit Committee total and unlimited reassurance that every aspect of the performance of IA projects and their management is sound and flawless. However, we formed a favourable opinion of the overall processes, documentation and management and found no reason to express any concerns.

Overall we share our external auditors' view and **conclude** that the Audit Committee can be reassured that IA projects appear to be professionally conducted and soundly managed.

Audit Committee responsibilities for Internal Audit

The Task Group considers that the Audit Committee has (or should have) the following specific functions and duties regarding the Internal Audit function. It should be in a position to:

- agree an annual programme of IA projects and satisfy itself that the projects are selected in accordance with the perceived risk associated with the particular departments/processes selected for review;
- ensure that the programme includes reviews of the key financial controls and processes to be relied on by our external auditors;
- monitor the progress of the delivery of that programme;
- be satisfied that IA reports will highlight key risks and weaknesses;
- understand the extent to which IA recommendations are being acted upon;
- satisfy itself that the IA function is delivering value for the public money being spent on this activity.

Value for money from IA projects

The Task Group recognises that the findings of some aspects of IA projects is relied upon by our external auditors and, presumably, is therefore 'justified' by economies in that latter function. This has, however, not been evaluated.

Value for money from IA will also be delivered through:

- Continuous improvement in the way Wiltshire Council does business
- Reduced risk
- Increased assurance and confidence in the integrity of its processes and staff

The Audit Committee must be in a position to satisfy itself that these objectives are being delivered through IA findings and recommendations being acted upon by management wherever they are agreed as appropriate.

Current IA reporting to the Audit Committee

The Task Group considers that the current reports do not provide a proper basis for the Audit Committee to fulfil its responsibilities as described above.

1. The current date-based list of projects and project progress does not highlight projects where there are issues and problems to be explored: delays, deferral, late starts, staffing issues and so forth. They require Audit members to do a considerable amount of analysis – comparing due dates and actual – to spot any current or emerging problem areas.

We conclude that the current reporting arrangements do not allow the Audit Committee properly to monitor the overall progress of the IA programme.

2. Although the list shows for each completed project the numbers of recommendations in the various degrees of perceived importance the Audit Committee cannot see what, if any, action is then taken by management to implement those recommendations – even if they are agreed.

If IA was making numbers of recommendations which are not being implemented (even where agreed) then, through no fault of its own, IA would not be providing value for money. This aspect is largely invisible to the Audit Committee.

We conclude that the current reporting arrangements do not allow the Audit Committee to satisfy itself that IA is providing value for money in terms of the actual delivery of improved and/or more secure processes.

IA reporting to Audit Committee – proposals

- 1 Overall programme delivery

We recommend that the current date-based project reporting sheets are replaced with a format which provides the Committee with a more meaningful and easily-interpreted overall picture of progress and which highlights problem areas which members might wish to query.

This could be achieved by listing projects according to their status, for example:

- Projects underway but on schedule and nothing to report
- Projects underway but running late (reasons and dates)
- Projects due but not yet started (reasons)
- Projects cancelled (reasons)
- Projects deferred (reasons)
- Projects at Draft Report due date/delivered date (date for Final)
- Projects at Final Report (ie agreed by management) with due date, actual date and numbers of recommendations (by importance)
- Projects programmed but not yet started (with a start date)

An outline of such a format is attached as an appendix to this report.

We also **recommend** that the Audit Committee receives a separate report (“Recommendations not accepted”) of projects at Final Report where management has rejected IA recommendations of levels 3, 4 or 5 in Importance and which:

- Are in a High or Medium Risk category and/or
- Receive a No Assurance or Partial Assurance rating

The report to explain why IA recommendations are not agreed by management.

2 Value for money from IA

Clearly if large numbers of IA recommendations were being rejected by management for entirely sound reasons then there would be a question over whether or not IA was delivering proper value for money (other than in those areas relied upon by our external auditors).

The “Recommendations not accepted” report described above will help the Audit Committee to judge this although it will not identify levels 1 and 2 recommendations being rejected.

However if large numbers of agreed IA recommendations are not being implemented then, through no fault of IA, the organisation would also not be getting value for money.

IA usually only conducts follow-up reviews six months after their Final report stage – and then usually only of High Risk or projects resulting in No Assurance or Partial Assurance.

The Task Group **concludes** that the Audit Committee should be better placed to judge the extent to which IA recommendations are being implemented. Waiting for six months to see only a limited number of follow-up reports is inadequate.

We **recommend** that management of any functional area where the IA report contains recommendations of levels 3, 4 or 5 in importance should be required within three months of the IA Final Report to report to the Audit Committee the progress in implementing those recommendations.

Confidentiality

The Task Group accepts that it might not be appropriate to make public some aspects of IA’s work and conclusions. However, we see no reason why those items should not simply be

reported as Part II matters. The reports described and referred to above should provide an explicit reference to "Part II".

Councillors Richard Britton, David Jenkins, Stephen Oldrieve, David Pollitt

28th November 2013

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