

## AGENDA

---

**Meeting:** Audit  
**Place:** North Wiltshire Room - County Hall, Trowbridge BA14 8JN  
**Date:** Tuesday 28 October 2014  
**Time:** 12.30 pm

---

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](mailto: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](http://www.wiltshire.gov.uk) .

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

---

### Membership:

Cllr Richard Britton (Vice Chairman)  
Cllr Rosemary Brown  
Cllr Tony Deane (Chairman)  
Cllr Stewart Dobson  
Cllr Julian Johnson  
Cllr Stephen Oldrieve

Cllr Linda Packard  
Cllr Sheila Parker  
Cllr David Pollitt  
Cllr James Sheppard  
Cllr Helen Osborn

### Non-Voting Members

Cllr Jane Scott OBE and Cllr Dick Tonge

### Substitutes

Cllr Terry Chivers  
Cllr Peter Evans  
Cllr Nick Fogg MBE  
Cllr Mike Hewitt  
Cllr George Jeans  
Cllr David Jenkins

Cllr Jacqui Lay  
Cllr Dr Helena McKeown  
Cllr John Noeken  
Cllr Jeff Osborn  
Cllr Mark Packard  
Cllr Ian West

## Part I

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

**1 Apologies and Membership Changes**

**2 Chairman's Announcements**

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

To confirm and sign the minutes of the Audit Committee meeting held on 31 July 2014.

**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 **21 October 2014**. 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 2014/15 2nd Quarter UPDATE REPORT (Pages 7 - 42)**

This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section.

**7 Anti Fraud and Corruption Strategy (Pages 43 - 62)**

The Committee are to receive the Anti Fraud and Corruption Strategy.

**8 KPMG - Annual Audit Letter 2013/14 (Pages 63 - 70)**

The Committee are to received the Annual Audit Letter 2013/14 from KPMG.

**9 KPMG - External Audit Progress Report and Technical Update (Pages 71 - 90)**

The Committee are to receive the External Audit Progress Report and Technical Update from KPMG.

**10 Date of next meeting**

To note that the next regular meeting of the Committee will be held on 2 December 2014.

**11 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**

This page is intentionally left blank

## AUDIT

---

### **DRAFT MINUTES OF THE AUDIT MEETING HELD ON 31 JULY 2014 AT KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.**

#### **Present:**

Cllr Richard Britton (Vice Chairman), Cllr Tony Deane (Chairman), Cllr Stewart Dobson, Cllr Mike Hewitt (Substitute), Cllr Stephen Oldrieve, Cllr Jeff Osborn (Substitute), Cllr Linda Packard, Cllr Sheila Parker and Cllr David Pollitt

#### **Non-Voting Members Present:**

Cllr Jane Scott OBE and Cllr Dick Tonge

---

#### **29 Apologies and Membership Changes**

Apologies were received from Cllr Rosemary Brown, Cllr Helen Osborn (substituted by Cllr Jeff Osborn), Cllr Julian Johnson (substituted by Cllr Mike Hewitt) and Matthew Tiller (Chief Accountant).

#### **30 Chairman's Announcements**

There were no announcements.

#### **31 Minutes of the Previous Meeting**

The minutes from the meeting on 24 June 2014 were presented to the Committee.

#### **Decision:**

**The Committee approved the minutes as a correct record of the meeting on 24 June 2014.**

#### **32 Members' Interests**

No interests were declared.

#### **33 Public Participation and Committee Members' Questions**

No questions were received.

## 34 **KPMG - Report to those charged with governance**

The KPMG report was introduced by the Associate Director of Finance, Revenues and Benefits. A background to the ISA 260 was provided and the need for disclosure and transparency was highlighted. Darren Gilbert and Tara Westcott from KPMG presented the report to the Committee. The role of 'those charged with governance' was explained to those present.

It was stated that KPMG were happy with the support from the finance team and that there had been no major changes. One recommendation was included in the report that highlighted the need for the council to be satisfied in relation to the fair value of assets.

Public health was discussed in the report and a last minute presentational change to the report was explained. This change related to a transferred service. The strength of current arrangements in relation to economy and efficiency were highlighted.

Tara Westcott discussed the estates strategy and the sale of assets. Concern over the future capital spend in regards to realising the assets was discussed. A change to accounting standards in the pension scheme was also raised. The draft accounts presented on 6 June were of a high standard; however, a few minor tweaks were made. The supporting papers and pension audit papers provided to KPMG were also of a high standard. The business rates retention scheme was discussed and a deficit was highlighted. This deficit would be 'rolled forward into future years'.

The Committee was given the opportunity to ask questions of the KPMG representatives. A question was asked in regards to the financial impact on the balance sheet in relation to financial risks. The policies around accounting for contingent liabilities were also raised. The Associate Director for Finance, Revenues and Benefits was not aware of any contingent liabilities around public health. Members discussed the sale of assets and the generation of income from existing assets. A list of those assets that were to be sold was to be circulated after the meeting. A non-domestic rate collection deficit was discussed, along with the administration of business rates.

The KPMG representative stressed the need for reports to be accessible to the public and not to be written assuming prior knowledge. The Committee heard that there were no systemic issues.

Members thanked the Associate Director of Finance, Benefits and Revenues and his team for their hard work.

### **Decision:**

**To approve the ISA 260 report from the external auditors in relation to the draft accounts for 2013/14 and to delegate the signing of the letter of the management representation to the Chairman of the Audit Committee.**

### 35 **The Annual Governance Statement**

The Associate Director for Legal and Governance asked the Audit Committee to approve the Annual Governance Statement (AGS) for 2013 -14 for publication with the Statement of Accounts.

**Decision:**

**To approve the Annual Governance Statement for 2013-14 for publication with the Statement of Accounts.**

### 36 **Statement of Accounts**

The Associate Director for Finance, Revenues and Benefits and the Principal Accountant presented the Draft Statement of Accounts in respect of the 2013/2014 financial year for Wiltshire Council. The Associate Director thanked his team and KPMG for their hard work. A consultation was discussed that debated bringing the signing of accounts forward to 31 July nationally; this was a target that Wiltshire Council already met. The redesigning of the Statement of Accounts was also being considered by the same working group and Members were asked for feedback.

The Committee heard that there was a small surplus for the financial year. Depreciation and the valuation of buildings were discussed. The refurbishment and valuation of County Hall was discussed and the redesign of the hub centres was deemed value for money. There was a significant increase in Housing PFI and capital receipts.

The pension fund deficit was discussed and the Board heard that the recovery plan would return the pension fund to balance over the next twenty years. The pension fund deficit had been improved by 6%. Changes to business rates retention were also discussed and the adjustments that had been made had a knock on effect.

Members had the opportunity to ask questions, these included money owed from Icelandic banks and the VAT return subject to the 'Isle of Wight case'. The Associate Director explained that the 'Isle of Wight case' had been active for the last decade and would not conclude in the immediate future. The Local Government Associations legal services were working to recover the funds lost through the Icelandic Banks. The total recovery amount was stated at just over £11.5M.

Discussion continued to the drawdown of funds for safeguarding children which was approved by Cabinet and clarification was sought in relation to the Housing Revenue Account (HRA).

Members asked KPMG about the valuation and subsequent revaluation of Melksham Secondary School. There was a significant drop in the value of the

School after its second valuation. Members sought clarification over this change in value. An explanation was provided which stated that the valuation referred to the asset's 'value of use' as the school was constructed for this specific purpose. It was explained that with a change of purpose the 'value of use' valuation was no longer appropriate and consequently the asset's value would change.

**Decision:**

**To approve the Draft Statement of Accounts for the 2013/14 financial year.**

37 **IA First Quarter Update**

The Committee received a progress report from SWAP on the performance of the Internal Audit (IA) Section. The Associate Director for Finance, Revenues and Benefits provided an introduction to the IA First Quarter update. It was stated that performance was improving but more could have been done about ensuring reports were on time.

The Internal Audit Manager stated that internal audit had begun working on their 2014/15 workload. The Committee heard an overview of the provided report and risks were said to be well managed. The Audit Manager explained that there were no high level significant risks since the last Audit Committee meeting. Recommendations that were outstanding were highlighted and the change of the format of the IA report was discussed.

The audit of Balfour Beatty was raised by Members and it was explained that this process had just started. The Committee heard that this audit would be split into two phases. Phase two would be later in the year.

Members had the chance to ask questions of the Internal Audit Manager. Customer satisfaction questionnaires were discussed as well as the percentage of final reports issued within 10 working days of discussion of draft reports. The Associate Director for Finance, Revenues and Benefits was asked if a report on the implementation of the IA recommendations would be provided in future. In response it was stated that if any 'priority 5 risks' were not implemented on time then it would be brought to the attention of Corporate Directors and Cabinet Members to ensure it was followed up.

The housing rates update and general programme of internal audit were raised. The Committee heard that there had been a slight increase in rent arrears and further information would be circulated to Members by email. The Leader of the Council stated that this slight increase in rent arrears was not too bad considering the economic state of the country at that time.

**Decision:**

**To note the findings from IA audit to date.**



38 **Forward Work Programme**

No forward work programme was presented to the Chairman. The Chairman requested that briefing meetings were arranged in future.

39 **Date of next meeting**

The next regular meeting of the Audit Committee was to be confirmed with the Chairman's agreement.

40 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.00 - 11.55 am)

The Officer who has produced these minutes is David Parkes, of Democratic Services, direct line (01225) 718220, e-mail [david.parkes@wiltshire.gov.uk](mailto:david.parkes@wiltshire.gov.uk)

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

This page is intentionally left blank

WILTSHIRE COUNCIL

AGENDA ITEM NO.

AUDIT COMMITTEE

28<sup>th</sup> October 2014

---

## **INTERNAL AUDIT 2014/15 2<sup>nd</sup> Quarter 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 second quarter of 2014/15,
  - 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 2014/15 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 16 audit assignments have been completed since the update provided in July 2014. 10 audit assignments are at draft stage and 29 are currently in progress.
3. Overall IA concluded as per its assurance definitions at page 5 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 2 of the 16 audit reviews completed were afforded partial assurance. Detail is provided in Appendix D.

6. Overall, 58 recommendations have been made by IA since the July 2014 update. Only two were not accepted by Management (see Appendix E). The break down of the prioritisation of recommendations highlights the majority still are at or below level 3 as follows:

<b>Year</b>	<b>Priority 5</b>	<b>Priority 4</b>	<b>Priority 3</b>	<b>Priority 2</b>	<b>Priority 1</b>	<b>Total reported</b>
<b>2013/14 carry forward audits</b>	3	17	23	7	0	<b>50</b>
<b>2014/15 audits</b>	0	0	5	1	2	<b>8</b>
<b>Percentage</b>	5%	29%	49%	14%	3%	

7. Appendix B shows audits grouped by current status and highlighted as Red, Amber or Green. Overall this identifies a number of audits progressing with some slippage, although commentary provides clear reasoning and evidence around most of the causes of this, such as restructures. When considered around risk and period of delay or deferment there are no issues to report at this quarter end and the position will continue to be monitored.
8. Following on from the Audit Committee's recommendation SWAP and myself have undertaken a trawl of the higher priority recommendations (priorities 3 to 5) made in the last two years. This requires a degree of self certification and has only just begun as a formal process. As such at this stage there are 60 recommendations where a response is still awaited from managers. That is not to say action has not taken place, rather no response has been forthcoming. As with audit satisfaction questionnaire the support of this Committee in focusing attention on the need to assess the implementation of recommendations is critical. In addition, going forward Finance will be undertaking monthly checks on progress and chasing managers with update reports to Corporate Directors and identification of any risk assessment revisions required due to unsatisfactory progress. As such this quarter this new appendix should be view more for information on progress, and further reports will hopefully reflect a downward trend in the number of recommendations outstanding implementation (although for a period it may also see an increase in the number of recommendations not accepted – this too will be important management information to assess).
9. Internal Audit have agreed other additional work relating to central government returns and advice for new and ongoing projects within the Programme Office.

10. Overall the performance of SWAP is on track with the partnership performance measures.

### **Proposal**

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

### **Reasons for Proposals**

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

**Michael Hudson**  
**Associate Director, Finance, S.151 Officer**

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

---

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

Appendices: A – IA Third Progress Report 2014/15  
B – IA detailed Audit Plan and monitoring statement 2014/15  
C – Significant Corporate Risks  
D – Summary of audits deemed 'Partial / No' assurance  
E - Recommendations Not Accepted  
F - Recommendations Outstanding

This page is intentionally left blank

28<sup>th</sup> October 2014

---

**INTERNAL AUDIT 2014/15 2<sup>nd</sup> Quarter 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 second quarter of 2014/15,
  - 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 2014/15 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 16 audit assignments have been completed since the update provided in July 2014. 10 audit assignments are at draft stage and 29 are currently in progress.
3. Overall IA concluded as per its assurance definitions at page 5 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 2 of the 16 audit reviews completed were afforded partial assurance. Detail is provided in Appendix D.

6. Overall, 58 recommendations have been made by IA since the July 2014 update. Only two were not accepted by Management (see Appendix E). The break down of the prioritisation of recommendations highlights the majority still are at or below level 3 as follows:

<b>Year</b>	<b>Priority 5</b>	<b>Priority 4</b>	<b>Priority 3</b>	<b>Priority 2</b>	<b>Priority 1</b>	<b>Total reported</b>
<b>2013/14 carry forward audits</b>	3	17	23	7	0	<b>50</b>
<b>2014/15 audits</b>	0	0	5	1	2	<b>8</b>
<b>Percentage</b>	5%	29%	49%	14%	3%	

7. Appendix B shows audits grouped by current status and highlighted as Red, Amber or Green. Overall this identifies a number of audits progressing with some slippage, although commentary provides clear reasoning and evidence around most of the causes of this, such as restructures. When considered around risk and period of delay or deferment there are no issues to report at this quarter end and the position will continue to be monitored.
8. Following on from the Audit Committee's recommendation SWAP and myself have undertaken a trawl of the higher priority recommendations (priorities 3 to 5) made in the last two years. This requires a degree of self certification and has only just begun as a formal process. As such at this stage there are 60 recommendations where a response is still awaited from managers. That is not to say action has not taken place, rather no response has been forthcoming. As with audit satisfaction questionnaire the support of this Committee in focusing attention on the need to assess the implementation of recommendations is critical. In addition, going forward Finance will be undertaking monthly checks on progress and chasing managers with update reports to Corporate Directors and identification of any risk assessment revisions required due to unsatisfactory progress. As such this quarter this new appendix should be view more for information on progress, and further reports will hopefully reflect a downward trend in the number of recommendations outstanding implementation (although for a period it may also see an increase in the number of recommendations not accepted – this too will be important management information to assess).
9. Internal Audit have agreed other additional work relating to central government returns and advice for new and ongoing projects within the Programme Office.



10. Overall the performance of SWAP is on track with the partnership performance measures.

### **Proposal**

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

### **Reasons for Proposals**

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

**Michael Hudson**  
**Associate Director, Finance, S.151 Officer**

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

---

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

Appendices: A – IA Third Progress Report 2014/15  
B – IA detailed Audit Plan and monitoring statement 2014/15  
C – Significant Corporate Risks  
D – Summary of audits deemed ‘Partial / No’ assurance  
E - Recommendations Not Accepted  
F - Recommendations Outstanding



## Wiltshire Council

Report of Internal Audit Activity 2014/15

October 2014

# Contents

---

The contacts at SWAP in connection with this report are:

**Gerry Cox**

Chief Executive

Tel: 01935 385906

[gerry.cox@southwestaudit.co.uk](mailto:gerry.cox@southwestaudit.co.uk)

**David Hill**

Director of Planning Tel:

01935 385906

[david.hill@southwestaudit.co.uk](mailto:david.hill@southwestaudit.co.uk)

**Denise Drew**

Audit Manager

Tel: 01225 712702

[denise.drew@southwestaudit.co.uk](mailto:denise.drew@southwestaudit.co.uk)

**Suella Coman**

Audit Manager

Tel: 01225 712704

[suella.coman@southwestaudit.co.uk](mailto:suella.coman@southwestaudit.co.uk)

Audit Opinion	Page 1
Role of Internal Audit and Audit work	Page 2
Internal Audit Work Programme 2014-15	Page 3
Efficiencies and Added Value	Page 4
SWAP Performance	Page 5 - 7
Approved Amendments to Annual Audit Plan 2014-15	Page 8
Audit Framework Definitions	Page 9-10

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. Generally management respond positively to internal audit suggestions for improvements and corrective action is taken quickly, wherever this is possible or practical. There are clearly some outstanding management actions and these are now closely monitored by the Corporate Leadership Team.



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 11th March 2014.

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.

Page 17



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 58 recommendations raised since our last update with 66% being priority 3, 2 or 1.”

“There has been no non-assurance opinions issued”

Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2014/15 and any remaining work from the 2013/14 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.

Appendix E includes any recommendations made which were not accepted by management. Appendix F now includes a report which includes recommendations made and agreed but which are still outstanding 3 months after the final report has been issued. Please note action may be outstanding if implementation dates are not yet due.



Outturn to date:

**Efficiencies and Added Value**

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

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

**Efficiencies and Added Value**

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”.

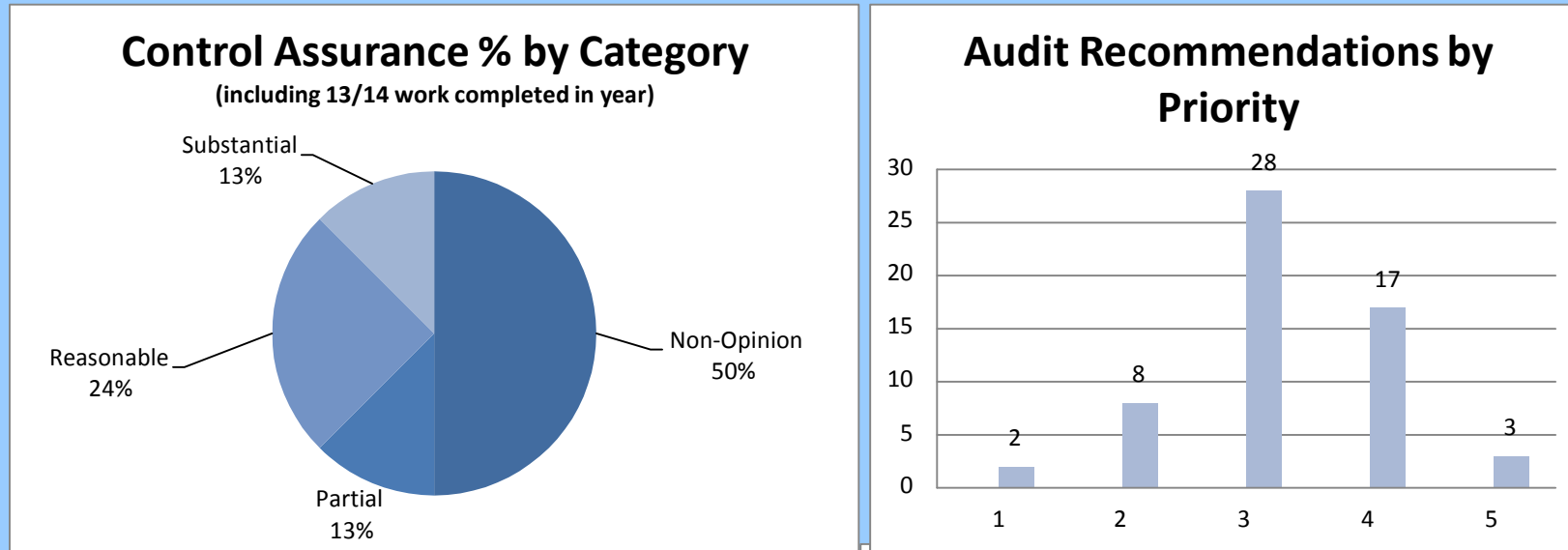
As we complete our operational audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. Examples of areas where audits have added value are:

- Schools Themed Reviews – issues identified relating to Benchmarking and Payment Cards gathered together and published on Schools Wisenet for schools’ awareness and potential strengthening of controls;
- Schools Unofficial Funds Accounting – best practice guidance note published on Schools Wisenet

Page 19



Summary of Control Assurance and Recommendations



Page 20

**Summary of Internal Audit Work to date**

A total of 16 audit assignments have been completed since the update provided in July 2014. 10 audit assignments are at draft stage and 29 are currently in progress. An analysis of assurances given and recommendations made is provided above and further details provided in Appendix B of this report.



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS.



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 2014/15 year are as follows;

Performance Target	Average Performance
<p><b><u>Audit Plan – Percentage Progress</u></b> 14/15 Percentage completion 90% or more</p>	95%
<p><b><u>Draft Reports</u></b> Issued within 5 working days Issued within 10 working days Average Days Overall</p>	38% 75% 9 days
<p><b><u>Final Reports</u></b> Issued within 10 working days of discussion of draft report. Average Days Overall</p>	33% 20 days
<p><b><u>Quality of Audit Work</u></b> Customer Satisfaction Questionnaire</p>	81%

Performance:

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

**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 81%.

Page 22

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 2014-15**

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 agreed so far for the 2014-15 year covers review activity in the following areas:

- Carbon Reduction Commitments Scheme;
- SAP In-sourcing project;
- Social Impact Bonds project;
- Single Customer View project.

Page 23







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

<b>Substantial</b>		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.
<b>Reasonable</b>		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.
<b>Partial</b>		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.
<b>None</b>		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 Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
<b>REMOVED / DEFERRED WORK 2014 - 15 (STATUS AMBER) - THIS IS ALWAYS AGREED WITH THE S151 OFFICER</b>																		
	Corporate & Procurement	Procurement	Operational	Corporate Procurement	April 2014	Deferred											A corporate review of procurement is currently being undertaken. Audit work deferred until 2015/16 when the review will have been completed, recommendations considered and actioned.	
	Corporate & Procurement	Procurement	Operational	e-procurement	July 2014	Deferred											A corporate review of procurement is currently being undertaken. Audit work deferred until 2015/16 when the review will have been completed, recommendations considered and actioned.	
	Finance	Imprest Accounts	Operational	Imprest Year End returns	April 2014	Deferred											Audit deferred until 2015/16 pending implementation of previous recommendations which are being actioned as part of the close down of Youth	
	People & Business Services	Absence Management	Operational	Absence Management	April 2014	Deferred											Audit deferred until 2015/16 to allow the findings from a number of absence management audits being carried out at other partner sites to inform the audit at Wiltshire Council.	
	People & Business Services	Absence Management	Operational	Absence Management 2	October 2014	Deferred											Audit deferred until 2015/16 to allow the findings from a number of absence management audits being carried out at other partner sites to inform the audit at Wiltshire Council.	
	Children's Commissioning & Performance	Safeguarding (Child Protection)	Operational	Safeguarding	July 2014	Deferred											New audit work deferred until January 15 after Follow Up completed. Follow up will identify areas for focus of new work.	
	Information Services	Asset Management	ICT	Configuration Management Database	July 2014	Deferred											Audit deferred until after IT restructure of services.	
	Information Services	Active Directory	ICT	WUC_Active Directory	April 2014	Removed											Removed as service carrying out their own review in this area.	
	Information Services	Service Desk	ICT	Service Desk Targets & Performance	January 2015	Deferred											Work deferred until after Police integration and as part of IT restructure.	
<b>AUDITS PLANNED BUT NOT YET STARTED (STATUS RED)</b>																		
	Core Cross-Cutting	Corporate Governance	Governance, Fraud & Corruption	Corporate Governance	April 2014	Created											Waiting for client to confirm to start	
<b>AUDITS PLANNED BUT NOT YET STARTED (STATUS AMBER)</b>																		
	Adult Social Care Operations	Care Homes	Operational	Contract Monitoring	July 2014	Created											In discussions with service. Audit planned to commence this quarter.	
	Economic Development & Planning	Development Control	Operational	Planning Applications	July 2014	Created											Audit start delayed to allow embedding of new planning IT application.	
	Legal & Democratic	Information Management	Governance, Fraud & Corruption	Information Management	July 2014	Created											Audit delayed to allow service to progress with plans of paper management.	
	Environment, Waste & Leisure	Leisure Centres	Operational	Leisure Centres - Income	July 2014	Created											Audit delayed as new corporate processes for income will affect the way in which income is collected/recorded at Leisure Centres.	
<b>CARRIED FORWARD 2013 - 14 IN PROGRESS (STATUS RED)</b>																		
	Children's Social Care	Care Placements	Follow Up	Care Placements Follow Up	2013/14	In Progress											Confirmation of status awaited from service.	
	Information Services	Systems Administration	ICT	Systems Administration	2013/14	Draft			10/02/2014								Response awaited from management.	
	Information Services	IT Infrastructure	Key Control	Corporate ICT Processes	2013/14	Draft			02/05/2014								Response awaited from management.	
	Core Cross-Cutting	Expenses Fraud	Operational	Members Expense Claims	2013/14	Draft			20/06/2014								Response awaited from management.	
	Information Services	Information Security	ICT	Sharepoint Security	2013/14	Draft			22/07/2014								Response awaited from management.	
<b>CARRIED FORWARD 2013 - 14 IN PROGRESS (STATUS AMBER)</b>																		
	Children's Social Care	Children's safeguarding	Follow Up	Children's Safeguarding Follow Up	2013/14	In progress											Initial delay awaiting response from management. Follow up testing due to commence.	
	Core Cross-Cutting	Disclosure and Barring Service (DBS)	Operational	Disclosure and Barring Service (DBS)	2013/14	Draft			16/09/2014								Response awaited from management.	
<b>AUDITS PLANNED BUT NOT YET STARTED (STATUS GREEN)</b>																		
	Finance	Disposal of Assets	Operational	Disposal of Assets	October 2014	Created												
	Adult Care Commissioning & Housing	Housing Rents	Key Control	Housing Rents	October 2014	Created												
	Adult Social Care Operations	Care Management & Quality	Operational	Reassessments and Reviews	October 2014	Created												
	Corporate & Procurement	Business Plan	Operational	Budget monitoring - delivery of savings	October 2014	Created												
	Environment, Waste & Leisure	Waste Collection	Operational	Waste Collection	October 2014	Created												
	Finance	Accounts Payable	Key Control	Accounts Payable	October 2014	Created												
	Finance	Council Tax	Key Control	Council Tax	October 2014	Created												
	Finance	Accounts Receivable	Key Control	Accounts Receivable	October 2014	Created												
	Finance	General Ledger & Financial Accounting	Key Control	GL & Financial Accounting	October 2014	Created												
	Finance	Housing & Council Tax Benefits	Key Control	Housing & Council Tax Benefits	October 2014	Created												
	Finance	Non Domestic Rates	Key Control	NDR	October 2014	Created												
	Finance	Payroll	Key Control	Payroll	October 2014	Created												
	Finance	Pensions	Key Control	Pensions	October 2014	Created												
	Finance	Treasury Management	Key Control	Treasury Management	October 2014	Created												
	Information Services	Civica Cash Receipting	ICT	Civica Cash Receipting	October 2014	Created												
	Information Services	IT Infrastructure	ICT	Corporate ICT Processes	October 2014	Created												
	Information Services	Northgate Benefit System	ICT	IT - Revenues & Benefits (Northgate)	October 2014	Created												
	Information Services	QL Housing Management System	ICT	IT - QL Housing	October 2014	Created												
	Information Services	SAP IT Key Control	ICT	IT General Controls - SAP	October 2014	Created												
	Environment, Waste & Leisure	Fleet	Operational	Depots	January 2015	Created												
	Legal & Democratic	Information Assurance	ICT	WUC_Quality Assurance Checks	January 2015	Created												
	Children's Social Care	Referrals & Assessments	Operational	Common Assessment Framework	January 2015	Created												
	Adult Social Care Operations	Management Review	Operational	DCS Care Home	January 2015	Created												
	Children's Social Care	Capacity of Social Care Workers	Operational	Capacity to deliver front line services.	January 2015	Created												
	Children's Social Care	Looked After Children	Operational	Looked After Children	January 2015	Created												
	Corporate & Procurement	Business Plan	Operational	Service Plan Delivery	January 2015	Created												
	Adult Services	Adult Services - Finance	Operational	Placement Data Quality	January 2015	Created												
	Corporate & Procurement	Procurement	Operational	Tendering Procedures	January 2015	Created												
	Environment, Waste & Leisure	Waste Management & Landfill Strategy	Operational	Waste Disposal/Recycling	January 2015	Created												
	Finance	Revenues & Benefits	Operational	Welfare Reform Act	January 2015	Created												
	Information Services	Asset Management	ICT	Software Licensing	January 2015	Created												

Audit No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Comments
													5	4	3	2	1	
	Legal & Democratic	Information Security	ICT	Information Security Breaches	January 2015	Created												
	People & Business Services	Employment Tracking	Operational	Employment Tracking	January 2015	Created												
	People & Business Services	Occupancy Data	Operational	Occupancy Data	January 2015	Created												
	People & Business Services	Training Records	Operational	Training Records	January 2015	Created												
	Adult Care Commissioning & Housing	Continuing Health Care	Operational	Continuing Health Care	January 2015	Created												Initial work carried out in 13/14, identified a need to carry out analysis on current placements in Wiltshire. Agreed with service.
	Transformation	Campus Programme	Operational	Campus Programme	January 2015	Created												
	Finance	Accounts Receivable	Follow Up	Debt Management	January 2015	Created												
	Transformation	Programme Office	ICT	SAP Insourcing Project	January 2015	Created												
<b>PROJECTS CURRENTLY IN PROGRESS - NO ISSUES TO REPORT (STATUS GREEN)</b>																		
	Adult Social Care Operations	Adult Social Care	Operational	Monitoring Capacity of Social Workers	April 2014	In Progress		15/10/2014										
	Economic Development & Planning	Development Control	Operational	S.106 monies/Community Infrastructure Levy (CIL)	April 2014	In Progress		23/09/2014										Initial delay due to awaiting information from client. This has now been received and work is progressing.
	Finance	Imprests	Operational	Unannounced imprest sites visits	April 2014	In Progress		N/A										
	Children's Social Care	Youth Centres	Advice	Unofficial Fund Accounting/Procedures	April 2014	In Progress		N/A										Advice relating to closing down accounts at Youth Centres.
	Finance	Pensions	Operational	Administration of Pensions	April 2014	In Progress		23/09/2014										Audit initially planned for May but not started until end of July as agreed with client.
	Environment, Waste & Leisure	Neighbourhood	Grant Certification	Local Sustainable Transport Fund Grant Certification	April 2014	In Progress		N/A										
	Legal & Democratic	Information Assurance	Non Opinion	Corporate Information Groups	April 2014	In Progress		N/A										
	Transformation	Programme Office	Advice	SCV Project	April 2014	In Progress		N/A										
	Schools & Learning	Themed Reviews	Schools	Business Continuity Arrangements	May 2014	In Progress		31/03/2015										Audit review covering a number of schools. On overall report at year end
	Schools & Learning	Themed Reviews (Contingency)	Schools	Prevention of Fraud	June 2014	In Progress		31/03/2015										Audit review covering a number of schools. On overall report at year end
	Core Cross-Cutting	Corporate Governance	Governance, Fraud & Corruption	Risk and Performance Management	July 2014	In Progress		23/12/2014										
	Finance	Trust Funds	Operational	Trust Funds Administration	July 2014	In Progress		16/10/2014										
	Transformation	Programme Office	Advice	Wilts on line project - grant verification	July 2014	In Progress		N/A										
	Children's Social Care	Special Educational Needs & Disability	Operational	SEN Provision (phase 2)	July 2014	In Progress		N/A										Agreed to use days allocation to extend testing in Phase 1 audit.
	Transformation	Programme Office	Advice	SIBS Project	August 2014	In Progress		N/A										
	Finance	VAT	Operational	Payment and Recovery of VAT	July 2014	In Progress		06/11/2014										
	Adult Care Commissioning & Housing	Safeguarding (Adults)	Operational	Safeguarding	January 2015	In Progress		08/10/2014										
	Adult Social Care Operations	Care Homes	Operational	Client Property	January 2015	In Progress		19/12/2014										
	Client Support	Planning, Reporting & Advice	Advice	Planning, Reporting & Advice, including schools support	2014/15	In Progress		N/A										
	Schools & Learning	Schools	School	Individual Schools Audits	2014/15	In Progress		N/A										
<b>AUDITS AT REVIEW, DISCUSSION OR DRAFT STAGE (STATUS GREEN)</b>																		
	People & Business Services	Expense Claims	Operational	Expense Claims - HMRC	July 2014	Draft			17/10/2014	22/10/2014								
	Public Health & Public Protection	Environmental Health	Operational	Private Water Supplies	April 2014	Draft			16/10/2014	05/08/2014								The audit commenced later than planned due to delays in getting access to the relevant IT system.
	Public Health & Public Protection	Emergency Planning	Operational	Emergency Planning	April 2014	Draft			15/10/2014	30/09/2014								
	Highways & Transport	Highways	Operational	Highways & Streetscene Contract	July 2014	Draft			10/10/2014	15/09/2014								
	Highways & Transport	Car Parking Services	Operational	Residential Parking Permits	April 2014	Draft			02/10/2014	17/09/2014								
	Adult Care Commissioning & Housing	Court of Protection	Operational	Court of Protection	April 2014	Draft			17/09/2014	18/08/2014								Additional time required by management to review the discussion document so the draft report was issued later than originally planned.
	Children's Social Care	Special Educational Needs & Disability (SEND)	Non Opinion	SEN Provision	April 2014	Draft			29/09/2014	23/09/2014								
<b>2014 - 15 AUDITS COMPLETED (STATUS GREEN)</b>																		
	Highways & Transport	Passenger Transport	Grant Certification	Bus Subsidy Grant	September 2014	Final	Non opinion					0	0	0	0	0	0	
	Public Health & Public Protection	Public Health	Grant Certification	Public Health Grant Certification	April 2014	Final	Non opinion					0	0	0	0	0	0	
	People & Business Services	Carbon Reduction Commitment Scheme	Operational	Carbon Reduction Commitment Scheme	April 2014	Final	Reasonable					8	0	0	5	1	2	
	Highways & Transport	Highways	Grant Certification	Highways Maintenance Grant Certification	June 2014	Final	Non opinion					0	0	0	0	0	0	
	Transformation	Closure of Offices	Follow Up	Access Passes	August 2014	Final	Follow up					0	0	0	0	0	0	
	Finance	Accounts Payable	Governance, Fraud & Corruption	Creditor Warnings	July 2014	Final	Non opinion					0	0	0	0	0	0	
<b>CARRIED FORWARD 2013 - 14 COMPLETED (STATUS GREEN)</b>																		
	Adult Social Care Operations	Vulnerable Adults	Follow Up	Vulnerable Adults follow up	2013/14	Final	Follow up											
	People & Business Services	Restructuring & Redundancies	Operational	Voluntary redundancies	2013/14	Final	Substantial					0	0	0	0	0	0	
	Legal & Democratic	Electoral Services	ICT	Xpress Payroll	2013/14	Final	Reasonable					3	0	0	3	0	0	
	Children's Social Care	Child Placements	Operational	Independent Reviewing Process	2013/14	Final	Reasonable					5	0	1	3	1	0	
	Children's Social Care	Foster Carers	Operational	Foster Carer Reports	2013/14	Final	Partial					23	3	11	8	1	0	
	Environment, Waste & Leisure	Leisure	Operational	Legionella and COSHH	2013/14	Final	Reasonable					7	0	0	5	2	0	
	Finance	General Ledger & Financial Accounting	Key Control	General Ledger & Financial Accounting	2013/14	Final	Substantial					4	0	0	1	3	0	
	People & Business Services	Workforce	Operational	Employment Tracking	2013/14	Final	Partial					8	0	5	3	0	0	
	Schools & Learning	Benchmarking	School	Schools - Benchmarking	2013/14	Final	Non opinion											
	Schools & Learning	Payment Cards	School	Schools - Payment Cards	2013/14	Final	Non opinion											

# APPENDIX C

## Schedule of Potential Significant Risks Identified from Internal Audit Work during the period 1 April 2014 – 30 September 2014

NEW RISKS IDENTIFIED DURING THE PERIOD 1 APRIL 2014 TO 30 SEPTEMBER 2014								
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								



**Summary of Key Points Relating to “Partial or No Assurance” Reviews**

AUDIT TITLE	AUDITORS OPINION
Foster Carer Reports	The audit opinion is a reflection of the way in which the process to assess and review foster carers is carried out. The findings of the audit have revealed that legally required standards and timescales are not always evidenced or met. Significant concerns were identified in particular with the efficiency and legal compliance of the assessment of Regulation 24 carers. Changes to the way in which decision making is evidenced throughout all processes need to be made to ensure accountability and justification of decisions can be made.
Employment Tracking	This audit reviewed how information on people paid outside the payroll is gathered. However, the process is inefficient and it reveals, retrospectively, that some people have been engaged without going through the expected procurement route. There is a need to capture information on people before they are engaged in working off the payroll and to assess the purpose for engaging them and the terms by which they are engaged, including an evaluation against the HMRC regulations.

Page 29

**RECOMMENDATIONS NOT ACCEPTED**

This report details recommendations that have not been accepted by management where the residual risk is medium and above and the assurance provided is partial or no.

Audit	Assurance	Residual risk score	Description	Priority	Management Response
QL Housing Management System	No	High	I recommend that all Passwords conform to the Corporate Password Policy.	4	<p>There is no 'default' password in operation. It is not standard practice to issue temporary permissions and the example given throughout the audit was one of only two ever used on the system.</p> <p>This was implemented as a temporary measure and set incorrectly by the SSPM. It is not a default password and each process has a separate temporary password set by the System Controller. Technically It would be possible for every process to have a temporary access set with each process being allocated a different password. This was explained at the end of the audit meeting prior to the draft report.</p>
Employment Tracking	Partial	Medium	I recommend that the casual and the non-payroll workforce inputs are presented as a full time equivalent to measure against the employee and agency headcount. This would present a clearer measure via the number of people days paid for in each quarter and changing relationship between the use of, employed and contracted workers. The cost of each should be presented alongside to demonstrate whether or not savings are being realised as the relationship of inputs change.	3	<p>The quarterly workforce reports provide a wide range of statistical information on numbers of permanent employees and the cost of agency staff. There is a consistent set of employment cost figures for permanent, Casual and for agency staff along with a commentary on this, this should be sufficient for a comparison across the board.</p> <p>Information is provided on agency workers for comparison. Including an equivalent Fte.</p> <p>The variation on casual workers can be highly volatile/seasonal leading to inappropriate comparisons.</p> <p>Suggest that the information provided is appropriate and can be supplemented with further reporting if there is any suggestion that this is warranted.</p>

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
Imprest Accounts	WUC Corporate Director - Statutory role of Director of Childrens Services	23/08/2013	I recommend that written procedures are developed for administering Imprest and Petty Cash accounts. These should include handing over procedures for when post-holders change or are on leave.	4	31/12/2013	Outstanding	22525	A full review of the financial regulations has been undertaken and the updated set approved. A review of the guidance notes for imprest/petty cash accounts has now taken place. The guidance is pending final sign off.
Health & Safety Inspections	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	18/09/2013	I recommend that the Head of Occupational Health & Safety monitors the relevant service risk registers and action plans on SharePoint to ensure that these are consistent with corporate health & safety policies and initiatives.	3	30/10/2013	Outstanding	22601	It was agreed with CLT and cabinet that a full review will take place. A preliminary research exercise increased the potential scale and scope. It currently sits on the corporate risk register with an anticipated completion date of March 2015.
Licensing	WUC Corporate Director - Statutory role of Director of Adult Social Services	08/11/2013	I recommend that a fully costed breakdown of the fees and charges is maintained in order to justify a challenge to the charge levied.	3	28/02/2014	Agreed	23069	Audit were advised that due to organisational changes that responsibility for this recommendation now sits elsewhere but we have not had the opportunity to contact them for a response in time for this Committee.
Licensing	WUC Corporate Director - Statutory role of Director of Adult Social Services	08/11/2013	I recommend that the password structure be amended to ensure it complies with the Wiltshire Council Password Policy.	3	28/02/2014	Outstanding	23135	This is part of the DPIT project team, unfortunately the challenge has been a gap in project management / Northgate support. We have a PP rep who has been pushing this and a range of other Northgate issues.
Quality Assurance Checks	WUC Corporate Director - Statutory role of Director of Childrens Services	27/11/2013	I recommend that the Information Assurance Team continue to devise a new Assurance Check around Firewalls in order to check rules, ensure patching and that all unnecessary services have been disabled. It would also be useful to include the details and results of any penetration testing results done by third parties in the Assurance Checks SharePoint area, so that all assurance material is kept in one area and is available to those who need to see it. Other items could be added over time to provide a comprehensive security portfolio.	3	31/03/2014	Agreed	22126	Response awaited

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
Quality Assurance Checks	WUC Corporate Director - Statutory role of Director of Childrens Services	27/11/2013	I recommend that the Information Assurance Team ensure clear reporting lines and reporting procedures are included in the Assurance Checks documentation to ensure that the right people know when there is an issue with any of the checks and can also determine if any of the checks have not been undertaken.	3	28/02/2014	Agreed	23174	Response awaited
Quality Assurance Checks	WUC Corporate Director - Statutory role of Director of Childrens Services	27/11/2013	I recommend that a defined escalation process be devised between Governance and Information Services so that all identified threats can be followed up in a timely manner. This will ensure that the Council gains the most benefit out of the Assurance process as far as comfort and robustness are concerned.	4	31/03/2014	Agreed	23175	Response awaited
Passenger Transport Safeguarding	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03/12/2013	I recommend that the General Terms and Conditions for Passenger Transport contracts should be reviewed to ensure all details are up to date, in particular the safeguarding clause.	3	31/01/2014	Outstanding	22978	This issue is being discussed further with a view to gaining corporate agreement for more resource
Passenger Transport Safeguarding	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03/12/2013	I recommend that the handbooks for drivers and passenger assistants be reviewed together, alongside the new safeguarding policy and contract terms and conditions, so both handbooks contain consistent information and advice.	3	28/02/2014	Outstanding	23128	This issue is being discussed further with a view to gaining corporate agreement for more resource
Payments outside SRM	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the Accounts Payable Manager ensures that guidance will be issued to define when an FB60 payment request is to be used. This should include confirmation of when an FB60 form should be used and a revision of the list of exemptions.	4	30/04/2015	Outstanding	23358	FIT project team currently assessing the way forward with the project
Payments outside SRM	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the Accounts Payable Manager ensures that the separation of duties is always demonstrated.	3	31/01/2014	Outstanding	23359	Revised implementation date March 2015

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
Payments outside SRM	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the FIT Review Project Team aim to make arrangements for scanning all invoices and payment requests to aid the payments process.	3	30/04/2015	Outstanding	23423	FIT project team currently assessing the way forward with the project
Payments outside SRM	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the Accounts Payable Manager considers carrying out a study on a random sample of different payment requests to compare the average turnaround of each process with a view to informing the FIT Review.	3	30/04/2015	Outstanding	23424	Agreed implementation date not yet due
Payments outside SRM	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the FIT Review Project Team should ensure that clear, concise, head line guidance is provided on the Council's Intranet, The Wire, that joins up the various processes and is available in one area. Council officers should be able to go to one webpage and be told what they have to do to make a purchase that complies with Council rules and regulations and how the payment is expected to be processed.	4	30/04/2015	Outstanding	23425	FIT project team currently assessing the way forward with the project
Payments outside SRM	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend the FIT Review Project Team ensures awareness is increased among all Council staff involved in procurement and purchasing of the preferred processes that should be used and that a more rigorous regime will be applied to enforce compliance.	4	30/04/2015	Outstanding	23426	FIT project team currently assessing the way forward with the project
Payments outside SRM	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the FIT Review Project Team consider approaches to change the culture from doing things the way it has been done to encouraging officers to ask is this the correct way to order and pay for goods and services on behalf of the Council.	4	30/04/2015	Outstanding	23427	FIT project team currently assessing the way forward with the project

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
Payments outside SRM	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend that the FIT Review Project Team look at training and guidance materials to consider if this can be rationalised and co-ordinated so officers understand the process from ordering to payment through to recording costs for budget monitoring. Also, to target refresher training to service areas where procurement and payments knowledge is likely to have been lost or reduced due to structural change.	4	30/04/2015	Outstanding	23428	FIT project team currently assessing the way forward with the project
Payments outside SRM	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	05/12/2013	I recommend the Accounts Payable Manager ensures that where a signature is not present on the FB60 form, the audit trail evidences the required separation of duties.	3	31/01/2014	Outstanding	23526	Revised implementation date March 2015
Debt Management	WUC Corporate Director - Statutory role of Director of Childrens Services	06/12/2013	I recommend that service areas are made aware of the documentation and evidence that they need to retain to support the debt management process. The AR2 sales Processes Workbook could be amended to include these requirements. This could also include a reference to the Legal guidance.	4	30/11/2014	Outstanding	23545	best practice invoice - completed as this is now in the sales processing course and guidance. Income management policy – This has not been completed and will not reach the target date of November 2014 as the FIT project team is currently assessing the whole project. Implementation date is TBA. Training – This is complete as the training has now resumed again
Debt Management	WUC Corporate Director - Statutory role of Director of Childrens Services	06/12/2013	I recommend that service management and staff should ensure that they are aware of their service area's responsibility for debt management and this should be in line with corporate guidance.	4	30/11/2014	Outstanding	23551	This has not been completed and will not reach the target date of November 2014 as the FIT project team is currently assessing the whole project. Implementation date is TBA
Debt Management	WUC Corporate Director - Statutory role of Director of Childrens Services	06/12/2013	I recommend that services use debtor reports so that debts are regularly reviewed and monitored.	4	31/01/2014	Outstanding	23578	The reports were devised and have been rolled out to some budget managers – there is still more work to do on this

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
Contract Clauses	WUC Corporate Director - Statutory role of Director of Adult Social Services	25/02/2014	The latest 'Procurement and Contract Rules' should be reviewed to ensure no details have been overlooked in particular contracts over £100,000 being required to be overseen by Legal Services and where necessary, for those with material value, for continued involvement with Legal Services. This should then be communicated to all staff involved with tenders and contracts so that they are aware of this requirement.	5	31/05/2014	Outstanding	23172	The rules were due to go to Cabinet for July after some delays, but due to the Procurement review it has been decided that the rules changes need to await the outcome and reflect new governance and other requirements such as new EU procurement regulations to be in UK Law early 2015. This should follow on quickly from the conclusion of the review.
Contract Clauses	WUC Corporate Director - Statutory role of Director of Adult Social Services	25/02/2014	I recommend that procedures should be put in place to ensure all contracts are included in the Contracts Register.	4	01/01/2016	Outstanding	23312	The procurement review will support a system which will capture all contracts. This will be developed from April 2015.
Contract Clauses	WUC Corporate Director - Statutory role of Director of Adult Social Services	25/02/2014	I recommend that the Contracts Register is adapted to include a record that Legal Services have been made aware of all contracts with an estimated value of over £100,000. This will evidence Legal Services involvement.	3	01/01/2016	Outstanding	23523	The procurement review will ensure that requirements for legal involvement are well managed. This will begin to be developed from April 2015. In the meantime we will reinforce the requirement to devolved procurement teams.
Homes 4 Wiltshire	WUC Corporate Director - Statutory role of Director of Adult Social Services	10/03/2014	I recommend that the Council introduces restrictions through the software used in the bidding process to prevent customers from bidding on properties they do not qualify to occupy.	3	30/09/2014	Outstanding	23146	New system will be implemented in Sept 2014 and restrictions will apply – new policy going live on 9th December 2014
Homes 4 Wiltshire	WUC Corporate Director - Statutory role of Director of Adult Social Services	10/03/2014	I recommend that the Homes 4 Wiltshire web page is amended to invite individuals with complaints about the bidding and shortlisting process to inform the Council of their concerns. Agreements with RSLs should include a clause that the Council has access to complaints received by the RSL.	3	24/09/2014	Outstanding	23177	These are being reviewed and will be included on the new site from Sept 2014.
Homes 4 Wiltshire	WUC Corporate Director - Statutory role of Director of Adult Social Services	10/03/2014	I recommend that the RSL's should be required, as part of the Homes 4 Wiltshire scheme to make their own Lettings Policies available to prospective tenants.	3	30/09/2014	Outstanding	23216	These are being requested in preparation for the new policy going live in December 2014

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
Northgate Benefit System	WUC Corporate Director - Statutory role of Director of Childrens Services	17/03/2014	I recommend that the Council should develop an Authorised Access Matrix for the Northgate Revenues and Benefits system to demonstrate that there are no unidentified Segregation of Duties conflicts in the way that Job Roles and Action Groups have been configured.	4	31/10/2014	Outstanding	24028	Work has now started on the authorised access matrix.
Payroll	WUC Corporate Director - Statutory role of Director of Childrens Services	07/04/2014	I recommend that starter forms should be fully completed, whether for councillors or co-optees.	3	31/07/2014	Agreed	24380	Response awaited
Payroll	WUC Corporate Director - Statutory role of Director of Childrens Services	07/04/2014	I recommend that special responsibility allowances should be notified to payroll using a standard form which facilitates the correct treatment of multiple special responsibility allowances.	3	31/07/2014	Agreed	24381	Response awaited
Payroll	WUC Corporate Director - Statutory role of Director of Childrens Services	07/04/2014	I recommend that managers be advised of the importance of maintaining credible evidence that checks of identity and right to work have been properly undertaken.	4	07/04/2014	Agreed	24384	Response awaited
WC_QL Housing Management System	WUC Corporate Director - Statutory role of Director of Adult Social Services	14/04/2014	I recommend that enquiries are made with the system supplier, Aareon, to ascertain whether a report can be produced to show the date of activities such as the locking of a User Account. This is to provide management with evidence that such tasks are undertaken within acceptable timescales.	3	30/09/2014	Agreed	24433	Works due for completion October 14. Implementation in consultation with IT upgrade.
Accounts Receivable	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	17/04/2014	I recommend that the Finance Director ensures the Corporate Write off Policy is finalised and issued.	4	30/04/2014	Agreed	24130	Response awaited
Flexible Working	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	24/04/2014	I recommend that all flexible working application requests should be completed and retained on the HR employee record system. This will allow for meaningful oversight across the organisation and ensures that all HR matters are retained on the employee files should there be any future disputes around flexible working discussions.	3	31/10/2014	Agreed	24877	Agreed implementation date not yet due



OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
Flexible Working	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	24/04/2014	I recommend that clear procedures are made available to all managers across the Authority. This should include clarity on retention of supporting documentation as part of the consideration on flexible working requests.	3	30/06/2014	Agreed	24878	Response awaited
Welfare reform Act	WUC Corporate Director - Statutory role of Director of Childrens Services	24/04/2014	I recommend that close monitoring of small debts should be completed in order to identify customers who are struggling to pay their Council Tax due to the changes made regarding Welfare Reform. Details of these customers should be sent to the Housing Team in case there are Rent arrears that need to be tackled at the same time.	3	30/04/2014	Agreed	24791	Response awaited
File Storage (Manual Files)	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/05/2014	I recommend that a Corporate initiative is set up whereby all services are to identify all boxes within their area, and are to label and catalogue them according to the most recent policies and procedures. Whilst it is acknowledged that this is a huge task, this is an opportune time to undertake this as part of the project for storage of files/IT equipment/office furniture. In turn this will provide a base point from which new information can be added, and the Council will know what information it holds and therefore, when it should be disposed of.	5	31/07/2014	Agreed	23294	Response awaited
File Storage (Manual Files)	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/05/2014	I recommend that the clear and readily available information relating to the retrieval of files at Bourne Hill be adapted to apply across the rest of the Council so that anyone can find out how to retrieve files from anywhere without having to email people for advice or spend time on fruitless intranet searches.	4	30/04/2014	Agreed	23295	Response awaited
File Storage (Manual Files)	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/05/2014	I recommend that the boxes of files currently held at Crown and ReStore are included in the review outlined in Recommendation 1.1 . This would enable the Council to know what all the information is, destroy the information no longer needed, and therefore cut down on storage costs. In addition, the environmental factors would be known and could be insured accordingly.	4	31/07/2014	Agreed	23297	Response awaited

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
File Storage (Manual Files)	WUC Corporate Director - Statutory role of Director of Childrens Services	12/05/2014	I recommend that a review of all intranet documentation relating to Information Management is undertaken so that only up to date and consistent guidance is available. This would cut down confusion and make pertinent information easier to find.	3	31/03/2014	Agreed	23298	Response awaited
File Storage (Manual Files)	WUC Corporate Director - Statutory role of Director of Childrens Services	12/05/2014	I recommend that it may be of benefit to have a regular review of each service's information management regime, to ascertain whether on-going evaluations of information, storage and disposals actually take place, to avoid unnecessary hoarding and costs.	3	31/03/2014	Agreed	23299	Response awaited
File Storage (Manual Files)	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/05/2014	Each Service undertakes an exercise to ensure that precise time spans are inserted into the Retention Schedule rather than just inserting 'Best Practice', so that there is no ambiguity as to how long types of information should be held before destruction takes place.	4	31/03/2014	Agreed	23300	Response awaited
File Storage (Manual Files)	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/05/2014	I recommend that the Information Assurance and Policy Officer for Information Management should undertake regular reviews on how information is managed within services, but should not be involved in the day to day practicalities of information management so that he does not have a segregation of duties conflict between what he does and what he reports. His regular reviews should be reported to Heads of Service so that any lack of control can be highlighted to a staff member with enough authority to take steps to mitigate it.	3	31/03/2014	Agreed	23301	Response awaited
Housing Rents	WUC Corporate Director - Statutory role of Director of Adult Social Services	16/05/2014	I recommend that a procedure is developed which covers all aspects of housing rent arrears recovery and monitoring to ensure staff are aware of their roles and responsibilities in this respect.	4	30/06/2014	Outstanding	24665	Draft policies have been drawn up and awaiting comments from relevant officers and approval by the Housing Board.
Housing Rents	WUC Corporate Director - Statutory role of Director of Adult Social Services	16/05/2014	I recommend that arrangements for the referral of former tenant arrears for tracing or County Court judgement are instigated as soon as possible given the marked increase in former tenant arrears balances.	4	30/06/2014	Outstanding	24668	Tracing now being done in house and a procedure for quicker referral to recovery or write off is being drafted.

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
Housing Rents	WUC Corporate Director - Statutory role of Director of Adult Social Services	16/05/2014	I recommend that all former tenant arrears cases be reviewed to establish whether they can be economically and realistically recovered.	4	30/06/2014	Outstanding	24670	Tracing now being completed in house and write offs are permitted under the current FTA policy. However post is currently vacant (recruitment in progress) and will result in a delay on reviewing some accounts.
Housing Rents	WUC Corporate Director - Statutory role of Director of Adult Social Services	16/05/2014	I recommend that all current tenant accounts are reviewed as a matter of urgency to determine outstanding recovery action.	4	15/05/2014	Outstanding	24672	Draft Procedure being produced and to be implemented by end Nov 14.
Fleet	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	19/05/2014	I recommend that Fleet Services management should ensure that in future the programme of driver licence checking will be completed on an annual basis.	4	31/12/2014	Outstanding	23303	Environment Services Fleet have reduced the number of unauthorised drivers. We are planning to further reduce the deficit by the due date. We achieved this by additional holding open registration dates for staff to attend in different hubs throughout the county which has been extremely successful. We also send a noncompliance report HR, detailing drivers who have failed to provide documents after being requested several times, or from lack of engagement. HR then escalate this matter to HoS to progress. Environment Services, Fleet have increased the communications sent out to staff by sending regular messages on The Wire, Managers Wire and also keeping the internal website up to date with information. KPIs have recently been set to measure the outputs of licence checks, this is recorded nationally as well as to the team in team meetings.
SAP IT Key Control	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/06/2014	I recommend that the Application Support Manager liaise with CGI to review and update the Security Policy.	3	01/10/2014	Outstanding	23962	A very recent (14/10/14) decision to extend ongoing application support with CGI but remove hardware hosting from the contract means that this document will require significant reworking as part of the service transition. This will be completed following the contract amendments due in early Feb 2015.

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
SAP IT Key Control	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/06/2014	I recommend that the Application Support Manager reviews the users with access to submit programs for background processing in BIP430 and ERP400 and removes access where unnecessarily allocated.	3	01/11/2014	Outstanding	24421	In Progress – pending response from Finance Teams
SAP IT Key Control	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/06/2014	I recommend that the SAP Specific Change Management Process be reviewed and amended to firstly reflect the change from Logica to CGI, secondly provide distinction between the types of changes transported and how these should be managed and thirdly provide more guidance regarding the type and level of testing required.	4	30/11/2014	Outstanding	24761	In Progress, version 2 of document currently in review. This was discussed directly with SWAP auditor on 14/10/14 and an outline review plan agreed
SAP IT Key Control	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/06/2014	I recommend that each transport clearly identifies the classification of the change - to includes classifications such as master data, configuration or program.	3	30/11/2014	Agreed	24762	In Progress, version 2 of document currently in review. This was discussed directly with SWAP auditor on 14/10/14 and an outline review plan agreed
SAP IT Key Control	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/06/2014	I recommend where a transport falls within the corporate definition of a major, significant or normal change the change is recorded on Service Manager.	3	30/11/2014	Agreed	24823	In Progress, version 2 of document currently in review. This was discussed directly with SWAP auditor on 14/10/14 and an outline review plan agreed
SAP IT Key Control	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/06/2014	I recommend that requests and approvals are retained for all transports.	3	30/11/2014	Agreed	24824	In Progress, version 2 of document currently in review. This was discussed directly with SWAP auditor on 14/10/14 and an outline review plan agreed
SAP IT Key Control	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/06/2014	I recommend that the SAP Transport Spreadsheet records all test outcomes for all environments regardless as to the type of change and who completed the testing.	3	30/11/2014	Agreed	24825	In Progress, version 2 of document currently in review. This was discussed directly with SWAP auditor on 14/10/14 and an outline review plan agreed
SAP IT Key Control	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/06/2014	I recommend that evidence of the type and level of testing is retained for all transports. A description of the type and level of testing should be recorded on the SAP Transport Spreadsheet in the comments box for each environment.	3	30/11/2014	Agreed	24826	In Progress, version 2 of document currently in review. This was discussed directly with SWAP auditor on 14/10/14 and an outline review plan agreed

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final Report Issue Date	Description	Priority	Due Date	Status	Ref	Management Comments
SAP IT Key Control	WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	12/06/2014	I recommend that changes are tested by both the business and IT.	3	30/11/2014	Agreed	24827	In Progress, version 2 of document currently in review. This was discussed directly with SWAP auditor on 14/10/14 and an outline review plan agreed
Civica Cash Receipting	WUC Corporate Director - Statutory role of Director of Childrens Services	16/06/2014	I recommend that records maintained should also log the dates any actions taken as a result of review of user accounts.	3	31/12/2014	Outstanding	24283	Not yet due. The Global user account review is carried out annually so this will be picked up in that review.
Civica Cash Receipting	WUC Corporate Director - Statutory role of Director of Childrens Services	16/06/2014	I recommend that the Council develops a System User Policy for the Civica system to set out the rules and requirements applicable to staff using the system to ensure they can be held accountable for their actions.	4	31/07/2014	Outstanding	24334	The corporate approach to PCI DSS has yet to be clarified and is still with IASG / Risk management etc. The recommendation requirements will be heavily driven by PCI requirements so this has not yet been auctioned pending the corporate approach to this.
Civica Cash Receipting	WUC Corporate Director - Statutory role of Director of Childrens Services	16/06/2014	I recommend that all historic accounts which do not reflect current protocol for setting user names should be disabled and replaced.	3	31/12/2014	Outstanding	24403	This is nearing completion and will be fully implemented well in advance of the target date,

This page is intentionally left blank

**WILTSHIRE COUNCIL**

**AGENDA ITEM NO.**

**AUDIT COMMITTEE**

**28<sup>th</sup> October 2014**

---

## **ANTI FRAUD & CORRUPTION STRATEGY**

### **Purpose of the Report**

1. The Council's Anti Fraud & Corruption strategy was last reviewed at the creation of the Unitary Authority. Following national and local changes it is proposed that the strategy is updated. This report highlights the key changes and practices proposed for Audit Committee to input before it is finalised.

### **Executive Summary**

1. Wiltshire Council is committed to protecting public monies and we will work hard to prevent fraud and corruption from ever happening, but where it does occur we will continually seek out the perpetrators, prosecuting and seeking recovery.
2. This Strategy underpins the principles in the Council's Business Plan in seeking to ensure sound governance. In adopting this approach and culture the Strategy supports the outcomes in enabling greater engagement with the Community and partners, whilst protecting the public purse.
3. The Strategy focuses on three areas, how we:
  - Acknowledge and recognise fraud & corruption
  - Prevent
  - Pursue
4. The strategy also addresses how it ties into other strategies and the Behaviours Framework, and has an action plan for implementation.
5. All of this is being driven then through a 'corporate' fraud team which was established mid 2014. This is a new approach for Wiltshire and one recognised as best and growing practice in local government.
6. We are developing a communication strategy which will set out our detailed approach but this will be underpinned by our commitment to always be proactive in promoting our culture and approach to Fraud and Corruption, both internally to the Council's staff and councillors, but also externally to the public, businesses and partners

## **Proposal**

7. Members are asked to note the new Fraud & Corruption Strategy, and make suggestions for any additions, deletions or clarity to inform Council's consideration and adoption of the Strategy.

## **Reasons for Proposals**

8. To ensure an effective and strong control environment.

**Michael Hudson**  
**Associate Director, Finance, S.151 Officer**

**Report author:** Michael Hudson  
01225 713601, [michael.hudson@wiltshire.gov.uk](mailto:michael.hudson@wiltshire.gov.uk)

---

Unpublished documents relied upon in the preparation of this Report:

- Current Fraud & Corruption Strategy – found at <http://www.wiltshire.gov.uk/council/howthecouncilworks/plansstrategiespolicies/strategyfraud.htm>
- National Fraud & Corruption Strategy – found at <https://www.gov.uk/government/publications/national-fraud-strategy>

Appendices: A – Proposed Wiltshire Council Fraud & Corruption Strategy



# Anti Fraud and Corruption Strategy

**A strategy for tackling fraud  
and corruption in Wiltshire  
2014-17**

## **Foreword**

The local authority landscape has changed dramatically over the last few years and will continue to do so. Welfare reforms, decentralisation of government and austerity measures mean that local authorities are being expected to do more than ever before with less resource, devolve decision making more to communities and individuals, as well as working in more and more innovative partnerships. Strong governance, in particular reducing fraud and corruption and ensuring council funds are properly directed to essential services is a key aim in delivering our vision to create stronger more resilient communities.

Official statistics estimate the overall cost of fraud and corruption to the whole of local government at £2.1 billion (up from £684 million reported in 2010), with the biggest losses arising from housing tenancy fraud (£900 million), procurement fraud (£855 million), and payroll and recruitment fraud (£152 million). Fraud losses attributed to council tax, the blue badge scheme, grants and pensions are also significant.

Although official statistics offer a useful indication of the extent of the problem compiling reliable statistics around fraud is not easy. This is because one of the key aspects of fraud is deception which makes it incredibly difficult to identify. Furthermore, survey results often only reflect the instances of fraud that have actually been discovered. Indeed it is generally recognised that the majority of fraud goes undetected or unreported. It is therefore essential that organisations develop a holistic strategic response to fraud that focuses on minimising the risks and proactively takes measures to prevent fraud occurring in the first place.

On 3<sup>rd</sup> April 2012 a new strategy was unveiled to help councils hit back against fraudsters. 'Fighting Fraud Locally' was produced as a result of an eight-month review led by the National Fraud Authority (NFA) and supported by the LGA, DCLG, local government representative organisations and council chief executives. The document provides a blueprint to better equip local authorities to fight a range of frauds, including housing tenancy, council tax, grants, procurement and blue badge parking. Wiltshire Council has adopted this document alongside other key areas of good anti fraud practice from both the public and private sector including the audit commissions annual report on local authority fraud 'protecting the public purse', in formulating this strategy.

Our ambition is to manage the risk of fraud and corruption by keeping it to an absolute minimum. We have already taken steps to manage these risks through our robust governance arrangements. These arrangements are further supported through the creation of a dedicated counter fraud team tasked with delivering this strategy.

**Wiltshire Council is committed to protecting public monies and we will work hard to prevent fraud and corruption from ever happening, but where it does occur we will continually seek out the perpetrators, prosecuting and seeking recovery.**

**Councillor Richard Tonge  
Cabinet Member, Finance, Performance and Risk**

## Section

1. Why it is important to us to protect Wiltshire residents and businesses money?
2. How does this strategy fits with the Council's overall Business Plan?
3. What do we mean by Fraud and Corruption?
4. How does this fit with our overall Council control environment and management of risk?
5. What is Wiltshire's Approach?
6. How will we *Acknowledge* and *Recognise* fraud / the risk of fraud?
7. How will we *Prevent* fraud?
8. How will we *Pursue* fraud?
9. How will we implement and communicate the strategy?

## 1. Why it is important to us to protect Wiltshire residents and businesses money?

1.1 This strategy defines the Council's approach to managing the risk of fraud and corruption ensuring best practice is embedded across all services, projects and partnerships. Any fraud or corrupt act committed against the council effectively constitutes theft of taxpayers' money. It is unlawful and deprives the council of resources which should be available to provide public services.

The threat from fraud and corruption is both internal and external. The Council's expectation is that councillors and employees at all levels will lead by example to ensure the highest standards of probity and accountability are established and strictly adhered to, and that personal conduct is above reproach at all times.

The ongoing development of the strategy will be based upon comprehensive ongoing risk assessments in all areas of council activity, to reduce losses from fraud and corruption to an absolute minimum, through:-

- Reinforcing an organisational culture of zero tolerance to fraud and corruption
- Encouraging prevention
- Pro-actively detecting fraud and corruption
- The instigation of legal, disciplinary and recovery action against any individual found to have acted fraudulently or corruptly in their relationship and dealings with the council

This holistic approach to tackling fraud and corruption will become an integral part of existing governance arrangements, policies and procedures. Providing a raft of measures designed collectively to deter would be offenders.

As a living document it is envisaged that this strategy will continually evolve as the council gains a better understanding of the potential threat from fraud and corruption and as new and existing partnerships develop. The strategic ambitions will be further supported in practical terms by an operational delivery plan which is contained in appendix A of this document.

## 2. How does this strategy fits with the Council's overall Business Plan?

2.1 The Council's Business Plan covering the same period as this strategy (2014-17) sets out 6 outcomes to achieve our vision to:

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

Underpinning this Council is governed by a set of 8 principles, which include ensuring we secure value for money. These principles set out how we do business: our way of thinking, leadership style, values and behaviours and approach to designing and running services so we can provide high quality, low cost, customer focused services, ensure local, open and honest decision-making and work with our partners to support Wiltshire's communities.

The Fraud and Corruption Strategy underpins these principles in seeking to ensure sound governance. In adopting this approach and culture the Strategy supports the outcomes in enabling greater engagement with the Community and partners, whilst protecting the public purse.

As such this Strategy is a key support for the delivery of the Business Plan.

## 3. What do we mean by Fraud and Corruption?

### 3.1 *Fraud*

The term 'fraud' commonly includes activities such as theft, deception, bribery, forgery, extortion, conspiracy, and money laundering. These include, but are not confined to, the specific offences in the Fraud Act 2006. For the purposes of this document fraud can be attempted or include actual acts committed against the Council and/or its partners.

It is only really since the introduction of the Fraud Act 2006 that there has been a legal definition of fraud. Essentially fraud involves using deception to dishonestly make a personal gain for oneself and/or create a loss for another. Although definitions may vary most are based around this general theme.

### 2.2 *Corruption*

Corruption is 'the offering, giving, soliciting, or acceptance of an inducement of an inducement or reward, or showing any favour or disfavour which may influences any person to ac improperly'. It is an offence under the prevention of Corruption Acts 1989-1916- as amended and section 117 (3) of the Local Government Act 1972.

#### 4. How does this fit with our overall Council control environment and management of risk?

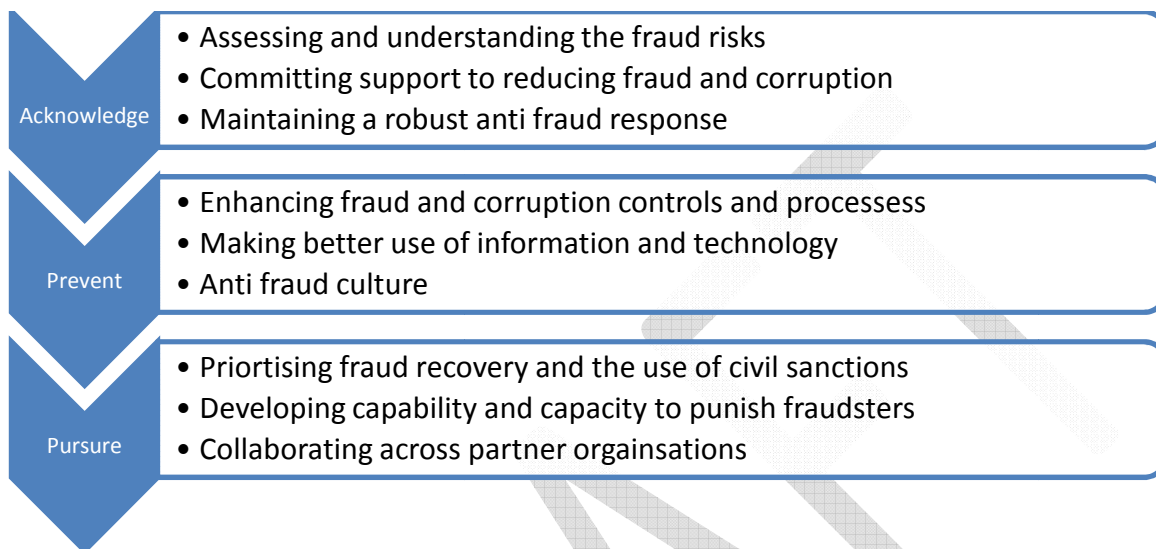
4.1 The Council has already established a robust framework of procedures and controls which provide the major elements of its anti fraud and corruption governance arrangements. This strategy is an integral part of a series of interrelated policies, procedures and controls designed to deter any attempted fraudulent or corrupt act, see <http://www.wiltshire.gov.uk/council/howthecouncilworks/plansstrategiespolicies.htm>. These policies and procedures include:-

- Council Constitution including Financial Regulations
- Standards Committee
- Code of Conduct for Councillors; for Employees
- Registers of interest
- Procurement rules and guidance
- Anti Money Laundering Policy and procedures
- Whistle blowing Policy
- HR Policies and Procedures for managing performance including disciplinary matters
- HR police and Procedures for managing recruitment
- I.T. Security Policy
- Benefit fraud sanction policy
- Benefit fraud strategy

A priority aim isto fully integrate this strategy into existing policies and procedures ensuring it becomes a key part of the council's governance and risk management framework.

## 5. What is Wiltshire's Approach ?

5.1 The Council will fulfil its aim to reduce fraud and corruption to an absolute minimum through a strategic approach consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud Locally'. The three key themes of this approach are Acknowledge, Prevent and Pursue:-



## 6. How will we *Acknowledge and Recognise* fraud / the risk of fraud?

### 6.1 **Assessing and understanding the fraud risks -**

The ongoing development of this strategy will be informed through gaining a clear understanding of the threat, emerging risks, trends and the savings that can be achieved by investing in countering fraud and corruption. This will focus on greater use of technology and interrogation of data to assess weak areas and identify focus on higher risk areas. We will also be focusing on staffs awareness of the risks of fraud and corruption and what they can do to improve how we prevent or spot it.

### 6.2 **Committing support to tackling fraud and corruption -**

Existing measures to prevent fraud and corruption will be strengthened through the establishment of a dedicated Fraud Investigation team who will have the capability and capacity to:-

- Investigate allegations of fraud and corruption
- Prosecute and sanction offenders
- Identify fraud prevention controls

across the whole organisation and work with our partners.

### 6.3 **Maintaining a robust anti fraud response -**

Whistleblowing remains the most common way that fraud and corruption is detected in large organisations. The Council will raise awareness and continually promote its whistleblowing policy :-

<http://www.wiltshire.gov.uk/council/howthecouncilworks/plansstrategiespolicies/whistleblowingpolicy.htm> and other associated policies and procedures ensuring all reports of suspected fraud or corruption are treated seriously and acted upon. Thereby developing a robust and proportionate response to counter any threats

## 7. **How will we Prevent fraud?**

### 7.1 **Enhancing fraud and corruption controls and processes -**

The best way to fight fraud and corruption is to prevent it happening in the first place. The Council will continually work towards realigning counter fraud resources away from enforcement towards prevention; ultimately, aiming to deter all would be offenders

An effective internal control framework covering all the council's systems both financial and non financial is essential in the fight against fraud and corruption. The governance and risk management arrangements referred to in section 3 of this document form an integral part of this arrangement. The investigation team will support the existing framework by working alongside audit managers and policy makers to ensure new and existing systems are customer centric, efficient, secure and offer value for money

Preventative measures will be supported by the ongoing assessment of those areas most vulnerable to the risk of fraud and corruption, in conjunction with risk management arrangements and risk based audit reviews. The annual publication 'Protecting the Public Purse' provides details of the key fraud risks faced by local government. The council will undertake a review of the high risk areas identified in the publication. Examples of some of the areas that will be subject of review are contained in appendix B of this document. The reviews will support the development of effective, value for money counter fraud measures that also enhance the quality of our customer service

### 7.2 **Making better use of technology**

A key feature in the drive towards preventing fraud and corruption at the outset will be the ongoing use and development of information sharing as well as better use of data to verify and validate transactions.

The sheer diversity of the services the council and its partners provide and the multiplicity of systems used to manage them generates huge volumes of records and data. The Council will re-engineer its fraud detection processes by comparing data from a variety of its and our partners systems to identify anomalies, improve information sharing across services and inform the risk management process.



### 7.3 **Anti fraud culture**

The Council is resolute that the culture and tone of the Authority is one of honesty with zero tolerance towards fraud and corruption, this is already demonstrated through its behavioural framework and codes of conduct for employees and members. The right organisational culture will be continually reinforced by:-

- Raising awareness of this strategy to new and existing employees
- Publicising the results of all proactive work, sanctions and recovery of losses due to fraud and corruption increase and maintain the general public awareness of the facilities available to report concerns about fraud and corruption.

## 8. **How will we Pursue fraud?**

### 8.1 **Prioritising fraud recovery and the use of civil sanctions**

Fraud must not pay, where fraud or corruption is discovered the full range of sanctions will be deployed, including civil, disciplinary and criminal action. Every effort will be made to recoup losses and confiscate assets gained as a result of criminal activity.

### 8.2 **Developing capability to punish fraudsters**

Criminal prosecutions deter offenders and reinforce a culture of zero tolerance towards fraud. Successful prosecutions require cases to be professionally investigated ensuring all evidence is collected within the law. Investigative staff must be adequately trained with the appropriate skills and access to specialist resources to secure effective prosecutions

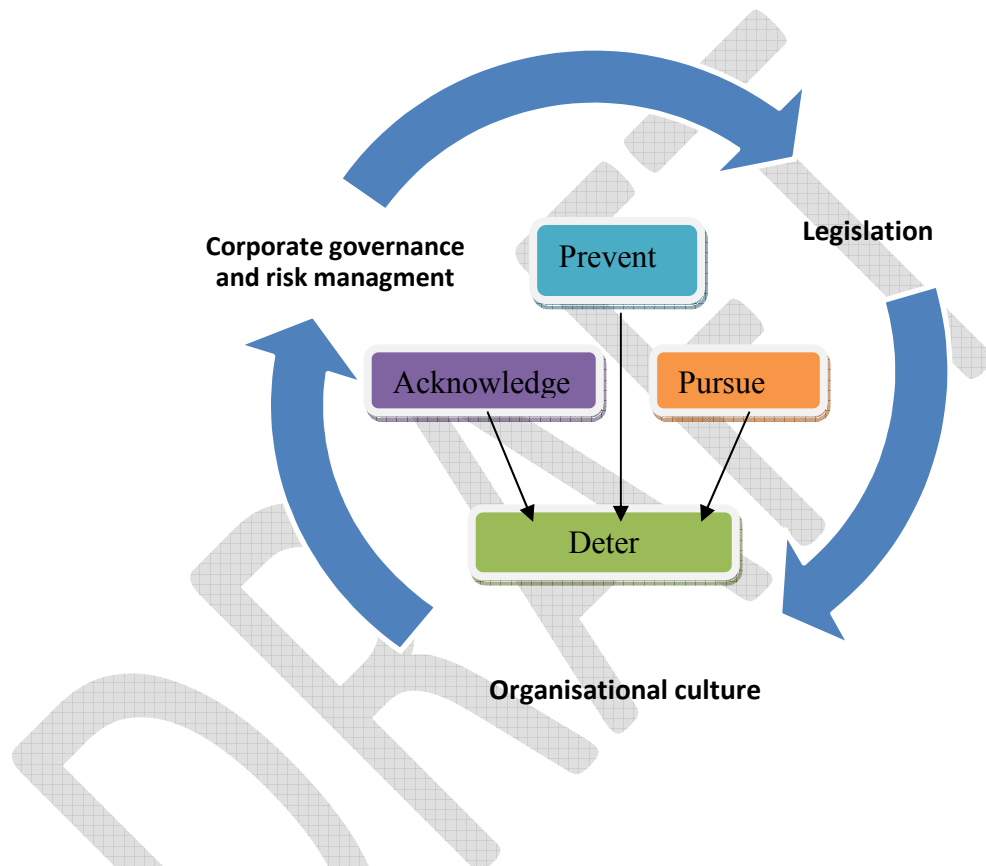
### 8.3 **Collaborating across local authorities, other organisations and with law enforcement**

Organised fraud has no respect for boundaries and can cross a range of organisations and services. Effective cooperation and joint working between local authorities and with other agencies including the Police and NHS Primary Care Trust will be essential in the ongoing development of the council's strategic response.

## 9. How will we implement and communicate the strategy?

### 9.1 *Implementation*

Effective implementation of the strategy will be intrinsically linked to the right organisational culture, robust corporate governance framework and effective use of legislation. Each of these components and the context within which the fraud strategy sits is best explained through the following diagram



The diagram illustrates how a proactive and robust response to fraud and corruption which is embedded at the heart of an organisation will help to deter even the most determined fraudster.

The aims of this strategy have been turned into a set of ambitious actions which are contained in a timetabled action plan which can be found as an appendix A to this document. Delivery of the action plan will be regularly reviewed and monitored by regular reporting to the Audit Committee and an Annual update to Full Council.

## 9.2 ***Communicating***

We are developing a communication strategy which will set out our detailed approach but this will be underpinned by our commitment to always be proactive in promoting our culture and approach to Fraud and Corruption, both internally to the Council's staff and councillors, but also externally to the public, businesses and partners. We will always publicise successful prosecutions. We will also listen and take seriously all allegations.

DRAFT

## Action plan 2014-17

## 1. Acknowledge and understand

The Council has already taken steps to acknowledge the risk of fraud and has a committed dedicated resource to tackle the problem. A key objective for 2014 will be to gain a better understanding of the potential risks faced in order to target resources intelligently and effectively.

Objective	Task	Target date
Provide regular progress reports to fraud policy panel as well as annual and interim reports to Audit Committee / Full Council	<b><u>Agree content and frequency of reports</u></b>	December 2014
Benchmark with other local authorities identifying best practice	Identify best practice options for implementation/adoption	First assessment by December 2014 then annually thereafter
Ensure methods are in place to record the progress and outcome of investigations in accordance with professional standards, codes of practice and legislative requirements	Implement and roll out the InCase corporate fraud management system	<b>April 2014</b> <b>Action completed</b>
Gain a clear understanding of the fraud threat, emerging risks and the savings that can be made from investing in countering fraud, and develop an annual improvement plan across the next 3 years for improvements in recognition of risks and staff competencies.	Use national and local information sources to research and review trends Analyse results of risk reviews, referrals and outcomes of investigations Produce three year programme of work Make recommendations to improve efficiency and security of systems	Bi monthly ongoing Quarterly assessment December 2014 Each review
Complete Protecting the Public Purse - 2013/14 Audit Commission fraud and corruption survey -	Review each of the service areas new reporting requirements and discuss with relevant managers	July 2014

Objective	Task	Target Date
Implement/review fraud response plan and associated polices	Review fraud response plan including roles, responsibilities and referral arrangements in light of establishment of corporate fraud team :SWAP, HR, Governance	Dec 2014
	Review following polices in light of establishment of corporate fraud team including:- <ul style="list-style-type: none"> <li>• Anti Fraud and Corruption policy</li> <li>• Whistle blowing policy</li> <li>• Managers guide for responding to suspected Fraud</li> <li>• Benefit Fraud strategy</li> <li>• Fraud Risk Impact Assessment</li> </ul>	Feb 2015
Establish referral and data sharing protocols with housing and Social landlords	Implement service agreements and process for referring and managing suspected fraud	Nov 2014
Review arrangements for exchanging information, referrals and joint working across councils service and with Police	Update current service agreements and protocols	December 2014
	Establish intelligence networking group	Feb 2015
Deliver National Fraud Initiative	Final report to Director of Finances in Wiltshire public sectors in respect of 2012 initiative	June 2014
	Work with dataset providers to upload data	November 2014
	Review approach to investigating matches with dataset leads	January 2015
	Agree reporting scope and timeline with Director of Finance	January 2015

Work with DWP and HMRC re establishment of Single Fraud Investigation Service (SFIS)	Continue to work in partnership in relation to Housing Benefit Fraud/ investigation /handover and referral arrangements	March 2016
--	---	------------

### 3. Prevent

The best way to tackle fraud is to prevent it from happening in the first place through cultural change and better use of information. Wiltshire council will continue to develop a strong anti fraud culture supported by better use of information and technology through matching data and sharing intelligence.

Objective	Task	Target Date
Develop a culture where anti fraud work can flourish and is part of staff's behaviour and competence.	Raise awareness about fraud through induction explore feasibility of e learning packages	January 2015
	Positively reinforce responsibilities for preventing, detecting and reporting fraud through team meetings of main risk groups	April 2014 onwards
Systematic Review of Main-Fraud Risks	<p>Risk management review of main risk areas identified in protecting the public purse:</p> <ul style="list-style-type: none"> <li>Council Tax discount review</li> <li>Housing Tenancy Fraud</li> <li>Personal Budget Fraud</li> <li>Procurement Fraud</li> <li>Grant Fraud</li> <li>Schools (admissions)</li> <li>Employee Fraud</li> </ul>	Ongoing in order of priority and according to risk level:-
Identify opportunities for internal/external data matching initiatives	Identify key areas following review of main fraud risks as above	

## 4. Pursue

Prevention is always preferable but the determined fraudster will break through even the best controls, when they do, enforcement must be comprehensive and not just limited to criminal prosecutions. Where fraud is discovered the council will deploy the full range of sanctions including civil and disciplinary routes and as appropriate in parallel.

Objective	Task	Target Date
Formalise referral process	Develop referral information guide	Dec 2014
	Risk score of referrals 5x5	Dec 2014
	Test and review process	Ongoing
Ensure all investigation staff are fully trained including PINS or equivalent	Develop training matrix setting out core skills for each role as they develop	Ongoing
	Link individual training plans to bi monthly one to ones	
Deliver National Fraud Initiative	See working in partnership above	Ongoing
Recovery of assets and funds as a result of fraud	Work with legal to develop protocol and prioritise civil litigation cases involving fraud	May 2015
	Identify partners organisations e.g. Police or other Local Authorities in order to access specialist skills for undertaking financial investigations under the Proceeds of Crime Act	May 2015
Sanctions including disciplinary action	Review and update benefit fraud sanction policy to include corporate fraud	Jan 2015
	Work with HR and Legal to review processes for referring fraud cases for disciplinary proceedings?	Feb 2015

Publicising fraud	Work with Comms Team to develop communication strategy for publicising: Sanctions, public referrals referrals/hotline?	Dec 2014
-------------------	--	----------

DRAFT



Tackling the main fraud risks	
<b>Council Tax</b>	Many local authorities have noted a significant increase in fraudulent applications for single person discounts. The prevalence of this type of abuse is estimated to be as high as 6% of applications.
<b>Procurement</b>	Local government spends around £89 billion a year on procuring goods and services. The National Fraud Authority (NFA) estimates that local government could be suffering losses of around £890 million a year to procurement.
<b>Personal Budgets</b>	Personal budgets are a relatively new system of support that help individuals meet their own social care needs. Any new system attracts risks which need to be considered and mitigated with adequate and proportionate controls.
<b>Employee</b>	Types of employee fraud are wide ranging and can include misuse of time and resources. One of the strongest defences against employee fraud is a strong anti fraud culture
<b>Housing Tenancies</b>	The Audit Commission has estimated that at least 50,000 social homes in England are unlawfully sub-let and other estimates put that figure at up to 160,000 homes. The NFA places the cost of housing tenancy fraud at around £900 million annually
<b>Grants</b>	There are many different types of grants which makes it difficult to assess the nature and scale of fraud risk

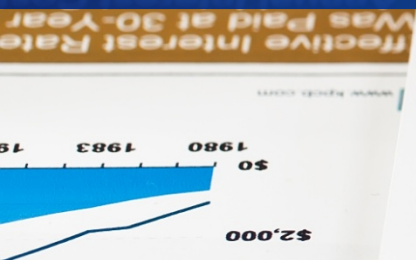
This page is intentionally left blank



cutting through complexity™

# Annual Audit Letter 2013/14

Wiltshire Council  
Page 63  
October 2014



Agenda Item 8

The contacts at KPMG in connection with this report are:

**Darren Gilbert**

*Director*

*KPMG LLP (UK)*

Tel: 0292 046 8205

[darren.gilbert@kpmg.co.uk](mailto:darren.gilbert@kpmg.co.uk)

**Tara Westcott**

*Senior Manager*

*KPMG LLP (UK)*

Tel: 0117 905 4358

[tara.westcott@kpmg.co.uk](mailto:tara.westcott@kpmg.co.uk)

**Adam Bunting**

*Assistant Manager*

*KPMG LLP (UK)*

Tel: 0117 905 4470

[adam.bunting@kpmg.co.uk](mailto:adam.bunting@kpmg.co.uk)

## Report sections

- Headlines

Page

2

## Appendices

1. Summary of reports issued
2. Audit fees

4

5

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](http://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 Darren Gilbert, 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](mailto: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, 3<sup>rd</sup> Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk). Their telephone number is 0303 444 8330.

This report summarises the key findings from our 2013/14 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 2013/14 financial statements, the 2013/14 VFM conclusion, and the Pension Fund's 2013/14 financial statements.

<p><b>VFM conclusion</b></p>	<p>We issued an unqualified value for money (VFM) conclusion for 2013/14 on 8 September 2014.</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>
<p><b>VFM risk areas</b></p>	<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"> <li>■ Savings Plans - Despite challenging savings targets for the year, the Authority's final outturn position was an under spend against budget of £0.397 million. The Authority has continued to develop savings plans which require savings from all service areas, and has identified additional savings plans in order to compensate for budget pressures arising in year. We have reviewed the Council's approach to monitoring progress against the budget and Savings Plan to support the financial resilience criterion of our VFM opinion, with no issues being identified; and</li> <li>■ Asset Valuations - As part of the Authority's four year rolling revaluation exercise, a number of asset classes were revalued during the year. This has led to a number of significant impairment charges, particularly for some school assets. Whilst there is no impact on the General Fund, such large movements within the year are notable. We have considered how the Council has assured itself that the overall renovation project represented value for money through the benefits obtained as a result of its completion. In addition, through the move to four main hubs the Authority is expected to generate total capital receipts of £26.1 million as well as annual maintenance and lease payment savings of £6.6 million once completed.</li> </ul>
<p><b>Audit opinion</b></p>	<p>We issued an unqualified opinion on your financial statements on 8 September 2014. 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>
<p><b>Financial statements audit</b></p>	<p>Our audit identified two audit adjustment with a total gross value of £3.6 million. These amendments related to the netting off of bank overdrafts against cash balances (£1.3 million) and the correction of disclosures relating to past service pension costs (£2.3 million). The correction of these issues 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 2014</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 an efficient manner which assisted in ensuring that the audit process was completed within the planned timescales.</p>

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

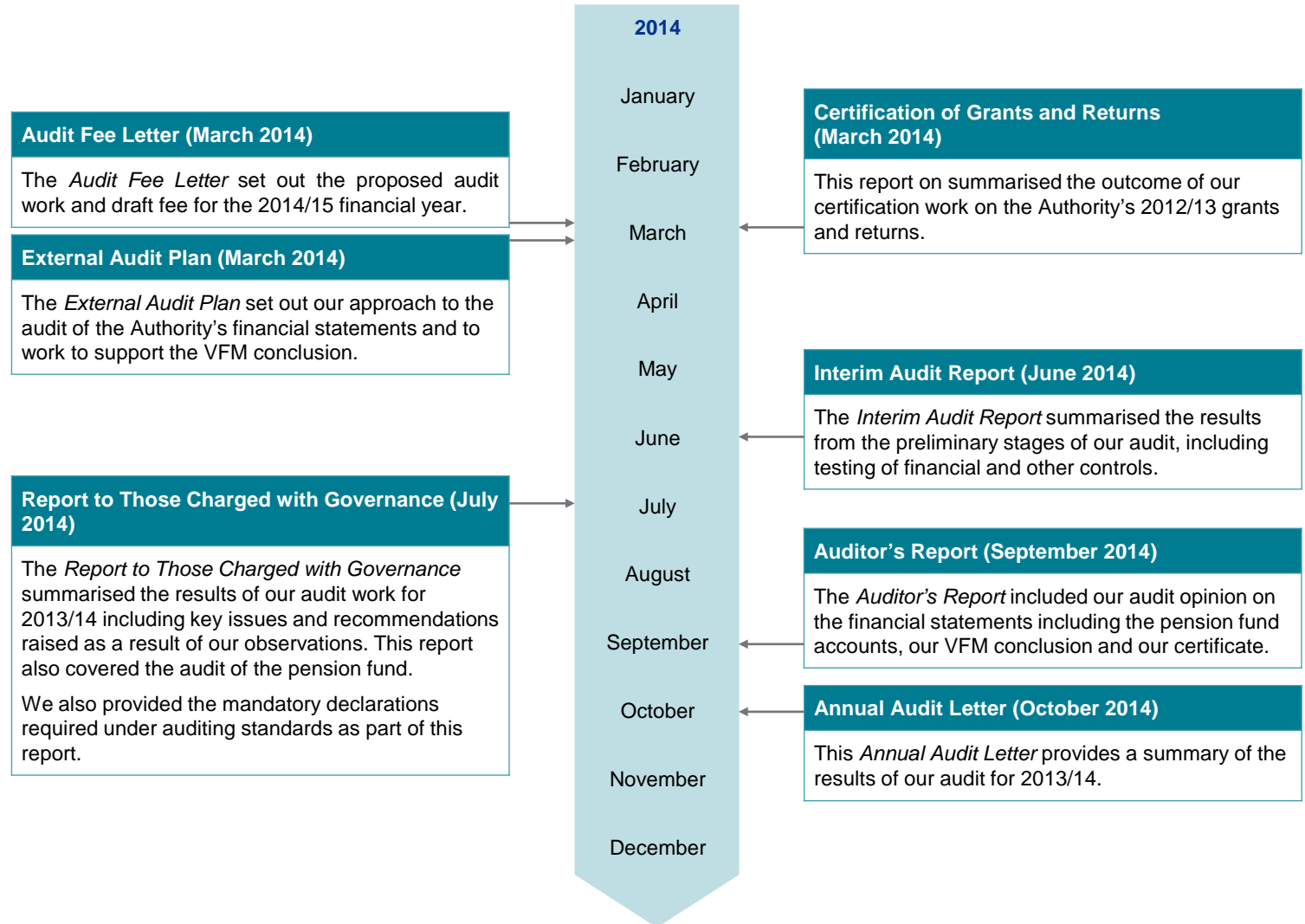
Page 66

<b>Annual Governance Statement</b>	We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding. We made a number of comments to Officers on the content around the Governance Issues disclosed within the document and requested that additional information was included in order to help the reader understand the background of the issues.
<b>Pension fund audit</b>	There were no significant issues arising from our audit of the pension fund.
<b>Whole of Government Accounts</b>	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.
<b>High priority recommendations</b>	We raised no high priority recommendations as a result of our 2013/14 audit work.  As a result of the audit of the financial statements we raised one medium priority recommendation in our <i>ISA 260 Report 2013/14</i> in relation to the assurance gained in relation to the value of those assets not subject to formal revaluation during the year.
<b>Certificate</b>	We issued our certificate on 8 September 2014.  The certificate confirms that we have concluded the audit for 2013/14 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
<b>Audit fee</b>	Our fee for 2013/14 was £223,226, excluding VAT. This was £1,070 higher than the planned fee of £222,156. Further detail is contained in Appendix 2.

## Appendix 1: Summary of reports issued

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

Page 67



This appendix provides information on our final fees for 2013/14.

Page 68

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 2013/14 planned audit fee.

**External audit**

Our final fee for the 2013/14 audit of the Authority was £223,226. This is an overall reduction of 12 percent on the comparative total fee for 2012/13 of £254,250. This reflects the non-recurrent additional work that was required in relation to the 2012/13 audit.

The final fee was £1,070 higher than the planned fee of £222,156. This reflects the additional work required in relation to the Collection Fund as a result of the cessation of the auditor certification of the NNDR3 return which previously provided evidence of use to the financial statement audit.

Our fees in relation to the additional work outlined above are still subject to final determination by the Audit Commission.

Our final fee for the 2013/14 audit of the Pension Fund was in line with the planned fee of £24,246.

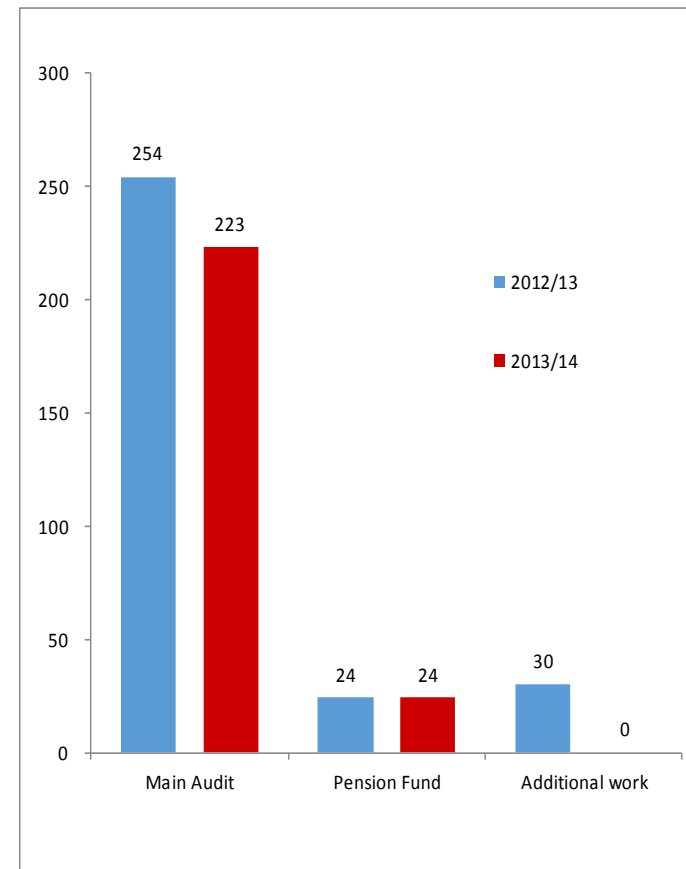
**Certification of grants and returns**

Our grants work is still ongoing and the fee will be confirmed through our report on the *Certification of Grants and Returns 2013/14* which we are due to issue in January 2015.

**Other services**

We did not undertake any non-audit work for the Authority this year.

**External audit fees 2013/14 (£'000)**







cutting through complexity™

© 2014 KPMG LLP, a UK public limited liability partnership, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).

**The contacts at KPMG in connection with this report are:**

**Darren Gilbert**  
*Director*  
*KPMG LLP (UK)*

Tel: 0292 046 8205  
[darren.gilbert@kpmg.co.uk](mailto:darren.gilbert@kpmg.co.uk)

**Tara Westcott**  
*Senior Manager*  
*KPMG LLP (UK)*

Tel: 0117 905 4358  
[tara.westcott@kpmg.co.uk](mailto:tara.westcott@kpmg.co.uk)

This page is intentionally left blank



*cutting through complexity*

# External audit progress report and technical update

Page 71

**Wiltshire Council**

October 2014

Agenda Item 9

This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

PROGRESS REPORT					
Progress Report					3
KPMG RESOURCES					
KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years					6
TECHNICAL UPDATE					
National Audit Office consultation: Draft Code of Audit Practice for the audit of local public bodies	●	8	Update to VFM profiles – Children & Young People	●	12
Invitation to Comment and Simplification and Streamlining the Presentation of Local Authority Financial Statements	●	8	VFM data briefing, expenditure on looked after children	●	12
Audit Commission calls for improved quality and accuracy in grant and subsidy claims and returns	●	9	VFM data briefing, managing council property assets	●	13
2014/15 work programme and scales of fees for the National Fraud Initiative	●	9	VFM data briefing, waste collection	●	14
Audit Commission 14/15 Scale Fees confirmed	●	10	Maintaining strategic infrastructure: roads (NAO report)	●	14
The NAO's role in local audit	●	10	Tool launched to help councils compare care performance on social care	●	14
Local government funding: Assurance to Parliament (NAO report)	●	10	Funding healthcare: Making allocations to local areas (NAO report)	●	15
Public Accounts Committee report – Local government funding: assurance to Parliament	●	10	NFI – June 2014 National Report Published	●	15
Government plans to regulate public sector exit payments	●	11	Distribution of National Fraud Initiative (NFI) information packs to elected members at councils in England	●	15
Consultation on Local Government Pension Scheme	●	11	Tenfold difference in outsource spending revealed (Local Government Chronicle article)	●	16
Government publishes response on local authority parking strategies	●	11	Accounting for Injury Benefits – Firefighters and Police Officer	●	16
APPENDIX					
Appendix 1 – 2013/14 audit deliverables		18			



*cutting through complexity™*

# Progress report

This document provides the audit committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report

Area of responsibility	Commentary
<b>Financial statements</b>	<p>At the time of the last Audit Committee in July 2014, our final audit visit had been undertaken and our audit work was substantively complete. We set out the key findings arising from our audit in our <i>Report to those charged with governance (ISA260 report) 2013/14</i> which was presented at the last Committee.</p> <p>Following the completion of the public inspection period, we signed the Auditors Report on the accounts on 8 September 2014. This included</p> <ul style="list-style-type: none"> <li>■ An unqualified opinion in relation to the Council's financial statements;</li> <li>■ An unqualified opinion in relation to the Council's Value for Money arrangements; and</li> <li>■ An unqualified opinion in relation to the Pension Fund's financial statements.</li> </ul> <p>We also concluded our work in relation to the Council's Whole of Government Accounts consolidation pack on 8 September 2014 and confirmed that the pack was consistent with the audited financial statements.</p>
<b>Value for Money</b>	<p>As highlighted in our Audit Plan, our initial risk assessment for the VFM conclusion identified two VFM risks requiring further audit work, these being:</p> <ul style="list-style-type: none"> <li>■ Savings Plan – In order to maintain an adequate level of balances and sustain service delivery, the Council estimated that it will need to save £28 million for 2013/14 and £23 million for 2014/15. Delivery of savings in Adult Care and Children's Care represents significant challenges; and</li> <li>■ Asset Valuations – During 2012/13 the Council recognised a £14 million downward valuation on the completion of Phase 1 of County Hall. Phase 2 was completed during 2013/14 and the Council was expecting another downward revaluation.</li> </ul> <p>During our final audit visit we have:</p> <ul style="list-style-type: none"> <li>■ Reviewed the Council's approach to monitoring progress against the budget and Savings Plan to support the financial resilience criterion of our VFM opinion.</li> <li>■ Considered how the Council has assured itself that the overall renovation project represented value for money through the benefits obtained as a result of its completion.</li> </ul> <p>The results of this work were included in our <i>Report to those charged with governance (ISA260 report) 2013/14</i>.</p>

This document provides the audit committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report

Page 75

Area of responsibility	Commentary
<b>Certification of claims and returns</b>	<p>We have completed our certification work in relation to the Council's Pooling of Housing Capital Receipts return and issued an unqualified certificate on 29 August 2014.</p> <p>Our work in relation to the Council's Housing Benefits Subsidy Scheme is currently in progress and is on track for completion by the 30 November 2014 deadline.</p> <p>We are continuing to negotiate with the Teachers' Pension Agency in relation to the arrangements necessary to allow us to undertake the certification of the <i>Teachers' Pension Return 2013/14</i>. We will provide the Council with an update as soon as these negotiations are completed.</p> <p>As the certification of this return falls outside of the Audit Commission Certification Regime, we will be required to issue a separate engagement letter. In addition, a separate fee will be chargeable in relation to this work.</p>
<b>2014/15 Financial Year</b>	<p>In preparation for the 2014/15 audit, we have issued a <i>Joint Internal Audit Protocol</i> to share information on possible testing that SWAP may choose to undertake, which would facilitate our ability to rely upon it. We have met with key officers from SWAP and discussed the key financial controls in order to avoid duplication of work.</p> <p>We have also met with officers of the Council in relation to the insourcing of the SAP support service and to identify how we can best support the Council through this process in order to ensure that both audit and operational risks are addressed appropriately.</p>
<b>Other</b>	<p>In July 2014, we issued our <i>Local Authority Corporate Risk Register Analysis Report</i> to your Associate Director of Finance and Pensions. The benchmarking report compared the Council's risk register to our local government audit client base, where the key risks were identified and compared as well as how councils have structured their risk management process.</p>



*cutting through complexity™*

# KPMG resources





Area	Comments
<p data-bbox="64 318 265 515"><b>KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years</b></p> <p data-bbox="95 725 136 882" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 77</p>	<p data-bbox="292 318 1943 401">Without a radical programme of house building average house prices in England could double in just ten years to £446,000, according to new research. In twenty years they could quadruple, with the average house price estimated to rise to over £900,000 by 2034 if current trends continue.</p> <p data-bbox="292 419 1984 475">The research from KPMG and Shelter also reveals that more than half of all 20-34 year olds could be living with their parents by 2040, as soaring housing costs caused by the shortage of affordable homes leave more and more people priced out of a home of their own.</p> <p data-bbox="292 494 1984 576">The warning comes as KPMG and Shelter launch a landmark new report, outlining how the 2015 government can turn the tide on the nation's housing shortage within a single parliament. With recent government figures showing that homeownership in England has been falling for over a decade, the consequences of our housing shortage are already being felt.</p> <p data-bbox="292 595 1939 651">The report sets out a blueprint for the essential reforms that will increase the supply of affordable homes and stabilise England's rollercoaster housing market.</p> <p data-bbox="292 669 1243 696">It calls on politicians to commit to an integrated range of key measures, including:</p> <ul data-bbox="292 729 2001 1108" style="list-style-type: none"> <li data-bbox="292 729 2001 822">■ Giving planning authorities the power to create 'New Homes Zones' that would drive forward the development of new homes. Combined with infrastructure, this would be led by local authorities, the private sector and local communities, and self-financed by sharing in the rising value of the land.</li> <li data-bbox="292 841 2001 896">■ Unlocking stalled sites to speed up development and stop land being left dormant, by charging council tax on the homes that should have been built after a reasonable period for construction has passed.</li> <li data-bbox="292 915 2001 971">■ Introducing a new National Housing Investment Bank to provide low cost, long term loans for housing providers, as part of a programme of innovative ways to finance affordable house building.</li> <li data-bbox="292 989 2001 1016">■ Helping small builders to get back into the house building market by using government guarantees to improve access to finance.</li> <li data-bbox="292 1035 2001 1108">■ Fully integrating new homes with local infrastructure and putting housing at the very centre of City Deals, to make sure towns and cities have the power to build the homes their communities need.</li> </ul> <p data-bbox="292 1126 1955 1153">To read the report, visit <a href="https://portal.ema.kworld.kpmg.com/uk/Documents/NewsroomDocs/2014/KPMG%20Shelter%20report%20FINAL.pdf">https://portal.ema.kworld.kpmg.com/uk/Documents/NewsroomDocs/2014/KPMG%20Shelter%20report%20FINAL.pdf</a>.</p> <p data-bbox="292 1172 1060 1199">For more information, please contact a member of the audit team.</p>



*cutting through complexity™*

# Technical update

Page 78

Area	Level of Impact	Comments	KPMG perspective
<b>National Audit Office consultation: Draft Code of Audit Practice for the audit of local public bodies</b>	 <b>Medium</b>	<p>On Friday 19 September 2014 the National Audit Office (NAO) launched its consultation on the draft Code of Audit Practice for the audit of local public bodies. Subject to Parliamentary approval, the Code will take effect from 1 April 2015 for audit work relating to the 2015/16 financial year onwards.</p> <p>The NAO is seeking views and comments on the draft Code. In particular, the views of audited bodies are being sought on how valuable the work carried out each year on value-for-money arrangements is. The closing date for consultation responses is Friday 31 October 2014.</p> <p>For more information visit <a href="http://www.nao.org.uk/keep-in-touch/our-surveys/consultation-code-audit-practice/">http://www.nao.org.uk/keep-in-touch/our-surveys/consultation-code-audit-practice/</a></p>	<p><i>The Council has provided feedback through the Society of County Treasurers.</i></p> <p><i>In addition, Michael Hudson, is a member of two working groups who are contributing to this matter.</i></p>
<b>Page 79</b> <b>Invitation to Comment and Simplification and Streamlining the Presentation of Local Authority Financial Statements</b>	 <b>Medium</b>	<p>CIPFA and CIPFA/LASAAC have recently consulted on the Simplification and streamlining of the presentation of local authority financial statements.</p> <p>The consultation focused on the reporting of local authority performance and therefore on the comprehensive income and expenditure statement, the movement in reserves statement and the segmental reporting requirements specified in the Code of practice on local authority accounting in the United Kingdom. As an important part of reporting performance, it also considered the narrative reporting requirements which would accompany the financial statements.</p> <p>The consultation closed on 19 September 2014.</p>	<p><i>As above.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p><b>Audit Commission calls for improved quality and accuracy in grant and subsidy claims and returns</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 80</p>	<p>● Medium</p>	<p>78 per cent of councils' claims to the grant-paying body for housing benefit subsidies for 2012/13 were challenged by the Audit Commission's appointed auditors. Auditors issued a qualification letter in 35 per cent (360) of the 1,023 claims and returns made by councils for 2012/13 in respect of seven schemes for grants or subsidies. 255 of the 360 (71 per cent) qualifications related to claims for housing and council tax benefit subsidy. In total, these seven schemes transfer £50.5 billion of public money from central to local government.</p> <p>The full findings in <i>Local Government Claims and Returns: Auditor's Certification Work for 2012/13</i>, also provide an overview of how local authority handling of claims and subsidies has changed since the Commission first produced a national report for the 2008/09 financial year. For example, between 2009 and 2013, auditors made amendments to about one quarter of teachers' pensions returns. 55 teachers' pensions returns (36 per cent) for 2012/13 were qualified, double that for 2011/12.</p> <p>To view the full report, visit <a href="http://www.audit-commission.gov.uk/audit-regime/certifying-claims-and-returns/">http://www.audit-commission.gov.uk/audit-regime/certifying-claims-and-returns/</a></p>	<p><i>We will report the findings of our 2013/14 certification work in January 2015.</i></p>
<p><b>2014/15 work programme and scales of fees for the National Fraud Initiative</b></p>	<p>● Low</p>	<p>On Monday 30 June 2014 the Audit Commission published the final 2014/15 work programme and scale of fees for National Fraud Initiative (NFI).</p> <p>The Commission has considered the small number of consultation responses received. Respondents generally supported the Commission's decision to recognise the financial pressures that public bodies are facing in the current economic climate by keeping the scale of fees the same as for NFI 2012/13. They also raised some specific points, on which the Commission will respond directly to the organisations concerned. A summary of the consultation responses can be viewed at <a href="http://www.audit-commission.gov.uk/wp-content/uploads/2014/06/NFI-2014-15-Work-programme-and-scale-of-fees-Consultation-Feedback.pdf">http://www.audit-commission.gov.uk/wp-content/uploads/2014/06/NFI-2014-15-Work-programme-and-scale-of-fees-Consultation-Feedback.pdf</a>.</p> <p>The final work programme and scale of fees documents for the NFI 2014/15 exercise are available on the Commission's website <a href="http://www.audit-commission.gov.uk/national-fraud-initiative/public-sector/fees/">http://www.audit-commission.gov.uk/national-fraud-initiative/public-sector/fees/</a>.</p> <p><b>Data request</b></p> <p>The NFI Team sent the formal NFI 2014/15 data request to all mandatory participant directors of finance on Monday 30 June. Directors of finance of existing voluntary participants also received an invitation to participate. The emails included links to the NFI online instructions which give details of NFI data requirements and also announce the launch of the Commission's 2014/15 web application.</p> <p>Participants were required to submit the required data sets, through the secure NFI web application, on Monday 6 October 2014. The Commission expect to release the data matches on Thursday 29 January 2015.</p>	<p><i>The Council's Fraud Team have completed the data submission in accordance with the deadline set.</i></p>

Area	Level of Impact	Comments
<b>Audit Commission 14/15 Scale Fees confirmed</b>	● For info	The 2014/15 work programme and scales of fees are now available, alongside the lists of fees for individual bodies. A summary of the responses to the Audit Commission consultation on the work programme and fees is also available. For more information visit <a href="http://www.audit-commission.gov.uk/audit-regime/1415WPSF">http://www.audit-commission.gov.uk/audit-regime/1415WPSF</a>
<b>The NAO's role in local audit</b>	● For info	The National Audit Office (NAO) is taking on new responsibilities in the new framework for the audit of local bodies. The NAO has produced a leaflet which provides information on its new role, examples of its recent value for money work focused on local services, and contact details for you to provide views and suggestions or to ask questions about its work. For more information, visit <a href="http://www.nao.org.uk/report/the-naos-role-in-local-audit/">http://www.nao.org.uk/report/the-naos-role-in-local-audit/</a>
<b>Local government funding: Assurance to Parliament (NAO report)</b>	● For info	A recent NAO report examines how the Department for Communities and Local Government (DCLG) has implemented and oversees the assurance framework that enables departments to assure Parliament on funding for local authorities following the changes in the 2010 Spending Review to give local authorities more control over their funding. The report finds that under current arrangements DCLG's monitoring information gives limited insight into whether value for money is being achieved in practice. It also suggests that departments should assess whether continuing to fund local authorities through un-ringfenced targeted grants is appropriate in the context of a locally-defined approach to achieving value for money. To view the report, visit <a href="http://www.nao.org.uk/report/local-government-funding-assurance-to-parliament/">http://www.nao.org.uk/report/local-government-funding-assurance-to-parliament/</a>
<b>Public Accounts Committee report – Local government funding: assurance to Parliament</b>	● For info	The Public Accounts Committee has recently published a report on funding for local authorities. This found that whilst the Department for Communities and Local Government (DCLG) has increased flexibility for local government spending, allowing local authorities to use government funding according to local priorities, DCLG cannot be sure that the local accountability system is ensuring that local authorities are achieving value for money with their funding. The report can be found at <a href="http://www.publications.parliament.uk/pa/cm201415/cmselect/cmpubacc/456/456.pdf">http://www.publications.parliament.uk/pa/cm201415/cmselect/cmpubacc/456/456.pdf</a>

Area	Level of Impact	Comments
<b>Government plans to regulate public sector exit payments</b>	<p>●</p> <b>For info</b>	<p>The government has recently consulted on proposals to ensure exit payments are recovered when high earners return to the same part of the public sector within twelve months of leaving. The proposed provisions will be included in the Small Business, Enterprise and Employment Bill.</p> <p>The consultation outlines the government's proposal to underpin exit payment recovery across the public sector. The government expects any changes brought about as part of this consultation to support existing or on-going changes to exit payment arrangements to ensure they are fair and promote value for money more widely.</p> <p>More information can be found at <a href="https://www.gov.uk/government/consultations/recovery-of-public-sector-exit-payments">https://www.gov.uk/government/consultations/recovery-of-public-sector-exit-payments</a></p>
<b>Consultation on Local Government Pension Scheme</b>	<p>●</p> <b>For info</b>	<p>The government has recently consulted on new governance arrangements, and sought responses from interested parties on the draft (pension) regulations which are to come into force from October 2014 onwards.</p> <p>The main provisions include a requirement for the Secretary of State to establish a national scheme advisory board to advise him on the desirability of changes to the scheme. Provision is also made for administering authorities to establish local pension boards to assist them with the effective and efficient management and administration of the scheme.</p> <p>Further information can be found at <a href="https://www.gov.uk/government/consultations/the-local-government-pension-scheme-amendment-regulations-2014-draft-regulations-on-scheme-governance">https://www.gov.uk/government/consultations/the-local-government-pension-scheme-amendment-regulations-2014-draft-regulations-on-scheme-governance</a></p>
<b>Government publishes response on local authority parking strategies</b>	<p>●</p> <b>For info</b>	<p>The government launched a consultation paper on local authority parking enforcement in 2013. The consultation closed in February 2014 and the government has now responded with a number of proposals, including:</p> <ul style="list-style-type: none"> <li>■ amending guidance to make it clear that motorists parking at an out-of-order meter should not be issued a penalty charge where there are no alternative ways to pay;</li> <li>■ banning the use of CCTV cameras to enforce parking contraventions in the vast majority of cases, but with some exceptions (eg restricted areas outside of schools);</li> <li>■ widening the powers of parking adjudicators. This could include, for example, measures to protect drivers where adjudicators have repeatedly identified a problem at a specific location (such as inadequate signage) and parking tickets have repeatedly been issued; and</li> <li>■ introducing a mandatory 10 minute free period at the end of paid-for on-street parking either through amendments to statutory guidance or regulations.</li> </ul> <p>Further information can be found at <a href="https://www.gov.uk/government/consultations/local-authority-parking">https://www.gov.uk/government/consultations/local-authority-parking</a></p>

Area	Level of Impact	Comments
<p>Update to VFM profiles – Children &amp; Young People</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 83</p>	<p>● For info</p>	<p>The VFM profiles tool was being updated on Friday 11 July 2014. The update includes a redesigned children and young people section based on the latest section 251 outturn data for 2012/13. This data includes the time series back to 2009/10 wherever possible, and the change brings the children and young people’s section in line with the rest of the profiles where outturn data is used. The VFM profiles previously used section 251 planned budget data.</p> <p>This section is now organised into the follow areas of expenditure:</p> <ul style="list-style-type: none"> <li>■ LA education services</li> <li>■ Schools and services</li> <li>■ Sure start &amp; early years</li> <li>■ Looked after children</li> <li>■ Safeguarding</li> <li>■ Youth justice</li> <li>■ Young people</li> <li>■ Other children &amp; family services</li> <li>■ Asylum seekers</li> </ul> <p>Each section contains financial indicators from the section 251 outturn data collection and relevant performance or contextual indicators. Note the Commission issued a VFM briefing paper in August 2014.</p>
<p>VFM data briefing, expenditure on looked after children</p>	<p>● For info</p>	<p>The Audit Commission has published Councils’ expenditure on looked after children, the latest in its series of VFM data briefings analysing data in the VFM profiles.</p> <p>The briefing reports that, although the number of looked after children increased by 12 per cent between 2008/09 and 2012/13, councils’ expenditure increased by only 4 per cent. Reductions in the daily cost of care and an increase in the proportion of children receiving foster care saved a total of £239 million, partially offsetting the spending pressure arising from the increased number of children in care.</p> <p>The briefing looks in more detail at some of the factors which influence how much councils spend on foster care and encourages councils to use the VFM Profiles to compare their costs with those of similar councils.</p> <p>The briefings can be found at: <a href="http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2">http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2</a></p>

Area	Level of Impact	Comments
<p>VFM data briefing, managing council property assets</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 84</p>	<p>●</p> <p>For info</p>	<p>On 5 June, the Audit Commission published the latest in its series of VFM briefings, <i>Managing council property assets: Using data from the VFM Profiles</i></p> <p>The briefing draws on Capital Outturn Return (COR) data in the Profiles to show trends since 2004/05 in: the net book value (NBV) of the operational and investment estates; levels of capital investment; and sources of finance for capital investment. It deals with how to release more value from the estate overall, and in particular, it addresses the need for councils to consider how they can best use or dispose of surplus assets, which had a NBV of £2.5 billion in 2012/13.</p> <p>As part of this update the following updated data has been added to the Profiles:</p> <ul style="list-style-type: none"> <li>■ Sustainable economy section, planning – processing of planning applications – quarter 3 2012/13.</li> <li>■ Financial resilience, revenue collection services – CIPFA Revenue Collection Statistics – for 2012/13.</li> <li>■ Environmental services – ENV18 – Local authority collected waste: annual results tables, final annual results for local authority collected waste and management figures for England. The Department for Environment, Food and Rural Affairs revised this data in May 2014. The data in the VFM profiles has been updated for the total local authority collected waste and household – waste not sent for recycling.</li> <li>■ Benefits caseload – the latest available monthly data has been added, bringing the latest data to February 2014.</li> </ul> <p>For further information visit: <a href="http://www.audit-commission.gov.uk/2014/06/can-local-governments-2-5-billion-surplus-assets-be-put-to-better-use/">http://www.audit-commission.gov.uk/2014/06/can-local-governments-2-5-billion-surplus-assets-be-put-to-better-use/</a></p>



Area	Level of Impact	Comments
<b>VFM data briefing, waste collection</b>	<p>●</p> <p><b>For info</b></p>	<p>The Audit Commission has published Local authority waste management, the latest in a series of value for money (VFM) data briefings analysing data in the VFM profiles tool. The briefing examines spending and performance on household waste management.</p> <p>In 2012/13 the average spending on household waste management varied between local authorities with similar responsibilities. For example most authorities that both collect and dispose of waste (58 per cent) spent between £125 and £175 per household in 2012/13 but thirteen per cent spent more than £200 per household.</p> <p>In 2012/13, the amount of waste recycled varied from 12 per cent up to 67 per cent, with 40 authorities recycling less than 30 per cent of their household waste. And while landfill has reduced everywhere some regions are still more reliant than others.</p> <p>The variation in performance and spending suggests there may be opportunities to reduce expenditure. If councils were able to reduce their spending to the average for their authority type and waste responsibilities potentially up to £464 million could be saved overall. Any savings could be used to support more sustainable forms of waste management or be reinvested in other services.</p> <p>Previous briefings on councils' expenditure on benefits administration, council tax collection, social care for older people, income from charging and business rates are also available on the Commission's website.</p> <p>For more information visit <a href="http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/">http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/</a></p>
<b>Maintaining strategic infrastructure: roads (NAO report)</b>	<p>●</p> <p><b>For info</b></p>	<p>The NAO has published a report on Maintaining strategic infrastructure: roads. This report highlights how the lack of predictability of funding for highways authorities has practical implications for the roads network and may lead to increased costs in the long term.</p> <p>Although the report focuses primarily on central government responsibilities it may be of interest to you for your highways management responsibilities.</p> <p>To read the report, visit <a href="http://www.nao.org.uk/report/maintaining-strategic-infrastructure-roads/">http://www.nao.org.uk/report/maintaining-strategic-infrastructure-roads/</a></p>
<b>Tool launched to help councils compare care performance on social care</b>	<p>●</p> <p><b>For information</b></p>	<p>The Department of Health has launched a new tool to help councils compare their performance on social care with similar areas across England. The tool groups upper tier and unitary authorities by their spending on the over-65s and working age adults with learning disabilities. The aim is to help local authorities see how they are meeting various indicators, and to identify areas for improvement by viewing the performance of their peers.</p> <p>The tool can be found at: <a href="https://www.gov.uk/government/publications/adult-social-care-efficiency-tool">https://www.gov.uk/government/publications/adult-social-care-efficiency-tool</a></p>

Area	Level of Impact	Comments
<b>Funding healthcare: Making allocations to local areas (NAO report)</b>	<p style="text-align: center;">●</p> <b>For info</b>	<p>The National Audit Office (NAO) has recently published a report examining the extent to which £79 billion of central funding allocated to local health bodies differs from target allocations based on relative need. It finds that nearly two-fifths of Clinical Commissioning Groups (CCGs) are more than five percentage points above or below their fair share of funding per person. It also finds that there is a clear relationship between the financial position of CCGs and their distance from target funding allocations, with 19 of the 20 CCGs with the tightest financial position receiving less than their target allocation, and 18 of the 20 with the largest surpluses receiving more than their target allocation.</p> <p>For more information, visit <a href="http://www.nao.org.uk/report/funding-healthcare-making-allocations-to-local-areas/">http://www.nao.org.uk/report/funding-healthcare-making-allocations-to-local-areas/</a></p>
<b>NFI June 2014 National Report Published</b>	<p style="text-align: center;">●</p> <b>For info</b>	<p>On Thursday 12 June 2014 the Audit Commission published its report on the NFI, the Commission's data matching exercise to help prevent and detect fraud. Since the last report in May 2012 the NFI has identified £203 million of fraud, overpayment and error in England. A further £26 million was identified by the NFI in Scotland, Wales and Northern Ireland bringing total outcomes since the last report to £229 million.</p> <p>Since its launch in 1996, the NFI has enabled the public and private sector participants across the UK to detect fraud, overpayment and error totalling £1.17 billion.</p> <p>To read the report, visit <a href="http://www.audit-commission.gov.uk/2014/06/the-national-fraud-initiative-finds-229-million-of-fraud-overpayment-and-error/">http://www.audit-commission.gov.uk/2014/06/the-national-fraud-initiative-finds-229-million-of-fraud-overpayment-and-error/</a></p>
<b>Distribution of National Fraud Initiative (NFI) information packs to elected members at councils in England</b>	<p style="text-align: center;">●</p> <b>For information</b>	<p>To complement the National Fraud Initiative (NFI) national report published in June 2014 (available at <a href="http://www.audit-commission.gov.uk/national-fraud-initiative/nfi-reports/">http://www.audit-commission.gov.uk/national-fraud-initiative/nfi-reports/</a>), the Audit Commission distributed an information pack for elected members with responsibility for finance and audit at councils in England in August. A copy was also be sent to directors of finance and NFI key contacts for information.</p> <p>The information pack brings together key facts about the NFI, the council's NFI outcomes and comparisons to their CIPFA nearest neighbours. The pack links to a series of questions elected members can put to their director of finance (NFI senior responsible officer). The responses will help them understand how the NFI is being used within the council, the benefits of taking part and if they are being maximised.</p> <p>If you did not receive the information pack and would like a copy please contact via email at <a href="mailto:nfiqueries@audit-commission.gsi.gov.uk">nfiqueries@audit-commission.gsi.gov.uk</a></p>

Area	Level of Impact	Comments
<p>Tenfold difference in outsource spending revealed (Local Government Chronicle article)</p>	<p>● For info</p>	<p>“Exclusive analysis has revealed a tenfold difference in the amount councils spend per head of population on outsourced services. Figures from a database of councils’ published receipts for 2012-13 show a huge gulf in the amount spent by top-tier councils with organisations in the private, public and voluntary sectors.</p> <p>Wigan MBC spent just £116 with outside providers per head of population, compared with over £1,000 at several London boroughs and £1,450 at Southend BC.</p> <p>The data, compiled by research firm Porge and analysed by Local Government Chronicle, presents for the first time a broad picture of the total trade top-tier councils carried out with other organisations, based on all published receipts for expenditure over £500. It shows councils spent £30.5bn with outside providers in 2012-13.</p> <p>Alongside classic outsourcing expenditure, such as waste contracts, this includes capital schemes such as house building and payments to financial institutions.”</p> <p>To view the full article, visit <a href="http://www.lgcplus.com/5071076.article">http://www.lgcplus.com/5071076.article</a></p>
<p>Accounting for Injury Benefits – Firefighters and Police Officers</p>	<p>● For info</p>	<p>In 2006, the Firefighters’ Compensation Scheme (England) Order came into force. One of its effects was to change the way injury benefits were funded and accounted for in respect of firefighters who had retired due to injury.</p> <p>The Department for Communities and Local Government (DCLG) has identified instances where some authorities have incorrectly charged injury benefits to the pension fund account and consequently DCLG may have overpaid top-up grant. The Fire Finance Network is currently discussing proposals with DCLG for all fire authorities and county councils with fire responsibilities to provide DCLG with statements of assurance to confirm that they are accounting correctly for injury benefits and are taking steps to correct any previous errors which may have occurred.</p> <p>The guidance made available to KPMG by both the Audit Commission and DCLG was clear that injury benefits are not a charge to the Firefighters Pension Fund, and are not covered by top-up grant.</p> <p>For further information see the DCLG guidance at <a href="https://www.gov.uk/government/publications/firefighter-pensions-financial-arrangements-guidance">https://www.gov.uk/government/publications/firefighter-pensions-financial-arrangements-guidance</a>.</p> <p>The Police (Injury Benefit) Regulations 2006 made similar provisions in respect of injury benefits for police officers.</p> <p>The Home Office did not issue specific guidance on police injury benefits.</p>



*cutting through complexity™*

# Appendix

Page 88

## Appendix 1 – 2013/14 Audit deliverables

At the end of each stage of our audit we issue certain reports and opinions.

Our key reports will be delivered to a high standard and on time.

We discuss and agree each report with the Council's officers prior to publication.

Deliverable	Purpose	Timing of Audit Committee	Status
<b>Planning</b>			
Fee letter	Communicate indicative fee for the audit year (i.e. 2013/14)	June 2013	<b>Completed</b>
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	March 2014	<b>Completed</b>
<b>Interim</b>			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	June 2014	<b>Completed</b>
<b>Substantive procedures</b>			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	July 2014	<b>Completed</b>
<b>Completion</b>			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2014	<b>Completed</b>
Pension Fund Annual report	We provide an opinion on the consistency of the Pension Fund annual report with the Pension Fund accounts.	September 2014	<b>Completed</b>
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2014	<b>Completed</b>
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	October 2014	<b>Completed</b>
<b>Certification of claims and returns</b>			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	January 2015	On track to deliver



*cutting through complexity™*

The contacts at KPMG in connection with this report are:

**Darren Gilbert**

*Director*  
*KPMG LLP (UK)*

Tel: 0292 046 8205  
[darren.gilbert@kpmg.co.uk](mailto:darren.gilbert@kpmg.co.uk)

**Tara Westcott**

*Senior Manager*  
*KPMG LLP (UK)*

Tel: 0117 905 4358  
[tara.westcott@kpmg.co.uk](mailto:tara.westcott@kpmg.co.uk)

© 2014 KPMG LLP, a UK public limited liability partnership, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).