AGENDA

Meeting:	Audit
Place:	Council Chamber - County Hall, Trowbridge BA14 8JN
Date:	Tuesday 26 January 2016
Time:	2.00 pm

Please direct any enquiries on this Agenda to Will Oulton of Democratic Services, County Hall, Trowbridge, direct line (01225) 713935 or email william.oulton@wiltshire.gov.uk

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Membership:

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

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

Non-Voting Members

Cllr Baroness Scott of Bybrook O.B.E

Cllr Dick Tonge

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

Cllr Jacqui Lay
Cllr John Noeken
Cllr Helen Osborn
Cllr Mark Packard
Cllr Ian West

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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 5 - 10)*

To confirm and sign the minutes of the Audit Committee meeting held on 27 October 2015.

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 Corporate Director) no later than 5pm on Wednesday 20 January 2016. 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   KPMG - Annual Audit Letter 2014/15 *(Pages 11 - 18)*

7   KPMG - Annual Report on grants and returns work 2014/15 *(Pages 19 - 26)*

8   KPMG - External Audit Progress Report and Technical Update
 (Pages 27 - 46)

9   Internal Audit 2015/16 Third Quarter Update Report *(Pages 47 - 74)*

10   Information Governance *(Pages 75 - 80)*

11   Date of next meeting

To note that the next regular meeting of the Committee will be held on Tuesday 08 March 2016.

12   Urgent Items

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

Part II

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

None.

Wiltshire Council
Where everybody matters

AUDIT

DRAFT MINUTES OF THE AUDIT MEETING HELD ON 27 OCTOBER 2015 AT SALISBURY ROOM - COUNTY HALL, TROWBRIDGE.

Present:

Cllr Richard Britton (Vice Chairman), Cllr Tony Deane (Chairman), Cllr Stewart Dobson, Cllr Mike Hewitt (Substitute), Cllr Julian Johnson, Cllr Stephen Oldrieve, Cllr Sheila Parker, Cllr David Pollitt and Cllr Baroness Scott of Bybook O.B.E

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44   Apologies.

Apologies were received from Cllr Jeff Osborne, Cllr Rosemary Brown, Cllr Linda Packard and Cllr James Sheppard (substituted by Cllr Mike Hewitt).

It was noted that Cllr Simon Killane, Chair of Overview & Scrutiny Committee, who now had a standing invitation to attend the Audit Committee, was unable to make this meeting.

45   Chairman's Announcements

The Chairman thanked Cllr Richard Britton for attending the recent training event at the Haines Motor Museum.

The Chairman also highlighted that he wished to raise the issue of the lessons learnt from the operation and ending of the BBLP contract.

46   Minutes of the Previous Meeting

The minutes of the meeting held on 29 July 2015 were presented.

Resolved:

To approve as correct record and sign the minutes of the meeting held on 29 July 2015.

47   Members' Interests

There were no declarations of interest made.

48   Public Participation and Committee Members' Questions

There were no questions from the public or members of the Committee under this item.

49   Internal Audit 2015/16 Second Quarter Update Report

Michael Hudson, Wiltshire Council, and Dave Hill, SWAP, presented the report which provided an update regarding the performance of the Internal Audit (IA) Section for the first quarter of 2015/16.

Issues highlighted in the course of the presentation and discussion included:

- The outcomes of audits completed during the period;

- That this is a period of transition from the old to the new-style of Internal Audit.

- That the results of some of the individual service review reports would be available in the new year;

- How lessons could be learnt from the letting of contracts;

- 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;

- The update on the delivery of the 2015/16 IA Plan, including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits;

- The progress that had been made in relation to the Business Continuity Plan;

- That IA and the Council would be working more closely on counter-fraud work;

- The quality of the reporting and the performance of the Internal Audit service;

- The status of the audits planned for the year, and additional work that could be scheduled;

- How risk is identified and reported as part of the work;

- That a new assurance framework has been established in relation to the procurement of consultants;

- That some previous recommendations have been reviewed, with some archived, and which recommendations remain to be implemented;

- The support offered to IA by the senior management of the organisation; and

- What the key strengths are and what areas require further review.

Dave Hill stated, in response to a question from the Chairman, that SWAP would consider customer feedback and complaints as part of the review of specific service areas. Additionally, in response to an issue raised with regard to delays in Land Searches, Dave Hill and Michael Hudson stated that SWAP would focus on systemic issues and that it was general performance was a matter for the Council's Management.

Michael Hudson stated, in reply to an issue raised by Cllr Sheila Parker, that where service weakness are identified then it was the responsibility of the Management Team to address; where there were more systemic/major problems then IA could do more specific work.

Maggie Rae, Corporate Director, stated, in response to an issue raised by Cllr Steve Oldrieve, that action had been taken to improve procurement issues identified by IA, and that a formal report would now be considered by Cabinet at their meeting in December.

Dave Hill stated, in response to a question from the Vice-Chairman, that further detail would be provided in IA's Q3 report as to how the number of projects was reduced.

Michael Hudson stated, in reply to an issue raised by the Vice-Chairman, that nine key areas of work were still reported on, but that this would be amalgamated into one report that looks at the whole financial system and gives one opinion on it. In his view, putting the reports together was good practice and gives a better overview.

Dave Hill stated, in response to a question from the Vice-Chairman, that the fact that there are no recommendations arising from the work on Trust Funds may be anomalous due to the nature of funds, but that he would check and cover the matter in his next report.

Dave Hill stated, in response to a question from the Vice-Chairman, that a new assurance framework had been created for the Local Enterprise Partnership and procurement team are working with them on this. Additionally, The Baroness Jane Scott, commended the work of the IA which had helped improve the culture and processes of the LEP in this regard. Ian Gibbons stated that the assurance framework had been agreed with Swindon Borough Council to ensure openness and transparency in the LEP dealings.

Michael Hudson stated, in reply to an issue raised by the Vice-Chairman, that the review of the Financial Regulations would be considered by the Standards Committee, Audit Committee, Cabinet and then the full meeting of Council. The report should be ready for consideration by the Standards Committee in November 2015.

Dave Hill stated, in response to a question from the Vice-Chairman, that the when findings are summarised in reports they do aim for balance; specific reports, with graphical representations of matters, should make it clearer.

Following an issue raised by the Cllr Richard Britton, and considering the advice of the Monitoring and s151 officers, the Committee agreed that the Internal Audit Plan, with a provision for urgent amendments, should continue to be agreed by the Committee and that amendments should also be agreed formally. It was noted that the number of amendments to the plan made this year had been exceptional, due to the changes to the Internal Audit system.

Resolved

1. **To note the findings from the Internal Audits to date;**

2. **To agree that the Internal Audit Plan should continue to be approved by the Audit Committee and any ordinary amendments to the plan;**

3. **That, to retain Management flexibility, the Associate Director for Finance should be given authority to amend the plan in consultation with Chair and the Vice Chairman of the Audit Committee, where the matter could not wait until the next meeting of the Audit Committee; and**

4. **That any such urgent changes to the Internal Audit Plan be subsequently report to the next meeting of the Audit Committee.**

50   **Information Governance**

Ian Gibbons presented the report which provided an update on the improvement programme which had been developed to address the findings identified by the voluntary audit undertaken by the Information Commissioner's Office (ICO) in March 2015 on the Council's information governance arrangements in the areas of records management, subject access requests and data sharing.

Issues highlighted in the course of the presentation and discussion included:

- That the report to the Audit Committee built on the information already considered as part of the Annual Governance Statement;

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- That the matter is being considered seriously as it cuts across all areas of the council's business;
- How any serious breaches of data protection are identified and dealt with;
- That some areas of good practice identified, but that there is scope for improvement;
- The areas identified in the report for action included the establishment of Information Governance Board, chaired by a Corporate Director, that will implement actions arising from the ICO's report and had a wider remit to continue to improve the area of Information Governance;
- The need to enact cultural change to ensure individuals take responsibility for ensuring good information governance;
- That improvements have already been made, including in the area of record management;
- That a review of the suite of policies on information governance would be undertaken, in accordance with a good practice framework;
- That a comprehensive training programme will ensure all staff are trained appropriately;
- That the Information Governance team is being restructured and will now sit within the Corporate Service, bringing together the key officers and improving management's overview of the issue;
- How having clear accountability for Information Governance will be addressed and how information asset owners are identified;
- That inviting the ICO in had shown that Council takes the area seriously; and
- That Cllr Stuart Wheeler was the Cabinet Member responsible for this area.

Ian Gibbons stated, in response to an issue raised by Cllr David Pollitt, that training would involve key Councillors and that all members would be included, as appropriate, in further training; and that the ICO would review the progress made by the Council but would only return to visit if they felt there were concerns.

Ian Gibbons stated, in response to an issue raised by Cllr Stewart Dobson, that £50,000 had been identified, as a discrete cost, to resource the implementation of the programme arising from the review; and that further work, including the restructure of the Information Governance team, should be managed within existing budgets.

Ian Gibbons stated, in response to an issue raised by Cllr Steve Oldrieve, that a risk management approach would be taken to enable the Council to prioritise actions.

Ian Gibbons stated, in response to an issue raised by the Vice-Chairman, that whilst the Council had already been in contact with the ICO around some issues, it was optional for the Council to invite the ICO in to do a full review.

Ian Gibbons stated, in response to an issue raised by Cllr Mike Hewitt, that whilst Council did give some informal advice to Parish and Town Councils, they were their own legal entities and thus responsible for their own information governance issues. Additionally, The Baroness Jane Scott stated that Parish and Town Councils should look to WALC and NALC for formal advice in this matter.

Resolved

1. **To note the outcome of the ICO's audit;**

2. **To note the progress of the improvement programme that has been set up to address the findings identified by the ICO; and**

3. **To receive a further report at the meeting on the 26 January 2016.**

51   **Date of next meeting**

It was noted that the next meeting would take place on the 26 January 2016.

52   **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.30 am - 12.13 pm)

The Officer who has produced these minutes is Will Oulton, of Democratic Services, direct line (01225) 713935, e-mail william.oulton@wiltshire.gov.uk

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

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Annual Audit Letter 2014/15

Wiltshire Council

October 2015

Contents

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

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

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Darren Gilbert, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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This report summarises the key findings from our 2014/15 audit of Wiltshire Council (the Authority).

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

Our audit covers Authority's 2014/15 financial statements and the VFM conclusion for that year.

VFM conclusion	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 29 July 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness. To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.
VFM risk areas	We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks. Our work identified the following significant matters: ■ Achievement of Savings Plan; and ■ Estates Strategy. In relation to each of these, we confirmed that the Authority had appropriate processes and controls in place to secure value for money.
Audit opinion	We issued an unqualified opinion on the Authority's financial statements on 29 July 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.
Financial statements audit	Our audit identified a total of four audit adjustments with a total gross value of £15.088 million for the 2014/15 financial statements. The impact of these adjustments was to: ■ Increase the deficit on provision of services for the 2014/15 year by £5.787 million; and ■ Decrease the net worth of the Authority as at 31 March 2015 by £5.787 million. Our audit adjustments included one prior period adjustment necessitated by the change in accounting policy by following the new guidance in LAAP Bulletin 101 on the recognition of school assets. The impact of this adjustment was to: ■ Increase the net worth of the Authority as at 1 April 2013 and 31 March 2014 by £47.785 million and £46.739 million respectively; and ■ Increase the deficit on provision of services for the 2013/14 year by £1.045 million. There was no impact on the General Fund balances as a result of any the adjustments identified. The Authority's financial statements were appropriately adjusted to address the above matters.

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All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.
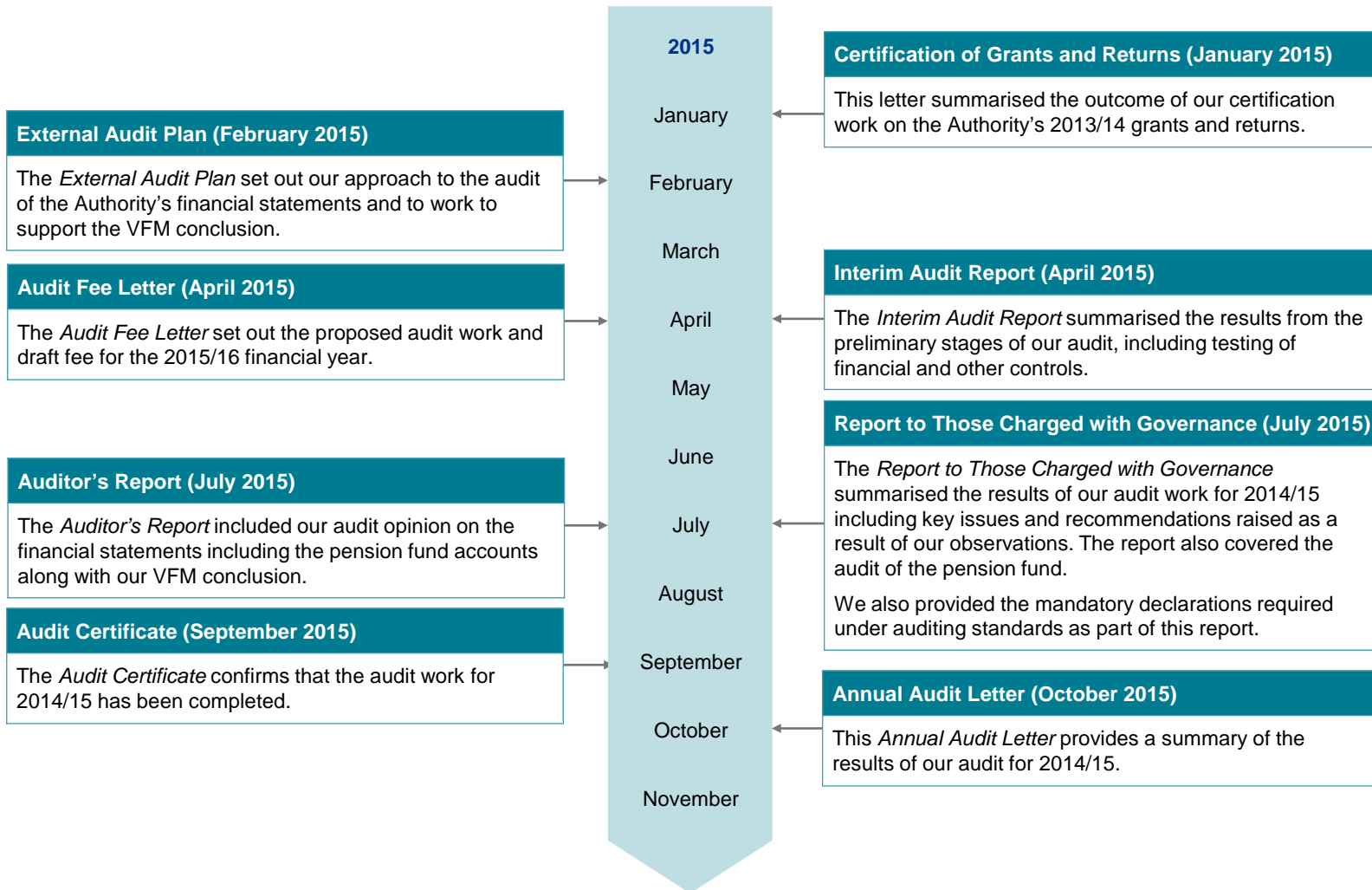
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Annual Governance Statement	We reviewed your *Annual Governance Statement* and concluded that it was consistent with our understanding.
Pension fund audit	There were no significant issues arising from our audit of the pension fund and we issued an unqualified opinion on the pension fund financial statements as part of our audit report.
Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.
High priority recommendations	We raised no high priority recommendations as a result of our 2014/15 audit work.
Certificate	We issued our certificate on 29 September 2015. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the *Audit Commission Act 1998* and the Audit Commission's *Code of Audit Practice*.
Audit fee	Our fee for 2014/15 was £224,183, excluding VAT. This was £2,027 higher than the planned fee. Further details are provided in appendix 2.

Appendix 1: Summary of reports issued

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

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2015

January

February

March

April

May

June

July

August

September

October

November

External Audit Plan (February 2015)

The *External Audit Plan* set out our approach to the audit of the Authority's financial statements and to work to support the VFM conclusion.

Audit Fee Letter (April 2015)

The *Audit Fee Letter* set out the proposed audit work and draft fee for the 2015/16 financial year.

Auditor's Report (July 2015)

The *Auditor's Report* included our audit opinion on the financial statements including the pension fund accounts along with our VFM conclusion.

Audit Certificate (September 2015)

The *Audit Certificate* confirms that the audit work for 2014/15 has been completed.

Certification of Grants and Returns (January 2015)

This letter summarised the outcome of our certification work on the Authority's 2013/14 grants and returns.

Interim Audit Report (April 2015)

The *Interim Audit Report* summarised the results from the preliminary stages of our audit, including testing of financial and other controls.

Report to Those Charged with Governance (July 2015)

The *Report to Those Charged with Governance* summarised the results of our audit work for 2014/15 including key issues and recommendations raised as a result of our observations. The report also covered the audit of the pension fund.

We also provided the mandatory declarations required under auditing standards as part of this report.

Annual Audit Letter (October 2015)

This *Annual Audit Letter* provides a summary of the results of our audit for 2014/15.

This appendix provides information on our final fees for the 2014/15 audit.

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To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit was £224,183. This compares to a planned fee of £222,156. The reasons for this variance is additional work required in relation to

■ non-domestic rates accounting entries as a result of the cessation of the auditor certification of the NNDR3 return which previously provided evidence of use to the financial statement audit. The value of this work was £1,070; and

■ matters brought to our attention by way of whistleblowing procedures. The proposed value of this additional work was £957. These fees are still subject to final determination by Public Sector Audit Appointments.

Our final fee for the 2014/15 audit of the Pension Fund was £26,160 compared with the planned fee of £24,246. The increase resulted from additional work required on behalf of other admitted authorities.
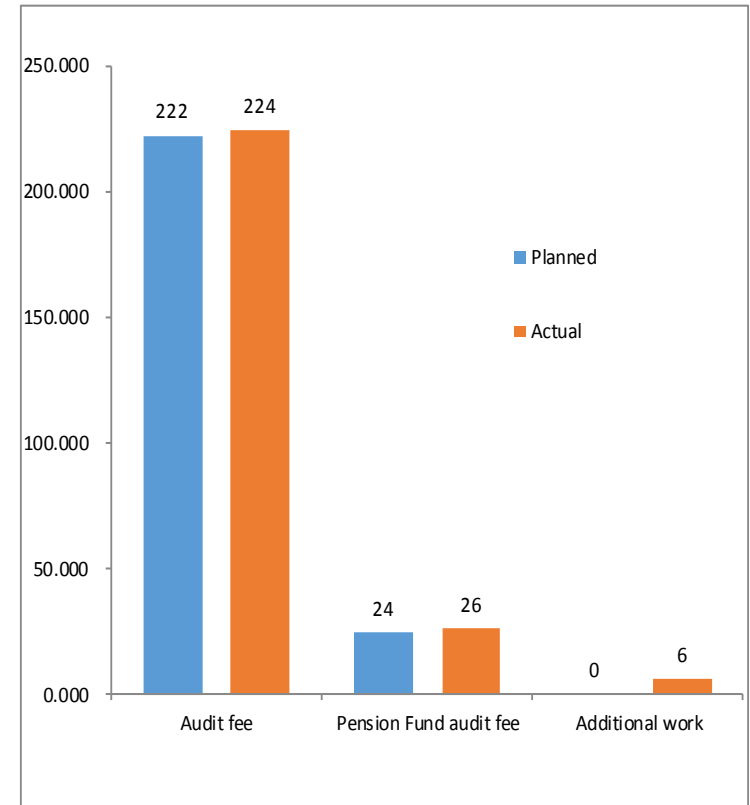
Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2016.

Other services

We charged £6,000 for additional audit-related services for the certification of the Teachers' Pensions Return and the Pooling of Housing Capital Receipts Return.

External audit fees 2014/15 (£'000)

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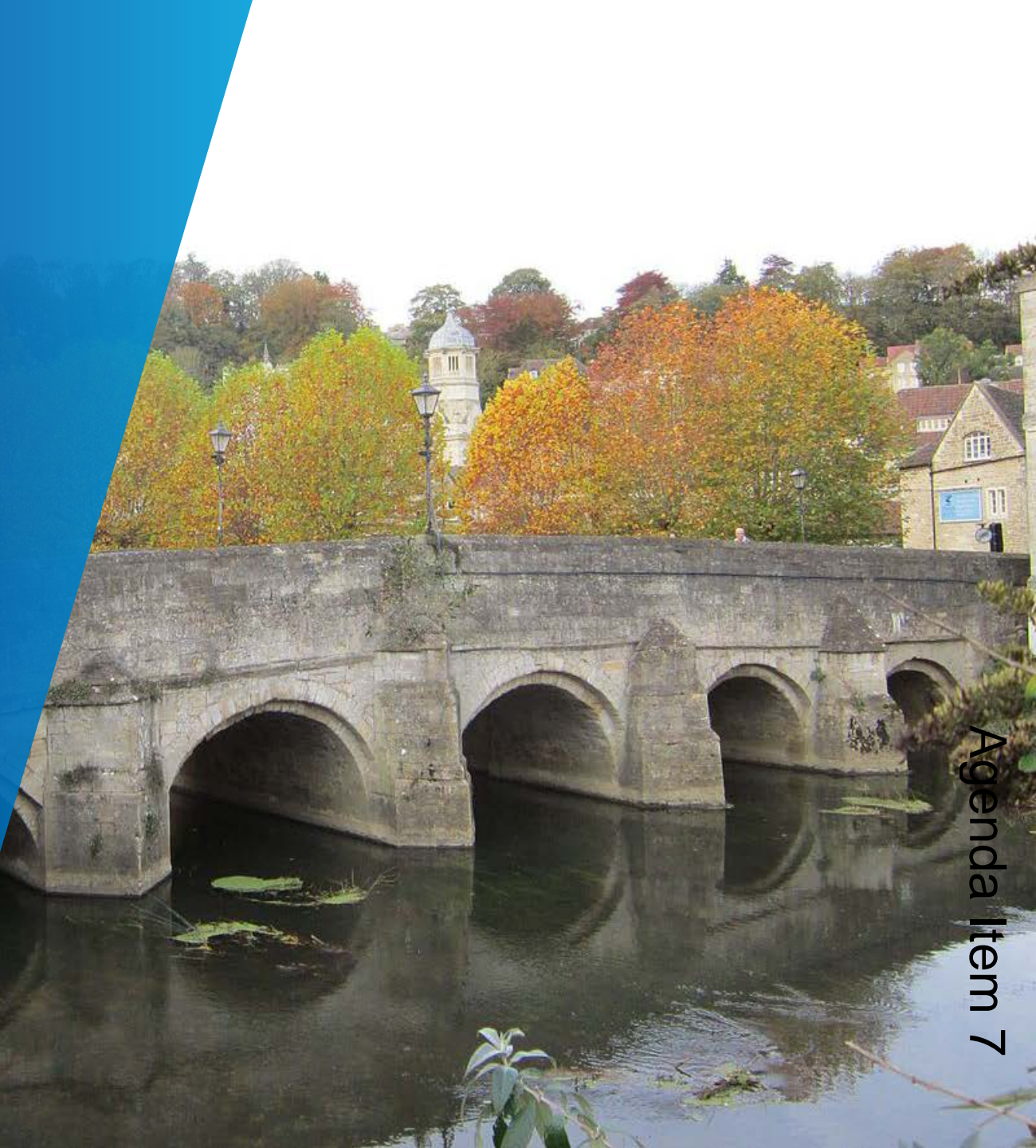This page is intentionally left blank

KPMG Annual Report on grants and returns work 2014/15

Wiltshire Council

January 2016

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Contents

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

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

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Introduction and background	**This report summarises the results of work we have carried out on the Council's 2014/15 grant claims and returns.**
	
	This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2014/15 is:
	
	■ Under the Public Sector Audit Appointment arrangements we certified one claim – the Council's 2014/15 Housing Benefit Subsidy claim. This had a value of £118 million.
	
	■ Under separate assurance engagements we certified two returns as listed below.
	
	  – Teachers' Pension Contributions for the year ended 31 March 2015 with a value of £18 million; and
	
	  – Pooling of Housing Capital Receipts 2014/15 with a value of £3 million.
		-

Certification results	**Our work on the Council's Housing Benefit Subsidy claim was subject to a qualification letter.** ■ The authority incorrectly recorded income and rental figures as well as rent free periods when calculating benefit entitlement. These errors resulted in both under and overpayments during the year; and ■ We identified a number of errors in relation to the identification and classification of overpayments resulting in errors in the level of subsidy being claimed. ■ We identified similar issues in relation to the recording of income and the classification of overpayments in the prior year. No such errors had been identified in prior years in relation to rental values and rent free weeks however. The overall volume of errors was higher than the prior year, although from the samples used we are unable to state whether the error rate in the overall population has changed. **Our work on the other grant assurance engagements resulted in the following reports:** ■ We issued reasonable assurance reports in relation to both the Teachers' Pension Contributions and Pooling of Housing Capital Receipts returns with no issues being reported.	Pages 3 – 4
Audit adjustments	**Adjustments were necessary to each the Council's grants and returns as a result of our certification work this year.** ■ In relation to the Housing Benefit Subsidy claim adjustments were required for two properties which had been disclosed in the wrong tenancy type and to remove an isolated claim were no evidence could be found to support the entitlement calculation. As a result of this the total value of the claim increased by £46; and ■ Corrections were made to the Teachers' Pension Contributions Return to correctly disclose Additional Pension Payments and Additional Pension Contributions made during the year. There was no impact on the overall value of the return. ■ Adjustments were required to the Pooling of Housing Capital Receipts Return in order to correctly separate out receipts relating to sales made prior to 1 April 2012 and ensure that the entries agreed to supporting records. This increased the overall value of the return by £10,674.	Pages 3 – 4

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Summary of reporting outcomes

Overall, we carried out work on three grants and returns:

- **two were unqualified but required some amendment to the final figures; and**

- **one required a qualification to our audit certificate.**

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council's 2014/15 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments arrangements					
■ Housing Benefit Subsidy	1	●		●	
Other assurance engagements					
■ Teacher's Pension Contributions	2			●	●
■ Pooling of Housing Capital Receipts	3			●	●
		1	**-**	**2**	**2**

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

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Ref	Summary observations	Amendment
1	**Housing Benefits Subsidy** ■ We identified 39 errors (from a sample of 260 claims) in relation to the recording of income and rental figures as well as rent free periods. These resulting in both under and overpayments of benefits; and ■ We also identified 50 inaccuracies (from a sample of 180 claims) in relation to the identification and classification of overpayments resulting in errors in the level of subsidy being claimed. ■ Whilst the number of errors identified may appear relatively high, representing 20% of the overall sample, the average value of the errors was only £22 per claim compared to average claim values of £1,535. No adjustments were made to the claim in relation to these errors. ■ Adjustments were required for two properties which had been disclosed in the wrong tenancy type and to remove an isolated claim were no evidence could be found to support the entitlement calculation.	**+ £46**
2	**Teachers' Pension Contributions** ■ Corrections were made to the Teachers' Pension Contributions Return to correctly disclose Additional Pension Payments and Additional Pension Contributions made during the year. These entries had initially been reversed when compiling the return.	**No Overall Impact**
3	**Pooling of Housing Capital Receipts** ■ We identified one instance where the entries made on the draft return varies from the Authority's records resulting in an understatement of receipts by £10,674. ■ Further adjustments were required in order to correctly separate our receipts relating to sales made prior to 1 April 2012.	**+ £10, 674**

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grants/returns in 2014/15 was £34,220.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return	
	2014/15 (£)
Housing Benefit Subsidy claim	28,220
Teachers' Pension Contributions	3,000
Pooling of Housing Capital Receipts	3,000
Total fee	**34,220**

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2014/15 of £28,220. Our actual fee was the same as the indicative fee, and this compares to the 2013/14 fee for this claim of £23,006.

Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. For the Teachers' Pension Contributions, our fees for 2014/15 were in line with the fees charges in 2013/14 subject to inflationary increases.

The Pooling of Housing of Capital Receipts was previously included within the PSAA regime and as a result was not subject to a separate fee.

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External audit progress report and technical update

Wiltshire Council

January 2016

Agenda Item 8

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

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

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

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

🔴 **High impact**

🟡 **Medium impact**

🟢 **Low impact**

⚫ **For info**

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KPMG resources

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Area	Comments
Governance arrangements work over the Better Care Fund. Page 30	The £3.8 billion Better Care Fund (BCF) (formerly the Integration Transformation Fund) was announced by the Government in the June 2013 Spending Round, to ensure a transformation in integrated health and social care. The BCF is a single pooled budget to support health and social care services to work more closely together in local areas. The BCF not only brings together NHS and Local Government resources, but also provides a real opportunity to improve services and value for money, protecting and improving social care services by shifting resources from acute services into community and preventative settings. The governance arrangements for the BCF will therefore have to meet the requirements of all partners to achieve economy, efficiency and effectiveness in their use of resources. Each partner will also need to satisfy itself that the pooled budget complies with the requirements of its appropriate code of governance and annual governance reporting guidance. Each partner must also satisfy itself that all other regulatory requirements are met – for example, that discrete funding streams are only spent appropriately at a local level. Partners therefore need to make arrangements to ensure that that is happening. Additionally, there will be a requirement for an audit certificate on this expenditure and arrangements need to be in place to ensure appropriate records are kept to provide sufficient audit assurance. With this in mind, CCG governing bodies and Local Authority Executives are now considering whether governance arrangements and structures are fit for purpose and will ensure the effective management of the BCF and the pace of development and implementation. We are currently carrying out reviews of these governance arrangements and structures using the following Key Lines of Enquiry: ■ Governance arrangements. ■ Engagement and communication. ■ Hosting arrangements. ■ Signed agreement. ■ Performance management. ■ Financial management.

Area	Comments
KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years Page 31	Without a radical programme of house building, average house prices in England could double in just ten years to £446,000 at current prices, according to research. In twenty years they could quadruple, with the average house price estimated to rise to over £900,000 at current prices 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 in a landmark report from KPMG and Shelter 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; and ■ 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 www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/building-the-homes-we-need–programme-2015.aspx

Area	Comments
Better Care Fund Support Programme Page 32	The Better Care Fund Support Programme aims to help areas to overcome the barriers to the successful implementation of the Better Care Fund plans across England in 2015/16. KPMG is one of the partners that successfully bid to deliver the programme, on behalf of NHS England, alongside the Social Care Institute for Excellence ('SCIE'), PPL Consulting and the Berkeley Partnership. The focus has been on practical implementation support to deliver better care for the local population. Support has included: ■ Conferences, webinars and regional clinics – to explore the barriers to change and develop local plans to overcome them; ■ The Better Care Exchange – an online interactive space for knowledge sharing and collaboration (currently in development); ■ Virtual clinics – telephone support for BCF leads to discuss individual site issues with integration experts; and ■ Coaching and support – to enable good practice and insight gathering from within the BCF programme to support Better Care Learning Partners. A number of 'How to guides' have been developed on how to: ■ lead and manage Better Care implementation: www.scie.org.uk/about/files/nhs-england-bcf-leadership-how-to-guide.pdf ■ bring budgets together and use them to develop coordinated care provision: www.scie.org.uk/about/files/nhs-england-bcf-budgets-how-to-guide.pdf ■ work together across health, care and beyond: www.scie.org.uk/about/files/how-to-work-together-across-health-care-and-beyond.pdf The support programme also includes webinars. Further webinars are scheduled, but at present they cover the following topics: ■ Joint working; ■ Section 75 Arrangements – Pooled and unpooled budgets; and ■ Data sharing: More details on the programme, and a link to the webinar recordings, can be found on the SCIE website at www.scie.org.uk/about/partnerships-better-care.asp

Area	Comments
KPMG publication titled: Value of Audit – Perspectives for Government Page 33	**What does this report address?** This report builds on the *Global Audit campaign – Value of Audit: Shaping the future of Corporate Reporting* – to look more closely at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust. Our objective is to articulate a clear opinion on the challenges and concepts critical to the value of audit in government today and in the future and how governments must respond in order to succeed. Through interviews with KPMG partners from nine countries (Australia, Canada, France, Germany, Japan, the Netherlands, South Africa, the UK and the US) as well as some of our senior government audit clients from Canada, the Netherlands and the US, we have identified a number of challenges and concepts that are critical to the value of audit in government today and in the future. **What are the key issues?** ■ The lack of consistent accounting standards around the world and the impacts on the usefulness of government financial statements. ■ The importance of trust and independence of government across different markets. ■ How government audits can provide accountability thereby enhancing the government's controls and instigating decision-making. ■ The importance of technology integration and the issues that need to be addressed for successful implementation ■ The degree of reliance on government financial reports as a result of differing approaches to conducting government audits The *Value of Audit: Perspectives for Government* report can be found on the KPMG website at https://home.kpmg.com/xx/en/home/insights.html The *Value of Audit: Shaping the Future of Corporate Reporting* can be found on the KPMG website at www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx

Technical update

Area	Level of impact	Comments	KPMG perspective
New local audit framework	● **Medium**	The Local Audit and Accountability Act 2014 included transitional arrangements covering the audit contracts originally let by the Audit Commission in 2012 and 2014. These contracts covered the audit of accounts up to 2016/17, and gave the Department for Communities and Local Government (DCLG) the power to extend these contracts to 2019/20. DCLG have now announced that the audit contracts for large local government bodies (including district, unitary and county councils, police and fire bodies, transport bodies, combined authorities and national parks) will be extended to include the audit of the 2017/18 financial statements. From 2018/19, local government bodies will need to appoint their own auditors; it is not yet clear whether there will be a sector-led body that is able to undertake this role on behalf of bodies. NHS and smaller local government bodies (town and parish councils, and internal drainage boards), will not have their contracts extended, and will have to appoint their own auditors for 2017/18, one year earlier than for larger local government bodies.	*CIPFA has recently published a guidance document in relation to the new arrangements which the Committee may wish to consider.* *We will also be preparing a briefing note for clients.*
CIPFA survey on infrastructure assets	● **Medium**	On 26 August CIPFA sent a letter to Treasurers' Societies and Directors' of Finance groups for onward circulation to authorities drawing attention to CIPFA's survey to assess the readiness of bodies for the introduction of depreciated replacement cost (DRC) for highways infrastructure assets in 2016/17. The letter from CIPFA's Chief Executive is available here: www.cipfa.org/~/media/files/policy%20and%20guidance/local%20authority%20transport%20infrastructure/150826-tia-survey-letter-signed-rw.pdf?la=en The online survey tool can be found here: www.surveymonkey.com/r/NGC8MXH CIPFA is encouraging responses from both accountants and highways engineers, either jointly or separately. The letter has also been sent to the Highways Asset Management and Financial Information Group (HAMFIG) to bring this to the attention of relevant authorities' highways engineers.	*The Committee may wish to enquire of officers whether the online survey has been completed and any gaps be amended in the project plan*

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Area	Level of impact	Comments	KPMG perspective
Reporting developments – Infrastructure assets Page 36	● **Medium**	CIPFA/LASAAC, the group that produce the *Code of Practice for Local Authority Accounting*, have confirmed that transport infrastructure assets owned by local authorities will be required to be included in the accounts from 2016/17. This would require prior period adjustments for 2015/16, including the opening position at 1 April 2015. The changes require local authorities to recognise the value of all transport infrastructure assets using the depreciated replacement cost method, i.e. the cost required to replace the asset with a new replacement depreciated over the life of the existing asset. Transport infrastructure assets include: ■ roads, bridges, roundabouts and traffic calming measures; ■ footways, footpaths and cycle tracks; ■ tunnels and underpasses; and ■ water supplies and drainage systems, as they support the assets identified above. Even non-highway authorities will be affected to the extent that footways etc are material to their accounts. Railway assets are not currently included in the proposals, although it is possible that these may be included in subsequent periods. CIPFA have issued a *Code of Practice on Transport Infrastructure Assets* which contains the requirements to be included in the Local Authority Code. This is available to purchase from the CIPFA website. Local authorities should have developed a project plan to identify all of the relevant transport infrastructure they own and a timetable for valuing these. CIPFA expects authorities to have undertaken the 1 April 2015 valuations by 31 December 2015. The Whole of Government Accounts submission includes unaudited data on transport infrastructure assets. 2013/14 data indicates assets of over £400 billion will be accounted for on local authority balance sheets. However, only 93% of authorities provided this information, and of these less than 70% used actual inventory data to complete the return. This indicates that the sector faces a significant challenge in accurately identifying the assets it owns and will have to account for.	*The Committee may wish to enquire of officers whether a project plan has been developed to address the requirements and review progress against this on a regular basis.*

Area	Level of Impact	Comments	KPMG perspective
The Local Government Association's 2015 Spending Review submission	🟡 **Medium**	In June 2015, the Local Government Association (LGA) set out proposals for the Government to consider as part of the Spending Review, aimed at streamlining public services, growth generating investment and social care and health – all while saving the public purse almost £2 billion a year by the end of the Parliament.	*The Committee may wish to seek assurances that the impact for their Authority is understood.*
		The submission focusses on five core issues originally highlighted in A Shared Commitment, published in early 2015. The LGA hopes that local government can work with central government to balance the nation's books while improving public services and the local economic environment by delivering new, transformed and high-quality local services while at the same time reducing costs to the public sector.	
		The LGA believes the Spending Review should:	
		■ enable wider integration of social care and health services to deliver savings and improve outcomes This requires the annual £700 million funding gap in social care services to be closed and a transformation fund worth £2 billion in each year of the Spending Review period be created to allow new ways of working to become commonplace. The Spending Review should also implement a single place-based budget for delivering all local services through a Local Public Services Fund as part of at least five devolution deals;	
		■ promote growth and productivity by accepting the case for further devolution of powers and funding that stretches beyond 25 November. The LGA is calling for devolution of, or local influence over, more than £60 billion of growth, skills and infrastructure funding over the Spending Review period, including:	
		– the components for an ambitious and effective Local Growth Fund with agreed settlements in devolution deals that last until 2020/21	
		– a central-local partnership to deliver effective and targeted skills and employment initiatives	
		– unlocking the ability of councils to contribute to the Government's target of 275,000 affordable homes built over the lifetime of the Parliament.	
		■ help councils adequately resource and deliver high quality public services by transforming the business rate mechanism and providing a four year local government finance settlement; and	
		■ help councils focus on driving efficiency and value for money through an assessment of the impact of unfunded cost burdens that core council budgets are going to face over the Spending Review period.	

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Area	Level of Impact	Comments	KPMG perspective
Local Audit and Accountability Act 2014 – provisions affecting auditors' work from 1 April 2015	● **Low**	With effect from 1 April 2015, certain provisions of the *Local Audit and Accountability Act 2014* (LAAA 2014) came into force and are applicable to auditors' work for the year 2015/16. Whilst the *Audit Commission Act 1998* is transitionally saved for audit work on 2014/15, insofar as auditors are engaged in planning work for 2015/16, or possibly considering public interest reports (PIRs) to be made during 2015/16, they need to be aware of the provisions of LAAA 2014 that are already in force.	*The Committee need to be aware of the provisions that are in place from 1 April 2015*

Provisions affecting auditors' work with effect from 1 April 2015 are:

1) New duty to publish PIRs on audited bodies' websites

Under the new audit regime, there is an emphasis on the publication of relevant information on the relevant authority's website. The following provisions are relevant to auditors carrying out work on 2015/16 if they decide to issue a public interest report during the audit.

Under Schedule 7 LAAA 2014, the following matters must be published on the relevant authority's website (if it has one):

- PIRs (relating to the relevant authority or a connected entity);

- notice of a meeting to consider a PIR/written recommendation; and

- notice summarising those decisions approved by the auditor as a result of consideration of the PIR/recommendation.

Where the relevant authority does not have a website, it is instead generally required to make the relevant publication "in such manner as it thinks is likely to bring the notice or report to the attention of persons who live in its area". This could be, for example, in a local newspaper (as was required in certain cases under the previous legislation).

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Area	Level of Impact	Comments	KPMG perspective
Local Audit and Accountability Act 2014 – provisions affecting auditors' work from 1 April 2015 (continued) Page 39	● **Low**	*2) Prohibition on disclosure* The prohibition against disclosure that was previously to be found in section 49 of the *Audit Commission Act 1998* has been repealed and replaced by provisions in Schedule 11 of LAAA 2014. This change has not been transitionally introduced and auditors and local authority bodies need to be aware that this applies to all audits, irrespective of the year. Thus, any reference to the prohibition against disclosure needs to be to Schedule 11 and not section 49. There are no material differences between the two sets of provisions. *3) Connected entities* LAAA 2014 introduces a new concept into the audit regime, "connected entities". Connected entities are bodies that are separate to the relevant authority, but are associated with the authority in such a manner that requires the authority to record financial information relating to the entity in its accounts. The full definition of "connect entities" is set out in paragraph 8 of Schedule 4 LAAA 2014. For the purposes of this Act, an entity ("E") is connected with a relevant authority at any time if E is an entity other than the relevant authority and the relevant authority considers that, in accordance with proper practices in force at that time: ■ the financial transactions, reserves, assets and liabilities of E are to be consolidated into the relevant authority's statement of accounts1 for the financial year in which that time falls; ■ the relevant authority's share of the financial transactions, reserves, assets and liabilities of E is to be consolidated into the relevant authority's statement of accounts for that financial year; or ■ the relevant authority's share of the net assets or net liabilities of E, and of the profit or loss of E, are to be brought into the relevant authority's statement of accounts for that financial year.	*The Committee need to be aware of the provisions that are in place from 1 April 2015*

Area	Level of Impact	Comments	KPMG perspective
Local Audit and Accountability Act 2014 – provisions affecting auditors' work from 1 April 2015 (continued) Page 40	● **Low**	**3) Connected entities (continued)** Authorities have a number of duties in relation to their connected entities under LAAA 2014 beyond those which are expanded on below: ■ Auditors have a right to access documents (at all reasonable times) relating to connected entities, as well as those relating to the "parent" relevant authority. The auditor can inspect, copy or take away documents. The auditor can also require people who are in possession or are accountable for the document (or have been in the past) to provide the auditor with any information or explanation that may be needed, and can require a meeting with such persons. Where a document is stored electronically, the auditor can require assistance from the relevant person at the connected entity or relevant authority in accessing the document. The connected entity must provide the auditor with such facilities and information as are reasonably required to carry out the audit functions. ■ The right to information and explanation, or to require a meeting, extends in relation to connected entities to: – any persons elected or appointed to an entity; – any employee of the entity; and – an auditor of the accounts of the entity. Many of the provisions on PIRs and written recommendations in Schedule 7 apply to connected entities. Accordingly, auditors must consider whether a PIR should be made on any matter coming to their attention during the audit and relating to the authority and/or a connected entity. Similarly, an auditor may make a written recommendation to a relevant authority relating to a connected entity.	*The Committee need to be aware of the provisions that are in place from 1 April 2015*

Area	Level of Impact	Comments	KPMG perspective
Local Audit and Accountability Act 2014 – provisions affecting auditors' work from 1 April 2015 (continued)	● Low	*4) Power to call for information: exception for legally professionally privileged information* Section 22(12) LAAA 2014 clarifies that the auditor's right to information and documents cannot be used to compel disclosure of legally privileged information. If a person would be entitled to refuse to produce documents in legal proceedings in reliance on the doctrine of legal professional privilege, they are equally entitled to refuse to provide the relevant information or documents to the auditor. This is a notable new provision and auditors will need to bear this in mind in requesting sight of an audited body's own legal advice. Any provision of such will be voluntary and cannot be compelled.	*The Committee need to be aware of the provisions that are in place from 1 April 2015*
NAO report – Local Government New Burdens	● Low	This report from the NAO considers how well central government has applied the New Burdens Doctrine. This sets out how the government would ensure that new requirements that increased local authorities' spending did not lead to excessive council tax increases. The focus of this report is more on central government but includes findings that may also be of interest to local government bodies. The report is available from the NAO website at www.nao.org.uk/report/local-government-new-burdens/	*The Committee may wish to review the report to understand what impact this could have at the local government level*
NAO report – Devolving responsibilities to cities in England: Wave 1 City Deals	● Low	Wave 1 City Deals encouraged cities to develop capacity to manage devolved funding and increased responsibility. The report finds it is too early to tell whether the deals will have any overall impact on growth, and that the government and the cities could have worked together in a more structured way to agree a consistent approach to evaluating the deals' impact. There have been early impacts from some of the individual programmes agreed in the deals. It has, however, taken longer for cities and departments to implement some of the programmes that required more innovative funding or assurance mechanisms. The government has set out its ambition to continue devolving responsibility for local growth to cities and other local places. The report highlights that both the government and local places can learn from the experience of Wave 1 City Deals to manage devolution to local places effectively. The report is available on the NAO website www.nao.org.uk/report/devolving-responsibilities-to-cities-in-england-wave-1-city-deals/	*The Committee may wish to seek assurances how their Authority fit into the emerging City Deals.*

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Area	Level of Impact	Comments	KPMG perspective
NAO report – Care Act first-phase reforms Page 42	● **Low**	The NAO's report examines the first phase of the Department of Health's new approach to adult social care, finding that it has been implemented well, but places new responsibilities on local authorities whose core funding is being significantly reduced. This could result in their having to delay or reduce services in the short term if demand for care exceeds expectations, presenting a risk to VFM which needs to be managed. Key findings within the report include: ■ The *Care Act* will increase demand for assessments and services at a time when local authority provision has been falling and the number of people in need is rising. ■ The Department's innovative joint governance with the sector has provided support to implement this challenging legislation. It has provided guidance materials and will give extra support to local authorities. ■ The Department's tight time frame for the sector to act on final guidance and funding allocations has inhibited local implementation planning in some areas. ■ Despite the challenging timetable, of local authorities with adult social care responsibilities, 99% were confident that they would be able to carry out the Care Act reforms from April 2015. However, it will take longer to change the culture. ■ The Department might have underestimated the demand for assessments and services for carers. ■ The Department has learned from the problems it encountered in modelling the cost of Phase 1 and has improved its approach for Phase 2. ■ There is variation in the extent to which individual councils might have been over or underfunded. ■ A significant proportion of the funding which the Department is providing for the Care Act's new burdens is not new money. The Department assumes that £174 million (40%) of Care Act funding will come through the Better Care Fund, from money previously allocated to clinical commissioning group budgets and existing local authority capital grants. ■ If costs exceed expectations, pressures will fall first on individual local authorities. The Department may not have sufficient information and does not have a contingency fund to avoid impacts on services. The full report is available from the NAO website at www.nao.org.uk/report/care-act-first-phase-reforms/	*The Committee may wish to seek assurances the issues raised in the report are understood and plans in place address the likely impact at their Authority.*

Area	Level of Impact	Comments
Care Act first-phase reforms – local experience of implementation	● **For Information**	This report has been published by the National Audit Office and complements its earlier report on central government's approach to the Care Act first-phase reforms. This further report provides examples from local case study areas which show how different authorities are addressing risks arising from uncertainty in demand from carers and self-funders. The report was published on 3 August and is available from the NAO website at www.nao.org.uk/report/care-act-first-phase-reforms-local-experience-of-implementation/
Proposed changes to business rates and core grant	● **For Information**	The Chancellor of the Exchequer has proposed some radical reforms of local government finance. The proposals are that by the end of the decade, councils will retain all locally raised business rates but will cease to receive core grant from Whitehall. The Chancellor set out the landmark changes in a speech to the Conservative party conference in Manchester, saying it was time to face up to the fact that "the way this country is run is broken". Under the proposals, authorities will be able to keep all the business rates that they collect from local businesses, meaning that power over £26 billion of revenue from business rates will be devolved, he said The uniform national business rate will be abolished, although only to allow all authorities the power to cut rates. Cities that choose to move to systems of combined authorities with directly elected city wide mayors will be able to increase rates for specific major infrastructure projects, up to a cap, likely to be set at 2p on the rate. The system of tariffs and top-ups designed to support areas with lower levels of business activity will be maintained in its present state.

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Appendix

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2015	Issued
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	February 2016	TBC
Interim			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	April 2016	TBC
Substantive procedures			
Report to those charged with governance (ISA 260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	July 2016	TBC
Completion			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	July 2016	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2016	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	October 2016	TBC
Certification of claims and returns			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	December 2016	TBC

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WILTSHIRE COUNCIL   **AGENDA ITEM NO.**

AUDIT COMMITTEE

26 January 2016

INTERNAL AUDIT 2015/16 January THIRD QUARTER UPDATE REPORT

Purpose of the Report

1. This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section for the third quarter of 2015/16. 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 2015/16 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 14 audits carried forward from 2014/15 are complete. A further 49 audits from the 2015-16 plan have commenced, of which 14 have been completed, 14 are at draft report stage and 21 are in progress.

3. Members should note that a significant amount of time in the first two quarters was spent completing the Assurance Mapping exercise. In the third quarter, this work has informed the two pilots undertaken with Public Health and Safeguarding (discussion document stage) currently with officers for consideration. Furthermore, the overall Healthy Organisation Report was submitted to the CLT on 18th January 2016 following feedback received from senior officers.

4. Overall IA concluded as per its assurance definitions at page 9 of the SWAP report at Appendix A of this report that the majority of its findings were of reasonable assurance.

5. From this work no potential very high significant 'corporate' risks have been identified.

6. Since the last update report in October 2015, there have been no audit reviews that afforded partial assurance.

7. Overall, 42 recommendations have been made by IA since the October 2015 update, broken down as follows:

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	Total reported
2014/15 audits	0	15	57	5	0	**77**
2015/16 audits	0	10	32	0	0	**42**
Percentage	0%	21%	75%	4%	0%	**119**

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

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

Proposal

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

Reasons for Proposals

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

Michael Hudson
Associate Director, Finance, S.151 Officer

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

Appendices: A – IA Third Progress Report 2015/16
                      B – IA detailed Audit Plan and monitoring statement 2015/16
                      C – Significant Corporate Risks
                      D – Summary of audits deemed 'Partial / No' assurance
                      E – Recommendations Outstanding
                      F – Business Continuity Position Statement

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Wiltshire Council

Report of Internal Audit Activity Quarter Three - 2015/16

January 2016

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

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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.

Summary

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

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

Audit Opinion

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

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.

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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, the Audit Committee and External Auditors. 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.

Financial Key Control Audits are undertaken in quarter three of each year and all nine of these are currently well underway to support the work of Council's External Auditor in their assessment of the Council's financial control environment. We have nearly completed our school financial health check programme, though one school have deferred their visit until February 2016.

As part of the Healthy Organisation Programme, we have received feedback from senior officers regarding our assessment of the Council against eight key lines of enquiry (or themes) that included: Corporate Governance; Financial Management; Risk Management; Performance Management; Commissioning and Procurement; Programme & Project Management; Information Management; and finally, People and Asset Management. This report was submitted to the CLT on 18th January 2016. Once agreed, we will finalise our Improvement Plan to inform future audit work. This programme has also informed the pilot audit work currently underway including: Public Health, Safeguarding Children & Young Adults (discussion paper with senior officers), Highways and finally, Economic Development. The outcomes of the Safeguarding pilot will be fed back to the next Committee meeting.

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.

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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 42 recommendations raised since our last update with 76% being lower priority 3, 2 or 1."

"There have 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 2015/16 and any remaining work from the 2014/15 plan. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

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

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a 'Partial Assurance Opinion' have been summarised in Appendix D. There have been no such audits reported this quarter.

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. There are no significant risks to report this quarter.

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

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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.

Work of particular note this quarter includes:

1. **General Key Controls –** At our meeting with the External Auditor in November 2015, it was agreed that they would commence their assurance work during February 2016. All audits supporting this undertaking are now in progress: Accounts Payable; Accounts Receivable; Council Tax; General Ledger and Financial Accounting; Housing Rents; Housing and Council Tax Benefits; Payroll; Pensions; and, Treasury Management.
2. **School Audit Programme –** There were nine schools earmarked for financial health visits. In the past quarter we have undertaken eight school visits, with three audits completed and five at draft status. These are scheduled to be finalised in the coming weeks. The remaining school visit was deferred at the request of the school concerned. This visit will be undertaken later in February 2016.
3. **Non Opinion work – Business Continuity Plan (BCP) -** We met with officers responsible for organising the development of the Council's BCP and were invited to observe a test exercise, our findings are reported in Appendix F. We are pleased to report that good progress is being made.
4. **Non opinion work – Homes Community Agency (HCA) Grant –** We reviewed the Council's submission which took place in November 2015.

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Summary of Control Assurance and Recommendations

Control Assurance by Category
(including 14/15 work completed in year)

Non Opinion 30%

Partial 7%

Reasonable 30%

Substantial 3%

Grant Work 30%
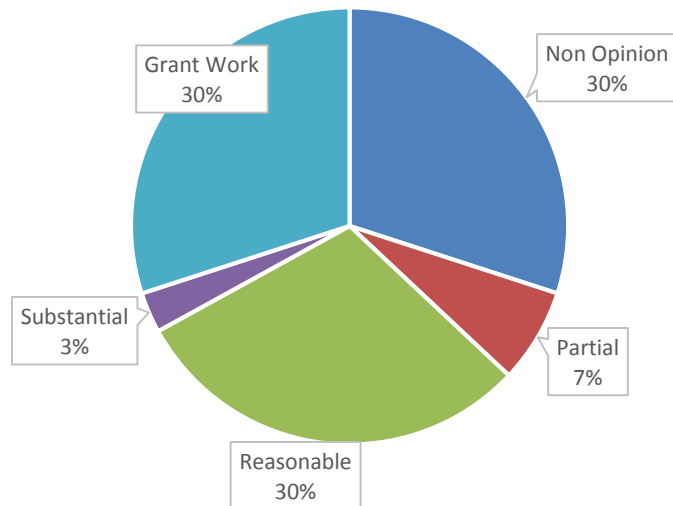
Audit Recommendations by Priority

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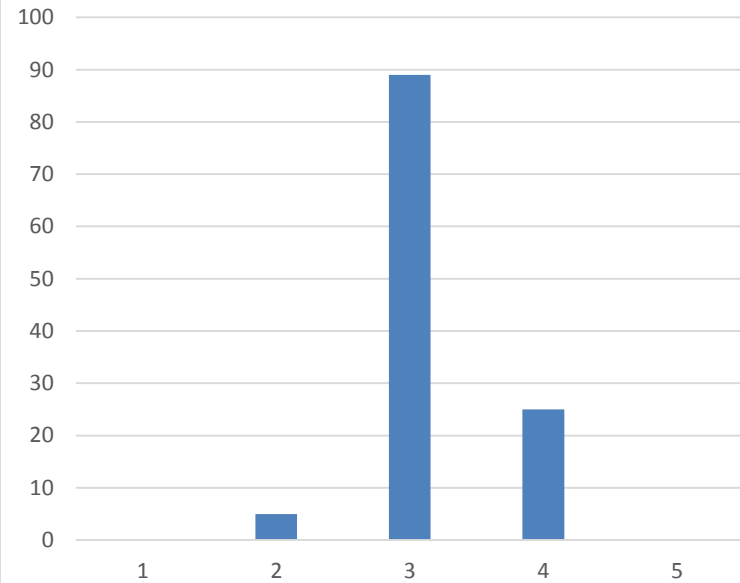
Summary of Internal Audit Work to date

Fourteen audit assignments from the 2015/16 plan have been completed, an analysis of assurances given and recommendations made is provided above.   Fourteen audit assignments from the 2015/16 plan are currently at draft report status with twenty one in progress.

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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 14 Councils and also many subsidiary bodies.

SWAP performance is subject to regular monitoring review by both the Board and the Members Meeting. The respective performance results for Wiltshire Council for the 2015/16 year so far are as follows;

Performance Target	Average Performance
Audit Plan – Percentage Progress 15/16 Percentage completion - 90% or more	95%
Draft Reports Issued within 5 working days Issued within 10 working days	68% 77%
Final Reports Issued within 10 working days of discussion of draft report.	50%
Quality of Audit Work Customer Satisfaction Questionnaire	66%

SWAP
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Performance:

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

SWAP Performance

At the end of each audit review, a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 85% is set where 75% would represent a score of good.

The current accumulative feedback for Wiltshire Council is 66%. This shows little improvement on the previous figure of 65% which in turn was a significant drop from that previously reported of 83%. This latter drop was due to confusion surrounding the consolidation of nine financial key control reports into a single report. We have reviewed our arrangements to ensure that the appropriate officers are targeted for future feedback. Furthermore, we have not had the opportunity to improve this situation in the past quarter as we have been heavily engaged in the Healthy Organisation programme of work (from which we have not yet received formal feedback) as yet as well as non-opinion grant work.

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.

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 2015-16

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

During the first 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 2015/16 year covers review activity in the following area:

- Repair & Renew Grant Certification;
- Growth Hub Scheme (Phase 6 & 7) Certification;
- Local Authority Bus Subsidy Ring Fence Scheme Certification;
- Carbon Reduction Commitment Scheme;
- Potholes Fund Certification;
- Ring Fenced Public Health Grant Certification;
- MTMC Payments (Special Investigation);
- Homes Community Agency (HCA) Compliance;
- Imprest Account Spot Check;
- Insurance Coverage Review (e.g. H&S proactive monitoring remote sites);
- Business Continuity Plan (BCP) Position Statement, please see Appendix F.

With the exception of HCA compliance work, there is nothing significant to note with the above. The HCA work represented a significant undertaking and there were difficulties in collating all the evidence required to enable our accountant to certify this work on the Council's behalf. It has been agreed that we will undertake a review of the Council's current HCA arrangements to identify where these could be improved to better support this work going forward.

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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.

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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.

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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.

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				
													5	4	3	2	1
					AUDITS AT FINAL/COMPLETED DURING 2015-16 (STATUS GREEN)												
1	*Council property	Maintenance of council property	Special Investigation	Investigation into Contract Payments	April 2015	Completed	Non Opinion	15/06/2015	09/06/2015	29/06/2015	10/06/2015	0	0	0	0	0	0
2	*Council property	Property and land management	Grant Certification	CRC Scheme Certification	April 2015	Completed	Grant	10/07/2015	10/07/2015	24/07/2015	04/08/2015	0	0	0	0	0	0
3	*Economic development	Growth Hub	Grant Certification	Growth Hub Grant - Claim 6 & 7	April 2015	Completed	Grant	24/08/2015	20/08/2015	07/09/2015	20/08/2015	0	0	0	0	0	0
4	*Public Health	Public Health	Grant Certification	Ringfenced Public Health Grant	August 2015	Completed	Grant	14/09/2015	29/09/2015	28/09/2015	29/09/2015	0	0	0	0	0	0
5	*Transport and infrastructure	Highway development control	Grant Certification	Repair & Renew Grant Certification	July 2015	Completed	Grant	07/08/2015	07/08/2015	10/08/2015	10/08/2015	0	0	0	0	0	0
6	*Transport and infrastructure	Public transport	Grant Certification	Local Authority Bus Subsidy	August 2015	Completed	Grant	14/09/2015	23/09/2015	28/09/2015	29/09/2015	0	0	0	0	0	0
7	*Transport and infrastructure	Public transport	Grant Certification	Local Transport Settlement	July 2015	Completed	Grant	14/09/2015	14/09/2015	28/09/2015	29/09/2015	0	0	0	0	0	0
8	*Transport and infrastructure	Road maintenance	Grant Certification	Pothole Fund	July 2015	Completed	Grant	14/09/2015	17/09/2015	27/09/2015	29/09/2015	0	0	0	0	0	0
9	Children's Commissioning & Performance	Safeguarding (Child Protection)	Operational	Safeguarding	2014/15	Completed	Partial	31/03/2015	12/05/2015	14/04/2015	07/07/2015	6	0	2	4	0	0
10	Schools - Primary (incl First, Infant & Junior)	Hilperton CofE Voluntary Controlled Primary School	School	Hilperton CofE Voluntary Controlled Primary School	October 2015	Completed	Reasonable	20/10/2015	30/10/2015	03/11/2015	14/12/2015	16	0	5	11	0	0
11	Schools - Primary (incl First, Infant & Junior)	Hindon CofE Voluntary Aided Primary School - St Mary's & St John's	School	Hindon CofE Voluntary Aided Primary School, St Mary's & St John's	October 2015	Completed	Reasonable	03/11/2015	10/11/2015	17/11/2015	14/12/2015	11	0	0	11	0	0
12	Children's Commissioning & Performance	Troubled Families	Grant Certification	Troubled Families Phase 1 14/15	2014/15	Completed	Non Opinion	25/03/2015	30/04/2015	07/04/2015	30/06/2015	0	0	0	0	0	0
13	Core Cross-Cutting	Corporate Governance	Governance, Fraud & Corruption	Risk and Performance Management	2014/15	Completed	Reasonable	23/12/2014	29/05/2015	11/06/2015	18/06/2015	8	0	1	7	0	0
14	Economic Development & Planning	Development Control	Operational	S.106 monies/Community Infrastructure Levy (CIL)	2014/15	Completed	Substantial	23/09/2014	27/05/2015	11/06/2015	09/07/2015	2	0	0	1	1	0
15	Finance	Imprests	Operational	Unannounced imprest sites visits	2014/15	Completed	Non Opinion	19/06/2015	04/06/2015	30/06/2015	01/07/2015	0	0	0	0	0	0
16	*Finance	Financial transactions management	Operational	Imprest Monitoring (Salisbury)	Oct-15	Completed	Non Opinion	21/10/2015	21/10/2015	23/10/2015	23/10/2015	0	0	0	0	0	0
17	Finance	Key Financial Controls	Key Control	Key Financial Controls	2014/15	Completed	Reasonable	04/02/2015	20/01/2015	18/02/2015	12/06/2015	28	0	5	19	4	0
18	Finance	Trust Funds	Operational	Trust Funds Administration	2014/15	Completed	Reasonable	16/06/2015	07/07/2015	28/06/2015	07/07/2015	0	0	0	0	0	0
19	Schools - Primary (incl First, Infant & Junior)	Dinton CofE Primary School	School	Dinton CofE Primary School	October 2015	Completed	Reasonable	17/11/2015	16/11/2015	01/12/2015	14/12/2015	10	0	0	10	0	0
20	Finance	VAT	Operational	Payment & recovery of VAT	2014/15	Completed	Reasonable	06/06/2015	06/07/2015	20/06/2015	10/08/2015	12	0	1	11	0	0
21	Information Services	IT Infrastructure	ICT	WUC_Corporate ICT Processes	2014/15	Completed	Reasonable	25/05/2015	16/07/2015	08/06/2015	04/08/2015	4	0	0	4	0	0

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				
													5	4	3	2	1
22	People & Business Services	Economic Development	Special Investigation	LEP	2014/15	Completed	Partial	14/04/2015	30/06/2015	28/04/2015	03/08/2015	17	0	6	11	0	0
23	Schools & Learning	Themed Reviews (Contingency)	Non Opinion	Business Continuity Arrangements	2014/15	Completed	Non Opinion	29/06/2015	16/07/2015	17/07/2015	16/07/2015	0	0	0	0	0	0
24	*Finance	Accounts and audit	Grant Certification	HCA Compliance	April 2015	Completed	Non Opinion	N/A	N/A	22/11/2015	22/11/2015	0	0	0	0	0	0
25	Schools & Learning	Themed Reviews (Contingency)	Non Opinion	Prevention of Fraud	2014/15	Completed	Non Opinion	17/07/2015	17/07/2015	31/07/2015	24/07/2015	0	0	0	0	0	0
26	*Council property	Maintenance of council property	Special Investigation	Investigation into Contract Payments - Continuation	July 2015	Completed	Non Opinion	14/09/2015	28/09/2015	28/09/2015	19/10/2015	5	0	5	0	0	0
27	Transformation	Programme Office	Advice	SIBS Project	2014/15	Completed	Advice	N/A	N/A	N/A	N/A	0	0	0	0	0	0
28	Transformation	Programme Office	Non Opinion	Wilts on line project	2014/15	Completed	Non Opinion	14/06/2015	14/07/2015	28/06/2015	14/07/2015	0	0	0	0	0	0
							TOTAL RECOMMENDATIONS MADE					119	0	25	89	5	0
				2015/16 AUDITS AT DRAFT (STATUS GREEN)													
29	*Healthy Organisation	Audit Area	Healthy Organisation	Commissioning and Procurement	April 2015	Draft		31/09/2015	01/10/2015	01/11/2015		0	0	0	0	0	0
30	*Healthy Organisation	Audit Area	Healthy Organisation	Corporate Governance	April 2015	Draft		31/09/2015	01/10/2015	01/11/2015		0	0	0	0	0	0
31	*Healthy Organisation	Audit Area	Healthy Organisation	Financial Management	April 2015	Draft		31/09/2015	01/10/2015	01/11/2015		0	0	0	0	0	0
32	Schools - Primary (incl First, Infant & Junior)	Grove Primary School	School	Grove Primary School	October 2015	Draft		17/12/2015	18/12/2015	31/12/2015		0	0	0	0	0	0
33	*Healthy Organisation	Audit Area	Healthy Organisation	Information Management	April 2015	Draft		31/09/2015	01/10/2015	01/11/2015		0	0	0	0	0	0
34	*Healthy Organisation	Audit Area	Healthy Organisation	People and Asset Management	April 2015	Draft		31/09/2015	01/10/2015	01/11/2015		0	0	0	0	0	0
35	*Health and safety	Monitoring	Operational	Proactive Monitoring for Health & Safety Hazards	July 2015	Draft		10/11/2015	11/12/2015	24/11/2015		0	0	0	0	0	0
36	*Healthy Organisation	Audit Area	Healthy Organisation	Performance Management	April 2015	Draft		31/09/2015	01/10/2015	01/11/2015		0	0	0	0	0	0
37	*Healthy Organisation	Audit Area	Healthy Organisation	Programme and Project Management	April 2015	Draft		31/09/2015	01/10/2015	01/11/2015		0	0	0	0	0	0
38	*Healthy Organisation	Audit Area	Healthy Organisation	Risk Management	April 2015	Draft		31/09/2015	01/10/2015	01/11/2015		0	0	0	0	0	0
39	Schools - Primary (incl First, Infant & Junior)	St Nicholas CofE Primary School, Porton	School	St Nicholas CofE Primary School, Porton	October 2015	Draft		30/10/2015	17/12/2015	13/11/2015		0	0	0	0	0	0
40	Schools - Secondary (incl Upper)	Abbeyfield School	School	Abbeyfield School	October 2015	Draft		15/10/2015	23/10/2015	29/10/2015		0	0	0	0	0	0
41	Schools - Primary (incl First, Infant & Junior)	Lacock CofE Primary School	School	Lacock CofE Primary School	October 2015	Draft		24/12/2015	14/01/2015	07/01/2015		0	0	0	0	0	0

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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				
													5	4	3	2	1
2015/16 PROJECTS CURRENTLY IN PROGRESS - ISSUES TO REPORT (STATUS AMBER)																
42	*Public Health	Public Health	Healthy Organisation	Public Health - Combined Assurance - Healthy Organisation	April 2015	Draft		07/07/2015	13/01/2016	21/07/2015		This review was delayed due to some short term resourcing issues within SWAP. This was predominantly as a result of the restructure but also due to staff sickness and unexpected special investigations and grant work.					
2015/16 PROJECTS CURRENTLY IN PROGRESS - NO ISSUES TO REPORT (STATUS GREEN)																
43	*Children and families services	Child protection	Healthy Organisation	Combined Assurance - Childrens Safeguarding	April 2015	Discussion Paper		30/11/2015		14/12/2015							
44	*Healthy Organisation	Audit Area	Healthy Organisation	Assurance Mapping	April 2015	In Progress		ONGOING WORK									
45	Client Support	Committee Reporting & Attendance	Advice	Committee reporting & Attendance	April 2015	In Progress		ALL YEAR									
46	*Economic development	Healthy Organisation - Economic Development and Development Control	Healthy Organisation	Economic Development Healthy Organisation Review	Jan-16	In Progress		08/03/2016		22/03/2016							
47	*Finance	General Ledger / Main Accounting	Key Control	GL and Financial Accounting	July 2015	In Progress		10/02/2016		24/02/2016							
48	*Finance	Local taxation	Key Control	Council Tax	July 2015	In Progress		10/02/2016		24/02/2016							
49	*Finance	Local taxation	Key Control	Housing and Council Tax Benefits	July 2015	In Progress		10/02/2016		24/02/2016							
50	*Finance	Payroll and pensions	Key Control	Payroll	July 2015	In Progress		10/02/2016		24/02/2016							
51	*Finance	Payroll and pensions	Key Control	Pensions	October 2015	In Progress		10/02/2016		24/02/2016							
52	*Finance	Accounts Payable	Key Control	Accounts Payable	July 2015	In Progress		10/02/2016		24/02/2016							
53	*Finance	Accounts Receivable	Key Control	Accounts Receivable	July 2015	In Progress		10/02/2016		24/02/2016							
54	*Finance	Housing Rents	Key Control	Housing Rents	July 2015	In Progress		10/02/2016		24/02/2016							
55	*Finance	Treasury Management	Key Control	Treasury Management	July 2015	In Progress		10/02/2016		24/02/2016							
56	Client Support	Corporate Advice	Advice	Corporate Advice	April 2015	In Progress		ALL YEAR									
57	ICT Infrastructure	Information and Communication Technology	Operational	Business Continuity Planning (BCP) & Disaster Recovery - *ongoing assurance of BCP under development.*	October 2015	In Progress		ALL YEAR									
58	*Information and communication technology	ICT Key Controls	ICT	SAP Data Integrity Checks - *development of data analysis routines to support Council audits (key controls, operational reviews, special investigations)*	July 2015	In Progress		ALL YEAR									
59	*Children and families services	School Support & Advice	School	Schools Support & Advice	April 2015	In Progress		ALL YEAR									

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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				
													5	4	3	2	1
60	*Children and families services	School Support & Advice	School	SFVS Compliance (Quarterly reporting)	April 2015	In Progress			ALL YEAR								
61	Client Support	External Audit	Advice	External Audit	April 2015	In Progress			ALL YEAR								
62	Client Support	Planning/Client Liaison	Advice	Planning/Client Liaison	April 2015	In Progress			ALL YEAR								
63	*Transport and infrastructure	Healthy Organisation	Healthy Organisation	Highways Healthy Organisation Review	Nov-15	In Progress		26/01/2016		09/02/2016							
				2015/16 AUDITS PLANNED BUT NOT YET STARTED (STATUS GREEN)													
64	*Children and families services	School Themed Reviews (Contingency)	School	Contingency (theme to be selected)	January 2016	Created											
65	*Children and families services	School Themed Reviews (Contingency)	School	Governors Minutes	January 2016	Created											
66	*Children and families services	Schools Special Investigation & Contingency	School	Schools Visits Contingency	April 2015	Created			ALL YEAR								
67	ICT Infrastructure	Information and Communication Technology	Operational	Datacentres	October 2015	Created											
68	*Information and communication technology	Strategy and Governance	Governance, Fraud & Corruption	ICT Healthcheck	July 2015	Created											
				2015/16 AUDITS AT DEFERRED OR REMOVED (STATUS GREEN)													
69	Schools - Primary (incl First, Infant & Junior)	Purton St Mary's CofE Primary School	School	Purton St Mary's CofE Primary School	October 2015	Deferred							School visit deferred at request of client until 2016/2017.				
70	Wiltshire Council	Schools - Primary (incl First, Infant & Junior)	School	Westwood with Iford School	October 2015	Deferred							School visit deferred at request of client until February 2016.				
71	Schools - Primary (incl First, Infant & Junior)	Durrington CofE Voluntary Controlled Infants School	Deferred/Removed	Durrington All Saints CofE Voluntary Controlled Infants School	October 2015	Removed							School became an academy in November 2015 and audit cancelled by the school.				
	Wiltshire Council	Transformation	Non Opinon	Programme Office - SIBS Project	Jul-15	Removed							Work was initalliy requested by the client but subsequently cancellled when client did not respond.				
	*Finance	Imprest Account	Operational	Imprest Account	Jul-15	Removed							Audit removed - duplication of work completed above.				
	*Finance	CIVICA Cash Receioting	Key Control	CIVICA Cash Receioting	Oct-15	Removed							This audit is being undertaken by KPMG to avoid unnecessary duplication of Internal audit work. Reorted at last Committee.				
58	*Finance	Capital Accounting/ Asset Management	Key Control	Capital Accounting/ Asset Management	October 2015	Removed							Key Control review not in KPMG scope this year.				
59	*Finance	Budgetary Control	Key Control	Budgetary Control	October 2015	Removed							Key Control review not in KPMG scope this year.				

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Schedule of Potential Significant Risks Identified from Internal Audit Work

NEW RISKS IDENTIFIED DURING THE PERIOD 30 September 2015 TO 31st December 2015
There were no significant risks identified from internal audit during this period.

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Summary of Key Points Relating to "Partial Assurance" Reviews

AUDIT TITLE	SIGNIFICANT AUDIT FINDINGS	KEY ACTIONS AGREED BY SERVICE	DATES OF AGREED IMPLEMENTATION	DATE OF PROGRAMMED FOLLOW UP AUDIT
	There were no audits that afforded a partial opinion during this period.			

Assigned to	Final report issue date	Description	Priority	Ref	Target Due Date	Management Comments (January 2016)	Current Position
		Accounts Receivable					
WUC 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 is nearing completion and will be tied into a review of the Financial Regulations due to come to Standards Committee in Autumn 2015.	This will be reviewed as part of key control work currently in progress.
		CIVICA Cash Receipting					
WUC 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	This recommendation is ongoing as PCI Compliance is currently being looked at by the Information Assurance Group.

A PCI compliant Information Security Policy document is in draft, but it has not as yet been personalised and issued within Wiltshire.

It is understood that the Council is preparing a new suite of information security policies but approval is pending the publication of the ICO audit undertaken in March 2015. In the meanwhile, the information assurance team is nearing completion of user security training which comenced in 2014 and has targetted all Council staff. | This will be reviewed as part of the IT Health Check. |
		Contract Clauses					
WUC 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	In progress and will be presented to Cabinet in October 2015	Procurement and Contract rules will be subject to review as part of the action plan for restructuring the strategic procurment hub.
		Court of Protection					
WUC Head of Safeguarding & Quality Assurance	15/12/2014	I recommend that all COP forms should be reviewed to ensure that they have been appropriately completed to avoid delays to obtain court orders.	3	26021	31/12/2014	All future applications will be checked by the Court of Protection Team Manager. Delegation of the Deputyship responsibilities are currently being investigated	Will be reviewed as part of the follow up for Partial Assurance Audits.
WUC Head of Safeguarding & Quality Assurance	15/12/2014	I recommend that a more suitable process for electronic filing and filing conventions should be established for the individual clients.	3	26024	01/06/2015	We are currently looking at ways to progress the scanning process as a matter of urgency.	Will be reviewed as part of the follow up for Partial Assurance Audits.
WUC Associate Director – Adult Care Commissioning & Housing	15/12/2014	I recommend that all transaction have the appropriate documentation so that evidence of expenditure is maintained. Particular attention should be paid to Internet Banking transactions. A receipt of payment should be retained so that justification for expenditure is available.	3	26077	01/12/2015	This issue will be resolved once scanning is in place.	Future target date.
WUC Associate Director – Adult Care Commissioning & Housing	15/12/2014	I recommend that further legal advice should be sought before the procedures have gone through the formal approval stages.	4	26160	15/12/2014	This concern has been noted and legal approval has been sought. This concern has been removed from the draft policies and procedures.	Will be reviewed as part of the follow up for Partial Assurance Audits.
WUC Associate Director – Adult Care Commissioning & Housing	15/12/2014	I recommend that all client annual visits are appropriately arranged where applicable, where no visits are required then a note should be placed on the system.	3	26161	01/03/2015	This is due to the limitations of the system, the information was recorded but in the notes section, enquiries will be made to see if the visit section of the database can be modified to include this information.	Will be reviewed as part of the follow up for Partial Assurance Audits.
WUC Associate Director – Adult Care Commissioning & Housing	15/12/2014	I recommend that all evidence regarding client's assets including deceased clients should be appropriately evidenced and documented on all the various systems used by the Court of Protection Team.	4	26162	01/03/2015	This area is covered in the new policies and procedures which is shortly to be submitted for approval	Will be reviewed as part of the follow up for Partial Assurance Audits.
WUC Head of Service	15/12/2014	I recommend that bank accounts details for deceased clients are not removed from the system, in compliance with the financial retention policy. In the event a trustee account has not been opened this should be investigated for accuracy.	3	26567	15/12/2014	This issue has now been resolved and will be implemented on next update in Nov.	Future target date.
		Disclosure and Barring Service					
WUC Associate Director – Children's Social Care	30/06/2015	I recommend that the DBS certificate number is entered in the SEND central record as it is with the other central records.	3	25834	30/06/2015	Ongoing. None received by date report was issued. To be reviewed as part of assurance mapping exercise.	Audit has subsequently met with the new Head of Service who has undertaken a full review of procedures adopted by service teams. As a result, this has been requested as an area of further audit review as part of the future audit plan to assist the service in seeking further improvement.
WUC Associate Director – Children's Social Care	30/06/2015	I recommend that where the DBS central record is sent in its complete form to managers that it is accompanied by a reminder to advise managers that the information is to be restricted to only those who need to have access to it.	3	25835	30/06/2015	Ongoing. None received by date report was issued. To be reviewed as part of assurance mapping exercise.	
WUC Associate Director – Children's Social Care	30/06/2015	I recommend that all details confirming the DBS certificate has been checked are entered on the central record promptly to ensure the record is current.	3	25836	30/06/2015	Ongoing. None received by date report was issued. To be reviewed as part of assurance mapping exercise.	
WUC Associate Director – Children's Social Care	30/06/2015	I recommend that Operational Children's Services discuss with HR about generating SAP reports for monitoring 'organisations' and use these to periodically check the central record is complete and accurate.	3	25837	30/06/2015	Ongoing. None received by date report was issued. To be reviewed as part of assurance mapping exercise.	

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Assigned to	Final report issue date	Description	Priority	Ref	Target Due Date	Management Comments (January 2016)	Current Position
		Employment Tracking					
WUC Service Director - Human Resources & Organisational Development (Head of Paid Service)	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	Head of Strategic Procurement is checking with Finance (as at 09.06.15) to see if accounting code information has been supplied to managers to allow them to apply the appropriate general ledger cost code when authorising payments to agency workers, interim workers and consultants.	Awaiting management comments.
		Payment and Recovery of VAT					
WUC Chief Accountant	10/08/2015	I recommend that the VAT Manual and the School VAT Manual should be reviewed to ensure they are up to date and include all appropriate instructions and guidance within the context of current working arrangements and VAT developments.	3	28690	31/12/2015	I recommend that the VAT Manual and the School VAT Manual should be reviewed to ensure they are up to date and include all appropriate instructions and guidance within the context of current working arrangements and VAT developments.	Awaiting management comments.
WUC Chief Accountant	10/08/2015	I recommend the Council's VAT Manual is made available on the Wire.	3	28691	31/12/2015	I recommend the Council's VAT Manual is made available on the Wire.	Awaiting management comments.
WUC Chief Accountant	10/08/2015	I recommend that the VAT Manual is amended to include: • clear instructions about the necessity to raise invoices within two months of supply; and • the treatment of miscellaneous/non-invoiced income.	3	28981	31/12/2015	I recommend that the VAT Manual is amended to include: • clear instructions about the necessity to raise invoices within two months of supply; and • the treatment of miscellaneous/non-invoiced income.	Awaiting management comments.
WUC Head of Revenues & Benefits	10/08/2015	I recommend that invoices include the date of supply to show that they are raised within 2 months of supply.	3	28982	31/12/2015	I recommend that invoices include the date of supply to show that they are raised within 2 months of supply.	Awaiting management comments.
WUC Chief Accountant	10/08/2015	I recommend that the level of input tax is monitored during the financial year, at least at the six month point, to ensure it is not likely to exceed the 5% de minimus level. This should allow time to take action to keep within the 5% partial exemption level.	3	29266	10/08/2015	I recommend that the level of input tax is monitored during the financial year, at least at the six month point, to ensure it is not likely to exceed the 5% de minimus level. This should allow time to take action to keep within the 5% partial exemption level.	Awaiting management comments.
WUC Chief Accountant	10/08/2015	I recommend, to ensure the correct VAT code is applied to Purchase Card payments: • The card holder should always complete the VAT code column on the Purchase Card Reimbursement form to advise Accounts Payable. • When the Accounts Payable officer applies a VAT code in SAP that is different to the code stated on the Purchase Card Reimbursement by the card holder they should annotate the reason for this on the form. • Accounts Payable officers should refer to the council's VAT guidance when inputting the VAT code against payments in SAP.	3	29317	31/12/2015	I recommend, to ensure the correct VAT code is applied to Purchase Card payments: • The card holder should always complete the VAT code column on the Purchase Card Reimbursement form to advise Accounts Payable. • When the Accounts Payable officer applies a VAT code in SAP that is different to the code stated on the Purchase Card Reimbursement by the card holder they should annotate the reason for this on the form. • Accounts Payable officers should refer to the council's VAT guidance when inputting the VAT code against payments in SAP.	Awaiting management comments.
WUC Chief Accountant	10/08/2015	I recommend that appropriate authorisation is carried out and recorded for the completion of VAT returns before submission to the HMRC to ensure there is a clear line responsibility. Also, separation of duties should be built into the system of preparing and completing the VAT returns to ensure accuracy and provide business continuity.	4	29319	31/08/2015	I recommend that appropriate authorisation is carried out and recorded for the completion of VAT returns before submission to the HMRC to ensure there is a clear line responsibility. Also, separation of duties should be built into the system of preparing and completing the VAT returns to ensure accuracy and provide business continuity.	Awaiting management comments.
WUC Chief Accountant	10/08/2015	I recommend that guidance on the VAT treatment of credit notes includes the requirements for a complete audit trail between credit notes and originating invoices by: • recording the original invoice reference or transaction number in SAP that a credit note amount relates to; and • including the reason for the credit in SAP.	3	29320	30/11/2015	I recommend that guidance on the VAT treatment of credit notes includes the requirements for a complete audit trail between credit notes and originating invoices by: • recording the original invoice reference or transaction number in SAP that a credit note amount relates to; and • including the reason for the credit in SAP.	Awaiting management comments.
WUC Chief Accountant	10/08/2015	I recommend that the VAT Return Procedure Notes should be brought up to date and extended to cover how the VAT Returns should be compiled, checked/reviewed, and submitted to HMRC to ensure a consistent approach is applied and a separation of duties and authorisation is recorded. The procedure notes should also be dated to show they describe the intended current practice.	3	29399	10/08/2015	I recommend that the VAT Return Procedure Notes should be brought up to date and extended to cover how the VAT Returns should be compiled, checked/reviewed, and submitted to HMRC to ensure a consistent approach is applied and a separation of duties and authorisation is recorded. The procedure notes should also be dated to show they describe the intended current practice.	Awaiting management comments.
WUC Chief Accountant	10/08/2015	I recommend that invoices for sports hire should explicitly demonstrate that a customer has pre-booked at least 10 sessions in advance to support any exemption from VAT.	3	29403	30/09/2015	I recommend that invoices for sports hire should explicitly demonstrate that a customer has pre-booked at least 10 sessions in advance to support any exemption from VAT.	Awaiting management comments.
WUC Head of Revenues & Benefits	10/08/2015	I recommend that invoices raised by the Council meet HMRC requirements as regards showing total amounts excluding VAT and total amount of VAT applied, and automated feeds should be adjusted to allow for this. Also the Council's trading address would be more prominent and helpful to debtors if it were to be displayed on the front page of the invoice.	3	29404	30/09/2015	I recommend that invoices raised by the Council meet HMRC requirements as regards showing total amounts excluding VAT and total amount of VAT applied, and automated feeds should be adjusted to allow for this. Also the Council's trading address would be more prominent and helpful to debtors if it were to be displayed on the front page of the invoice.	Awaiting management comments.
WUC Chief Accountant	10/08/2015	I recommend business continuity arrangements are put in place to ensure someone else is able to disclose errors to HMRC discovered on previous returns in the absence of the Business Analyst - Cash & Treasury.	3	29407	31/08/2015	I recommend business continuity arrangements are put in place to ensure someone else is able to disclose errors to HMRC discovered on previous returns in the absence of the Business Analyst - Cash & Treasury.	Awaiting management comments.

Assigned to	Final report issue date	Description	Priority	Ref	Target Due Date	Management Comments (January 2016)	Current Position
		Residential Parking Permits					
WUC Head of Local Highway & Street Scene	02/10/2014	I recommend that regular review of the number of permits issued in relation to the number of spaces is carried out to determine whether subscription levels remain appropriate.	3	26399	31/03/2015	in progress completion date September. Implementation date updated to 30.09.2015	The Head of Service has subsequently left the authority. Follow up review will be undertaken by the next audit committee once the new officer is in post to determine current progress.
WUC Head of Local Highway & Street Scene	02/10/2014	I recommend that a tolerance level for the subscription of permits per zone be documented with proactive plans put in place both to prevent these levels being breached and in the event of a breach.	3	26400	31/03/2015	in progress completion date September. Implementation date updated to 30.09.2015	
		Risk and Performance Management					
WUC Head of Risk & Assurance	18/06/2015	I recomend that a more extensive benchmarking exercise is carried out for risk management which could be undertaken with an external assessment body such as CIPFA or through working with the South West ALARM group.	3	27397	31/10/2015	Informal benchmarking through the South West's ALARM summary matrix has already been undertaken in the development of the strategic risk register. More detailed comparison of our risks - as well as the underlying action planning - through the South West ALARM group is planned over the course of the summer 2015.	The Head of Risk and Assurance has subsequently left the authority. However, risk and performance management have been subject to corporate Healthy Organisation review which has concluded new arrangements are being embedded across the authority. A number of key oustanding areas for improvement have been identified which will inform future audit scope.
WUC Head of Risk & Assurance	18/06/2015	I recommend that more work is undertaken to identify and update improvement action plans for Corporate and Service Risks maintained on the registers in SharePoint.	4	27994	31/10/2015	As per recommendation 1.2a above, work is ongoing by the central team to support service areas to develop risk action plans based those forthcoming from service plans. This will result in more consistent action plans being developed against risks and the monitoring of actions and updates within them.	
WUC Head of Risk & Assurance	18/06/2015	I recommend that due to the reliance placed on ICT across the organisation ICT is a business critical service area and, if the Operational Performance and Risk Management Group is to continue in its current format, a representative from ICT should attend the OPRM Group meetings and become more engaged in the process with Corporate Support.	3	28704	31/12/2015	Members of the OPRM group act as conduits and 'risk champions' within each of their respective directorates. ICT is therefore represented within the broader directorate within which it resides. The current strategic risk register does not identify ICT system failure as a significant organisational risk at this time, although emerging, potential strategic risks will continue to be monitored through service-level risk registers. The membership of the OPRM group will continue to be reviewed on an ongoing basis.	
WUC Head of Risk & Assurance	18/06/2015	I recommend that, due to there being limited evidence of challenge made by the OPRM Group members in relation to the content and scoring of the service and strategic risk registers, Corporate Support should provide assurance that quality issues are being addressed by working with individual service areas outside of the OPRM group meetings.	3	28705	31/10/2015	The premise of the operational group is the broader perspective of informing composite risks and identifying emerging / receding risks, rather than to necessarily challenge service areas in an 'open forum'. As per recommendation 1.2a above, Corporate Support continue to work with service areas in developing their risk registers and approaches to risk management on an individual basis outside of the more formal OPRM group meetings.	
WUC Head of Risk & Assurance	18/06/2015	I recommend that the standard of completion for service Risk Action Plans on Sharepoint should be improved and more closely reviewed by Corporate Support staff to ensure better consistency.	3	28732	31/10/2015	Work is ongoing by the central team to support individual service areas to develop risk action plans underpinning risks identified through the service planning process.	
WUC Head of Risk & Assurance	18/06/2015	I recommend that a process should be developed for agreeing and assigning mitigating actions/responsibility for cross-cutting organisational risks.	3	28733	31/10/2015	We have developed and are currently rolling out a process for capturing updates to cross-cutting risks as 'composite risks'. These are now included in the March edition of the Strategic Risk Register. This approach will continue to be refined and developed over the course of the year.	
WUC Head of Risk & Assurance	18/06/2015	I recommend that Corporate Support introduce further quality checking to ensure that the correct period performance figures are reported from SharePoint when compiling the quarterly Outturn reports.	3	28809	31/07/2015	It is recognised that the audit was undertaken at a time when we were moving away from SharePoint for collating performance outturns, to a simpler, more streamlined means of gathering data in an expedient manner. Data quality checks ensured that accurate data was only subsequently published. The team will continue to develop data quality checks to ensure that accurate and timely data is reported.	
WUC Head of Risk & Assurance	18/06/2015	I recommend that Corporate Support should work with the services to ensure that performance data being reported is shown consistently between all information sources.	3	28810	31/07/2015	As above, it is recognised that the audit was undertaken at a time when we were moving to a simpler, more streamlined means of collating performance data and populating the performance outturn report. As such, there were some misnomers between what was collated and reported in the outturn report and what was captured through SharePoint. Corporate Support are continuing to work on this to ensure a more consistent and simpler process for data capture and reporting for 2015/16.	
		Safeguarding (Adults)					
WUC Corporate Director - Statutory role of Director of Adult Social Services	30/10/2014	I recommend that all fields within CareFirst are completed with use of NA where necessary to provide assurance that all questions and fields have been considered	3	27213	31/01/2015	I recommend that all fields within CareFirst are completed with use of NA where necessary to provide assurance that all questions and fields have been considered	Awaiting management comments.
WUC Corporate Director - Statutory role of Director of Adult Social Services	30/10/2014	I recommend that Team Managers assign Investigating Officers and Managers at the earliest opportunity, with action being carried out by those assigned as soon as possible	3	27216	31/05/2015	I recommend that Team Managers assign Investigating Officers and Managers at the earliest opportunity, with action being carried out by those assigned as soon as possible	Awaiting management comments.

Assigned to	Final report issue date	Description	Priority	Ref	Target Due Date	Management Comments (January 2016)	Current Position
		Safeguarding (Child Protection)					
WUC Head of Safeguarding & Quality	07/07/2015	I recommend that reviews clearly make reference to the CP plan in use at the Core Group meetings.	4	28419	31/12/2015	Future implementation date.	The service has been subject to Healthy Organisation review which has concluded that Ofsted actively seek assurance regarding social work practice. Thus, unless future review is specifically requested, no further follow up review will be undertaken.
WUC Head of Safeguarding & Quality	07/07/2015	I recommend that the S47 enquiry should feed into the single assessment meeting as a matter of course so that all matters have been considered and combined recommended actions are taken forward as demonstrated in the CP social care report for the CP conference. Where it is not progressed to CP then the relevant CiN plan should reflect outcomes from both the single assessment and S47 enquiry.	3	28420	31-Dec-15	Future implementation date.	
WUC Head of Safeguarding & Quality	07/07/2015	I recommend that the need to apply the SWQS practice standards are reiterated across the safeguarding teams to ensure that consistency is applied in the S47 enquiries. Furthermore the SWQS practice standards for S47 enquiry should be adhered to whereby a single assessment is automatically commenced at the same time as a section 47 enquiry is initiated	3	28421	31-Dec-15	Future implementation date.	
WUC Head of Safeguarding & Quality	07/07/2015	I recommend that all evidence, completion and authorisation of reports/plans are updated appropriately and according to the SWQS practice standards. Records involving other siblings should have the relevant supporting documentation on their case files and matching record completion dates. In addition, I recommend that the Social Care Quality Standard is reviewed so that specific review of the CP plan is replicated as with the CiN plan review practice standards. Missing practice standard reference numbers should be updated.	4	28422	31-Dec-15	Future implementation date.	
WUC Head of Safeguarding & Quality	07/07/2015	I recommend that the SWQS specifically addresses the process for carrying out CP conference audits. This should include the format of review, timescales for the audit review and who should receive the reports.	3	28425	31-Dec-15	Future implementation date.	
		Swindon and Wiltshire Local Enterprise Partnership					
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend that the Board's delegation to the Chair, Vice Chair and Director to enter into contracts exceeding the £10,000 stipulated relating for specialist consultants and support contractors should be explicitly evidenced in the minutes.	4	28984	31/12/2015	Initial Response: This should be the Commissioning Group who meet monthly and have responsibility for Local Growth Fund spend and delivery. Updated Response: Add - In accordance with the accountable body (Wiltshire Council's Finance and Procurement regulations).	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend that the Principal Accountant also attends Secretariat meetings to provide independent support and confirmation of the financial position of spending prior to Board meetings.	3	28986	31/12/2015	Initial Response: I think this should be attends Commissioning Group as the majority of financial exposure is £141m LGF. Updated Response: We need to add that the Procurement Category manager attends as well for the same reason as the principal accountant.	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend that the formal approval of bi-monthly budget reporting and thus the overall financial position is clearly evidenced.	4	28987	31/12/2015	Initial Response: Would it not be better to approve the quarterly funding claims to BIS for the £141m? Updated Response: I would agree with SWAP in that this is more about evidencing the overall financial position rather than just agreeing BIS claims.	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend, where exceptions to procurement regulations need be applied, the authorisation of the Board should be sought and clearly evidenced in the minutes along with the basis for the decision made.	4	28998	31/12/2015	Initial Response: Recent example has included the Vice Chair and Associate Director WC but agree best practice is to seek tenders. Updated Response Wiltshire Council in conjunction with the LEP are establishing a Framework of Consultants and other professional Advisors which will along with effective planning will should avoid this occurring in the future.	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend that the Board should reviewing existing arrangements for extended contracts to gain assurance that economy and effectiveness continues to be sought from suppliers.	3	28999	31/12/2015	Initial Response: I think this is more for Commissioning Group than Board. Updated Response: This will be picked up by Wiltshire Council's Category Manager who will ensure that there is scope in the original contract for an extension, that best value is evidenced rather than just spend increased or mission creep through the contract period.	Awaiting management comments.

Assigned to	Final report issue date	Description	Priority	Ref	Target Due Date	Management Comments (January 2016)	Current Position
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend that all documents supporting the procurement of consultants and administrative services should be retained on the Wiltshire shared server in the area designated for the Partnership.	4	29000	31/12/2015	Initial Response: New secure part of server has been requested by SWLEP staff and a full contracts register has been developed along with supporting evidence. Updated Response: As the accountable body it is essential that all procurement activity is run through ProContract. Our category manager will oversee this and ensure that robust processes are followed. All documents will also be securely stored and able to released (where relevant) on the website in line with the Transparency Code.	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend that a formal procedure should also be adopted for the authorisation of extensions of and variations to contract.	4	29008	31/12/2015	Initial Response: Agree Updated Responses: As above this will be managed by the Category Manager in the context of the contract and best value.	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	Official Purchase orders should be raised at the point contractual terms are agreed with suppliers.	3	29009	31/12/2015	Agree.	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	Purchase Orders should be clearly linked to the specification of service and make clear the project and programme to which they relate.	3	29010	31/12/2015	Agree.	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend that explicit evidence of the authorisation of creditor payments on behalf of the Partnership Board should be retained on the shared area.	3	29012	31/12/2015	Agree.	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend, in addition to liaising with the Wiltshire Council Democratic Services team, that the Information Assurance Team should also be consulted to provide clear guidance to the Partnership on the nature, reporting and retention of information that is deemed commercially sensitive.	3	29143	31/12/2015	Initial Response: Welcomed especially as WC Democratic Services has this experience. Updated Response: New Procurement and Contract Management Systems are being developed that will ensure that commercially sensitive documentation is stored securely.	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend that a formal procedure be adopted when entering into procurement arrangements with suppliers of specialist consultancy and support services. Templates should be developed for use by the Partnership for this purpose. Advice should also be sought on this matter from the Wiltshire Council Corporate Procurement team.	4	29426	31/12/2015	Initial Response: Agree and a full SWLEP Contracts Register has now been implemented. Updated Response: Please refer to previous item - This is not about a contracts register as such - ProContract is the tool for this and has all the necessary documents / templates to provide the assurances and consistency that SWAP have requested.	Awaiting management comments.
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	28/08/2015	I recommend reporting is provided to the Board of spending against individual contractors and also the lifetime spend against agreed price.	3	29427	31/12/2015	Initial Response: A more robust reporting process is being developed by WC Principal Accountant for monthly Commissioning Group meetings. Updated Responses: This is not about budget spend - SWAP are seeking assurance regarding contract spend - response should be along the lines of: Robust processes for monitoring profiled spend across the lifetime of a contract are being developed by Wiltshire Council's procurement team to address this current shortfall.	Awaiting management comments.

Business Continuity – Background

Further to the Internal Audit update, provided to this committee on 27th October 2015, we are now providing further commentary on the progress the Council is making.

By way of a reminder, Section 2(1) of the Civil Contingencies Act (2004) imposes a duty on local authorities to have business continuity plans in place. The Council is continuing to review its existing business continuity arrangements and the Emergency Planning Resilience and Response (EPRR) Team has introduced a structured approach to Business Continuity Planning (BCP) at both corporate and individual service levels.

Approach & Testing

The Emergency Planning Team has engaged with all Service Areas and obtained a first draft of their individual BCP, which is used to inform and update the Corporate BCP. The initial draft of The Integrated Emergency Management Plan was approved by the Cabinet on 13th October 2015 and will be submitted to the next meeting of the Full Council for adoption.

In the interim, the Emergency Planning Team has conducted a series of table top exercises to assist service areas in testing, refining and validating their own plan. The exercise was based on a snowfall scenario affecting the county and was designed to encourage senior staff to consider the likely impacts on their service.

For the purpose of the exercise, participants were split into groups and they were all given the same inject of information as at 6am. They were asked to discuss the situation with their group and answer the following questions:

      1. What impacts would you anticipate on your service?

      2. What is our main aim for the response?

      3. What are your key actions and priorities?

      4. Who would you expect to declare the requirement to activate Business Continuity Plans?

      5. Who would you be liaising with?

      6. What are the key messages that you would be communicating both internally and externally and how?

A group discussion followed during which key findings were presented to the assembled group provoking a number of questions to other participants.

A second inject of information was issued as at 11am at which time the situation had deteriorated and a number of additional problems had been added to the scenario. Participants were asked the same set of questions, (except number 4, which was no longer valid because the BCP had been invoked) and were again invited to discuss the findings. At this point participants were also asked to complete a Service Level Situation Report recording their current position, but also looking forward to potential issues that may arise.

A third inject of information was issued at 4pm a few days later, where the situation had changed into one of recovery. It was assumed that the snow had melted, but by this time there were reputational issues for the Council to deal with. As with inject 2 the same questions were asked, but this time with the addition of "How would you be prioritising returning to business as usual?" Again, participants were asked to discuss their findings and share thoughts with the remainder of the group.

At the end of the exercise participants were asked to review their individual BCP and keep a record of any lessons learned.

A representative from Internal Audit attended one of these desk top exercises in the capacity of an observer and was able to take note of the reactions and comments made by service managers. Feedback of these reactions and comments and has been passed on to the Emergency Planning Team so they can be considered for inclusion in the process.

Progress

The Emergency Planning Team is continuing to monitor the progress of service areas in developing their own plans and the intention is still to have all plans, training and exercising completed by the end of March 2016.

Future

As previously advised, the Emergency Planning Team will further develop its business continuity programme by promoting and engaging in Business Continuity discussions across the Council, and to move these discussion further into its supply chain with its providers by closer working with the Procurement Service. The Team also discharges Wiltshire Council's Statutory Duty (under Section 4 of the Civil Contingencies Act) to promote business continuity to the business community through the Council's website and other activities.

Every completed document will be subject to either annual review, or review following an incident in which the plan is invoked.

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Wiltshire Council

Audit Committee

26 January 2016

Information Governance

Executive summary

The purpose of this report is to update the Audit Committee on progress with the information governance improvement programme since the Committee's last meeting on 27th October 2015.

The improvement programme is to address the findings identified by the Information Commissioner's Office (ICO) and is underway with key actions expected to deliver within the 12 month reporting period. The next progress report will be provided to the ICO in May 2016.

The programme will also develop action plans beyond the scope of the ICO audit to further improve the council's information governance. Once improvement measures are in place their continued management will be through the Information Governance Team and the Information Governance Assurance Group.

Proposal

That the Committee notes:

a) the progress of the improvement programme that has been set up to address the findings identified by the ICO audit report.

b) that a further report will be submitted to the Committee in March 2016.

Reason for proposal

Report provided for information only.

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Information Governance

Purpose of report

1. To inform the Audit Committee of the progress of the improvement programme that has been set up to address the findings identified by the ICO.

Background

2. In March 2015 the ICO conducted a voluntary audit of the Council's arrangements for the processing of personal data. The audit focused on records management; subject access requests and data sharing. The overall conclusion was that there is a limited level of assurance that processes and procedures are in place and delivering data protection compliance and that there is considerable scope for improvement.

3. An information governance improvement programme has been developed to address the recommendations in the ICO's report. The improvement programme is based on the NHS Information Governance Toolkit (version 13), which is recognised as providing a comprehensive set of standards for information governance and meets with the approval of the ICO. The programme is supported by the programme office under the overall direction of Carlton Brand as the Senior Information Risk Owner (SIRO).

4. Progress with the improvement programme was reported to the Council's Audit Committee on 27 October 2015. A copy of the previous report may be found at:

   Report_Information Governance

   Report Appendix_Information Governance_ICO Summary

Main Considerations for the Committee

5. Good progress is being made in the areas for improvement identified in the ICO's report. The current position is as follows:

Physical records storage

6. Purging of the records that were held in Chapmans building,Trowbridge was completed in July and the records that need to be retained have been transferred to the Council's storage facility in Devizes and catalogued. A paper records storage project plan has been developed to rationalise and improve the Council's physical records storage arrangements.

Information Governance Assurance Group

7. The Information Governance Assurance Group (IGAS) has been reconstituted with new membership to include the Senior Information Risk Owner (Dr Carlton Brand) SIRO (chair), Caldicott Guardians for Childrens' and Adult Care, Monitoring Officer, Head of Information Governance and the proposed information governance leads in data protection; FOI; information security and records management. New terms of reference have been agreed to ensure robust monitoring of the effectiveness of the Council's information governance arrangements.

Information Governance Policies

8. A comprehensive suite of information governance policies has been drawn up, including:

   - Information Governance Framework
   - Information Governance
   - Privacy Impact Assessment
   - Data Protection and Subject Access
   - Freedom of Information
   - Records Management
   - Information Security
   - Mobile Working
   - Network Security
   - Information Assets

9. The Corporate Leadership Team has approved the key overarching polices, in particular the Information Governance Framework Policy and the Information Governance Policy. The rest of the policies have been approved in principle by the Information Governance Improvement Programme Board, subject to final sign off by the SIRO.

10. Procedures and guidance will be prepared to sit under the policies and these will be published on the intranet on a dedicated information governance site. Version control will be managed strictly through the IGAS.

Restructuring of Information Governance Function

11. A proposed new structure has been developed to implement the information governance framework to sit within the Corporate Function, Procurement and Programme Office. We are working towards the new team being up and running by April 2016.

Communications and Training Programme

12. The success of the improvement programme will depend on changing the culture of the organisation so that staff have a clear understanding of the importance of good information governance, their responsibilities within their areas of operation and across the Council as a whole, and the need to discharge these diligently as an integral part of their day to day work.To this end a comprehensive communications and training programme is planned to be delivered between March and July 2016 with the assistance of external information governance experts, Dilys Jones Associates Ltd.

13. Regarding the wider scope of information governance improvements across the organisation, the Information Governance Improvement Programme will develop thematic action plans in line with the NHS Information Governance Toolkit.

14. In 2012, SharePoint was identified as a repository for digital records to replace business shared drives as well as personal drives. The IG Programme will conduct a review of SharePoint to ensure its continued relevance and compliance with information governance principles prior to rollout across the organisation from April 2016.

15. An interim report on progress was sent to the ICO in December. Any feedback received from the ICO will be reported to the meeting.

Environmental impact of the proposal

13. There are no environmental impact implications.

Procurement implications

14. Procurement guidance is currently being prepared to support proposed changes to the Council's Procurement Rules. The guidance will cover the Council's obligations in respect of information governance.

Equality and diversity impact of the proposal

15. There are no equality and diversity impact implications.

Risk Assessment

16. Failure to implement improvement actions will increase the risk of non-compliance with information legislation resulting in reputational harm, litigation, fines and costs.

Financial implications

17. A budget of £50k has been agreed to support the improvement programme, including the costs of an external information governance expert in providing consultancy support and training. The cost of the proposed new staffing structure will be met from within existing resources.

Legal implications

18. The measures that are being taken under the Improvement Programme will ensure that the Council meets its obligations under information legislation.

Conclusion

19. The information governance improvement programme to address the findings identified by the Information Commissioner's Office (ICO) is progressing well with key actions expected to deliver within the 12 month reporting period. The next progress report will be provided to the ICO in May 2016.

20. The programme will also develop action plans beyond the scope of the ICO audit to further improve the council's information governance. Once improvement measures are in place their continued management will be through the new Information Governance Team and the Information Governance Assurance Group.

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