AGENDA

Meeting:	Audit
Place:	Salisbury Room - County Hall, Trowbridge
Date:	Tuesday 27 January 2015
Time:	10.30 am

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

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

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

Membership:

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

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

Non-Voting Members

Cllr Jane Scott OBE

Cllr Dick Tonge

Substitutes
Cllr Terry Chivers
Cllr Peter Evans
Cllr Nick Fogg MBE
Cllr Mike Hewitt
Cllr George Jeans
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 - 4)*

To confirm and sign the minutes of the Audit Committee meeting held on 28 October 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 *26 January 2015*. 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   **Q3 - IA UPDATE** *(Pages 5 - 34)*

This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section. In particular, it provides a summary of:

- the outcomes of audits completed during the period,

- the results and outcomes of follow-up reviews carried out during the period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year

- an update on the delivery of the 2014/15 IA Plan, including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits.

7   **KPMG - Update Report**

8   **KPMG - Grant Certification**

9   **Forward Work Programme**

To note the Forward Work Programme

10   **Date of next meeting**

To note that the next regular meeting of the Committee will be held on 10 March 2015.

11   **Urgent Items**

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

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

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

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Wiltshire Council
Where everybody matters

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 28 OCTOBER 2014 AT NORTH WILTSHIRE ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Britton (Vice Chairman), Cllr Rosemary Brown, Cllr Tony Deane (Chairman), Cllr Stewart Dobson, Cllr Julian Johnson, Cllr Jeff Osborn (Substitute), Cllr Linda Packard, Cllr Mark Packard (Substitute), Cllr Sheila Parker and Cllr David Pollitt

Also Present:

 Cllr Alan Macrae

41 Apologies and Membership Changes

Apologies were received from Cllr Stephen Oldrieve who was substituted by Cllr Mark Packard.

Apologies were received from Cllr Helen Osborn who was substituted by Cllr Jeff Osborn.

Apologies were also received from Cllr Dick Tonge, Cllr Jane Scott OBE and Cllr James Sheppard.

42 Chairman's Announcements

a) The Chairman explained that risk had become the subject of some debate and that it was necessary for all involved to 'sing from the same hymn sheet'. The Chairman explained the need to set up a secondary committee/group to discuss risk and to meet with KPMG to ensure risk is being treated in the appropriate manner. The Committee heard KPMG's views on how risk is being treated.. Cllrs Britton, Pollitt, Packard and Dobson would join the Chairman in this new group.

b) The Chairman commented on the level of resource available to the Committee due to recent changes within Democratic Services.

43   **Minutes of the Previous Meeting**

The minutes of the previous meeting, 31 July 2014, were approved by the Committee and signed by the Chairman.

44   **Members' Interests**

There were no declarations of interest.

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

There was no public participation and no Member questions.

46   **Internal Audit 2014/15 2nd Quarter Update Report**

The update was introduced by the Director of Finance and a demonstration of the system that SWAP use was provided by David Hill (SWAP). Attention paid by management to audit recommendations and the required time limits were discussed by Members. It was heard that Members would likely start seeing improvements in the next three to six months as to the number of recommendations being implemented. It was explained that there was currently too many recommendations outstanding. The Director of Finance explained that audit reports may take longer than usual to draw a conclusion and that patience was necessary.

David Hill discussed report clearing mechanisms and stated that there was a reasonably quick turnaround. It was heard that Mr Hill works across several authorities and that Wiltshire's system were very robust. It was explained that there was 116 recommendations to be followed up and at this time 56 had been completed; 12 of which had outstanding responses. The Committee heard that managers were to be chased for their response to recommendations and a database would be updated online. A priority system and the complete client self assessment were explained. It was heard that management assurances would be sought and that the Corporate Directors would be made aware of any concerns at CLT.

Members had the opportunity to ask questions and the response time to recommendations was discussed. Feedback to audit staff was also raised including the quality of work. Customer satisfaction was also discussed.

Cllr Alan Macrae attended to answer questions on concerns that some young people are being placed with inappropriate carers. Cllr Macrae explained that this situation was forced on Wiltshire Council by the legal system and that many young people were placed under Regulation 24 of the Children's Act. As a result of this, young people were usually placed with members of their family which can have a detrimental effect and could be limiting in their teenage years. Members ask questions in regard to timescales of placements and the fostering assessments. Cllr Macrae discussed special guardianship order standards and

how communication with safeguarding could be improved. The method of retaining evidence for these decisions was raised and the viability screening process was explained. The Chairman thanked Cllr Macrae for his attendance.

Further questions were asked in regards to Internal Audit. Member's expenses were discussed and a response from management was due at the next committee. Members stated that this is a subject that can raise public concerns and it was necessary to be particularly robust. SWAPs performance was also raised and questions were asked as to why it had taken twenty days to issue their final report. Representatives of SWAP explained that they often have not had a response from management and are therefore waiting for this before they can produce a final report.

It was heard that the Associate Director for Legal and Governance would give an update on Corporate Governance at the next meeting.

Members discussed potential capacity for SWAP to bring forward their work on the campus programme.

Resolved:
To note the Internal Audit 2014/15 2nd Quarter Update.

47   **Anti Fraud and Corruption Strategy**

The Anti-Fraud and Corruption Strategy was introduced by the Director of Finance. It was explained that the DWP had planned to create a national benefit fraud team and an action plan had been created to tackle corporate fraud in Wiltshire. This was the first public airing of this strategy and that Member's comments were required. It was explained that both KPMG and SWAP would be consulted on the strategy. Central government grants had been applied for and it was hoped that the team would be self-sufficient within three years. It was explained that it was difficult to recognise fraud that was not happening because of this team and therefore difficult to judge its success.

Members had the opportunity to ask questions on this issue. Small instances of fraud were discussed and internal audit would look at transactions in payroll and to creditors. Whistleblowers were raised and the need to protect them. It was asked if there was a need to see more emphasis on protecting whistle blowers in the anti-fraud and corruption papers. The cost of such a strategy was discussed by Members.

48   **KPMG - Annual Audit Letter 2013/14**

It was explained that it was necessary to produce a document for the final end point of the 2013/14 audit. The document was written with a public audience in mind and the document was therefore summarised. The document would be published online. It was explained that the last two pages, the appendices, were

new and that clarification was required in regard to overdrafts and presentational adjustments on the face of the new balance sheet.

49 **KPMG - External Audit Progress Report and Technical Update**

KPMG's work since the last committee meeting was summarised and it was explained that work had now started on the 2014/15 audit. KPMG would meet with SWAP in regards to the 2014/15 audit. Issues were raised in regards to benchmarking analysis on the risk register which have been shared with the Director for Finance. It was heard that there was trust between the auditors and Wiltshire Council staff. Concern was raised that fraud policy had not been run past the auditors.

Clarification was provided in regards to pensions for academy school staff. It was heard that unfunded pensions would be supplied for teachers but non-teaching staff would receive a pension through the Wiltshire Pension Fund. Local business cash flow and payment deadlines were also raised.

50 **Date of next meeting**

The next meeting would be held on 02 December 2014 in the Kennet Room, County Hall.

51 **Urgent Items**

There were no urgent items.

(Duration of meeting: 12:30 – 14:20)

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

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

WILTSHIRE COUNCIL   **AGENDA ITEM NO.**

AUDIT COMMITTEE

27 January 2015

INTERNAL AUDIT 2014/15 JANUARY UPDATE REPORT

Purpose of the Report

1. This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section. In particular, it provides a summary of:

    *   the outcomes of audits completed during the period,

    *   the results and outcomes of follow-up reviews carried out during the period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year

    *   an update on the delivery of the 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 51 audits from the 2014-15 plan have commenced, of which 13 have been completed and 2 are at draft report stage.

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. Since the last update report in October 2014, there have been 4 audit reviews that were afforded partial assurance. Detail is provided in Appendix D.

6. Overall, 80 recommendations have been made by IA since the October 2014 update, broken down as follows:

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	Total reported
2014/15 audits	2	19	49	10	0	**80**
Percentage	3%	24%	61%	13%	0%	

7. Appendix B shows audits grouped by current status and highlighted as Red, Amber or Green.

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

Proposal

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

Reasons for Proposals

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

Michael Hudson
Associate Director, Finance, S.151 Officer

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

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

Appendices: A – IA Fourth 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

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Wiltshire Council

Report of Internal Audit Activity 2014/15

January 2015

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

The contacts at SWAP in connection with this report are:

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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.

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. Outstanding management actions are 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, Audit Committee 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.

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 80 recommendations raised since our last update with 74% being lower 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. 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 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 shown as 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".
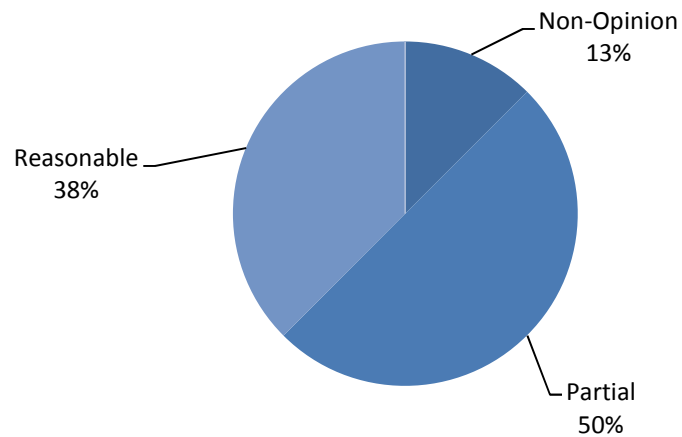
As we complete our operational audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. Examples of areas where audits have added value are:

- We were able to provide advice for the development of a matrix of roles and users of the IT system.

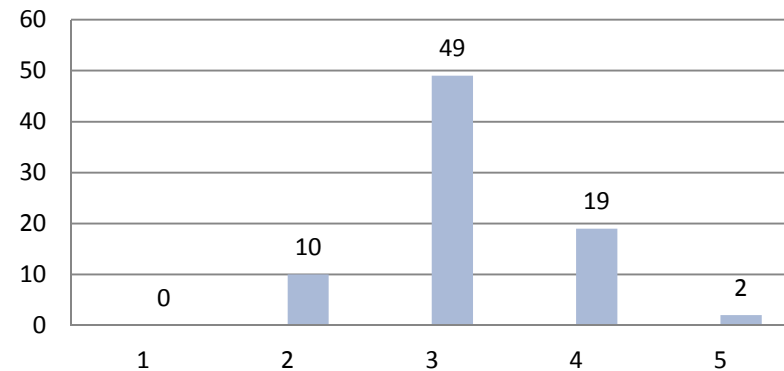**SWAP** SOUTH WEST AUDIT PARTNERSHIP *Delivering Audit Excellence*

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

Summary of Control Assurance and Recommendations

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Control Assurance % by Category

Non-Opinion 13%

Reasonable 38%

Partial 50%

Audit Recommendations by Priority

Priority	Value
1	0
2	10
3	49
4	19
5	2

Summary of Internal Audit Work to date

A total of 8 audit assignments have been completed since the update provided in October 2014. 6 audit assignments are at draft stage and 37 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.

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 13 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
Audit Plan – Percentage Progress 14/15 Percentage completion 90% or more	95%
Draft Reports Issued within 5 working days Issued within 10 working days Average Days Overall	59% 82% 6 days
Final Reports Issued within 10 working days of discussion of draft report. Average Days Overall	26% 25 days
Quality of Audit Work Customer Satisfaction Questionnaire	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 remains at 81%.

SWAP
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Delivering Audit Excellence

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.

Page 16

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 last three 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;

SWAP — SOUTH WEST AUDIT PARTNERSHIP — Delivering Audit Excellence

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

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

- **Substantial**
- **Reasonable**
- **Partial**
- **None**

Audit Framework Definitions

Control Assurance Definitions

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

Categorisation of Recommendations

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

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

Audit Framework Definitions

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

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

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

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

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

Definitions of Risk

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

Wiltshire Council

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	
								**REMOVED / DEFERRED WORK (STATUS AMBER) - THIS IS ALWAYS AGREED WITH THE S151 OFFICER**										
1	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.
2	Finance	Imprest Accounts	Operational	Imprest Year End returns	April 2014	Deferred												Audit deferred until 2015/16 pending implementation of previous recommendations.
3	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.
4	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.
5	Information Services	Asset Management	ICT	WUC_Configuration Management Database	July 2014	Deferred												Audit deferred until after IT restructure of services.
6	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.
7	Legal & Democratic	Information Assurance	ICT	WC_Quality Assurance Checks	January 2015	Created												
8	Legal & Democratic	Information Security	ICT	WUC_Information Security Breaches	January 2015	Created												
9	Information Services	Asset Management	ICT	WUC_Software Licensing	January 2015	Deferred												Audit deferred until after IT restructure of services.
10	Information Services	HelpDesk	ICT	WUC_Service desk Targets & Performance	January 2015	Deferred												Work deferred until after Police integration and as part of IT restructure.
11	Transformation	Programme Office	Advice	SCV Project	April 2014	Removed												No further advice required within this financial year.
12	Information Services	Active Directory	ICT	WUC_Active Directory	April 2014	Removed												Removed as service carrying out their own review in this area.
								**AUDITS PLANNED BUT NOT YET STARTED (STATUS RED)**										
13	Economic Development & Planning	Development Control	Operational	Planning Applications	July 2014	Created												Audit start delayed to allow embedding of new planning IT application.
14	Legal & Democratic	Information Management	Governance, Fraud & Corruption	WUC_Information Management	July 2014	Created												Audit delayed to allow service to progress with plans of paper management.
15	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.
								**AUDITS PLANNED BUT NOT YET STARTED (STATUS AMBER)**										
16	Core Cross-Cutting	Corporate Governance	Governance, Fraud & Corruption	Corporate Governance	April 2014	Created												Terms of Reference with CLT for consideration.
17	Adult Social Care Operations	Care Homes	Operational	Contract Monitoring	July 2014	Created												In discussions with service. Audit planned to commence in Q4.
18	Finance	Disposal of Assets	Operational	Disposal of Assets	October 2014	Created												As aside
19	Adult Social Care Operations	Care Management & Quality	Operational	Reassessments and Reviews	October 2014	Created												Insufficient resources in Q3 - expected to commence Q4.
								**AUDITS PLANNED BUT NOT YET STARTED (STATUS GREEN)**										
20	Transformation	Programme Office	ICT	WUC_SAP Insourcing Project	September 2014	Created												Deferred to Q4 to align with revised time table for insourcing.
21	Environment, Waste & Leisure	Fleet	Operational	Depots	January 2015	Created												
22	People & Business Services	Training Records	Operational	Training Records	January 2015	Created												
23	Finance	Accounts Receivable	Follow Up	Debt Management	January 2015	Created												
24	Children's Social Care	Referrals & Assessments	Operational	Common Assessment Framework	January 2015	Created												
25	Adult Social Care Operations	Management Review	Operational	DCS Care Home	January 2015	Created												
26	Children's Social Care	Capacity of Social Care Workers	Operational	Capacity to deliver front line services.	January 2015	Created												
27	Children's Social Care	Looked After Children	Operational	Looked After Children	January 2015	Created												
28	Corporate & Procurement	Business Plan	Operational	Service Plan Delivery	January 2015	Created												
29	Corporate & Procurement	Performance Management	Operational	Data Quality	January 2015	Created												

Wiltshire Council

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	
30	Corporate & Procurement	Procurement	Operational	Tendering Procedures	January 2015	Created												
31	Environment, Waste & Leisure	Waste Management & Landfill Strategy	Operational	Waste Disposal/Recycling	January 2015	Created												
32	Finance	Revenues & Benefits	Operational	Welfare Reform Act	January 2015	Created												
33	People & Business Services	Employment Tracking	Operational	Employment Tracking	January 2015	Created												
34	People & Business Services	Occupancy Data	Operational	Occupancy Data	January 2015	Created												
35	Transformation	Campus Programme	Operational	Campus Programme	January 2015	Created												
36	Children's Commissioning & Performance	Troubled Families	Grant Certification	Troubled Families phase 2	January 2015	Created												
37	Adult Care Commissioning & Housing	Continuing Health Care	Operational	Continuing Health Care	January 2015	Created												
				CARRIED FORWARD 2013 - 14 IN PROGRESS (STATUS RED)														
38	Children's Social Care	Care Placements	Follow Up	Care Placements Follow Up	2013/14	In Progress												Confirmation of status awaited from service.
39	Information Services	Systems Administration	ICT	Systems Administration	2013/14	Draft			10/02/14									Response awaited from management.
40	Information Services	IT Infrastructure	Key Control	Corporate ICT Processes	2013/14	Draft			02/05/14									Response awaited from management.
41	Information Services	Information Security	ICT	Sharepoint Security	2013/14	Draft			22/07/14									Response awaited from management.
42	Children's Social Care	Disclosure and Barring Service (DBS)	Operational	Disclosure and Barring Service (DBS)	2013/14	Draft			16/09/14									Response awaited from management.
				PROJECTS CURRENTLY IN PROGRESS (STATUS AMBER)														
43	Adult Social Care Operations	Adult Social Care	Operational	Monitoring Capacity of Social Workers	April 2014	In Progress		15/10/2014										Timing of audit planned to be carried out with similar work in Childrens Services. Work to commence after key controls priority.
44	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 was resolved and the main audit work has been completed although finalisation on hold whilst key control work is prioritised.
45	Finance	Trust Funds	Operational	Trust Funds Administration	July 2014	In Progress		16/10/2014										On hold due to audit staff sickness absence.
46	Finance	VAT	Operational	Payment and Recovery of VAT	July 2014	In Progress		06/11/2014										On hold due to audit staff sickness absence.
47	Environment, Waste & Leisure	Waste Collection	Operational	Waste Collection	October 2014	In Progress		TBC										Initial discussions with Service Director to discuss the scope of the work.

Wiltshire Council

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	
								PROJECTS CURRENTLY IN PROGRESS (STATUS GREEN)										
48	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.
49	Environment, Waste & Leisure	Neighbourhood	Grant Certification	Local Sustainable Transport Fund Grant Certification	April 2014	In Progress		N/A										Certification not required until March 2015.
50	Legal & Democratic	Information Assurance	Non Opinion	WUC_Corporate Information Groups	April 2014	In Progress		N/A										
51	Schools & Learning	Themed Reviews (Contingency)	Schools	Business Continuity Arrangements	May 2014	In Progress		31/03/15										Themed reviews covering a number of schools. To report by year end.
52	Schools & Learning	Themed Reviews (Contingency)	Schools	Prevention of Fraud	June 2014	In Progress		31/03/15										Themed reviews covering a number of schools. To report by year end.
53	Core Cross-Cutting	Corporate Governance	Governance, Fraud & Corruption	Risk and Performance Management	July 2014	In Progress		23/12/2014										Proposed draft report date revised to March to allow for testing of latest Board papers.
54	Transformation	Programme Office	Grant Certification	Wilts on line project	July 2014	In Progress		N/A										
55	Children's Commissioning & Performance	Safeguarding (Child Protection)	Operational	Safeguarding	July 2014	In Progress		28/02/15										Agreed days allocation for Safeguarding in 14/15 would be used to carry out the extended testing required for the follow up to the original Safeguarding audit.
56	Transformation	Programme Office	Advice	SIBS Project	August 2014	In Progress		N/A										Input given as and when required.
57	Information Services	IT Infrastructure	ICT	WUC_Corporate ICT Processes	October 2014	In Progress		18/03/15										
58	Information Services	QL Housing Management System	ICT Follow Up	WUC_IT - QL Housing follow up	October 2014	In Progress		N/A										
59	Adult Care Commissioning & Housing	Housing Rents	Key Control	Housing Rents	October 2014	In Progress		06/03/15										
60	Finance	Accounts Payable	Key Control	Accounts Payable	October 2014	In Progress		06/02/15										
61	Finance	Council Tax	Key Control	Council Tax & NDR	October 2014	In Progress		06/02/15										
62	Finance	Accounts Receivable	Key Control	Accounts Receivable	October 2014	In Progress		06/02/15										
63	Information Services	Northgate Benefit System	ICT Follow Up	WUC_IT - Revenues & Benefits (Northgate) follow up	October 2014	In Progress		N/A										
64	Finance	General Ledger & Financial Accounting	Key Control	GL & Financial Accounting	October 2014	In Progress		06/03/2015										
65	Finance	Housing & Council Tax Benefits	Key Control	Housing & Council Tax Benefits	October 2014	In Progress		10/02/2015										
66	Finance	Pensions	Key Control	Pensions	October 2014	In Progress		06/02/2015										
67	Schools & Learning	Schools Advice	Advice	SFVS Compliance	October 2014	In Progress		N/A										
68	Finance	Treasury Management	Key Control	Treasury Management	October 2014	In Progress		06/02/2015										
69	Information Services	Civica Cash Receipting	ICT	WUC_Civica Cash Receipting	October 2014	In Progress		27/02/15										
70	Information Services	SAP IT Key Control	ICT	WUC_IT General Controls - SAP	October 2014	In Progress		27/02/15										
71	Highways & Transport	Highways	Non Opinion	Highways & Streetscene contract phase 2	October 2014	In Progress		N/A										
72	Corporate & Procurement	Business Plan	Operational	Budget monitoring	October 2014	In Progress		TBC										Elements of budget monitoring that relate to key control work currently being tested and once completed any additional areas to be covered to be agreed with client.
73	Economic Development & Planning	Economic Development	Special Investigation	LEP	October 2014	In Progress		14/01/2015										
74	Finance	Imprests	Operational	Unannounced imprest sites visits	2014/15	In Progress		N/A										
75	Client Support	Planning, Reporting & Advice	Advice	Planning, Reporting & Advice, including schools support	2014/15	In Progress		N/A										
76	Schools & Learning	Schools	School	Individual Schools Audits	2014/15	In Progress		N/A										

Wiltshire Council

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	
**AUDITS AT REVIEW, DISCUSSION OR DRAFT STAGE (STATUS AMBER)**																	
77	Finance	Pensions	Operational	Administration of Pensions	April 2014	Discussion Document					07/10/2014							Initial delay due to staff resources. Audit work completed and discussion document now with client.
78	Highways & Transport	Car Parking Services	Operational	Residential Parking Permits	April 2014	Draft				02/10/2014	17/09/2014							Response awaited from management.
79	Highways & Transport	Highways	Operational	Highways & Streetscene Contract	July 2014	Draft				10/10/2014	15/09/2014							Response awaited from management.
	AUDITS AT REVIEW, DISCUSSION OR DRAFT STAGE (STATUS GREEN)																	
80	Finance	Payroll	Key Control	Payroll	October 2014	Discussion Document					18/02/2015							
	2014 - 15 AUDITS COMPLETED (STATUS GREEN)																	
81	Finance	Accounts Payable	Governance, Fraud & Corruption	Creditor Warnings	July 2014	Final	Non Opinion				31/07/2014	0	0	0	0	0	0	
82	People & Business Services	Carbon Reduction Commitment Scheme	Operational	Carbon Reduction Commitment Scheme	April 2014	Final	Reasonable	28/07/2014	30/07/2014	11/08/2014	23/09/2014	8	0	0	5	1	2	
83	Public Health & Public Protection	Public Health	Grant Certification	Public Health Grant Certification	April 2014	Final	Non Opinion				29/09/2014	0	0	0	0	0	0	
84	Highways & Transport	Highways	Grant Certification	Highways Maintenance Grant Certification	June 2014	Final	Non Opinion				29/09/2014	0	0	0	0	0	0	
85	Highways & Transport	Passenger Transport	Grant Certification	Bus Subsidy Grant	September 2014	Final	Non Opinion				30/09/2014	0	0	0	0	0	0	
86	Transformation	Closure of Offices	Follow Up	Access Passes	August 2014	Final	Non Opinion				02/10/2014	0	0	0	0	0	0	
87	Public Health & Public Protection	Emergency Planning	Operational	Emergency Planning	April 2014	Final	Reasonable	16/09/2014	15/10/2014	30/09/2014	03/11/2014	8	0	2	4	2	0	
88	Public Health & Public Protection	Environmental Health	Operational	Private Water Supplies	April 2014	Final	Reasonable	22/07/2014	16/10/2014	05/08/2014	11/11/2014	7	0	2	4	1	0	
89	Children's Social Care	Special Educational Needs & Disability (SEND)	Non Opinion	SEN Provision	April 2014	Final	Non Opinion			23/09/2014	11/11/14	0	0	0	0	0	0	
90	Adult Care Commissioning & Housing	Court of Protection	Operational	Court of Protection	April 2014	Final	Partial	04/08/2014	17/09/2014	18/08/2014	15/12/2014	14	0	3	7	4	0	
91	Adult Social Care Operations	Care Homes	Operational	Client Property	January 2015	Final	Reasonable	19/12/2014	27/11/2014	02/01/2015	16/12/2014	4	0	0	4	0	0	
92	People & Business Services	Expense Claims	Operational	Expense Claims - HMRC	July 2014	Final	Partial	08/10/2014	17/10/2014	22/10/2014	19/12/2014	5	0	1	4	0	0	
93	Adult Care Commissioning & Housing	Safeguarding (Adults)	Operational	Safeguarding	January 2015	Final	Partial	08/10/2014	28/11/2014	22/10/2014	22/12/2014	36	2	9	22	3	0	
	CARRIED FORWARD 2013 - 14 COMPLETED (STATUS GREEN)																	
94	Adult Social Care Operations	Vulnerable Adults	Follow Up	Vulnerable Adults follow up	2013/14	Final	Non Opinion											
95	People & Business Services	Restructuring & Redundancies	Operational	Voluntary redundancies	2013/14	Final	Substantial					0	0	0	0	0	0	
96	Legal & Democratic	Electoral Services	ICT	Xpress Payroll	2013/14	Final	Reasonable					3	0	0	3	0	0	
97	Children's Social Care	Child Placements	Operational	Independent Reviewing Process	2013/14	Final	Reasonable					5	0	1	3	1	0	
98	Children's Social Care	Foster Carers	Operational	Foster Carer Reports	2013/14	Final	Partial					23	3	11	8	1	0	
99	Environment, Waste & Leisure	Leisure	Operational	Legionella and COSHH	2013/14	Final	Reasonable					7	0	0	5	2	0	
100	Finance	General Ledger & Financial Accounting	Key Control	General Ledger & Financial Accounting	2013/14	Final	Substantial					4	0	0	1	3	0	
101	People & Business Services	Workforce	Operational	Employment Tracking	2013/14	Final	Partial					8	0	5	3	0	0	
102	Schools & Learning	Benchmarking	School	Schools - Benchmarking	2013/14	Final	Non opinion					0	0	0	0	0	0	
103	Schools & Learning	Payment Cards	School	Schools - Payment Cards	2013/14	Final	Non opinion					0	0	0	0	0	0	
104	Core Cross-Cutting	Expenses Fraud	Operational	Members Expense Claims	2013/14	Final	Partial					6	0	2	4	0	0	
105	Children's Social Care	Children's safeguarding	Follow Up	Children's Safeguarding Follow Up	2013/14	Removed												To be covered by the Children's safeguarding audit included in the 2014/15 plan.

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								

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Summary of Key Points Relating to "Partial or No Assurance" Reviews

AUDIT TITLE	AUDITORS OPINION
Adults Safeguarding - PARTIAL	This opinion reflects that although the service is actively engaged in improving processes, there are still significant failings relating to ineffective or inaccurate recording. For the cases sampled, there is no evidence that these failings had a detrimental effect on the investigation outcomes or the safety of the client. However, the ability to evidence actions taken is vital not only to prove due diligence but to ensure the good work and commitment of the service is recorded. This audit also noted that there is a greater awareness of the issues than in the previous audit. This is evident in the amount of work underway to improve the service and the comprehensive and thorough responses received.
Members Expense Claims - PARTIAL	The audit opinion reflects the fact that, although no discrepancies of any significant value were identified, there was no authorisation process in place and of the 60 expense claims tested just over 70% were either missing receipts or didn't have sufficient information to fully substantiate the claim. There is a high public expectation of accountability with regards to payments to elected members and this has been taken into consideration in forming the audit opinion.
Court of Protection - PARTIAL	Since the previous audit in 2011 there have been improvements made such as the new system CASPAR has been implemented with electronic records on the individual clients and file reviews are carried out and recorded. However the audit identified some key areas where improvements are still required such as a lack of records on the client's personal assets and property and draft procedures which need to be reviewed and formally signed off. Due to the need to be able to demonstrate accountability for the proper treatment of clients' funds, clear procedures and complete records are of particularly high importance in this Service area.
Expenses HMRC - PARTIAL	The Service is clearly storing receipts submitted and retaining them for a number of years. However they are not held in a way that enables a receipt for an individual claim to be readily retrieved. Audit were therefore unable to test the completeness of records and are not able to give any assurance in that respect. The indicator on SAP that a receipt has been received is checked as a default so it has not been possible to place reliance on that either.

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Summary of Key Points Relating to "Partial or No Assurance" Reviews

Audit	Assurance	Residual risk score	Description	Priority	Management Response
Adults Safeguarding	Partial	High	I recommend that liaison with the CareFirst team take place to determine whether a home or provider search facility can be included within CareFirst	3	This has been discussed in the past and the SAMCAT manager was advised that it is not possible for care first to be improved to enable this information to be captured.
Adults Safeguarding	Partial	High	I recommend that where it is discovered that a contracted agency has not followed safeguarding procedures, this is reported to the Contracts and Commissioning Team so that it can be recorded	3	There is a clear process in place for this to happen already. Operational teams the safeguarding team and commissioning teams all work very closely together.
Adults Safeguarding	Partial	High	I recommend that where a partner agency, such as the police, fail to notify Wiltshire Council of safeguarding concerns, that this is raised and monitored through a sub group of the Local Safeguarding Adults Board	3	There is already the option to raise this with the SAB as the police attend the policy and procedures sub group.

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OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final report issue date	Description	Priority	Ref	Target Due Date	Management Comments
Imprest Accounts	Associate Director - Finance (Section 151 officer)	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	22525	31/12/2013	Guidance note reviewed and awaiting final sign off and approval. New deadline is 31/3/2015
Licensing	Associate Director - Environment, Waste & Leisure	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	23069	28/02/2014	Environment Services, Fleet have engaged with finance to ensure final accounts are available annually. This work has been completed by finance and a meeting planned with Head of Service to review. This will be complete before the fees & charges book is produced for February 2015.
Licensing	Associate Director - Public Health & Public Protection	08/11/2013	I recommend that the password structure be amended to ensure it complies with the Wiltshire Council Password Policy.	3	23135	28/02/2014	Northgate updating M3 across council in Jan / early Feb to ensure all users are on same version. Following this increased support will be provided and password structure issues will be included within development plan.
Quality Assurance Checks	Associate Director - Legal & Governance	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	22126	31/03/2014	Work is ongoing between Information Assurance and ICT Services in developing effective checks around firewalls. The results of the penetration testing due to be carried out shortly will be retained in the Assurance Checks Sharepoint area.
Quality Assurance Checks	Associate Director - Legal & Governance	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	23174	28/02/2014	Reporting and escalation arrangements are being developed between Information Assurance and ICT. These include highlight reporting to the Information Assurance Steering Group
Quality Assurance Checks	Associate Director - Legal & Governance	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	23175	31/03/2014	Reporting and escalation arrangements are being developed between Information Assurance and ICT. These include highlight reporting to the Information Assurance Steering Group
Passenger Transport Safeguarding	Associate Director - Highways & Transport	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	22978	31/01/2014	The terms & conditions are now in draft form and have the most up to date clauses regarding safeguarding. It is hoped to get the draft approved by legal by the end of January and then circulated for comment internally, with new contracts from the 1st March 2015 using the new terms and conditions.
Passenger Transport Safeguarding	Associate Director - Highways & Transport	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	23128	28/02/2014	The drivers handbooks and other associated literature have also been updated and will be distributed along with the terms and conditions i.e. the same timescales.
Payments outside SRM	Associate Director - People & Business Services	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	23358	30/04/2015	The FIT project has been disbanded and moved over to business as usual developments within service areas. These processes will be picked up again from June 2015 with a new project run by Business services Finance to improve Accounts payable processes of which this element will be part.
Payments outside SRM	Associate Director - People & Business Services	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	23423	30/04/2015	The FIT project has been disbanded and moved over to business as usual developments within service areas. These processes will be picked up again from June 2015 with a new project run by Business services Finance to improve Accounts payable processes of which this element will be part.
Payments outside SRM	Associate Director - People & Business Services	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	23425	30/04/2015	The FIT project has been disbanded and moved over to business as usual developments within service areas. These processes will be picked up again from June 2015 with a new project run by Business services Finance to improve Accounts payable processes of which this element will be part.
Payments outside SRM	Associate Director - People & Business Services	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	23426	30/04/2015	The FIT project has been disbanded and moved over to business as usual developments within service areas. These processes will be picked up again from June 2015 with a new project run by Business services Finance to improve Accounts payable processes of which this element will be part. More emphasis will be placed on communication and engagement with staff
Payments outside SRM	Associate Director - People & Business Services	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	23427	30/04/2015	The FIT project has been disbanded and moved over to business as usual developments within service areas. These processes will be picked up again from June 2015 with a new project run by Business services Finance to improve Accounts payable processes of which this element will be part. More emphasis will be placed on communication and engagement with staff

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final report issue date	Description	Priority	Ref	Target Due Date	Management Comments
Payments outside SRM	Associate Director - People & Business Services	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	23428	30/04/2015	The FIT project has been disbanded and moved over to business as usual developments within service areas. These processes will be picked up again from June 2015 with a new project run by Business services Finance to improve Accounts payable processes of which this element will be part. More emphasis will be placed on backdated and ongoing training needs.
Debt Management	Associate Director - People & Business 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	23551	30/11/2014	The FIT project has been disbanded and moved over to business as usual developments within service areas. These processes will be picked up again from June 2015 with a new project run by Business services Finance to improve Accounts payable processes of which this element will be part. More emphasis will be placed on communication and training with staff and budget managers
Debt Management	Associate Director - People & Business Services	06/12/2013	I recommend that services use debtor reports so that debts are regularly reviewed and monitored.	4	23578	31/01/2014	The reports have been devised but have yet to be rolled out to all service managers
Contract Clauses	Associate Director - Corporate Function & Procurement	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	23172	31/05/2014	The procurement review (restructure) has been delayed slightly and the revision of the rules to reflect the new arrangements and changes in law will follow from its conclusion.
Contract Clauses	Associate Director - Corporate Function & Procurement	25/02/2014	I recommend that procedures should be put in place to ensure all contracts are included in the Contracts Register.	4	23312	01/01/2016	Work is underway to identify and collect all contracts which are not yet held corproately in accordance with the Transparency Code requirement to publish this information. Significant progress has been made and updates are being reported to the Corporate Procurement Board to ensure all gaps are filled ina timely manner.
Contract Clauses	Associate Director - Corporate Function & Procurement	25/02/14	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	23523	01/01/2016	Once effective category management has been implemented following the procurement review resources will be in place to more effectively ensure that this happens.
Homes 4 Wiltshire	Associate Director - Adult Care Commissioning & Housing	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	23146	30/09/2014	The new policy has all the required restrictions and we have developed the IT system to go with it. The 8 week transition period commenced on the 9th December to allow for all applicatios to be re registered. We go live with the new policy on 3rd February 15
Homes 4 Wiltshire	Associate Director - Adult Care Commissioning & Housing	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	23216	30/09/2014	All lettings policies are being requested and are being made available
Payroll	Associate Director - People & Business Services	07/04/2014	I recommend that starter forms should be fully completed, whether for councillors or co-optees.	3	24380	31/07/2014	Confirmation that this action is working will not be possible yet as it is not anticipated that there will be new members until the next election in May 2017.
Payroll	Associate Director - People & Business 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	24381	31/07/2014	This is not a current priority as new members are not expected until the next election in 2017. However steps are being taken to reinstate the spreadsheet so suggest a target due date to get the spreadsheet reinstated is changed to 31/05/15
WC_QL Housing Management System	Associate Director - Adult Care Commissioning & Housing	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	24433	30/09/2014	Amendments have been made by the software supplier but pending ICT resources to install the upgrade.
Accounts Receivable	Associate Director - People & Business Services	17/04/2014	I recommend that the Finance Director ensures the Corporate Write off Policy is finalised and issued.	4	24130	30/04/2014	This has not been looked at since the last review, but as part of business as usual this policy will be picked up and completed.
Flexible Working	Associate Director - People & Business Services	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	24877	25/04/2014	There is a current delay in implementing this as the server supporting HR Direct and The Wire has been down since prior to Christmas, so no updates to any information on HR has been possible. Suggest a revised date for completion of 31 January 2015 subject to the server problems being rectified.
File Storage (Manual Files)	Associate Director - Legal & Governance	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	23294	31/07/2014	Significant progress has been made in addressing the issues identified in this audit through improved storage of manual records and in moving towards greater digitisation of our records. We are reviewing the council's information management arrangements to secure the necessary long term improvements in the management of digital and manual records.
File Storage (Manual Files)	Associate Director - Legal & Governance	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	23295	30/04/2014	Significant progress has been made in addressing the issues identified in this audit through improved storage of manual records and in moving towards greater digitisation of our records. We are reviewing the council's information management arrangements to secure the necessary long term improvements in the management of digital and manual records.

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final report issue date	Description	Priority	Ref	Target Due Date	Management Comments
File Storage (Manual Files)	Associate Director - Legal & Governance	12/05/2014	I recommend that he 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	23297	31/07/2014	Significant progress has been made in addressing the issues identified in this audit through improved storage of manual records and in moving towards greater digitisation of our records. We are reviewing the council's information management arrangements to secure the necessary long term improvements in the management of digital and manual records.
File Storage (Manual Files)	Associate Director - Legal & Governance	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	23298	31/03/2014	Significant progress has been made in addressing the issues identified in this audit through improved storage of manual records and in moving towards greater digitisation of our records. We are reviewing the council's information management arrangements to secure the necessary long term improvements in the management of digital and manual records.
File Storage (Manual Files)	Associate Director - Legal & Governance	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	23299	31/03/2014	Significant progress has been made in addressing the issues identified in this audit through improved storage of manual records and in moving towards greater digitisation of our records. We are reviewing the council's information management arrangements to secure the necessary long term improvements in the management of digital and manual records.
File Storage (Manual Files)	Associate Director - Legal & Governance	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	23300	31/03/2014	Significant progress has been made in addressing the issues identified in this audit through improved storage of manual records and in moving towards greater digitisation of our records. We are reviewing the council's information management arrangements to secure the necessary long term improvements in the management of digital and manual records.
File Storage (Manual Files)	Associate Director - Legal & Governance	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	23301	31/03/2014	Significant progress has been made in addressing the issues identified in this audit through improved storage of manual records and in moving towards greater digitisation of our records. We are reviewing the council's information management arrangements to secure the necessary long term improvements in the management of digital and manual records.
Housing Rents	Associate Director - Adult Care Commissioning & Housing	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	24665	30/06/2014	We are still awaiting approval of policies by Housing Board – Housing Managers are reviewing polices on 15/16th January 2015 after which final drafts will be submitted to Housing Board. As soon as final drafts are approved we will look to produce the procedure and inter-team protocols for current arrears and FTA's.
Housing Rents	Associate Director - Adult Care Commissioning & Housing	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	24668	30/06/2014	Post now filled (as of 01/12/14) Income Manager and New FTA Officer are working way through FTA's and creating new procedure to deal with former accounts. Policy and procedure in draft.
Housing Rents	Associate Director - Adult Care Commissioning & Housing	16/05/2014	I recommend that all former tenant arrears cases be reviewed to establish whether they can be economically and realistically recovered.	4	24670	30/06/2014	Post now filled (as of 01/12/14) new officer is working through list of FTA to establish which have a realistic chance of recovery – if not they will be presented to Head of Business & tenancy services for write off. There are approx 240 accounts which we aim to review by end of February 2015.
SAP IT Key Control	Associate Director - People & Business Services	12/06/2014	I recommend that the Application Support Manager liaise with CGI to review and update the Security Policy.	3	23962	01/10/2014	A 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.
SAP IT Key Control	Associate Director - People & Business Services	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	24421	01/11/2014	Corp Finance assessing options and approach to resolve this issue on an ongoing basis but users reviewed and no risks assessed. SAP Support Team advised of 3 options in April 2014.
SAP IT Key Control	Associate Director - People & Business Services	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	24761	30/11/2014	Revised procedures designed and documented. Change managament review meeting with SWAP Auditor booked for 14/01/15 to validate updated documentation and processes.
SAP IT Key Control	Associate Director - People & Business Services	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	24762	30/11/2014	Revised procedures designed and documented. Change managament review meeting with SWAP Auditor booked for 14/01/15 to validate updated documentation and processes. Once confirmed, action complete.

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final report issue date	Description	Priority	Ref	Target Due Date	Management Comments
SAP IT Key Control	Associate Director - People & Business Services	12/06/2014	I recommend that requests and approvals are retained for all transports.	3	24824	30/11/2014	Revised processes have been defined and reviewed. Advised to team as interim measure, pending final sign off of change management documentation. Meeting with SWAP Auditor booked for 14/01/15 to validate updated documentation and processes Once confirmed, action complete.
SAP IT Key Control	Associate Director - People & Business Services	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	24825	30/11/2014	Change management review meeting with SWAP Auditor booked for 14/01/15 to validate updated documentation and processes. Once confirmed, action complete.
SAP IT Key Control	Associate Director - People & Business Services	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	24826	30/11/2014	Change management review meeting with SWAP Auditor booked for 14/01/15 to validate updated documentation and processes. However it should be noted that the recommensation in its current form refers to all transports which is not appropriate. The change processes have been reviewed to cover testing of transported changes to a level appropriate to the transport content and business risk/impact
SAP IT Key Control	Associate Director - People & Business Services	12/06/2014	I recommend that changes are tested by both the business and IT.	3	24827	30/11/2014	Change management review meeting with SWAP Auditor booked for 14/01/15 to validate updated documentation and processes. The change processes have been reviewed to cover testing of transported changes by respurces appropriate to the nature and type of changes, and in accordance with the business risk/impact.
Civica Cash Receipting	Associate Director - Finance (Section 151 officer)	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	24334	31/07/2014	Agreement by Information Assurance Steering Group in January 2015 to conduct a PCI review with Security Metrics. The output from this will be incorporated in a user requirements document.
Departmental management of Freedom of Information Requests, Subject Access Requests and Complaints	Associate Director - Legal & Governance	04/07/2014	I recommend that Wiltshire Council should identify officers responsible for carrying out FOIs, SARs and complaints and provide them with the relevant training.	3	25194	04/07/2014	We have undertaken a systems review of the council's arrangements for dealing with FOI /SAR and DPA requests and will be making efficiency improvements as part of the wider review of information management within the council
Departmental management of Freedom of Information Requests, Subject Access Requests and Complaints	Associate Director - Legal & Governance	04/07/14	I recommend that services in response to requests should document an estimated number of hours to complete the requests. This should be sent to CGT to be logged onto the system for the individual requests. From this the amount of resources used to action requests in services and across the authority as a whole can be determined.	3	25319	04/07/2014	We have undertaken a systems review of the council's arrangements for dealing with FOI /SAR and DPA requests and will be making efficiency improvements as part of the wider review of information management within the council
Energy Management	Associate Director - People & Business Services	18/07/2014	I recommend that, in future, energy usage benchmarking should be performed on a more formalised and comprehensive basis.	3	25259	30/04/2015	Process being developed and will be introduced from 1/4/2015
Energy Management	Associate Director - People & Business Services	18/07/2014	I recommend that the Master DEC Register listing council properties and certificate expiry dates is endorsed to show where school site records are only partially complete due to DEC certification being awaited.	3	25260	30/04/2015	Will be completed by end of January 2015
Legionella and COSHH	Associate Director - People & Business Services	01/09/2014	I recommend that on an annual basis, Occupational Health obtain a list of all Local Authority maintained schools not in the pooling scheme. This will assist them to follow up any schools that have not indicated on their annual return that they have been assessed for legionella.	3	23498	30/04/2015	Occupational Health will obtain list from Property and cross-reference against non-pool schools to identify any omissions
Legionella and COSHH	Associate Director - People & Business Services	01/09/2014	I recommend that the Legionella Policy held by Strategic Property Services be reviewed and updated. Consideration should also be given to publishing it on the intranet.	3	23163	30/04/2015	Policy reviewed and updated.Resposible Person training for Contract Managers arranged for 11th Febuary. Compliance Delivery Manager undertaking feasibilty for publishing on intranet as part of wider project.
Employment Tracking	Associate Director - People & Business Services	05/09/2014	I recommend that a regular check is carried out on posts within all establishments to confirm the records in SAP represent the actual posts available, as agreed with Finance, and reflects whether each post is occupied or vacant.	4	25105	01/04/2015	Work to action this recommendation is still taking place. Target date still 1/04/2015. This is a joint action for HR and Finance.
Employment Tracking	Associate Director - People & Business Services	05/09/2014	I recommend that before Business Services make changes to establishments in SAP that approval is provided by Finance as evidence that budget parameters have been discussed and agreed with the establishment manager.	4	25106	01/04/2015	Work to action this recommendation is still taking place. Target date still 1/04/2015. This is a joint action for HR and Finance.
Employment Tracking	Associate Director - Corporate Function & Procurement	05/09/2014	I recommend that the general ledger cost codes are provided to all managers along with definitions that make it clear what the distinctions are for the range of codes relating to agency workers, interim workers and consultants. Managers who engage people within these groups should be reminded to ensure that the appropriate general ledger cost code is always used when authorising payments.	3	25099	31/10/2014	To be issued with 2015/16 budget

OUTSTANDING RECOMMENDATIONS, 3 MONTHS AFTER FINAL REPORT ISSUE

Audit Name	Assigned to	Final report issue date	Description	Priority	Ref	Target Due Date	Management Comments
Employment Tracking	Associate Director - Corporate Function & Procurement	05/09/2014	I recommend that the full backing of CLT is sought to ensure all Associate Directors respond in full to the request originating from the Corporate Procurement Unit so that all consultants / agency and contracted workers can be accounted for, appraised and appropriate action taken to avoid the risk of being fined by HMRC.	5	25100	31/10/2014	CLT approved and will continue to monitor
Employment Tracking	Associate Director - Corporate Function & Procurement	05/09/2014	I recommend that a process is put in place for informing HR about all people who are directly engaged and paid to work for the Council off payroll and to provide an assessment of their employment status. The process should be documented and the assessment retained as evidence to demonstrate the application of HMRC regulations in deciding the terms of engagement and payment.	4	25102	30/10/2014	Revieiwing
Employment Tracking	Associate Director - Corporate Function & Procurement	05/09/2014	I recommend that legal assurance is obtained to confirm that the Council will not be liable for scrutiny or risk of financial penalty for workers engaged through an arrangement with Comensura before entering into the agreement.	4	25104	31/10/2014	Reviewing
Independent Reviewing Process	Associate Director - Children's Commissioning & Performance	15/09/2014	I recommend that the current system for keeping records of consultation and invitations to review meetings is re-examined with the intention of ensuring that a proper record is maintained. Ideally these letters should be generated and stored within the CareFirst system, but this is a matter for the software supplier to address.	3	25703	15/12/2014	Will be part of the Care Store Project to be implemented January 2015
Independent Reviewing Process	Associate Director - Children's Commissioning & Performance	15/09/2014	I recommend that the CareFirst system should be adapted to provide a prompt that a review is overdue through exception reporting, although I acknowledge that this would be a matter for the software supplier to address.	3	25768	15/12/2014	To be taken to the Care first Board for action, Feb 2015

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KPMG

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External audit technical update

Wiltshire Council

January 2015

The report 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**

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CIPFA and HFMA guidance on the Better Care Fund and S.75 budgets	🔴	5	Tool launched to help councils compare care performance on social care	⚪	10
National Audit Office consultation: Draft Code of Audit Practice for the audit of local public bodies	🟡	6	NAO published a report examining the progress to date on the implementation of the Better Care Fund (BCF)	⚪	10
Invitation to Comment and Simplification and Streamlining the Presentation of Local Authority Financial Statements	🟡	6	The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work.	⚪	11
Audit commission consultation for the 2015/16 proposed work programme and scale fees	🟢	7	The Audit Commission publish the Protecting the Public Purse 2014 (PPP 2014) report.	⚪	12
Transfer of Audit Commission responsibilities from 1 April 2015	🟢	8	Audit Commission publish: an update on Council tax and business rates collection.	⚪	12
Audit commission consultation on supplementary fee for the 2014/15 accounts – work on business rates	🟢	9	VFM profiles updated for the 2014/15 data sourced from DCLG	⚪	13
VFM data briefing on expenditure on looked after children	⚪	10	NAO have published two complimentary reports examining local authority finances: ▪ The financial Sustainability of local authorities 2014 and; ▪ The impact of funding reductions in local authorities	⚪	14

KPMG resources

Area	Comments
KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years Page 38	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.
	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.
	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.
	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. It calls on politicians to commit to an integrated range of key measures, including:
	■ 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.
	■ 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.
	■ 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.
	■ Helping small builders to get back into the house building market by using government guarantees to improve access to finance.
	■ 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.
	To read the report, visit https://portal.ema.kworld.kpmg.com/uk/Documents/NewsroomDocs/2014/KPMG%20Shelter%20report%20FINAL.pdf.
	For more information, please contact a member of the audit team.

Technical update

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Area	Level of Impact	Comments	KPMG perspective
CIPFA and HFMA guidance on the Better Care Fund and S.75 budgets Page 40	🔴 **High**	The Healthcare Financial Management Association (HFMA), in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA), has released for finance professionals as part of plans to implement the Better Care Fund. The guidance looks at: ■ the legislation and regulations that underpin the operation of a pooled budget; ■ the finance, governance and operational arrangements that clinical CCGs and local authorities need to be discussing and putting in place now in order to be ready for 'go live' on 1 April 2015; and ■ the accounting standards that will apply and need to be considered in advance of preparing the signed agreement that will underpin the pooled budget. Whilst the guidance has been prepared by the HFMA and is primarily targeted at NHS bodies, it also covers local authorities and so may be of interest of local government bodies. For further information see the HFMA guidance at http://www.hfma.org.uk/NR/rdonlyres/7BF426D9-4CDE-4D4A-B6F9-16CDD17E5F9D/0/BCFguidance.pdf	*The Council is currently working with Wiltshire CCG to establish pooling around care, with a view to look at areas including Learning Disabilities*

Technical update

Area	Level of Impact	Comments	KPMG perspective
National Audit Office consultation: Draft Code of Audit Practice for the audit of local public bodies	🟡 **Medium**	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. 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 was Friday 31 October 2014. For more information visit http://www.nao.org.uk/keep-in-touch/our-surveys/consultation-code-audit-practice/	*The Council supported the Society of County Treasurer's response*
Invitation to Comment and Simplification and Streamlining the Presentation of Local Authority Financial Statements	🟡 **Medium**	CIPFA and CIPFA/LASAAC have recently consulted on the Simplification and streamlining of the presentation of local authority financial statements. 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. The consultation closed on 19 September 2014.	*The Council's s.151 Officer sits on LASAAC as senior practitioner so was involved in drafting the consultation. As a result the Council is aware of the matter and reviewing consequences for it.*

Area	Level of Impact	Comments	KPMG perspective
Audit commission consultation for the 2015/16 proposed work programme and scale fees.	🟢 **Low**	On the 13th October 2014 The Audit Commission published for consultation the 2015/16 proposed work programme and scales of fees. Separate documents cover the Commission's work programme at local government and police bodies, and at health bodies. The consultation sets out the work that auditors will undertake at principal audited bodies for 2015/16, with the associated scales of fees. The Department for Communities and Local Government (DCLG) has asked the Audit Commission to set fees for 2015/16 before the Commission's closure on 31 March 2015. They are proposing to reduce scale fees by a further 25 per cent from 2015/16. They do not plan to make changes to the overall work programme. The fee reduction will apply to all principal bodies, with the exception of 15 local government bodies whose scale audit fees are already below £20,000, and of the fees for pension fund audits at local authorities. The 25 per cent fee reduction has been achieved as a result of the recent procurement exercise to retender the work undertaken under the older contracts with audit firms, and is in addition to the 40 per cent cut in fees made by the Commission in 2012. These savings are part of the legacy the Commission will leave behind after March 2015, with the lowest total audit fees for 25 years. The Commission is also making further rebates in respect of audit fees to audited bodies, returning another £6 million to most principal bodies, excluding CCGs. The rebates will be paid by cheque directly to audited bodies in October 2014. The rebates result from the efficient management of the Commission's closure. The Commission's Board will consider in March 2015 the amount of any final rebate on audit fees. **The consultation closes on Friday 9 January 2015**. The Commission will publish the final work programme and scales of fees for 2015/16 in March 2015. The consultation documents, and the lists of individual scale fees, are available on the Audit Commission website: http://www.audit-commission.gov.uk/audit-regime/audit-fees/201516propwpsf/	*The Council is aware of the matter and this issue is covered in other items reported to this Committee*

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Area	Level of Impact	Comments	KPMG perspective
Transfer of Audit Commission responsibilities from 1 April 2015	🟢 **Low**	The work that auditors will carry out on 2015/16 accounts will be completed under the new Code of Audit Practice that the National Audit Office (NAO) is developing. Under the Local Audit and Accountability Act 2014 the Commission's responsibility to prepare and publish a Code transfers to the NAO. From 1 April 2015, Public Sector Audit Appointments (PSAA), set up by the Local Government Association as an independent company, will oversee the Audit Commission's audit contracts until they end in 2017, or 2020 if extended by DCLG. PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for housing benefit subsidy certification and for publishing the Commission's value for money profiles tool will also transfer to PSAA. The Commission's other functions will also transfer to new organisations, with local value for money studies as well as responsibility for the Code of Audit Practice transferring to the National Audit Office, the National Fraud Initiative to the Cabinet Office, and the counter-fraud functions to Chartered Institute of Public Finance and Accounting (CIPFA). The Audit Commission will be writing to audited bodies and other stakeholders in the coming months with more information about the transfer of the Commission's functions and where to find details on specific questions.	*The Council is aware and is talking to neighbouring authorities and they have suggested an update be brought to this Committee later in 2015*

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Area	Level of Impact	Comments	KPMG perspective
Audit commission consultation on supplementary fee for the 2014/15 accounts – work on business rates	🟢 Low	The Audit Commission is also consulting on a supplementary fee for the audit of the accounts for 2014/15 for audit work required on business rates. The consultation applies to district, unitary, metropolitan borough and London borough councils. **The consultation closed on Friday 7 November 2014.** Auditors are no longer required to undertake certification work for the Department of Communities and Local Government on national non-domestic rates, following the introduction in April 2013 of new arrangements for collecting and distributing business rates. In completing their work on the financial statements of applicable councils, auditors previously placed reliance on their certification work on national non-domestic rates. In the absence of this work, auditors need to undertake additional audit procedures on material business rates balances and disclosures in the financial statements. The additional audit work requires a small additional fee for applicable councils, equivalent to half the average cost by council type of the relevant certification work undertaken in 2012/13. The additional fee by council type is: ■ district councils : £900; ■ London borough councils: £2,600; ■ metropolitan borough councils: £1,470; and ■ unitary authorities: £1,070. The additional fee represents a net saving to councils of half the average previous certification fees by council type. Following consultation, the additional fee will be added to the scale audit fee for 2014/15 onwards.	*The Council is aware of the matter and has noted it.*

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Area	Level of Impact	Comments
VFM data briefing on expenditure on looked after children	● For information	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. 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. 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. The briefings can be found at: http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2
Tool launched to help councils compare care performance on social care	● For information	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. The tool can be found at: https://www.gov.uk/government/publications/adult-social-care-efficiency-tool
NAO published a report examining the progress to date on the implementation of the Better Care Fund (BCF)	● For information	The National Audit Office (NAO) has recently published a report examining the progress to date on the implementation of the Better Care Fund (BCF). Whilst the programme is recognised as being an innovative idea, the NAO highlights issues with the quality of early preparation and planning. It also finds that initial plans, submitted by all 151 local health and wellbeing boards in April 2014, did not generate the level of savings the Government anticipated and all plans had to be resubmitted. Planning for the Fund paused between April and July 2014 while the Government reviewed and revised the Fund's scope and how the £1 billion pay-for- performance part of the Fund would work. Independent assurance of the revised Fund plans found them to be stronger and better supported. Almost two-thirds of plans were either approved by Ministers or approved with support and only 5 plans were not approved. The biggest risk area identified is to the protection of social care services with 21 local areas assessed as having significant risks. The report can be found on the NAO website: http://www.nao.org.uk/report/planning-better-care-fund-2/

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Area	Level of Impact	Comments
The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work.	● **For information**	The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work. The guidance supports auditors' work on arrangements to secure VFM at the following types of audited body: ■ NHS trusts; ■ clinical commissioning groups (CCGs); ■ single-tier, county and district councils; ■ fire and rescue authorities; ■ the Greater London Authority, the London Legacy Development Corporation and Transport for London; ■ police bodies; and ■ other local government bodies. The key principles underpinning the Commission's approach on the conclusion on arrangements to secure VFM continue to be that it: ■ enables auditors to fulfil their responsibility under the Audit Commission Act 1998, relating to an audited body's arrangements to secure economy, efficiency and effectiveness; and ■ is applied proportionately to reflect the size, capacity and performance of different types of audited body and, as far as possible, consistently across all sectors of the Commission's regime. The main changes in the update for 2013/14 are set out in section 1.1 of the guidance. These are: ■ sections 1 and 2 updated to reflect changes relating to the Commission's closure in March 2015; ■ sector context and risk indicators updated for sections 3 to 6; ■ section 4 on Clinical Commissioning Groups (CCGs) updated to apply the specified reporting criteria, recognising that 2014/15 represents CCGs' second full year of operations; and ■ section 8 on reporting updated to emphasise further the type of conclusions that can be issued at different bodies, and when these may or may not be appropriate. The updated guidance is now available on the Audit Commission's website: http://www.audit-commission.gov.uk/audit-regime/codes-of-audit-practice/value-for-money-conclusion/

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Area	Level of Impact	Comments
The Audit Commission publish the Protecting the Public Purse 2014 (PPP 2014) report.	● **For information**	On 23 October 2014 the Audit Commission published the *Protecting the Public Purse 2014* (PPP 2014) report. PPP 2014 is for those responsible for governance in local government. PPP 2014 includes: ■ the scale and value of fraud detected by local government bodies in 2013/14; ■ longer term trends in fraud detection, including tenancy fraud; ■ trends and threats in other significant fraud types; and ■ national developments impacting on local government counter-fraud. In addition, PPP 2014: ■ gives details of detected frauds and losses by region; ■ updates our checklist for those responsible for governance; and ■ highlights the second year of a programme of individual fraud briefings for councils. The Audit Commission have issued fraud briefings to auditors in November 2014 for individual county councils, district councils, London boroughs, metropolitan district and unitary councils.
Audit Commission publish: an update on Council tax and business rates collection.	● **For information**	The Audit Commission has published an update to the Council tax and business rates collection VFM briefing, the last in its series of VFM data briefings analysing data in the VFM Profiles. The briefing looks at the amount of council tax and business rates councils collected and their collection rates in 2013/14 – the first year of new localised council tax support schemes and business rate retention arrangements. By the end of 2013/14 councils had collected £46.05 billion of the £47.26 billion due to be paid that year, leaving £1.21 billion uncollected. Council tax collection rates were 0.4 per cent lower than in 2012/13 but business rates collection rates were 0.2 per cent higher. Council tax debt from 2013/14 and previous years increased by 6 per cent. The proportion of debt from previous years that councils collected ranged from 2 per cent to 76 per cent and the proportion of debt written off ranged from 1 per cent to 32 per cent. Nearly four fifths of councils collected more business rates in 2013/14 than they did in 2012/13 in real terms and so were likely to benefit from the new business rates retention arrangements. The update can be found on the Audit Commission website: http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/

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Area	Level of Impact	Comments
VFM profiles updated for the 2014/15 data sourced from DCLG Page 48	● **For information**	The Audit Commission VFM profiles planned budget section now contains the 2014/15 data sourced from the Department for Communities and Local Government – General Fund Revenue Account Budget (RA). The values are adjusted with gross domestic product (GDP) deflators from the HM Treasury's publication in June 2014. Other sections of the VFM profiles have also been updated with the latest data values for the following data sources: ■ Mid-year population estimates ■ Planning applications ■ Fuel poverty ■ Climate change statistics ■ Active people survey ■ NHS delayed transfers of care ■ Finance and general statistics ■ Provision for children under five years of age in England ■ Young people from low income backgrounds progressing to higher education ■ Collection rates for council tax and non-domestic rates ■ Housing benefit speed of processing ■ Housing benefit recoveries and fraud data ■ Housing benefit caseload statistics ■ Child and working tax credit statistics ■ Children in low-income families local measure ■ Special educational needs in England ■ Homelessness statistical release (P1E) ■ Fire statistics monitor ■ Fire and rescue authorities operational statistics bulletin ■ Fire and rescue service statistics The VFM profiles can be seen on the Audit Commission website: http://www.audit-commission.gov.uk/information-and-analysis/

Area	Level of Impact	Comments
NAO have published two complimentary reports examining local authority finances: ■ **The financial Sustainability of local authorities 2014 and;** ■ **The impact of funding reductions in local authorities**	● **For information**	The National Audit Office (NAO) has recently published two complimentary reports examining local authority finances: Financial sustainability of local authorities 2014 and The impact of funding reduction of local authorities. The reports include findings based on surveys of Commission appointed auditors carried out since 2001 by the Commission. The NAO were provided with anonymised analysis of the survey findings by the Commission in order to support this work. The NAO finds that local authorities have coped well with reductions in government funding, but some groups of authorities are showing clear signs of financial stress. Over a quarter of single tier and county councils (those authorities responsible for social care and education) had to make unplanned reductions in service spend to deliver their 2013/14 budgets. Auditors are increasingly concerned about local authorities' capacity to make further savings, with 52 per cent of single tier and county councils not being well-placed to deliver their medium-term financial plans. The NAO also found that there is significant variation in the way that authorities have responded to the funding reductions. Authorities that have had larger cuts in government funding have not been able to protect funding of adults' and children's social care to the same extent as those with lower cuts. The report also shows that certain sub-services have experienced very substantial cuts in spending. Spending on the Supporting People programme, housing support and advice for vulnerable people fell by 45 per cent. Between 2010/11 and 2013/14, budgeted real terms spending on services for young people fell by 34 per cent. The reports can be found on the NAO website ■ Financial sustainability of local authorities 2014: http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2014/ ■ The impact of funding reductions on local authorities: http://www.nao.org.uk/report/the-impact-funding-reductions-local-authorities/

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KPMG

cutting through complexity ™

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07 January 2015

Dear Michael

Certification of claims and returns - Annual report 2013/14

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2013/14.

In 2013/14 we carried out certification work on the following claims/returns:

Claim/return	Certified value (£)
BEN01 – Housing Benefit Subsidy Claim	118,523,326
CFB06 – Pooling of Housing Capital Receipts	29,161,185
Total	**147,684,511**

Matters arising

Our certification work did not identify any issues or errors with the Pooling of Housing Capital Receipts return, and we certified this return unqualified without amendment.

A number of errors were identified in relation to the Housing Benefit Subsidy Claim with resulted in the return being both amended and qualified. The errors identified related to:

- Incorrect entry of claimants' income figures;

- Incorrect classification of overpayments identified during the year;

- Incorrect recording of claim start dates;

- Errors in the application of the spare room subsidy cap; and

- Errors in the recording of benefits as having been backdated.

The nature of the errors identified in such that they have arised as a result of human error and the rate of incidence was relatively low and as a result were seen as exceptions to the general standard of the work performed by the benefits team. Given the large volume of transactions and information processed by the benefits team, such errors are likely to occur. Whilst additional training may help reduce the number of errors, it is unlikely to eradicate them completely. As a result we have made no formal recommendations to the Authority to improve its claims completion process.

In our 2012/13 Certification Annual Report we raised one recommendation relating to compliance with the required preparation process for the Housing Benefit Subsidy Claim. Our testing confirmed that the process had been complied with in full during 2013/14 and as a result we are satisfied that the Council has improved its arrangements and has addressed the recommendation.

Certification work fees

The Audit Commission set an indicative fee for our certification work in 2013/14 of £23,006. Our actual fee was the same as the indicative fee, and this compares to the 2012/13 fee for these claims of £33,515. The reduction in fee relates primarily to the Housing Benefit Subsidy Claim and reflects the cessation of Council Tax Benefits which reduced the volume of sample testing required.

The details are set out in the table below.

Claim	2013/14 Indicative fee (£)	2013/14 Final fee (£)	2012/13 Final fee (£)
BEN01 – Housing Benefit Subsidy Claim	22,554	22,554	32,065
CFB06 – Pooling of Housing Capital Receipts	452	452	1,450
Total	**23,006**	**23,006**	**33,515**

Yours sincerely

Darren Gilbert
Director, KPMG LLP

Appendix 2 – Follow up of 2012/13 Certification of Claims and Returns Recommendations

Number	Issue & Implication	Recommendation Raised	Priority	Status as at January 2015
1	Through our certification work over the Housing & Council Tax Benefits Scheme we identified that the benefits team omitted the processing of a required reconciliation report when preparing the claim form. The omission of the return from the preparation process resulted in fifteen adjustments to the claim form for 2012/13. Due to the nature of the error identified, it was possible to process the adjustments required and thereby avoid qualification of the claim. This required additional work by both the Authority and ourselves, however.	Ensure that the required processes for preparing grants and returns are clearly understood and complied with. In order to gain such an understanding, ensure that relevant officers are provided with, and required to fully review, copies of guidance issued by both the awarding body and software developers.	❷	We reviewed the claim production process as undertaken during 2013/14 and confirmed that all required reconciliations had been undertaken. **Implemented**

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.

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, who is the engagement leader to the Authority (telephon 0292 046 8205, e-mail darren.gilbert@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail trevor.rees@kpmg.co.uk) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 444 8330.

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