

# **Internal Audit**

## **Progress Report**

**April – September 2011**

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**September 2011**

## **INTERNAL AUDIT PROGRESS REPORT**

### **Introduction and Background**

1. This progress report presents the Committee with the following:
  - An update on the performance of the Internal Audit Section.
  - 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
  - In-progress audits which should be finalised and reported to the next Committee meeting.
  - An update on Internal Audit counter-fraud work including the Authority's progress in investigating data matches from the Audit Commission's National Fraud Initiative (NFI).
  - Brief details of other work undertaken during the year to date.

### **Internal Audit Section update**

2. The vacant auditor post within the Internal Audit team structure has recently been advertised and interviews have been held. We anticipate a successful appointment to the post in the near future.
3. The current proposal to transfer the Internal Audit team to the South West Audit Partnership (SWAP) proceeds apace. Numerous meetings involving all team members along with the Chief Financial Officer, representatives of HR and Legal Services, and the staff and management of SWAP have taken place. An away-day at Haynes Motor Museum in Somerset is scheduled for mid-October (shortly before the proposed November 1 transfer date). These meetings, and related work, have had an impact on this years' plan, but no revisions to that have yet been necessary to report to members, and Committee has as a separate item on today's agenda, the Future of Internal Audit Provision.

## Outcomes of Completed Audits

4. A full schedule of the audits completed during the period, incorporating specific main risks and management actions proposed, is attached as Appendix 1 to this report. A summary of the overall position on the outcomes of these completed audits is set out in the table below. An explanation of the range of audit opinions and risk ratings follows the table.

Audited Activity	Audit Opinion	Main Risks Identified
Braeside Education Centre	Limited Assurance	2 High Risks 5 Medium Risks
Court of Protection	Limited Assurance	2 High Risks 8 Medium Risks
Area Boards	Full Assurance	Low risks only
IT Infrastructure	Substantial Assurance	2 Medium Risks
Revenues & Benefits (IT) – Academy (South)	Limited Assurance	3 Medium Risks
Revenues & Benefits (IT) – Academy (West)	Limited Assurance	9 Medium Risks
Revenues & Benefits (IT) – IBS (East)	Limited Assurance	10 Medium Risks
Revenues & Benefits (IT) – Northgate (North)	Limited Assurance	12 Medium Risks
Housing Rents (IT) – Simdell	Substantial Assurance	6 Medium Risks
Cash Management (IT) – Civica	Substantial Assurance	7 Medium Risks
SAP (IT)	Substantial Assurance	2 Medium Risks

### Explanation of Audit Opinions and Risk Ratings

#### Audit Opinion

**Full Assurance** – There is a sound system of control designed to achieve the service objectives, with key controls being consistently applied.

**Substantial Assurance** – Whilst there is a basically sound system of control, there are weaknesses which may put some of the service objectives **at risk**.

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

**No Assurance** – Control is generally weak leaving the system open to significant error or abuse.

**Risk Rating**

**High Risks** – These are significant risks to the effective delivery of the service. Risk management strategies should be put in place to appropriately manage the identified risks within a short timescale. Frequent monitoring of the management of identified risks is essential.

**Medium Risks** – These are risks which must be managed to ensure the effective delivery of the service. Monitoring of the risk should be regularly undertaken.

**Low Risks** – These are risks which are not considered significant to the effective delivery of the service, but which should nevertheless be managed and monitored using existing management processes

5. One further audit has been completed - Travellers service – no assurance (6 high risks and 4 medium risks), but is not reported here. Following consultation by the Director of Finance with the Corporate Directors the reporting of these findings has been deferred as the responses from management have still to be concluded as the initial officer responses give rise to a range of unfunded pressures that require further investigation as part of setting the 2012/13 budget. As such it cannot be guaranteed that the action can be implemented so senior officers have asked to look further into this matter. These will be resolved and reported at the next Audit Committee.

**Implementation of Agreed Management Actions**

6. A full schedule of the audits we have followed-up during the period, incorporating specific risks and management actions implemented, is attached as Appendix 2 to this report.
7. Our follow-up work carried out during the last quarter leads us to the overall conclusion that management continues to respond properly to audit reports in the main, and is taking appropriate action to manage the risks identified. Many agreed actions are of an ongoing nature, and by and large progress is being made in accordance with expectations.
8. We will continue to report further follow-up work and the position on agreed management actions as part of each progress report to the Audit Committee.

## Forthcoming Audit Work

9. The following table summarises in-progress audits which should be finalised and reported to the next Committee meeting. Committee should be aware that audit objectives and scopes may vary during the course of an audit to incorporate any additional and/or altered risks identified.

<b>Audited Activity</b>	<b>Audit Objectives</b>
Council Tax	<ol style="list-style-type: none"> <li>1. Adequate controls ensure that the valuation system complies with statutory requirements and all chargeable dwellings have been identified, assessed and recorded.</li> <li>2. Charges determined by the tax setting body are applied to the system for billing.</li> <li>3. All persons liable for Council Tax and all discounts, exemptions, benefits and other allowances are correctly established and recorded.</li> <li>4. Amounts due for each chargeable property are correctly calculated and promptly demanded from liable persons.</li> <li>5. All collections are secure and efficient and posted promptly to the correct accounts and reconciled to the council's bank accounts, and all refunds due are valid, authorised and paid promptly.</li> <li>6. All arrears are identified promptly and pursued effectively. Write-offs are valid and authorised appropriately.</li> <li>7. The project to procure, install, test and operate a single application system across the county is on target for completion according to plan by October 2011 and risks are being managed effectively.</li> </ol>
Planning Applications	<ol style="list-style-type: none"> <li>1. Planning applications are effectively managed, correct fees are receipted and applications determined in accordance with procedures and with the minimum of delay.</li> <li>2. All planning fee income is collected, promptly receipted, banked in full and correctly posted to the main ledger.</li> <li>3. Performance targets and monitoring are adequate.</li> <li>4. A project plan is in place to procure and implement a new Development Services IT system, with appropriate milestones, to rationalise current systems and ensure the achievement of efficiency savings.</li> </ol>

<b>Audited Activity</b>	<b>Audit Objectives</b>
Fleet Management	<ol style="list-style-type: none"> <li>1. All vehicles operated by the Council are recorded and monitored in accordance with Council and government regulations.</li> <li>2. Vehicles, including those operated on behalf of the Council under contract, are maintained correctly and this is documented and monitored.</li> <li>3. Storage of stocks, including fuel, is monitored and controlled.</li> <li>4. The audit will also follow up on the progress of the rollout of Tranman across the County.</li> </ol>
Legal Contracts Administration	<ol style="list-style-type: none"> <li>1. Records of contracts are maintained and updated accordingly.</li> <li>2. Contracting within departments is carried out according to corporate policy and where applicable in conjunction with legal services.</li> <li>3. Legal services are consulted according to procurement regulations.</li> </ol>
Markets	<ol style="list-style-type: none"> <li>1. There are clear written policies and procedures covering Markets and officers' responsibilities are clear and appropriate.</li> <li>2. Fees and charges are properly authorised and regularly reviewed.</li> <li>3. Accounting and administrative procedures for collection of fees and charges are effective and efficient.</li> <li>4. Adequate reporting systems are in place, performance is monitored and any significant issues are highlighted.</li> </ol>
Restructuring and Redundancy	<ol style="list-style-type: none"> <li>1. Redundancy policies and procedures have been agreed and approved by all relevant stakeholders;</li> <li>2. Redundancy policies and procedures are clear and comprehensive;</li> <li>3. Redundancy policies and procedures are applied consistently.</li> </ol>
Mobile Phones	<ol style="list-style-type: none"> <li>1. There are clear written policies and procedures covering Mobile Phones and officers' responsibilities are clear and appropriate.</li> <li>2. Fees and charges are properly authorised and regularly reviewed.</li> <li>3. Accounting and administrative procedures for</li> </ol>



Audited Activity	Audit Objectives
	<p>collection of fees and charges are effective and efficient.</p> <p>4. Adequate reporting systems are in place, performance is monitored and any significant issues are highlighted.</p>
Active Directory (IT)	<p>1. All users are subject to restrictions and controls which enforce the WC IT Security Policy.</p> <p>2. Administrator-level privileges are only granted where absolutely necessary, and such accounts are subject to increased security measures.</p> <p>3. User accounts are only members of appropriate groups.</p> <p>4. The WC IT Security Policy requirements (password expiry etc) are implemented in the AD Domain policy.</p>

### Counter-Fraud Work (incl NFI)

10. Our counter fraud work this year has consisted mainly of responding to numerous referrals and facilitating wider council engagement with the National Fraud Initiative (NFI). Due to the interest in the NFI expressed by the Committee at the meeting in June 2011 an expanded summary of progress with the NFI is provided in this report.
11. We have responded to several referrals concerning potential irregularity in various services, including conflicts of interest in employment, security of income and other assets, and the appropriateness of certain payments. No cases of specific fraud have been identified because there was no evidence of verifiable loss or wilful wrong-doing. Our involvement in a number of these referrals has, however, resulted in tightened controls.
12. We have also continued to provide substantial assistance to the police with their ongoing investigation into theft of income referred to in the Internal Audit Annual Report presented to the meeting of the Audit Committee in June 2011.

### National Fraud Initiative

13. The Internal Audit Annual Report 2010-11 presented to the Audit Committee on 29 June 2011 included a summary of the Council's progress in investigating the data matches provided by the current National Fraud Initiative (NFI). At that time investigations had been completed for only about 3,000 matches out of a total exceeding 20,000 which had been notified to the Council and no fraud or error had been identified.
14. As at September 2011, all relevant teams have substantially engaged with the NFI to review the matches in their areas and Internal Audit continues to provide support and advice as required.

NFI 2010-11 at 1 September 2011							
Report Type	No of reports	Total matches	Number complete	In progress	Frauds	Errors	Outcome £
Creditors	10	12,054	8,163	15	-	22	77,201
Housing benefits	40	4,608	96	14	1	-	1,792
Transport passes	2	1,503	1,503	-	-	-	-
Blue badges	3	1,068	668	400	-	-	-
Payroll	9	751	202	178	-	-	-
Pensions	6	586	558	26	-	-	-
Care homes	2	202	202	-	-	-	-
Housing: right to buy	1	1	1	-	-	1	19,029
Parking permits	2	3	3	-	-	-	-
	75	20,776	11,396	633	1	23	98,022

15. Creditor matches largely cover potentially duplicated vendor records and duplicate payments. Business Services have identified 22 duplicate payments, which are being refunded. These all appear to be the result of historical errors connected with the changes to one council and the adoption of SAP. There is now an automatic check within the system that provides a warning of potential duplicates. A number of superfluous vendors will also be removed from the system.
16. Housing benefits include matches with payroll, pensions, visas, housing tenancies and various trading licences. The Benefits Investigation Team have their own regular and highly reliable sources of information about cases worth investigating, and although there is inevitably tension between the number of cases which could

be investigated and the resources available. The team have a prioritised strategy for systematically reviewing the NFI matches over a period of time.

17. Blue Badge matches represent badges currently in issue to individuals who may be deceased. The Blue Badge Team have confirmed their records were already up to date for most matches and have implemented procedures to resolve each of the remaining 400.
18. Payroll matches have been prioritised by focussing on higher quality matches. Many of these involve individuals apparently employed in multiple positions. A significant number of lesser priority matches have yet to be reviewed.
19. Pensions matches outstanding are largely due to unconfirmed death data and/or untraceable next of kin. The Pensions Team are taking all reasonable steps to obtain the information they require for the remaining items.
20. Further data matching will occur in the coming months to identify potential frauds relating to Council Tax Single Person Discounts, using datasets extracted from Electoral Register and Council Tax systems. We anticipate these matches to be released early in the new year.

## **Other Work**

21. In addition to specific planned audits and follow-up work, we have undertaken additional work in a number of important areas as set out in the following paragraphs.

### **Financial Management Standard in Schools (FMSiS)**

22. Three FMSiS audit reviews have been completed in quarter 1 of the current financial year:
  - Abbeyfield School in Chippenham requested an audit to evaluate the effectiveness of controls in conjunction with assessment against the former FMSiS. The review considered internal controls operated over governance, banking, payroll, purchasing, petty cash, voluntary funds, VAT and assets. Three high and eight medium priority actions were agreed and a limited assurance given.
  - Wyvern College in Salisbury has been subject to ongoing internal audit review and FMSiS assessment due to non compliance and improper financial control. In March 2010, a review confirmed that the school had still not attained the

Standard. A follow up audit review has been undertaken and a limited assurance given. One high risk and seven medium priority actions remain outstanding. In particular, concerns remain over general financial management and the significant deficit budget; discussions are being held with the Department for Children and Education (DCE) to ensure future appropriate recovery.

- Zouch Primary School in Tidworth was subject to an FMSiS review in 2010/11 but due to a period of transition throughout the review period, additional time was permitted to facilitate achievement of the standard. However, in June 2011, the school was notified that it had failed to meet the standard through its continued failure to demonstrate acceptable financial management and governance.

### **Schools Financial Value Standard (SFVS)**

23. The SFVS was launched by central government on 18th July 2011 to replace the former FMSiS. The SFVS is designed to assist schools' governing bodies, who hold formal responsibility for financial management in their schools, in managing their finances and to give assurance that secure arrangements are in place. All LA maintained schools are required to complete the SFVS annually, however it will not be externally assessed nor is there a prescribed level of evidence required. Schools who achieved the former FMSiS standard are required to first submit a return by 31st March 2013; the schools who failed must submit a return by 31st March 2012. Internal Audit have been in conversation with Accounting and Budget Support (ABS) to determine how the executive responsibility for receipting, verifying and managing returns will be administered in practice.

### **Schools Audits**

24. Following discussions with DCE, Internal Audit will be re-introducing cyclical audit reviews with effect from September 2011. Some schools have not been subject to a review since 2001/02 and these will be selected for early inclusion in the cycle. To facilitate audit review, a School Standards Questionnaire (SSQ) has been developed covering financial management and control in relation to governance, financial planning, financial controls, budget monitoring, purchasing, petty cash, income, banking, VAT, payroll, assets, voluntary funds, insurance and data security. The SSQ will be available to all schools via Wisenet; a condensed SSQ covering controls under cyclical audit review will be shared with all schools prior to review.

**Marketing Task Group**

25. The Marketing Task Group (MTG) meets regularly to discuss and promote trading with schools. The move by some Wiltshire schools to Academy status has presented opportunities for the Council to trade additional services, such as education welfare, free school meals assessments, health and safety, licences, post 16 transport and occupational health. Internal Audit services are also tradable; however, due to the uncertainty over the future delivery of internal audit, this service is not being advertised. This is because any income gained from trading audit services would, if Internal Audit move to the South Wilts Audit Partnership (SWAP), not be receivable by the council.

**KPMG SAP Post-Implementation Review**

26. At the request of the Audit Committee, we have commenced a review to follow up on the progress made following the publication of the KPMG report dated November 2010. This involved the review of the management actions as proposed in the action plan to ensure these had either been completed or were part of planned action. At this time, we are able to give updates on the position regarding ICT. Observations which relate to other services areas, such as Procurement have not yet been reviewed.

27. It was evident that a great deal of work has already taken place within ICT to identify and seek solutions to address the observations made by KPMG in the report. A Project Initiation Document was presented to the Audit Committee in May 2011, which included a plan to appoint a Project Manager to oversee 25 projects that were identified from the internal review of the SAP system. The projects are broken down into 3 main groups, Unresolved Implementation Issues, Essential Business Developments, which are priority, and Future Projects.

28. Working from the KPMG report, we summarised the management actions and these were given to the ICT Programme Manager for an updated position. The relevant information for the 11 actions directly relating to ICT was received and we can confirm that in all cases clear concise answers were given with the assurance that the projects are progressing well.

29. Whilst it is clear that a lot of work remains to be done to achieve the potential savings and benefits that SAP has to offer the Council, it is clear that several opportunities for improvement have been identified and achievements have resulted from work already completed. From an ICT perspective, the project is still in progress and continues apace.

30. We anticipate the audit review will be completed by the end of September. Any outstanding issues will be brought to the Committee for information.

**Appendix 1 Outcomes of Completed Audits**

<b>Audited Activity</b>	<b>Audit Objectives</b>	<b>Audit Opinion</b>	<b>High Risks and Main Issues</b>	<b>Management Actions Proposed</b>
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Audited Activity	Audit Objectives	Audit Opinion	High Risks and Main Issues	Management Actions Proposed
<p><b>Braeside Education Centre</b></p>	<ul style="list-style-type: none"> <li>• Bookings for courses and conferences are completely and accurately recorded, and invoices are raised and paid prior to the provision of the service;</li> <li>• Income received is completely and accurately recorded, collected on a timely basis and reconciled to the ledger, and there is adequate separation of duties for cash handling;</li> <li>• Purchases comply with financial regulations, are appropriately sourced, payments processed and reconciled to the ledger;</li> <li>• Effective budget monitoring arrangements are in place;</li> <li>• Verification checks are made of all new staff prior to employment at the Centre, including CRB checks, as appropriate, and all employed staff are appropriately paid.</li> </ul>	<p>Limited Assurance</p> <p><b>2 High Risks</b></p>	<ul style="list-style-type: none"> <li>• Failure to reconcile expected income to income actually received, and income received to actual income banked risks non collection of all the income due, and not detecting losses of income or errors in income accounting.</li> <li>• Operational decisions taken by the Head of Centre may be adversely affected if the full and detailed financial position of the Centre is not known.</li> </ul>	<ul style="list-style-type: none"> <li>• The Centre uses existing databases to complete end to end reconciliations of all income due to that received, to that accounted for in SAP, and to that actual received by the bank.</li> <li>• Systems are now in place to reconcile Centre accounts to Finance reports but this relies on Accounting and Budget Support sending a monthly report. New arrangements between the Centre and ABS should be in place and working by January 2012.</li> </ul>

Audited Activity	Audit Objectives	Audit Opinion	High Risks and Main Issues	Management Actions Proposed
<b>Area Boards</b>	<ul style="list-style-type: none"> <li>• Appropriate arrangements are in place to market the concept of area boards and advertise widely the board meetings that are held in each area to ensure a wide range of residents and stakeholders are able to attend and participate;</li> <li>• Meetings are properly conducted, decisions are correctly recorded and the minutes of all meetings are available to residents within appropriate timeframes;</li> <li>• Applications for community area grants are correctly documented and award decisions are effectively communicated to all applicants;</li> <li>• The costs of running area boards are properly monitored and controlled.</li> </ul>	<p>Full Assurance</p> <p><b>No High Risks</b></p>	<ul style="list-style-type: none"> <li>• A sound system of control exists.</li> <li>• Audit identified 11 Low Risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Management have proposed actions to address all risks.</li> </ul>



Audited Activity	Audit Objectives	Audit Opinion	High Risks and Main Issues	Management Actions Proposed
<b>IT Infra-structure</b>	<ul style="list-style-type: none"> <li>• To ensure the integrity of application and data, by restricting physical and logical access to systems</li> <li>• To ensure the continued integrity and availability of systems where changes occur, by operating a sound change management procedure</li> <li>• To ensure the availability of systems and data, by operating sound 'housekeeping' infrastructure operations</li> </ul>	Substantial  <b>2 Medium Risks</b>	<ul style="list-style-type: none"> <li>• Main issues related to user account management and permissions.</li> </ul>	<ul style="list-style-type: none"> <li>• Management have proposed actions to address all risks.</li> </ul>
<b>Revenues &amp; Benefits (IT) – Academy (South)</b>	<ul style="list-style-type: none"> <li>• To ensure the integrity of application and data, by restricting physical and logical access to systems</li> <li>• To ensure the continued integrity and availability of systems where changes occur, by operating a sound change management procedure</li> <li>• To ensure the availability of systems and data, by operating sound 'housekeeping' infrastructure operations</li> </ul>	Limited Assurance  <b>3 Medium Risks</b>	<ul style="list-style-type: none"> <li>• Main issues related to user account management and permissions, and the absence of an application-specific security policy.</li> </ul>	<ul style="list-style-type: none"> <li>• The system will no longer be in use from March 2012</li> </ul>

Audited Activity	Audit Objectives	Audit Opinion	High Risks and Main Issues	Management Actions Proposed
<b>Revenues &amp; Benefits (IT) – Academy (West)</b>	<ul style="list-style-type: none"> <li>• To ensure the integrity of application and data, by restricting physical and logical access to systems</li> <li>• To ensure the continued integrity and availability of systems where changes occur, by operating a sound change management procedure</li> <li>• To ensure the availability of systems and data, by operating sound 'housekeeping' infrastructure operations</li> </ul>	Limited Assurance  <b>9 Medium Risks</b>	<ul style="list-style-type: none"> <li>• Main issues related to user account management and permissions, and the absence of an application-specific security policy.</li> </ul>	<ul style="list-style-type: none"> <li>• The system will no longer be in use from March 2012</li> </ul>
<b>Revenues &amp; Benefits (IT) – IBS (East)</b>	<ul style="list-style-type: none"> <li>• To ensure the integrity of application and data, by restricting physical and logical access to systems</li> <li>• To ensure the continued integrity and availability of systems where changes occur, by operating a sound change management procedure</li> <li>• To ensure the availability of systems and data, by operating sound 'housekeeping' infrastructure operations</li> </ul>	Limited Assurance  <b>10 Medium Risks</b>	<ul style="list-style-type: none"> <li>• Main issues related to user account management and permissions, and the absence of an application-specific security policy.</li> </ul>	<ul style="list-style-type: none"> <li>• The system will no longer be in use from March 2012</li> </ul>

Audited Activity	Audit Objectives	Audit Opinion	High Risks and Main Issues	Management Actions Proposed
<b>Revenues &amp; Benefits (IT) – Northgate (North)</b>	<ul style="list-style-type: none"> <li>To ensure the integrity of application and data, by restricting physical and logical access to systems</li> <li>To ensure the continued integrity and availability of systems where changes occur, by operating a sound change management procedure</li> <li>To ensure the availability of systems and data, by operating sound 'housekeeping' infrastructure operations</li> </ul>	Limited Assurance  <b>12 Medium Risks</b>	<ul style="list-style-type: none"> <li>Main issues related to user account management and permissions, and the absence of an application-specific security policy.</li> </ul>	<ul style="list-style-type: none"> <li>The system will no longer be in use from March 2012</li> </ul>
<b>Housing Rents (IT) – Simdell</b>	<ul style="list-style-type: none"> <li>To ensure the integrity of application and data, by restricting physical and logical access to systems</li> <li>To ensure the continued integrity and availability of systems where changes occur, by operating a sound change management procedure</li> <li>To ensure the availability of systems and data, by operating sound 'housekeeping' infrastructure operations</li> </ul>	Substantial Assurance  <b>6 Medium Risks</b>	<ul style="list-style-type: none"> <li>Main issues related to user account management and permissions, and the absence of an application-specific security policy.</li> </ul>	<ul style="list-style-type: none"> <li>The system will no longer be in use from March 2012</li> </ul>

Audited Activity	Audit Objectives	Audit Opinion	High Risks and Main Issues	Management Actions Proposed
<b>Cash Management (IT) – Civica</b>	<ul style="list-style-type: none"> <li>• To ensure the integrity of application and data, by restricting physical and logical access to systems</li> <li>• To ensure the continued integrity and availability of systems where changes occur, by operating a sound change management procedure</li> <li>• To ensure the availability of systems and data, by operating sound 'housekeeping' infrastructure operations</li> </ul>	Substantial Assurance  <b>7 Medium Risks</b>	<ul style="list-style-type: none"> <li>• Main issues related to user account management and permissions, and the absence of an application-specific security policy.</li> </ul>	<ul style="list-style-type: none"> <li>• Civica WebPay currently has over 690 users. We are of the view that the impact of having a user who has moved roles but still has access to receipt a payment is minimal, when compared to the resource required to carry out a full review in liaison with operational managers.</li> <li>• Reviews are undertaken annually by SA's (usually in late spring/early summer) however, as noted, these are not documented.</li> <li>• We will look into a method by which completion of these reviews, together with any action(s) taken can be documented.</li> <li>• Access to the Civica Live data is predominately controlled via the application. This does not allow data changes outside of normal operations.</li> <li>• Each import variant has a unique ID. Access to create / update / delete these is limited to 5 staff, of which 2 are in IT. These staff communicate any potential updates to import processes, so that ALL amendments are tested.</li> <li>• All scheduled job are monitored by exception. ie. Failed tasks / missing data etc is investigated and rectified accordingly.</li> <li>• We will create a list of scheduled (unattended) tasks, and their impacts/run times etc. to aid monitoring.</li> </ul>
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Audited Activity	Audit Objectives	Audit Opinion	High Risks and Main Issues	Management Actions Proposed
SAP (IT)	<ul style="list-style-type: none"> <li>• To ensure the integrity of application and data, by restricting physical and logical access to systems</li> <li>• To ensure the continued integrity and availability of systems where changes occur, by operating a sound change management procedure</li> <li>• To ensure the availability of systems and data, by operating sound 'housekeeping' infrastructure operations</li> </ul>	<p>Substantial Assurance</p> <p><b>2 Medium Risks</b></p>	<ul style="list-style-type: none"> <li>• If there are users logging on after they are meant to have left the organisation then there is a risk of unauthorised access</li> <li>• Without a specific procedure relating to the review of users, roles and authorisations, there is a risk that inappropriate access may be granted to users or not removed from users whose jobs no longer require such access or who have left the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• There is an HR process that identifies staff who are leaving the Council and notifies the SAP support team.</li> <li>• The SAP support team carries out regular checks against leaver lists to ensure user accounts are disabled for leavers.</li> <li>• Further checks first disable, then delete dormant user accounts.</li> <li>• These checks will continue, but it relies on adherence to the HR leaver process by managers to ensure the SAP Support Team receives accurate data.</li> <li>• A procedure is under development, based on the experience gained from carrying out periodic user compliance checks in close liaison with the functional process owners.</li> </ul>

Audited Activity	Audit Objectives	Audit Opinion	High Risk Recommendations	Management Actions Proposed
<b>Court of Protection</b>	<ul style="list-style-type: none"> <li>• To ensure that Wiltshire Council has the appropriate authority and permissions in place to process client affairs;</li> <li>• Payments made on behalf of the clients are appropriate, authorised and records of bank accounts are maintained;</li> <li>• Income is collected, annual accounts are produced for each client and sent to the Court of Protection;</li> <li>• Personal property is recorded and stored securely;</li> <li>• Case files are reviewed to ensure quality and consistency;</li> <li>• Client visits are carried out and documented accordingly.</li> </ul>	Limited Assurance  <b>2 High Risks</b>	<ul style="list-style-type: none"> <li>• A formal process of client file reviews should be established and documented accordingly.</li> <li>• A formal record of appointments and client visits should be established. After meeting with clients a report should be produced to capture all aspects of the meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• A formal process of review is being established and documented accordingly by end of September 2011.</li> <li>• Independent visits have already commenced for Deputyship clients with an extensive report being submitted. Action completed.</li> </ul>

### Appendix 3 Implementation of Agreed Management Actions

Audited Activity	Audit Opinion	High Risks and Main Issues	Management Actions Proposed	Follow Up Audit Review: Management Actions Taken / Completed
<b>Statutory Visits to Looked After Children</b>	Limited Assurance  1 High Risk	<ul style="list-style-type: none"> <li>As records kept on the CareFirst system are not always complete, with all required fields completed, it is not possible to say with any certainty that all Looked After Children (LAC) are receiving timely Statutory Visits. There is a risk that the Council could be seen as failing in its duty to provide Statutory visits.</li> </ul>	<ul style="list-style-type: none"> <li>CareFirst to be completed and required fields completed according to procedures.</li> </ul>	The follow up review found that this risk still exists. This was discussed with management who have proposed the following additional action to mitigate this risk: <ul style="list-style-type: none"> <li>The Independent Reviewing Officer service to be asked to check visiting frequency on SW review reports and cross reference to case recording in all LAC reviews.</li> <li>Mandatory LAC training for social workers to reinforce procedure compliance.</li> </ul>
<b>Financial Assessments and Benefits (FAB) Team</b>	Limited Assurance  1 High Risk	<ul style="list-style-type: none"> <li>Referrals for financial assessment are not always available on CareFirst and a hard copy is not always available in the clients file held by SST. There is a risk that client data may be incorrect or not up to date. If referral forms are missing or incomplete, it would not be possible to evidence compliance with the contract or measure performance. Where referral forms are not dated, it would not be possible to establish the time it has taken the referral to get to the FAB team. Incorrect information may cause delays and the client</li> </ul>	<ul style="list-style-type: none"> <li>The FAB team do not have responsibility for the data or accuracy of the data held on CareFirst. These comments will be referred to Adult Social Care managers.</li> <li>The FAB team return forms received by them that are not complete and staff will be reminded of the importance to do this. ASC are reminded of the importance to complete all information on referrals. The FAB team maintain</li> </ul>	<ul style="list-style-type: none"> <li>It is not possible to implement Financial Assessment Forms on SAP. Notification letters have been set up and these are loaded onto CareFirst.</li> <li>Incomplete forms are returned to the care manager although no dates are set for return. This remains a risk regarding assessments being delayed.</li> </ul>

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		would not be assessed in a timely manner.	an excel database to report timescales etc.	
<b>Orders of St John Care Homes Provision of Placements</b>	Limited Assurance  5 High Risks	<ul style="list-style-type: none"> <li>The bed usage has not been consistent with the contract agreement. There are several arrangements including respite, day care services in place. The current availability for the block contract is 463 beds and 27 beds for respite. Full capacity has not been achieved. No adjustments/reductions have been made to the number of beds in the main contract to reflect the additional beds in Athelstan House and Coombe End. There is a risk that the Council has contracted for more beds than it needs.</li> <li>As there are amendments and variation agreements to the block contract, there is a risk that not all these have been processed according to the Wiltshire Council contracting procedures, in particular for contracts over £1m. The Legal section had not been informed of the changes. If the Council were to be challenged, it would place the Council in a difficult position and could reflect badly on our business practices.</li> </ul>	<ul style="list-style-type: none"> <li>To audit and review existing contracts and any associated variations. To identify any required contractual actions to confirm existing – or any subsequent agreed arrangements with OSJ. To undertake an analysis of the residential care market to determine market capacity; future demand and benchmarked costs.</li> <li>As above to audit existing contractual paperwork to ensure compliance. To ensure appropriate governance with respect to any future contractual amendments/ variations with OSJ. To ensure the Contracts Register reflects all such contractual amendments.</li> </ul>	<ul style="list-style-type: none"> <li>The department wish to maintain the maximum level of beds with OSJ as this will increase the buffer of beds available.</li> <li>All OSJ contract variations have now been passed to legal.</li> </ul>



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		<ul style="list-style-type: none"> <li>• OSJ have not been informing the Council of open beds within the 24 hours as set out in the contract. The number of bed days that lapse is costing the Council a considerable amount of monies. There is a risk beds could have been available to our clients had the Council received timely notification.</li> <li>• The lack of clarity and reconciliation between the information used for void days within the Council is placing the Council at risk of making payments that may have been avoided. With inaccurate or poor monitoring records, the Council may not be in a position to confirm, negotiate and potentially decrease void payments.</li> <li>• Assessments are not always recorded on CareFirst. If records, including assessments and service plans are not available, there is no evidence that the client has been assessed and whether the assessment was carried out by Wiltshire Council staff or by OSJ. There is a risk that the Council is placing too much reliance on OSJ and that placements and subsequent costs may be incorrect.</li> </ul>	<ul style="list-style-type: none"> <li>• Actions implemented to ensure 24 hour notification from OSJ to central point within DCS Contracts. Bed placement process being reviewed to identify lean efficiencies. Zero-void approach being undertaken.</li> <li>• Process review and action planning commenced involving DCS Contracts (facilitator); Resource Specialist; Shared Services. Identified Contracts Officer to receive void information to consider in relation to both DCS operational management and possible provider negotiation.</li> <li>• DCS Operations to ensure assessments are recorded on Care First in an accurate and timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>• A spreadsheet has been created to capture several aspects with regard to filling beds. Beds are tracked when they become available and filled as soon as possible.</li> <li>• Client and bed information is now maintained by the DCS contracts section. OSJ and the Council have direct access to ensure the information exchange is accurate and controlled accordingly.</li> <li>• This will also be followed up as part of the 2011/12 audit work to visit 3 additional OSJ Care Homes.</li> </ul>