

# Swindon Borough Council

## Audit Committee

**Tuesday, 24 November 2009**

Committee Room 6, Civic Offices, Swindon  
(Anticipated meeting room)

**At 6.00 p.m.**

### **Conservative Councillors**

Michael Dickinson (Chair)  
Nick Martin  
Mary Martin  
Eric Shaw  
Peter Stoddart

### **Labour Councillors**

Des Moffatt (Vice-Chair)  
Steve Allsopp

**Committee Officer:** Steve Jones (01793 463602)

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## **AGENDA**

### **PART 1 (PUBLIC ITEMS)**

**1. Apologies for Absence**

**2. Declarations of Interest**

Members are requested at the start of the meeting to declare any known interests in any matter to be considered, and are reminded that any such interest should also be declared at the start of an item or during any discussion of the matter concerned.

**3. Public Question Time**

See explanatory note below. Please phone the Committee Officer whose name and number appears at the top of this agenda if you need further guidance).

**4. Minutes (Pages 1 - 6)**

To receive the minutes of the meeting held on 22 September 2009

**5. Exempt Items - Exclusion of Press and Public**

*Certain items are expected to include the consideration of exempt information and the Cabinet is, therefore, recommended to resolve "That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the items listed below, on the grounds that they involve the likely disclosure of exempt information, as defined in the respective paragraph of Part 1 of Schedule 12A of the Act, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information".*

<u>Item No.</u>	<u>Paragraph No.</u>

6. **Response to Major Incidents/Events** (HIA-CE) (Pages 7 - 8)
7. **CAPITA Contract Management** (GDBT) (Pages 9 - 14)
8. **Audit Committee Updates on Financial Accounts Processes** (DF-CE) (Pages 15 - 28)
9. **External Audit Progress Report** (Pages 29 - 34)
10. **CIPFA Benchmarking exercise of Internal Audit: 2009** (HIA-CE) (Pages 35 - 58)
11. **Head of Internal Audit Update** (HIA-CE) (Pages 59 - 66)

## **PART 2 (TO BE CONSIDERED WITHOUT THE PRESS AND PUBLIC PRESENT)**

12. **Internal Audit reports identifying significant risk or 'of concern'** (HIA-CE) (Pages 67 - 96)

**Date of Despatch:** 17 November 2009

### **Key:**

CE	-	Chief Executive
GDC	-	Group Director: Children
GDHSC	-	Group Director: Housing & Social Care
GDER	-	Group Director: Environment, Regeneration and Community
GDBT	-	Group Director: Business Transformation
DF - B	-	Director of Finance
HIA-CE	-	Head of Internal Audit

**Public Question Time** - Swindon Borough Council is committed to increasing its accountability to the public and to promoting active citizenship. Up to 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from members of the public about the work of the Committee (except for confidential matters and specific planning applications). Questions must be relevant, clear and concise. Because of time constraints Public Question Time is not an opportunity to make speeches or statements. Prior notice of a question to the Director of Law and Democratic Services is desirable - particularly if detailed background information is needed.

**Access Arrangements** – The Venue is wheelchair accessible and an infrared receiver hearing system is provided. If you would wish to attend the meeting but have any special requirement to enable you to do so please contact the Committee Clerk above, as soon as possible prior to the date of the meeting.

If you would like to receive any of the pages contained in this agenda in a larger print size please contact the Committee Officer whose name appears on the first page of this agenda.

**The Audit Committee - Terms of Reference**

*(the complete terms of reference and programme of activity for the Audit Committee are set out in Minute 61 of the meeting of the Audit Sub-Committee held on 25 January 2006)*

To provide independent assurance to the Council on the following responsibilities:

- (i) the effectiveness of the Council's risk management, internal control and its overall assurance framework;
- (ii) the effectiveness of the Council's financial and non-financial performance to the extent that it might impact upon (i) above;
- (iii) the performance of the Council's Internal Audit section;
- (iv) the receipt and review of External Audit reports and liaison with external auditors on significant matters identified, and
- (v) advise upon and/or review the effectiveness of any other matters referred to the Audit Committee by the Cabinet, the Overview and Scrutiny and Regulatory Committees.

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### AUDIT COMMITTEE

**TUESDAY, 22 SEPTEMBER 2009**

PRESENT:- Councillors Michael Dickinson (Chair), Des Moffatt (Vice-Chair), Nick Martin, Eric Shaw and Peter Stoddart

Apologies for absence were received from Councillors Steve Allsopp and Mary Martin.

Councillors Peter Greenhalgh, Cabinet Member for Sustainability, Transport and Strategic Planning, and Keith Williams, Cabinet Member for Leisure & Corporate Services were also in attendance.

#### **14. Declarations of Interest**

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting.

Councillor Keith Williams made a non-prejudicial declaration of interest in respect of the Committee's consideration of the Capita Contract Management (Agenda Item No. 8).

#### **15. Public Question Time**

No questions were asked under Standing Order 18.

#### **16. Minutes**

Resolved - That the minutes of the meeting held on 23 June 2009 be confirmed and signed.

#### **17. Risk Management Status Update**

The Council's Head of Performance and Risk presented a report summarising risk management activities within the Council, in relation to:

- the refresh and review of the Council's Management Strategy and the promotion of the Strategy as an element of the Council's decision making processes
- the Corporate Risk Register
- Risk Management in relation to projects
- the review of available guidance for Managers on the issue of risk management and the production of a simplified Guidance Sheet
- insurance and the number and cost of claims of the over period since 2005
- the move by SCS to arms length management organisation and its independent insurance arrangements from 1<sup>st</sup> January 2010, and the anticipated positive impact of the move on the Council's own insurance position
- the inclusion of additional risk areas within the Corporate Risk Register, including the ballot of tenants in relation to the transfer of the Council's

- housing stock
- business continuity of management and civil contingencies.

Resolved - (1) That the report and the detail of the presentation by the Head of Performance and Risk be noted.

(2) That the detail of the Corporate Risk Register be accepted and that Members be invited to advise the Head of Performance and Risk outside the meeting of any significant risk areas that they feel have been overlooked.

(3) That, in support of each function to review the Corporate Risk Register and the Council's management of risk, the Committee agreed that the individual "owners of risk" be invited to attend future meetings of the Committee to make a brief presentation and to discuss with Members the role of the particular department and how they link with the mitigation of risk.

(4) That, with reference to (3) above, the Council's Emergency Planning Officer be invited to attend the next meeting of the Committee to discuss identified risks within his area of responsibility.

(5) That copies of Risk Management Guidance Sheet for Managers be made available to Members of the Audit Committee and the Performance Advisory Group for information.

## **18. External Audit Report on the Statement of Accounts 2008/09**

The Committee received the External Auditor's Annual Governance Report in relation to its Annual Audit of the Council's Statement of Accounts for 2008/9. Mr Peter Smith and Martin Robinson of the Audit Commission, were in attendance and presented the Report, summarising its key messages and responding to Members questions. The External Auditors also reported on the "use of resources" element of the Annual Governance Report, advising that this aspect of the review had changed quite fundamentally since last year, the basis of the assessment changing its focus from arrangements and processes to the results of actions, outcomes, and whether standards of service were improving to the benefit of local residents. The External Auditors commented that, in terms of the performance assessment in relation to use of resources, although the trend nationally was downward, Swindon had "held its own and bucked the national trend". They commended the Council on its performance, making particular reference to joint working between the Council and the PCT and the Council's approach to risk management as being the major contributory factors to their determination that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The External Auditors expressed their thanks for the high level of assistance and support provided by the Council's Deputy Head of Finance and to the Financial Services Team in conducting the 2008/9 Audit.

Resolved – (1) That this Committee welcomes the Audit Commission's issue of an unqualified audit opinion of the Council's Financial Statements, subject to the satisfactory clearance of outstanding matters.

(2) That this Committee congratulates Darren Stevens, the Council's Deputy Head of Finance, and the Financial Services team, on their hard work in producing the Statement of Accounts and the achievement of the unqualified audit opinion.

(3) That, having considered the matters raised in the report and taken note of:

- the adjustment to the Financial Statements set out in Appendix 2 to the report;
- the Value for Money conclusion and use of Resources score,

the letter of representation be approved by this Committee on behalf of the Council.

(4) That the Action Plan to respond to recommendation arising from the Annual Governance Report 2008/9, set out in Appendix 5 to that report, be accepted.

(5) That the Audited Statement of Accounts for 2008/09 be approved and signed by the Chair.

#### **19. Internal Audit reports identifying significant risk or 'of concern' – Car Parking**

The Committee received a report on the Internal Audit Review of Car Parking Procedures, finalised May 2009 when an overall risk assessment of "significant" was given. The Council's Head of Streetsmart was in attendance and presented the details of the management response to the recommendations resulting from the Internal Audit, commenting on actions that had been concluded to date, particularly in relation to the Cash Collection Contract and the client's relationship with Capita and progress in dealing with the various recommendations on a priority basis. Councillor Peter Greenhalgh was also in attendance, deputising for Councillor Fionuala Foley, the Cabinet Member with responsibility for Streetsmart, and, whilst disappointed at the findings of the original Internal Audit Review, commented that he was encouraged by the management response and progress in implementing the various recommendations of the Audit Report. Councillor Greenhalgh expressed his surprise at Capita's decision to apparently withhold data relating to their responsibility for Car Parking Income/Ticket Sales Analysis and it was agreed that this matter be further investigated and an explanation of that decision reported to a future meeting of the Audit Committee as part of the follow up review. Councillor Greenhalgh added that he would wish to see a move in future towards a cashless system. He acknowledged that there might be some resistance to this proposal but felt that in the long term this was the correct way forward. It was noted that approximately 30% of larger payments are now made by debit or credit card and that payment by card was an available option on the newer car parking ticketing machines.

Resolved – (1) That the report be noted and that the progress in implementing the recommendations arising from the initial Audit Review be welcomed.

(2) That the follow up Audit Report be submitted to this Committee in January 2010.

#### **20. Internal Audit reports identifying significant risk or 'of concern' – CAPITA Contract Management**

The Committee received the final Internal Audit Report on Capita Contract Management, finalised in September 2009 when an overall risk assessment of "of concern" was given. The Group Director, Business Transformation, was in attendance and introduced the management response to the Internal Audit recommendation and briefly outlined actions that had been taken to consolidate and prioritise the range of activities necessary to ensure that the Council's interests are protected and that Capita delivers against its contractual obligations. The Group Director commented that many of the recommendations set out in the Audit Review Report had been actioned since the publication of the initial draft of the review in April of this year and that it was his estimation that, perhaps, only 20% of the recommendations remained to be addressed to ensure the improved management

of the Contract. The Group Director responded to questions raised by Members regarding the review, including:

- the perceived difference between the partnership arrangement with Capita and a standard contractual arrangement
- the amount of service credit received from Capita under the terms of the Contract
- the balance of risk between the Council and Capita
- the level of resource afforded by the client to the monitoring of the Contract.
- governance arrangements in respect of the contract and dispute resolution
- the success of the Capita Contract in supporting the Council's transformation agenda
- the Scrutiny review and monitoring of the Capita Contract Key Performance Indicators
- the upgrading of the Council's computer operating systems and its e-mail platform

Resolved – (1) That the report be noted.

(2) That the Committee be provided with details of the level of penalty issued against Capita to date plus details of waived penalties and the reasons for those penalties being waived.

## **21. The Audit Commission's National Fraud Initiative**

The Committee received a report advising of the Council's participation in the Audit Commission's National Fraud Initiative (NFI) and work being undertaken by Internal Audit in support of the initiative. The report also provided an update on the current position with regard to the outcome of investigations and consequent savings. The Head of Internal Audit introduced the report, providing a brief explanation of the initiative, whereby local authorities, other public bodies and some private organisations can submit various data sets that are then matched, allowing Councils to access a database detailing all the "hits" relevant to the Council following the data matching exercise, these are then prioritised and investigated as appropriate. The Committee noted that in addition to the data sets detailed in the report, the Council had also provided details of people claiming Council Tax Single Person Discount and details of the Electoral Roll in an attempt to identify where a Single Person Discount was being awarded in respect of a property in multiple occupation. The Head of Internal Audit advised that the majority of savings to date under the initiative had come from the matching of Council Tax records to the Electoral Roll, with 47 frauds being identified to date generating £48,000 of ongoing savings.

Resolved – (1) That the report be noted.

(2) That with reference to savings made through the identification of fraudulent activity in relation to claims for the Council Tax Single Person Discount, a further report be made to the Committee in January 2010 identifying the total savings following the conclusion of the matching exercise.

## **22. Compliance with International Auditing Standards**

The Committee received a report from the External Auditors on the issue of compliance with International Standard on Auditing (UK&I) and seeking the Committee's assistance in relation to their work on the Council's Accounts for 2008/9 by providing assurances regarding members' perception of the Audit Committee's role within the Council's governance arrangements and exercise an



oversight of management processes to identify and respond to risks of fraud and possible breaches of internal control. The Chair responded on behalf of the Committee, to provide the External Auditor with the necessary assurances regarding the strategic role of the Audit Committee in ensuring that the Council's assurance framework is operating effectively, exercising oversight of management's processes and identifying and reporting the risk of fraud and possible breaches of internal control in the Council, including details of the Committee's own methods of operation and his own and other Members' availability to consider and be apprised of risk assessment, the identification of risks of fraud in the organisation, communication to employees of views on business practice and ethical behaviour, and communication to those in charge of governance regarding processes for identifying and responding to fraud.

### **23. Head of Internal Audit Update**

The Committee received a report summarising the main issues arising from the Internal Audit reports finalised since the last meeting of the Committee, and advising on the progress against the Internal Audit Plan. The Committee also received an update on the staffing situation within internal audit.

Resolved – (1) That the report be noted

(2) That the Internal Audit Report on Payroll be submitted to the next meeting of the Committee for consideration and that the relevant officers and responsible Cabinet Member be invited to attend that meeting.

(In his capacity as a Local Education Authority appointed governor of Greendown School, Councillor Nick Martin made a non-prejudicial declaration of interest in respect of the Committee's consideration of issues relating to the School Audit Plan.)

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# Agenda Item 6

## Response to Major Incidents/Events

**AUDIT COMMITTEE**

Date: 24<sup>th</sup> November 2009

**Author: Head of Internal Audit**

**Wards Affected: None**

### **Purpose**

To present Members with a summary of the main issues relating to Emergency Planning, the mitigating controls that are in place to reduce the risk to the Council and how the effectiveness of these controls are monitored.

### **Recommendation**

- It is recommended that the contents of the report be noted.

## **1 Reasons**

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 Members requested that in order to gain additional assurance regarding the management of corporate risks an owner of a corporate risk would be asked to attend Audit Committee. The owner would be asked to explain what the main issues regarding the risk area were and what mitigating controls are in place to reduce the risk and how the effectiveness of these controls are monitored.

## **2 Detail**

- 2.1 Sam Weller, the Head of the Civil Protection Unit, will attend Audit Committee and give a presentation detailing the issues regarding the corporate risk (CR07):

*Risk: Responses to major incidents/events is not fully effective.*

- 2.2 The presentation will include what the potential risks are, the mitigating controls in place and how the effectiveness of these controls are monitored.

## **Alternative Options**

Not Applicable

## Response to Major Incidents/Events

### AUDIT COMMITTEE

Date: 24<sup>th</sup> November 2009

#### **Risk Management**

##### *Financial and Procurement Implications*

There are no direct financial implications arising from this report

##### *Legal/Human Rights Implications*

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Emergency Planning procedures are regulated through the Civil Contingencies Act 2004. The chief requirement of the Act is to maintain plans to ensure that, if an emergency occurs or is likely to occur, each responder body can deliver its functions so far as necessary or desirable for the purpose of preventing the emergency, reducing, controlling or mitigating its effects, or taking other action in connection with it.

##### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

Our Community Vision - 2.4; Consultation and Our Role in The Community - 3.8 and Building Neighbourhood Capacity - 6.1

Emergency plans are being encouraged and developed with parishes through the Parish Forum particularly in light of the floods of 2007 and which also accords with the Council's vision of Connecting People Connecting Places.

Closer working and integration with NHS Swindon is being undertaken which has been highlighted during the Swine Flu Pandemic. Training and exercising has taken place with major employers in the Borough such as Motorola, Zurich, Nationwide and The National Trust. Work with external and internal partners has been ongoing to encourage and empower communities to provide self-help.

#### **Consultees**

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

#### **Appendices / Background papers**

None

#### **Key Decision/Decision in Forward Plan**

Not Applicable

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Further information on the subject of this report can be obtained from Nick Hobbs on Direct Dial No. 01793 463940 or email [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk)

## CAPITA Contract Management

### AUDIT COMMITTEE

Date: 24<sup>TH</sup> November 2009

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**Author:** Group Director – Business Transformation

**Parish / Wards Affected:** None

#### **Purpose**

To provide additional information to the committee as requested at the meeting on 22 September 2009 in respect of the arrangements for the management of the Capita contract.

#### **Recommendation**

Audit Committee is requested to note the contents of this report.

### **1. Reasons**

- 1.1 The Chair of the Audit Committee requested that the Internal Audit on Capita contract management be presented to the committee once it had been finalised early in September 2009.
- 1.2 The report was presented to committee on 22 September 2009. As a result of discussions, the committee requested additional information which is supplied in Appendix 1 to this report:

### **2. Detail**

- 2.1 The report following the internal audit review of the arrangements for the management of the Capita contract was presented to committee on 22 September 2009, following an overall risk assessment of 'Of Concern'.
- 2.2 A full, point by point, management response was included in the report along with an overall summary response.
- 2.3 The committee reviewed the internal audit findings and requested that additional information be provided to the committee as follows:  
  
‘That the Committee be provided with details of the level of penalty issued against Capita to date plus details of waived penalties and the reasons for those penalties being waived.’
- 2.4 This report sets out the requested information at Appendix 1, together with some additional background detail to provide the overall context for the information provided for Members consideration.

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Further information on the subject of this report can be obtained from Sue Mendham on 01793 464932 or Email [smendham@swindon.gov.uk](mailto:smendham@swindon.gov.uk).

# CAPITA Contract Management

## AUDIT COMMITTEE

Date: 24<sup>TH</sup> November 2009

2.5 The Councils Partnership Manager will be at the Audit Committee to answer any questions Members may have.

### Alternative Options

- Not applicable

### Risk Management

#### *Financial and Procurement Implications*

Given the value of the partnership it is important to ensure robust and transparent governance arrangements are in place to allow regular formal scrutiny of adherence to contractual obligations by both parties ensuring:

- That partnership strategy and direction is fully aligned with overall Council wide strategy and direction going forward
- Performance targets are met
- Continuous improvement regimes are in place
- The transferred services continue to demonstrate value for money. The contract allows for a full benchmarking exercise to be carried out at regular intervals during the contract period.
- The significant Capital investment delivers the Council's required outcomes
- Agreed Business Cases are implemented on time to the contracted standard.

#### *Legal / Human Rights Implications*

- There are no direct legal or Human Rights implications arising from this report.

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

The partnership directly contributes to elements of the Council's strategy as set out in the Corporate Plan and 50 promises. Under the partnership Capita have been responsible for delivering Promises 1, 2 and 8, (One Stop Shop, Contact Centre and Customer Complaints).

### Consultees

- The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- Group Director: Business Transformation  
Head of Internal Audit

### Background Papers and Appendices

- **Appendix 1** CAPITA Contract Management – additional information

Further information on the subject of this report can be obtained from Sue Mendham on 01793 464932 or Email [smendham@swindon.gov.uk](mailto:smendham@swindon.gov.uk).

# **CAPITA Contract Management**

**AUDIT COMMITTEE**

**Date: 24<sup>TH</sup> November 2009**

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## **APPENDIX 1**

### **CAPITA Contract Management – additional information**

1.1 At the Audit Committee on 22 September 2009 the following additional information was requested by Members:

‘That the Committee be provided with details of the level of penalty issued against Capita to date plus details of waived penalties and the reasons for those penalties being waived.’

1.2 The sections below set out the specific detail requested, together with further background supporting information which provides the context around the decision making in respect of the application of penalties.

### **Performance**

1.3 Each service, that Capita has operational responsibility for, has a range of Key Performance Indicators (KPIs) in place to enable the Council to monitor service performance. Currently there are 92 different KPI's across the full range of services. Whilst the majority of KPIs are measured monthly, some are measured quarterly or annually.

1.4 Since the Capita contract began in February 2007, approximately 2,168 KPIs have been measured and reported on. Measurement of monthly indicators begins approximately 3 months after the service commencement date for each service, following a period of contractual baselining.

1.5 Of the 2,168 KPIs measured to the end of September 2009, the number of KPIs which have failed to meet the agreed target performance levels totals 92 which equates to a failure rate of 4.2%. Therefore the average rate for meeting target performance has been 95.8%.

1.6 This is considered to be a strong performance given that there has been significant change and capital investment in many services since service commencement. This statement is further underpinned by the fact that the majority of change was implemented during the first two years of the contract and current 09/10 performance shows that 97% of targets are being met.

1.7 The Council and Capita agreed KPIs for the first three years of the contract for the majority of the services, with incremental improvement built in for future years. The parties reviewed the contractual KPIs at the end of 2008/09 and agreed some changes to the contractual KPIs for 2009/10, as it had become clear that some KPIs were not driving a particular desired behaviour within the Partnership, or measuring those things that are directly related to the success of the service and the current objectives of the council. The KPIs for 2010/11 will be reviewed in January 2010 and any changes agreed in light of any changing Council focus and 2009/10 performance.

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Further information on the subject of this report can be obtained from Sue Mendham on 01793 464932 or Email [smendham@swindon.gov.uk](mailto:smendham@swindon.gov.uk).

## **CAPITA Contract Management**

### **AUDIT COMMITTEE**

**Date: 24<sup>TH</sup> November 2009**

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1.8 As set out in the Internal Audit report submitted to committee on 22 September 2009, under the Partnership Agreement, there is a Price Performance Mechanism (PPM) which '....provides incentives for the Partner to deliver effective and sufficient solutions in relation to the provision of the Services.....' The PPM also aims to 'provide adequate protection to the Council where the Partner fails to deliver the required performance in relation to the Services.....'

1.9 The PPM sets out the targets for each KPI and the penalty regime that can be applied upon failure to meet the performance target, with increasing values, known as Service Credits, dependant on the severity of the failure. These have been updated to reflect the changes to the KPIs agreed for 2009/10.

1.10 Under the PPM the Council has the right to exercise its discretion in respect of whether or not to apply the penalties (Service Credits) in the event that a performance target is not met. The PPM further sets out that 'to reflect the spirit of partnership Service Credits will not necessarily be made automatically in the month(s) following a performance shortfall..... the Council will have reasonable regard to:

- a) actual improvement of the relevant performance shortfall
- b) robustness of any KPI recovery plan
- c) actual implementation of any KPI recovery plan
- d) overall performance of all KPIs in relevant Service Stream
- e) the timing of the failure prior to the review'

1.11 The decision whether to apply penalties is taken by the Council officers who attend the joint monthly Partnership Executive. Cabinet agreed the constitution of the Executive in September 2008 to include the following officers: Group Director, Business Transformation, Directors of Finance, Partnership, Performance and Communications, Head of Corporate Finance and the Partnership Manager.

1.12 The Council reviews each failure and considers whether it is appropriate to apply a penalty in the event of a failure, having received an explanation for the failure and the remedial action Capita has put in place to prevent further repeat failures.

1.13 Since the contract began, the Council has received direct payment for penalties to the value of £87,238, against a possible total value of £293,857 equating to 29.7%. However, in many instances where penalties have not been applied the Council has taken this decision on the basis that the Council members of the Partnership Executive have seen sufficient evidence to show that the value of the remedial action that Capita has put in place, is in excess of the value of the penalty that could have been applied.

1.14 The primary focus is to ensure that performance is rapidly restored to meet the target requirements and as such the decision taken to apply penalties is based on an assessment of the action being taken by Capita to restore performance to the agreed target.

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Further information on the subject of this report can be obtained from Sue Mendham on 01793 464932 or Email [smendham@swindon.gov.uk](mailto:smendham@swindon.gov.uk).



## **CAPITA Contract Management**

### **AUDIT COMMITTEE**

**Date: 24<sup>TH</sup> November 2009**

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1.15 An example of this approach can be demonstrated in respect of repeated failures in IT during Spring/Summer 2008 in relation to the number of calls to the IT Help Desk and those calls being answered within a defined target period. Root cause analysis of the problem identified that the volume of calls had risen beyond contractual expectations and additional staff on the Help Desk would be required to restore service to the required performance level. Capita provided the additional staff at no additional cost to the Council. The value of the additional staff employed outweighed the cost of the penalties that could have been applied. In this instance it would have been cheaper for Capita to have continued paying the penalty rather than taking the corrective action required to restore the service.

1.16 The Council officers who attend the Partnership Executive will also assess a KPI failure in light of any significant changes being undertaken on the service in question. Another example of this is in respect of Customer Services that experienced a range of failures in 2008. At the time, and as advised to Cabinet in September 2008 and Scrutiny Committee in November 2008, the parties recognised that the initial transfer of services to the One Stop Shop and Contact Centre could have been executed in a more successful manner, with a 'broad and shallow' approach taken to business process re-engineering of the services rather than a 'deep and narrow' approach that would have increased performance. As a result Capita chose to undertake a significant investment to re-engineer the service; again this value was significantly in excess of any penalties the Council could have applied.

1.17 The Council also reviews its approach in respect of practice undertaken by other Councils. Another council, who also has a long term partnership with Capita, advises that currently their KPI performance for 2009/10 is running at an average of 95.4%, compared to Capita's current average performance in Swindon of 97%, despite the fact that all penalties are rigidly applied at the other council in the event of failure. On this basis it is not considered that the Councils performance would be significantly improved if a different strategy was applied.

1.18 In addition there are a number of KPI's where the attainment of the desired performance levels are also dependant on the performance of the Council, where Capita provide part of the service and the Council provide part of the service, such as the Customer Service Complaints Process and Closure of Service Requests. These KPI's are also reviewed at a monthly Service Review meeting between Capita and the relevant Council Service owners, to identify the root cause of any issues and agree responding strategies. Frequently the Capita performance exceeds that of the Council performance, and Capita are working closely with the Council to help improve the Council's performance.

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## Audit Committee Updates on Financial Accounts Processes

AUDIT COMMITTEE

Date: 24<sup>th</sup> November 2009

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**Author:** Director of Finance

**Wards Affected:** All

### Purpose

- To update the Committee on changes to the financial accounting standards and their impact.

### Recommendations

The Audit Committee is asked to:

- Note the content of this report
- Support the Finance Function in developing new methods of accounts closure procedures to improve the closedown process
- Note the draft timetable for closing 2009/10 and general timetable for international standards transition

## 1. Reasons

- 1.1 This report informs Members of the wide-ranging changes that financial standards are undergoing and their impact on the Council's financial statements and processes.

## 2. 2009/10 Changes

- 3.1 The current financial year is the final period under which final accounts will be prepared under the UK GAAP (Generally Accepted Accounting Standards). Changes that have already been implemented have all been directing the accounts process to International Standards. 2009/10 sees the final changes to be introduced before full adoption of IFRS (International Financial Reporting Standards)
- 3.2 There are two key streams of change for the current financial year. The most significant is the review and restating of PFI schemes. CIPFA (Chartered Institute of Public Finance And Accountancy) have brought this in as a 2009/10 change, even though it is technically an IFRS review.
- 3.3 The change requires that PFI schemes are looked at and assessed against the below principles:
  - The local authority controls or regulates what services the operator must provide with the property, to whom it must provide them and at what price.
  - The local authority controls – through ownership, beneficial entitlement or otherwise – the significant residual interest in the property at the end of the term of the arrangement.

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Further information on the subject of this report can be obtained from *Darren Stevens* on *Direct Dial No.3323* or Email [dstevens@swindon.gov.uk](mailto:dstevens@swindon.gov.uk).

## Audit Committee Updates on Financial Accounts Processes

AUDIT COMMITTEE

Date: 24<sup>th</sup> November 2009

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- 3.4 As Swindon Borough Council currently has a PFI scheme, for seven schools, our current assessment is that the authority controls significantly the services provided for the schools and the assets will revert to our ownership at the end of the term. This results in these assets needing to come on to the Authority's balance sheet. In doing so the accounting treatment will need to remove all previous entries against PFI accounting and replace it with the new entries that will need to be calculated.
- 3.5 The second major change relates to the Collection Fund. It will now only be required for the Authority to account for its share of balances of the Collection Fund. This information is available under normal closing arrangements and is just a process change on the detail that gets entered onto the ledger.
- 3.6 Closing of the 2009/10 financial year follows a detailed timetable that is usually published post-budget setting, in March. As there are additional impacts on closing 09/10, mainly SCS decoupling, the draft timetable has been produced early to enable longer consideration of where this will impact on the process. This is attached for reference at Appendix 1 and is subject to change after wider consultation.

### 4. 2010/11 Changes

- 4.1 The first year of IFRS adoption will be 2010/11. This will require the restatement of all main statements from 2009/10 accounts and the closing 2008/09 balance sheet. This closing balance sheet becomes what is known as the 'transition' balance sheet and is the earliest date of information under IFRS.
- 4.2 The attached implementation plan shows the general dates for data gathering, analysis and restatement of accounts. Whilst some information is being collected currently, it will not be until Apr-2010 that any process/system changes can be implemented, as 2009/10 still needs the current set-up in place.
- 4.3 There are several areas that are 'key' as part of the implementation and these are summarised as follows:
  - Untaken Leave – as part of more detail employee benefits accounting arrangements we need to account for the value of employee's untaken leave at the balance sheet date. Inclusion in the accounts will be considered against materiality. It is expected to have statutory mitigation in place to ensure this does not impact on general fund, with new regulations or guidance in place by 31<sup>st</sup> March 2010.
    - Position - Reports from HR are being analysed and staff input requested to enable this calculation as at 1/4/09 to be undertaken.

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Further information on the subject of this report can be obtained from *Darren Stevens* on *Direct Dial No.3323* or Email [dstevens@swindon.gov.uk](mailto:dstevens@swindon.gov.uk).

## Audit Committee Updates on Financial Accounts Processes

### AUDIT COMMITTEE

Date: 24<sup>th</sup> November 2009

- Leases – a change in interpretation of leasing may result in some changes in lease classifications. As the authority has no financial leases in place (where the asset is shown on the balance sheet rather than transactions simply being through revenue) the starting position is from holding operating leases. It is expected that any movement from operating to finance leases will be revenue neutral. Where the Council leases to others these are also currently classified as operating leases. There may be a revenue impact of any reclassification as no advice on mitigating statute has been published, but again, regulatory change or guidance is expected by 31<sup>st</sup> March 2010.
  - Position – Standard lessee lease schedule being extended to consider reclassification items. Lessor schedule being compiled with Property / Legal for separate assessment.
- Fixed assets – there are several valuation areas that require attention and Property Services' valuers are involved in the discussions.
  - Position – meeting held with property and process discussed. Valuations for 2009/10 UK GAAP and updated valuations for IFRS restatements expected by end of March 2010. New asset register system to be in place by end of this financial year, which will assist in the more complex accounting requirements under IFRS for fixed assets.

4.4 The transition balance sheet is planned to be with the external auditors by July 31<sup>st</sup> 2010, though smaller elements of the transitions will be discussed as they are considered and analysed. Completion of the transition balance sheet is hoped by this financial year end but consideration of higher volumes of valuations, on top of the required 2009/10 UK GAAP valuations, is being treated within a wider timeframe and impact of closing the current year.

4.5 The restated 2009/10 accounts will begin updating after approval of the UK GAAP accounts by Audit Committee in June 2010 and with the auditors by December 31<sup>st</sup>. This allows for six months of detailed review with audit of the overall look and feel of the new accounts. Building upon the good working relationships built up over the last statutory accounts audit, any concerns of audit will be dealt with as items are raised and discussed.

### Alternative Options

- Not applicable – Accounts must be reviewed, restated and ready for IFRS for 2010/11.

### Risk Management

*Financial and Procurement Implications*

Further information on the subject of this report can be obtained from *Darren Stevens* on *Direct Dial No.3323* or Email [dstevens@swindon.gov.uk](mailto:dstevens@swindon.gov.uk).

## **Audit Committee Updates on Financial Accounts Processes**

### **AUDIT COMMITTEE**

**Date:**24<sup>th</sup> November 2009

- These are included in the main body of the report.

#### *Legal / Human Rights Implications*

- There are no Legal/Human Rights issues.

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

- There are none.

### **Consultees**

- None

### **Background Papers and Appendices**

- Appendix 1 – Draft closing timetable 2009/10
- Appendix 2 - Project Plan

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Further information on the subject of this report can be obtained from *Darren Stevens* on *Direct Dial No.3323* or Email [dstevens@swindon.gov.uk](mailto:dstevens@swindon.gov.uk).

# Final Accounts 2009/10 - Detailed Corporate Closedown Timetable

Ref.	Task	Comment	Officer	Day	Due By Date	Impacts on Outturn / Accounts	Completed by?
October	1	Closedown process improvements considered	Darren Stevens	Wednesday	07-Oct-09	Outturn Accounts	07-Oct
	2	Crystal Reports discussed for producing more system generated information		Friday	09-Oct-09	Accounts	09-Oct
	3	SCS Transition Impact on closedown considered		Friday	09-Oct-09	Accounts	09-Oct
	4	SCS December Closing Timetable Considered		Friday	09-Oct-09	Accounts	09-Oct
November	5	Report to Audit Committee on activities to date and latest SORP/CODE changes	Darren Stevens	Monday	16-Nov-09	Accounts	16-Nov
	6	Year end literature updated for review	Darren Stevens	Friday	30-Nov-09	Outturn Accounts	To Do
	7	SCS as SBC closing guidance issued to managers	SCS	Monday	30-Nov-09	Accounts	To Do
	8	SBC as SCS invoicing queries to date to be agreed and cleared	SCS / Clients	Monday	30-Nov-09	Accounts	To Do
December	9	SCS as SBC final schools' invoicing distributed	SCS	Thursday	16-Dec-09	Outturn Accounts	To Do
	10	SCS as SBC purchasing card transactions to be cleared to cost centres	SCS	Thursday	16-Dec-09	Outturn Accounts	To Do
	11	Review SORP 2009 and Code 2010 Official Guidance	Darren Stevens	Monday	18-Dec-09	Accounts	To Do
	12	Consider any additional impact of accounting changes to closedown processes	Darren Stevens	Monday	24-Dec-09	Accounts	To Do
	13	Restate prior year accounts if requirement under SORP / Code changes	Darren Stevens	Thursday	24-Dec-09	Accounts	To Do
	14	Petty cash certificates to be received	SCS	Thursday	31-Dec-09	Accounts	To Do
	15	Provide any information to external audit in respect of changes to be made to the accounts for their interim review	Darren Stevens	Thursday	31-Dec-09	Accounts	To Do
	16	Processes in place to approve and process creditor invoices to SBC for pre 1/1/10 invoices	SCS	Thursday	31-Dec-09	Outturn Accounts	To Do
January	17	Deadline for AR requisitions for SCS as SBC	SCS	Monday	04-Jan-10	Outturn Accounts	To Do
	18	Final Date for SCS as SBC invoices to clients	SCS	Monday	04-Jan-10	Outturn Accounts	To Do
	19	Deadline for receipt of SCS as SBC CIS returns	SCS	Monday	04-Jan-10	Accounts	To Do
	20	Disputes on December invoicing to be cleared	SCS / Clients	Wednesday	06-Jan-10	Accounts	To Do
		Deadline for any SCS as SBC accruals to be processed	SCS	Wednesday	06-Jan-10	Accounts	To Do
	21	December period closed as per Oracle calendar	Finance Admin	Thursday	14-Jan-10	Accounts	To Do
	PCT1	Month 9 "hard close" of accounts	PCT	Thursday	14-Jan-10	Accounts	To Do
	22	Balance sheet updates for SCS	Darren Stevens / Technical Finance	Friday	29-Jan-10	Accounts	To Do
	23	Final year-end guidance dispatched to DGFMs	Darren Stevens	Friday	29-Jan-10	Accounts	To Do
	24	Closing Balance Sheet 2008/09 (as restated for PPAs if necessary) dispatched to GFMs	Darren Stevens	Friday	29-Jan-10	Accounts	To Do
	25	Suspense account review	Darren Stevens / Finance Admin	Friday	29-Jan-10	Accounts	To Do

# Final Accounts 2009/10 - Detailed Corporate Closedown Timetable

Ref.	Task	Comment	Officer	Day	Due By Date	Impacts on Outturn / Accounts	Completed by?
PCT2	Cash position forecast	PCT will require a forecast of the overall cash position for each pool from February onwards and agreement on actual transfer date in March (interest needs to be included in the cash calculations)	PCT	Monday	01-Feb-10	Accounts	To Do
26	2008/09 Restatement / 2009/10 Process Changes to Audit	Complete set not just the workings	Darren Stevens	Monday	01-Feb-10	Accounts	To Do
27	Oracle Period Adj3-09 Opened	Mainly fixed assets coding	Darren Stevens	Monday	01-Feb-10	Accounts	To Do
28	Complete the recoding of FA code balances to default codes in ADJ3-09	Reset starting position	Darren Stevens	Tuesday	02-Feb-10	Accounts	To Do
29	Clear Net Cost of Services to General Fund Code		Darren Stevens	Tuesday	02-Feb-10	Accounts	To Do
30	Oracle Period Adj3-09 Closed		Darren Stevens	Wednesday	03-Feb-10	Accounts	To Do
31	Opening Balance Sheet 2009/10 Dispatched to GFMs		Darren Stevens	Thursday	04-Feb-10	Accounts	To Do
NY1	New Year Created	System update	Oracle Support / CAPITA	Friday	19-Feb-10	n/a	To Do
32	Deadline for receipt of items for schools' direct debits (noon)		Finance Teams	Tuesday	23-Feb-10	Outturn	To Do
33	Clients to compile list of year-end accruals expected to be made against SCS Ltd		Clients	Friday	26-Feb-10	Outturn	To Do
NY2	New Year Budget files received from Finance Teams		Finance Teams	Friday	26-Feb-10	n/a	To Do
February							
34	Year-end literature dispatched to Budget Managers	Need to give managers enough notice to prepare for year-end and ask any questions.	Finance Teams	Monday	01-Mar-10	Accounts	To Do
35	Suspense / Control and P&R Code Balances Reminder(s) Sent		Darren Stevens	Monday	01-Mar-10	Outturn	To Do
36	Retained Asset Valuations for 31/3/09 received from Property	Key time line for capital closedown	Capital Team	Friday	05-Mar-10	Accounts	To Do
NY3	New Year budget uploaded into Oracle		CAPITA	Friday	05-Mar-10	n/a	To Do
NY4	Budget Books draft copy produced and sent to Finance Teams	need to assess format / content	CAPITA	Friday	12-Mar-10	n/a	To Do
NY5	RA Form Completion	Look to enable central compilation	Finance Teams	Wednesday	17-Mar-10	n/a	To Do
37	Schools Transactions deadline - any transaction to schools after this date to be accrued		Finance Teams	Thursday	18-Mar-10	Accounts	To Do
38	PCT - ICES accounts	Need to ensure that any payments due for the year are include in March for early PCT agenda. Estimates if necessary.	Ann Vischer / CAPITA	Thursday	18-Mar-10	Outturn	To Do
NY6	Confirmations back from Finance Teams on correct structures to produce books		Finance Teams	Friday	19-Mar-10	n/a	To Do
39	Related Party Questionnaires Distributed	Include references to gifts & donations	Darren Stevens / Lee Titcombe	Friday	19-Mar-10	Accounts	To Do
NY7	Budget Books final copies produced for Members / Directors		CAPITA	Thursday	25-Mar-10	n/a	To Do
NY8	Budget Books received to Corporate Finance for distribution		CAPITA / Darren Stevens / Kim Chequer	Friday	26-Mar-10	n/a	To Do
40	Deadline for receipt of CIS returns for 2009/10 (noon)		CAPITA	Monday	29-Mar-10	Outturn	To Do
41	Deadline for input of AR requisitions for processing in 2009/10		Accountants / AR Users	Wednesday	31-Mar-10	Outturn	To Do
42	Adj1-10 & Adj2-10 Opened		Oracle Support / CAPITA	Wednesday	31-Mar-10	Accounts	To Do
43	Purchasing Card Accounts to be cleared to cost centres		Card Authorisers	Wednesday	31-Mar-10	Outturn	To Do
44	Deadline for input/authorisation of AP requisitions in 2009/10		Accountants / AP Users	Wednesday	31-Mar-10	Outturn	To Do
45	SBC / SCS Ltd final accrual listing to be agreed		SCS / Finance Leads	Wednesday	31-Mar-10	Outturn	To Do
March							



# Final Accounts 2009/10 - Detailed Corporate Closedown Timetable

Ref.	Task	Comment	Officer	Day	Due By Date	Impacts on Outturn / Accounts	Completed by?
46	Check Payroll information for accounts / Members Allowances	Need to distribute figures prior to publication	Darren Stevens	Thursday	01-Apr-10	Accounts	To Do
47	AR aged-debt reports produced		CAPITA	Thursday	01-Apr-10	Accounts	To Do
48	Obtain interest figures for Trust Fund calculations		Keir Garnham	Thursday	01-Apr-10	Accounts	To Do
49	Restated Accounts and Summary of Changes Explanation Report for Audit Committee		Darren Stevens	Thursday	01-Apr-10	Accounts	To Do
50	Deadline for receipt of final Cash Income returns for 2009/10	Ensure cash returns split into correct years	CAPITA	Thursday	01-Apr-10	Outturn	To Do
51	Final 2009/10 AP/GL Update	No more AP/AR input after this date - ledger journals only	CAPITA	Thursday	01-Apr-10	Outturn	To Do
52	Final Asset Valuations for 31/3/09 received from Property	Obtain copy to feed into balance sheet Rec and audit file	Capital Team	Tuesday	06-Apr-10	Accounts	To Do
53	Deadline for Salaries and Wages A2 Summary for March		CAPITA	Tuesday	06-Apr-10	Outturn	To Do
54	Deadline for Petty Cash Certificates & Reconciliation		Heads of Finance	Tuesday	06-Apr-10	Outturn	To Do
55	AR Reconciled		CAPITA	Tuesday	06-Apr-10	Accounts	To Do
56	AP Reconciled	Obtain copy to feed into balance sheet Rec and audit file	CAPITA	Tuesday	06-Apr-10	Accounts	To Do
PCT3	Pooled budgets I&E and B/S positions (creditors/debtors) will need to be finalised before c.10th April 2010	Vital to revenue closedown that managers accrue accurately and timely and that Teams forward when ready - do not hold on to them if batches are clear	PCT	Friday	09-Apr-10	Accounts	To Do
57	I-PROC accruals reviewed		DS / Oracle Support / CAPITA	Friday	09-Apr-10	Outturn	To Do
58	Notify GFM of proposed depreciation charges on existing assets (prior years)		Capital Team	Friday	09-Apr-10	Accounts	To Do
59	Deadline for posting to PCT linked accounts (S-6443, S-6624, S-6426 and all X committee)		All	Friday	09-Apr-10	Outturn	To Do
60	Leasing Control Reconciled	No reserves movements should be processed without corporate approval and action	CAPITA / Treasury	Tuesday	13-Apr-10	Accounts	To Do
61	Information to be provided to Treasury to enable interest on Deposit Accounts calculations		CAPITA	Tuesday	13-Apr-10	Accounts	To Do
62	Cash Reconciled		CAPITA	Tuesday	13-Apr-10	Accounts	To Do
63	Interest on Trust Funds & Commuted Payments calculated		CAPITA	Tuesday	13-Apr-10	Accounts	To Do
64	Old Sundry Debtors System Reconciled	Final check that less used ranges are cleared	Keir Garnham	Tuesday	13-Apr-10	Accounts	To Do
65	All Officer Deposits Reconciled		CAPITA	Tuesday	13-Apr-10	Accounts	To Do
66	Car Loans Reconciled		CAPITA	Tuesday	13-Apr-10	Accounts	To Do
67	Salaries and Wages Reconciled		CAPITA	Tuesday	13-Apr-10	Accounts	To Do
68	Deadline for receipt of ALL Creditor / Debtor / Payments & Receipts in Advance schedules from Managers	Vital to revenue closedown that managers accrue accurately and timely and that Teams forward when ready - do not hold on to them if batches are clear	GFM	Wednesday	14-Apr-10	Outturn Accounts	To Do
69	Reserve Transfer Request Forms to be received by Corporate	Final check that less used ranges are cleared	Finance Teams	Wednesday	14-Apr-10	Outturn	To Do
70	CAPITA account reconciliation		Carole Smith / Finance Teams	Friday	16-Apr-10	Outturn Accounts	To Do
71	Clear capital income to the Balance Sheet		Capital Team	Friday	16-Apr-10	Accounts	To Do
72	Check and reminder distributed to finance teams where recharge or project codes have balances.		Darren Stevens	Friday	16-Apr-10	Outturn	To Do
73	Trust Funds Closed and balances moved to the balance sheet for knocking out - advise WCC over Withy Trust balances	Finance teams to have agreed Assets Under Construction (capital schemes not closed / assets not operational)	Darren Stevens	Monday	19-Apr-10	Accounts	To Do
74	Finance teams to have agreed Assets Under Construction (capital schemes not closed / assets not operational)		Capital Team / Finance Teams	Monday	19-Apr-10	Accounts	To Do

Ref.	Task	Comment	Officer	Day	Due By Date	Impacts on Outturn / Accounts	Completed by?
75	Finance Teams to have reviewed accruals forms received and forwarded details to Central Finance (Capita) for processing		Finance Teams	Monday	19-Apr-10	Outturn Accounts	To Do

**Final Accounts 2009/10 - Detailed Corporate Closedown Timetable**

Ref.	Task	Comment	Officer	Day	Due By Date	Impacts on Outturn / Accounts	Completed by?
76	Central Finance (Capita) to have processed accruals forms onto ledger	This is when Capita should have processed all accruals received from Teams	Central Finance / CAPITA	Wednesday	21-Apr-10	Outturn Accounts	To Do
PCT4	Unaudited accounts submitted to auditors and Dept of Health		PCT	Thursday	22-Apr-10	Accounts	To Do
77	Notify Finance Managers of RPI increase		Darren Stevens	Friday	23-Apr-10	n/a	To Do
78	Provisional Outturn returned to update Director of Finance	Key detail for feeding in to reserve requests	GFMS	Friday	23-Apr-10		To Do
79	Reconcile capital grant income		Capital Team	Friday	23-Apr-10	Accounts	To Do
80	Housing Benefits Closed		Carole Smith	Friday	23-Apr-10	Outturn	To Do
81	Collection Fund Closed		CAPITA	Friday	23-Apr-10	Accounts	To Do
82	Clear S.106 codes to the Balance Sheet		CAPITA	Friday	23-Apr-10	Accounts	To Do
83	Mortgage write-downs on balance sheet		Krish Advani / Darren Stevens	Friday	23-Apr-10	Accounts	To Do
84	Trust Funds Reports Produced and Member Briefing Note ready for sign-off		Darren Stevens	Friday	23-Apr-10	Accounts	To Do
85	Transfer AP & AR system and cash balances		Darren Stevens	Monday	26-Apr-10	Accounts	To Do
86	Check Cash in Transit / Schools Grant		Darren Stevens	Monday	26-Apr-10	Accounts	To Do
87	Reconcile AP & AR system recs to Balance Sheet		Darren Stevens	Monday	26-Apr-10	Accounts	To Do
88	Review automatic carry forward Oracle balances codes		Darren Stevens	Monday	26-Apr-10	Outturn Accounts	To Do
89	Central Support Closed		Carole Smith	Monday	03-May-10	Outturn	To Do
90	Deadline for revenue journals between service committees - NOTE: No journal should be processed between committees after this date without explicit approval from relevant HoF and Corporate (due to balance sheet changes)	Essentially shut down of the ledger outside of corporate	GFMS	Monday	03-May-10	Outturn Accounts	To Do
91	Prepare capital funding schedule		Capital Team	Wednesday	05-May-10	Accounts	To Do
92	All depreciation and deferred charges to be entered on the ledger		Capital Team	Wednesday	05-May-10	Accounts	To Do
93	Clear-down Capital Codes to the Balance Sheet & Deferred Charges		Capital Team	Wednesday	05-May-10	Accounts	To Do
94	All Services, including HRA subject to Treasury interest, to have closed accounts		Darren Stevens	Wednesday	05-May-10	Outturn	To Do
95	Calculate HRA Credit Ceiling		Paul Smith / Keir Garnham	Friday	07-May-10	Accounts	To Do
96	Calculate Consolidated Rate of Interest for HRA		Paul Smith / Keir Garnham	Friday	07-May-10	Accounts	To Do
PCT5	Pooled budget final memorandum accounts will be required - 1st/2nd week of May 2009		PCT	Friday	07-May-10	Accounts	To Do
97	Net Cost of Services transfer to balance sheet	Corporate control of final service cost movement needed to ensure hierarchy balances off committee coding	Darren Stevens	Monday	10-May-10	Outturn	To Do
98	Treasury to advise when final journals complete to enable HRA final transfers		Paul Smith / Keir Garnham	Monday	10-May-10	Accounts	To Do
99	Deadline for VAT close-down		Paul Smith / Keir Garnham	Monday	10-May-10	Accounts	To Do
100	Deadline for Treasury close-down of external interest transactions		Paul Smith / Keir Garnham	Monday	10-May-10	Accounts	To Do
101	Adj-10 Closed to Service Accountants (noon)		Darren Stevens	Tuesday	11-May-10	Outturn	To Do
102	General Fund and HRA Outturn figures passed to Corporate for incorporation in overall outturn report		GFMS	Tuesday	11-May-10	Outturn	To Do
103	Capital Closed and Out-turn report / figures passed for incorporation in report		Capital Team	Tuesday	11-May-10	Outturn	To Do
104	Outturn Report dispatched to Corporate Board		Kirsty Cole	Friday	14-May-10	Outturn	To Do

**Final Accounts 2009/10 - Detailed Corporate Closedown Timetable**

Ref.	Task	Comment	Officer	Day	Due By Date	Impacts on Outturn / Accounts	Completed by?
105	Statement of Accounts information completed and passed to Darren		GFMs	Friday	14-May-10	Accounts	To Do

## Final Accounts 2009/10 - Detailed Corporate Closedown Timetable

Ref.	Task	Comment	Officer	Day	Due By Date	Impacts on Outturn / Accounts	Completed by?
106	Reconcile Asset Register and Balance Sheet	Include SCS Ltd depending on finalising reporting period with audit	Capital Team	Monday	17-May-10	Accounts	To Do
107	LATS (landfill allowance trading scheme) completed based on latest available figures		Darren Stevens	Monday	17-May-10	Accounts	To Do
108	Corporate Board consider Out-turn report		Kirsty Cole	Wednesday	19-May-10	Outturn	To Do
109	Adj2-10 Closed to Service Accountants		Darren Stevens	Friday	21-May-10	Accounts	To Do
110	Adj2-10 I&E Analysis completed		Darren Stevens	Friday	21-May-10	Accounts	To Do
111	LAA disclosures for accounts collated		Accountants	Friday	21-May-10	n/a	To Do
112	Completion of Financial Pls		Darren Stevens	Friday	28-May-10	n/a	To Do
113	Member's Allowances to be Published		Darren Stevens	Friday	28-May-10	Accounts	To Do
114	Obtain draft accounts and intra-group details of Thamesdown Transport debtors/creditors etc		Darren Stevens	Friday	28-May-10	Accounts	To Do
115	Draft SBC Only Statement of Accounts completed for internal review		Darren Stevens	Friday	28-May-10	Accounts	To Do
116	Draft Full Statement of Accounts completed for internal review	Check committee dates in new year once published	Darren Stevens	Tuesday	01-Jun-10	Accounts	To Do
117	Cabinet Consider Outturn Report		Stuart McKellar	Wednesday	02-Jun-10	outturn	To Do
118	RO Form Control Totals sent to Heads of Finance		Darren Stevens	Friday	04-Jun-10	n/a	To Do
119	<b>Draft Statement of Accounts completed</b>		<b>Darren Stevens</b>	<b>Friday</b>	<b>11-Jun-10</b>	Accounts	To Do
PCT6	Audited accounts submitted to auditors and Dept of Health		PCT	Friday	11-Jun-10	Accounts	To Do
120	Draft Accounts reports sent out to Audit Committee		Darren Stevens	Monday	14-Jun-10	n/a	To Do
121	<b>WGA information completed and passed to Darren - NOTE: New format for return</b>		<b>GFM's</b>	<b>Friday</b>	<b>18-Jun-10</b>	WGA	To Do
122	Statement of Accounts endorsed by Audit Committee		Stuart McKellar	Tuesday	23-Jun-10	Accounts	To Do
123	Whole of Government Accounts completed		Darren Stevens	Friday	25-Jun-10	Accounts	To Do
124	Pre-Audit movement reviews		Finance Teams	Friday	25-Jun-10	Accounts	To Do
125	Service Committee RO Form figures completed		Finance Teams	Wednesday	30-Jun-10	n/a	To Do
126	Revenue Outturn Return (RO) completed	Include SCS Ltd if three month period included	Capita	Friday	09-Jul-10	n/a	To Do
127	Capital Outturn Return (CO) completed		Capital Team	Friday	09-Jul-10	n/a	To Do
128	Final Thamesdown Accounts for Group Section		Darren Stevens	Friday	03-Sep-10	Accounts	To Do
129	Initial Draft ISA260 received from External Auditors		Audit Commission	Friday	03-Sep-10	Accounts	To Do
130	Final Draft ISA260 received from External Auditors		Audit Commission	Friday	10-Sep-10	Accounts	To Do
131	Final Statement of Accounts reports sent out to Audit Committee		Darren Stevens	Monday	13-Sep-10	Accounts	To Do
132	Final Thamesdown Board Sign Off Accounts		Darren Stevens	Wednesday	15-Sep-10	Accounts	To Do
133	Statement of Accounts signed off by Audit Committee		Stuart McKellar	Tuesday	21-Sep-10	Accounts	To Do
134	Statement of Accounts signed off by Auditors and published		Stuart McKellar / Darren Stevens	Wednesday	29-Sep-10	Accounts	To Do
135	Whole of Government Accounts cleared by Audit		Darren Stevens	Thursday	03-Sep-10	Accounts	To Do

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# IFRS Implementation - Project Plan

	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
1												
2							Asset valuation updates to Property					
3												
4								Reports for closing 2009/10				
5												
6							PFI accounting - 09/10 SORP					
7	HR contact on leave provisions						Collect staff leave information	To audit				
8							Lessee leasing information	Calculate accrual				
9							Lessor leasing information					
10							Embedded lease consideration					
11							Property discussions					
12							Review formal Code and guidance					
13							Reclassify properties / PPE types					
14							Property valuations 1/4/09					
15										Lessee adjustments		
16										Lessor adjustments		
17										Embedded lease adjustments		
18										Draft accounts formats		
23										Accounting policy review		
24												
25												
26												
27										Discuss latest component accounting position with Property		
28												
29												
30												





# **Progress Report - November 2009**

**Swindon BC**

**Audit 2009/1010**

- Audit Commission descriptor to be inserted by Publishing-

### Document Control

Author Peter Smith

Filename Progress report Nov 2009.doc

### Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

### Copies of this report

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## Audit progress summary

Area of work	Audit Plan reporting date	Date reported to Officers	Lead Officers	Date reported to Audit Committee	Comment
<b>2009/10</b>					
Audit fees letter	April 2009	April 2009	AC Peter Smith	June 2009	Fee letter sent to Chief Executive in April.
Interim audit	April 2010 (if required)		SBC Darren Stevens/ Nick Hobbs AC Paul Benfield		System walkthroughs are being undertaken at present to be completed by Christmas.  Controls testing to be undertaken in March. This is to enable us to place reliance on Internal Audits work.  Significant control issues will be reported on an exception basis in April 2010. If no material issues are identified a summary of findings will be reported within the ISA 260 governance report.
Connecting People	June 2010				Set up work is planned for January 2010, with on site work expected to

connecting places					be in March 2010.
Use of Resources	July 2010		SBC Stewart Mckellar AC Peter Smith		Planning and initial documentation has been started, with discussions with officers planned for February to April 2010.  Indicative scores will be submitted to the Audit Commission by 21st April 2010 with final submission for Quality Review process being the 30th July 2010.
Opinion fee review	May 2010		SBC Gavin Jones AC Peter Smith		Not yet started
Opinion	September 2010		SBC Stewart Mckellar AC Peter Smith		Not yet started  Post statements audit testing to be undertaken in July - August 2010  Audit Committee date for approval of accounts has not yet been agreed.
VFM Conclusion	September 2010		SBC Stewart Mckellar AC Peter Smith		Not yet started
Annual Audit Letter	November 2010		SBC Stewart Mckellar AC Peter Smith		Not yet started

2010/11					
Audit Plan	March 2010		SBC Gavin Jones AC Peter Smith		Work is underway. to review the Council's internal risk registers to identify any significant changes to business risks affecting our Code responsibilities.

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## CIPFA Benchmarking exercise of Internal Audit: 2009

### AUDIT COMMITTEE

Date: 24<sup>th</sup> November 2009

**Author: Head of Internal Audit**

**Wards Affected: None**

#### **Purpose**

To present Members with a summary of the 2009 benchmarking exercise carried out by CIPFA with regard to the Council's Internal Audit service.

#### **Recommendation**

- It is recommended that the contents of the report be noted.

### **1 Reasons**

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 The Council's Internal Audit section is a key component of the assurance framework and therefore it is essential that this Committee monitor its performance to ensure that it is providing an effective service that offers value for money.

### **2 Detail**

#### Background

- 2.1 The Council subscribes to the CIPFA benchmarking club. CIPFA carries out benchmarking in a number of areas, one of which relates to internal audit. On an annual basis we provide information on the section relating to its:
  - Cost analysis
  - Audit coverage
  - Staffing – numbers, qualifications and pay
- 2.2 A report is then produced (see Appendix 1) that sets out comparisons for actual performance from the previous financial year, in this case 2008/09, and planned performance for the current financial year (2009/10) against all other unitary authorities who have contributed benchmarking information.

**AUDIT COMMITTEE**

Date: 24<sup>th</sup> November 2009

Findings

- 2.3 I have set out below the main results of the benchmarking under the above headings.

Cost analysis (see pages 1 – 8 of Appendix 1)

- The cost of the audit section based on the Council's turnover (for 2009/10) is slightly higher than the unitary average but lower than average when comparing cost per chargeable audit day (i.e. number of audit days left after deducting annual leave, sickness, training etc.).
- The actual number of audit days per £m of turnover is slightly above average (0.36 days per £m). However, given the rate of change within Swindon and the control issues that this presents this would be expected.
- The cost per in-house auditor was below the unitary average in 2008/09 and is estimated to fall to almost £1,500 below the average for 2009/10.
- However, the chargeable days per auditor (i.e. how many days of audit per auditor), was almost 5 days below the average for 2008/09. This is due mainly to the high level of sickness of one member of staff within the section. This member of staff has since left the section. The predicted chargeable days for 2009/10 are nearer the average unitary figure.

Audit Coverage (see pages 9 – 13 of Appendix 1)

This section compares our planned audit coverage for 2009/10 of specific areas to other unitary authorities. I have set out below where we are significantly different from the average unitary figure:

- *Fundamental financial systems* – overall we are about average for the unitary authorities. However, we do spend significantly more time carrying out work on Housing Benefits. Our coverage complied with BFI recommendations and is also as a result of the issues that we have found with the contractor's performance. The other system that we significantly exceed the average is Housing Rents where we have spent additional time looking at arrears. We generally spend about the average length of time looking at the other fundamental systems.
- *Strategic and Operational Risks* - Our coverage in both these areas are above the unitary average and emphasises that the internal audit plan is risk based ensuring that risks to key objectives are audited.
- *Audit of IT systems* – we are fortunate to have a highly qualified and experienced IT auditor at the moment. Given the rate of change within the Council and IT in particular it is essential that we will continue with our current level of coverage in this area. Our



## CIPFA Benchmarking exercise of Internal Audit: 2009

### AUDIT COMMITTEE

Date: 24<sup>th</sup> November 2009

current IT Auditor is now working on a casual basis so we are aiming to develop the IT skills of one of our Senior Auditors to address the reduction in hours.

Staffing (see pages 14 –15 of Appendix 1)

This section compares our salary bandings and qualifications with other audit sections. The main findings in this area are as follows:

- *Salary bandings* – the highest percentage (42%) of Internal Audit staff fall within the £30-35k salary band, compared to a unitary average of 19%. However, as detailed above our average salary is below the unitary average. The Single Status Review is due to be completed by April 2010. At this stage we do not know the outcome of the assessment of the auditor posts.
- *Qualifications* – in comparison with other authorities we have a section that is significantly better qualified than the average unitary authority (72% of our staff hold a professional qualification compared with the unitary average of only 48%).

### Conclusion

- 2.4 Our audit coverage compares favourably with other unitaries regarding areas such as strategic and operational risks. We are able to explain the difference in the amount of additional coverage we undertake in areas such as Housing Benefits and our coverage of IT audit.
- 2.5 The benchmarking data indicates that Swindon Borough Council's internal audit section is one that is well qualified (well above the unitary average) and that costs (when the data was supplied) slightly above the average unitary figure.

### Alternative Options

Not Applicable

#### **Risk Management**

##### *Financial and Procurement Implications*

There are no direct financial implications arising from this report itself.

##### *Legal/Human Rights Implications*

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

## **CIPFA Benchmarking exercise of Internal Audit: 2009**

### **AUDIT COMMITTEE**

Date: 24<sup>th</sup> November 2009

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

Internal Control, Audit Committee and the Annual Governance Statement all feature significantly in the CPA Use of Resources Assessment. An effective Internal Audit section will help to ensure that there are effective systems of internal control within the Council. This in turn should help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

#### **Consultees**

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

#### **Appendices / Background papers**

Appendix 1 – Audit Benchmarking Club 2009 report.

#### **Key Decision/Decision in Forward Plan**

Not Applicable

**Audit Benchmarking Club  
2009**

**Swindon Borough Council**

compared with  
Unitary authorities

*Computed and printed by:  
CIPFA Business Limited*

*No 1 Croydon, 12-16 Addiscombe Road, Croydon, CR0 0XT  
Tel: 020 8667 1144 Fax: 020 8681 6741*

31/07/2009

## PREFACE

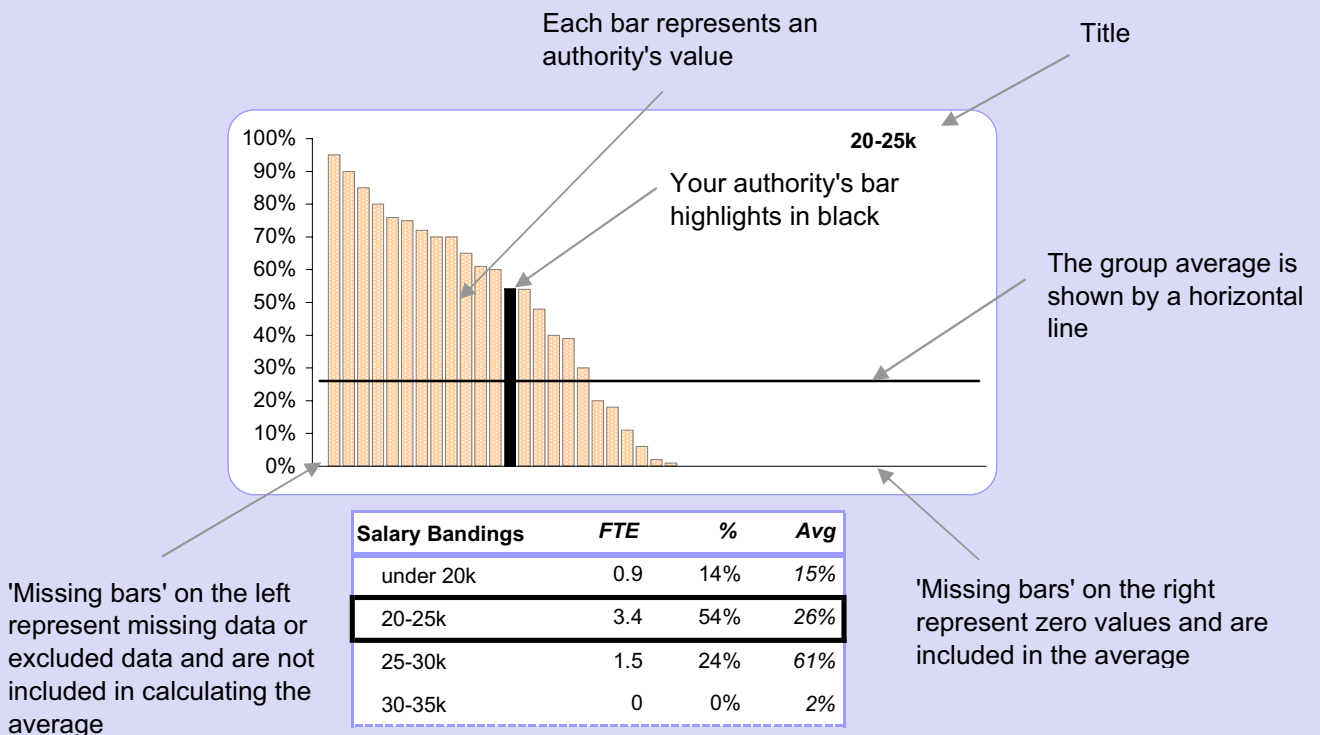
This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way we present this data.

**Averages:** Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded and for this reason sets of averages sometimes do not reconcile precisely.

**Charts:** We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc...). Below we have annotated an example chart to help explain what they show.

**Bar Charts:** These are our standard method of displaying a full set of data



# INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into the following sections.

	Page
<b>1 Cost Analysis</b>	1
<b>2 Audit Coverage</b>	9
<b>3 Staffing</b>	14
<b>4 Time series</b>	16
<b>5 Quartiles</b>	17

## **Section 1 - Cost Analysis**

This section shows the analysis of audit costs for 2008/09 actuals and 2009/10 estimates.

The main benchmarks are cost per audit day, cost per £'m turnover and chargeable days per auditor.

## **Section 2 - Audit Coverage**

This section looks at audit days per £'m gross revenue turnover and the split by type of audit. It then goes on to analyse the days spent on fundamental financial systems, operational risks and corporate governance.

## **Section 3 - Staffing**

This section shows salary bandings and staff qualifications.

## **Section 4 - Time series**

This section is particularly useful as it shows performance over time compared with the tier average.

The time series shown are for cost per £'m gross revenue turnover, cost per audit day, audit days per £'m gross revenue turnover, cost per auditor and chargeable days per auditor.

## **Section 5 - Quartiles**

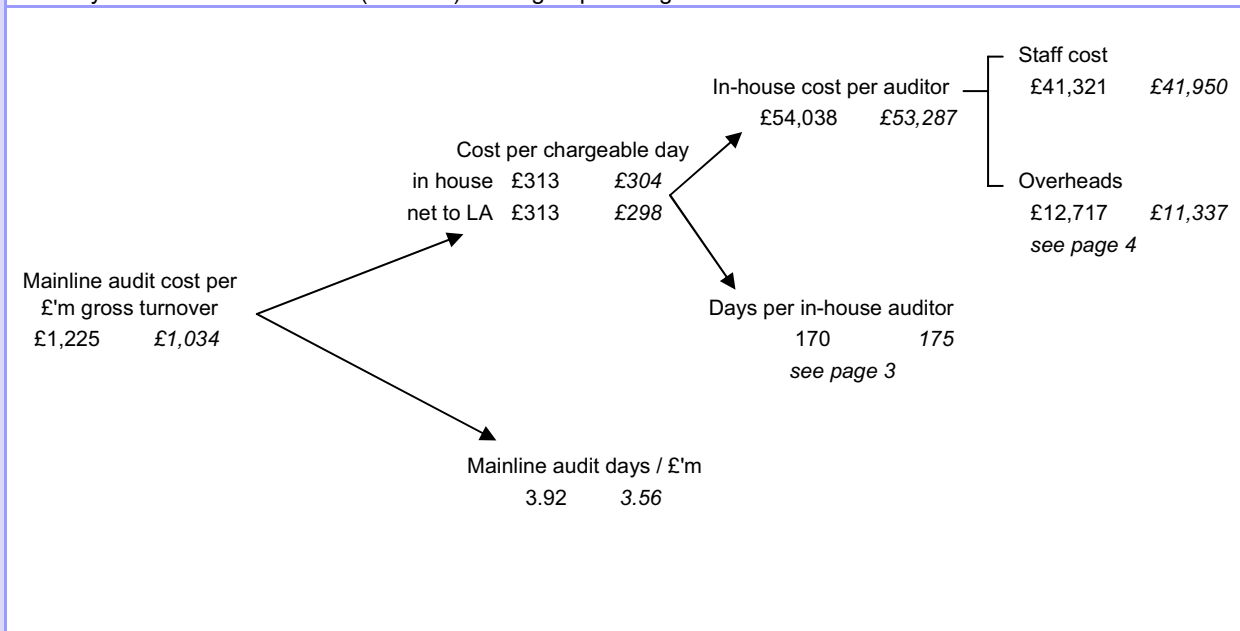
This section compares a member's figures with the quartile figures for the tier of authority. The quartile information is only included with the tiered reports.

## SECTION 1 - COST ANALYSIS

### 2008/09 ACTUALS

This tree diagram starts with mainline audit cost/£'m of gross turnover and breaks it down to cost/audit day and audit days/£'m gross turnover. The cost/audit day is further analysed by cost/auditor and audit days/auditor.

Finally cost/auditor is split between pay and overheads. For each benchmark two figures are given, the first being the authority's value and the second (in italics) is the group average.



Chargeable audit days				
	Audit Days	Cost £'k	Cost/day	Avg
In-house	1,828	£573	£313	£304
Bought-in <sup>+</sup>	0	£0	na	£388
Gross	1,828	£573	£313	£302
Charged out	109	£35	£321	£329
Net to LA	1,719	£538	<b>£313</b>	<b>£298</b>
Excluded work	0	£0		
Mainline audit	<b>1,719</b>	<b>£538</b>		

<sup>+</sup> Bought-in days are shown inclusive of non-chargeable days to show a consistent cost/day figure.

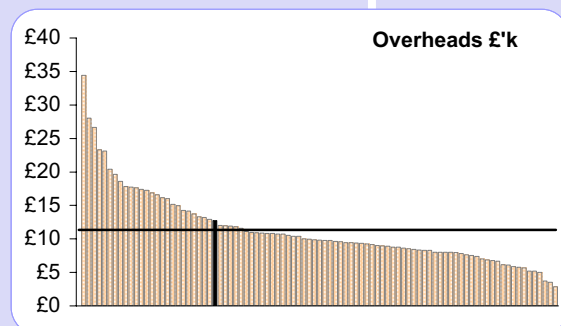
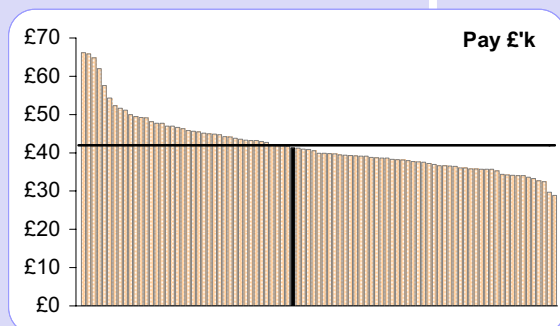
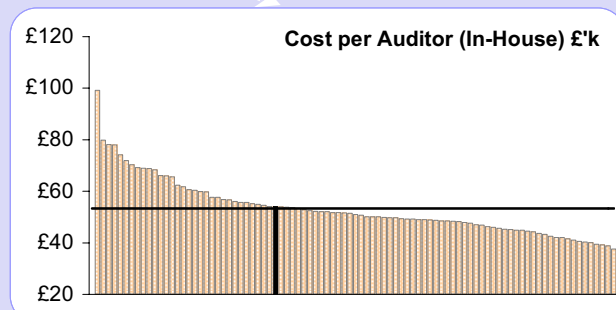
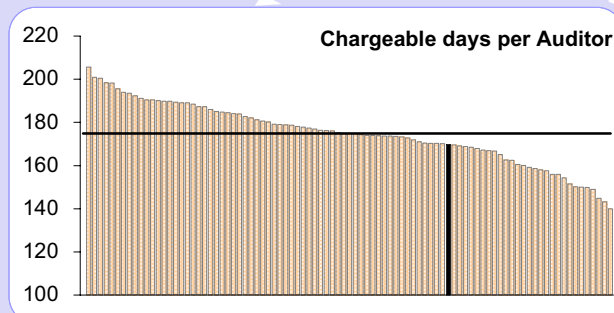
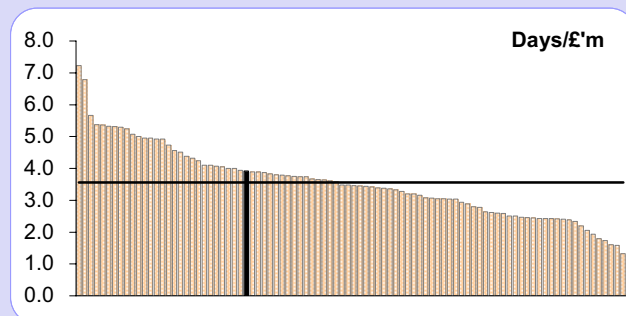
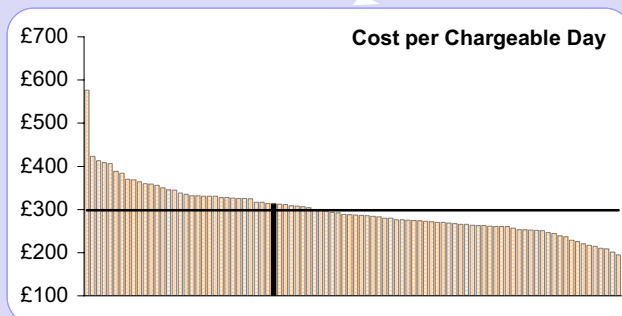
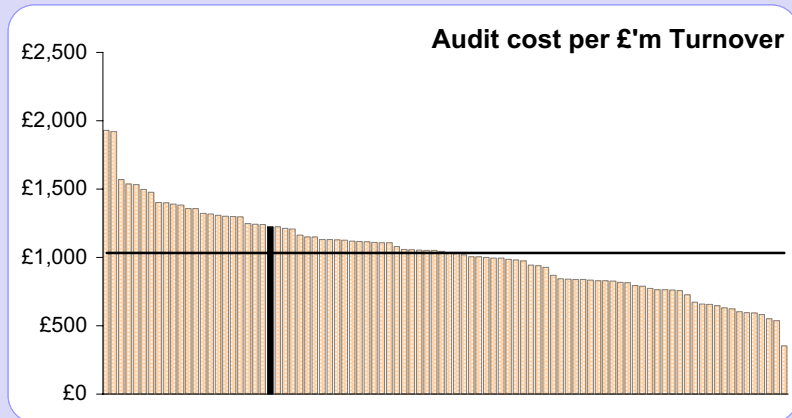
Basic data	Authority
Gross Turnover £'m	£438.9
FTE staff (on payroll)	10.1
FTE agency staff	0.5
Staff cost (on payroll) £'k	£414.0
Agency Staff cost £'k	£24.0
Overheads cost £'k	£134.8

Benchmarks	Authority	Avg.
Audit days per £'m Gross Turnover	3.92	3.56
Cost per £'m Gross Turnover	£1,225	£1,034
Days per in-house auditor*	170	175
Cost per auditor (In-house)	£54,038	£53,287
Staff cost per auditor (In-house)	£41,321	£41,950
Overheads cost per auditor (In-house)	£12,717	£11,337

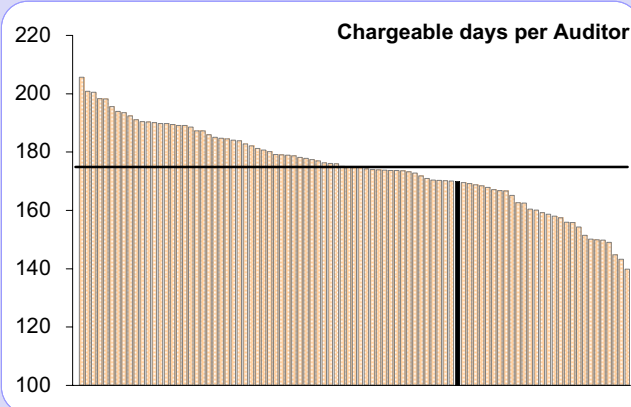
*In-house means staff on payroll and agency staff, excluding bought-in*

*\*see page 3 for details*

## 2008/09 ACTUALS



## CHARGEABLE DAYS PER AUDITOR - 2008/09 Actuals



Staff (Payroll)	10.1
Agency Staff	0.5

### Chargeable days - Staff on payroll

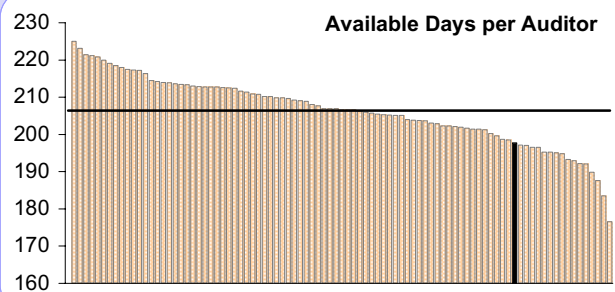
		days/FTE	Avg
<b>Total days pa</b>	2,636	261.0	261.0
Non-productive days:			
Bank holidays	61	6.0	6.0
Annual leave	299	29.6	29.0
Special leave	1	0.1	1.3
Sickness	162	16.0	8.2
Training	116	11.5	10.1
<b>Available Days</b>	1,998	197.8	206.4
Other non-chargeable days	280	27.7	31.6
<b>Chargeable days</b>	1,718	170.0	174.8

### Agency Staff Days

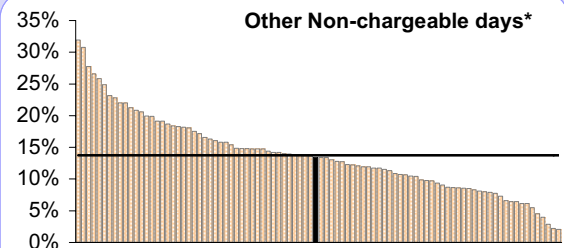
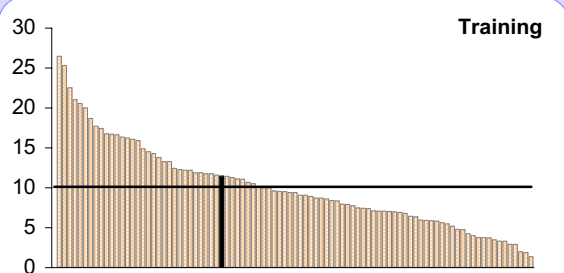
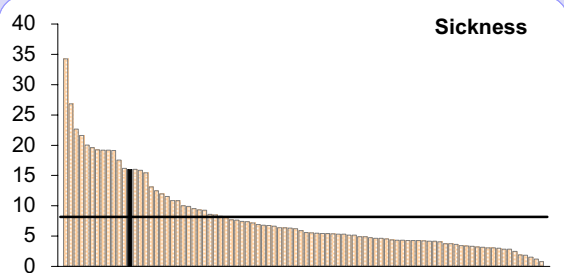
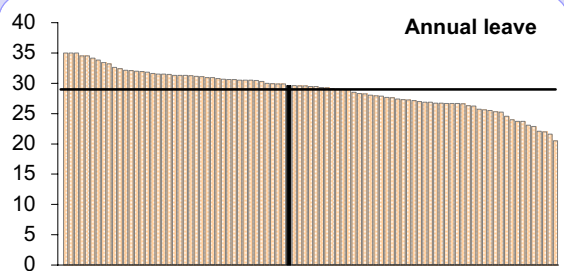
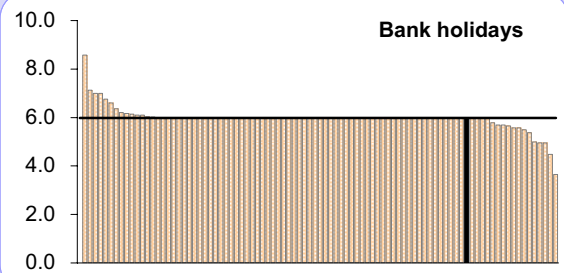
Total agency staff days	114.0
Non-chargeable days	4.0
Chargeable agency staff days	110.0

### Total Chargeable days - in house

Total days	1,828
------------	-------



## "Non-chargeable days"



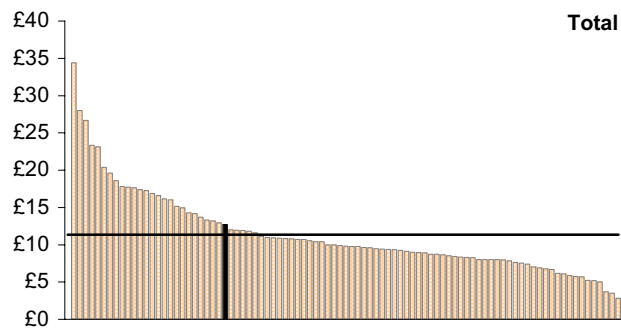
Swindon 13.45% Average 13.76%

\*This is displayed as a percentage of all available days, including Agency Staff and Bought-In Audit.



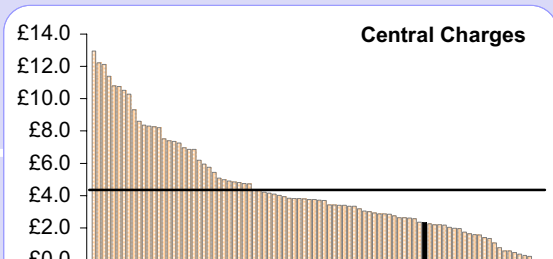
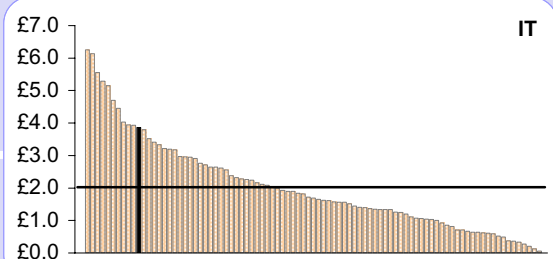
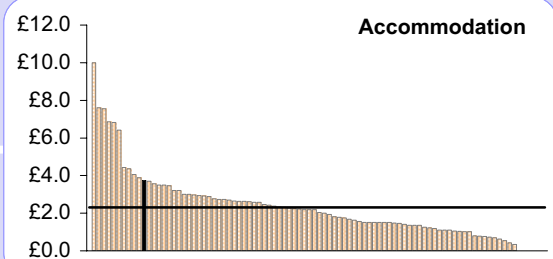
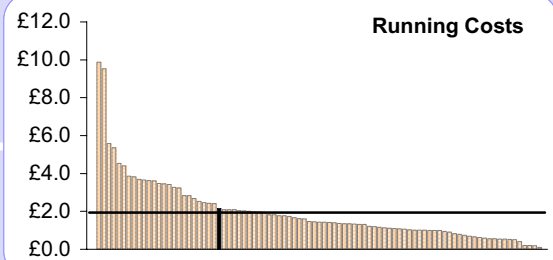
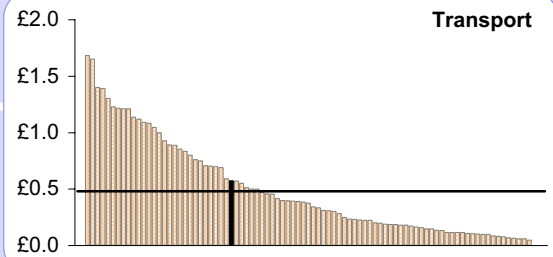
## OVERHEAD COSTS - 2008/09 Actuals

£'k per FTE



### Overhead costs

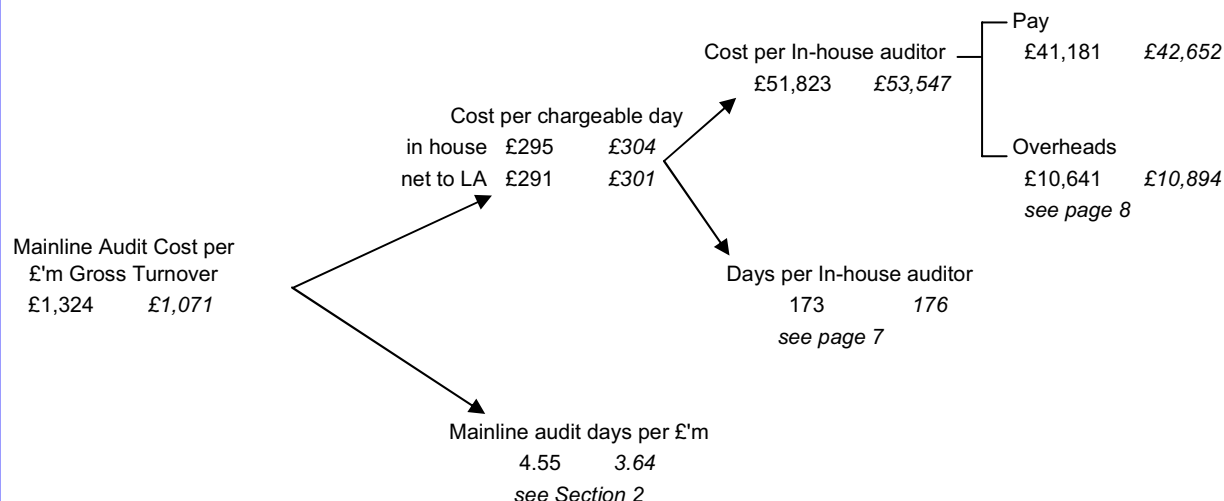
	£'k	£'k/ FTE	Avg
Transport & Travel	6	0.6	0.5
Other running costs	23	2.2	1.9
Accommodation	40	3.8	2.3
IT	41	3.9	2.0
Other central charges	25	2.3	4.4
	135	12.7	11.3



## 2009/10 ESTIMATES

This tree diagram starts with mainline audit cost/£'m of gross turnover and breaks it down to cost/audit day and audit days/£'m gross turnover. The cost/audit day is further analysed by cost/auditor and audit days/auditor.

Finally cost/auditor is split between pay and overheads. For each benchmark two figures are given, the first being the authority's value and the second (in italics) is the group average.



### Chargeable audit days

	Audit Days	Cost £'k	Cost/ day	Avg
In-house	2,078	£614	£295	£304
Bought-in *	0	£0	na	£417
Gross	2,078	£614	£295	£304
Charged out	80	£33	£413	£319
Net to LA	1,998	£581	<b>£291</b>	<b>£301</b>
Excluded work	0	£0		
<b>Mainline audit</b>	<b>1,998</b>	<b>£581</b>		

\* Bought-in days are shown inclusive of non-chargeable days to show a consistent cost/day figure.

### Basic data

	Authority
Gross Turnover £'m	£438.9
FTE staff (on payroll)	11.1
FTE agency staff	0.8
Staff cost (on payroll) £'k	£448.0
Agency Staff cost £'k	£40.0
Overheads cost £'k	£126.1

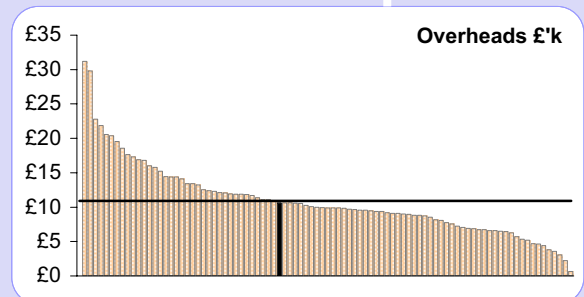
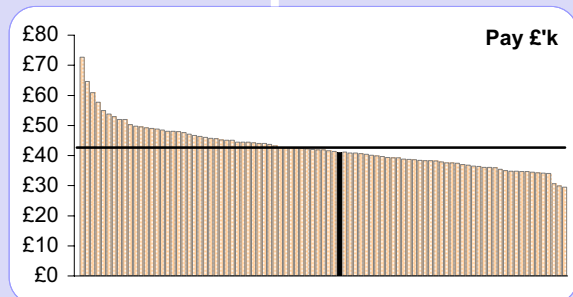
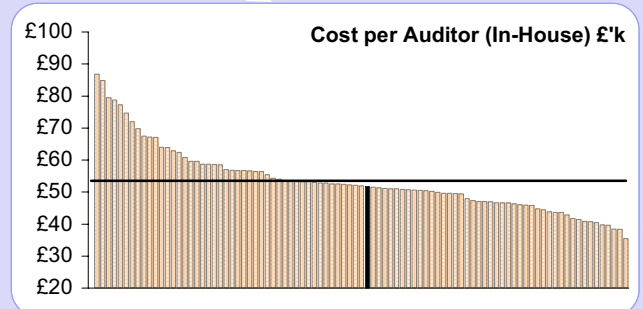
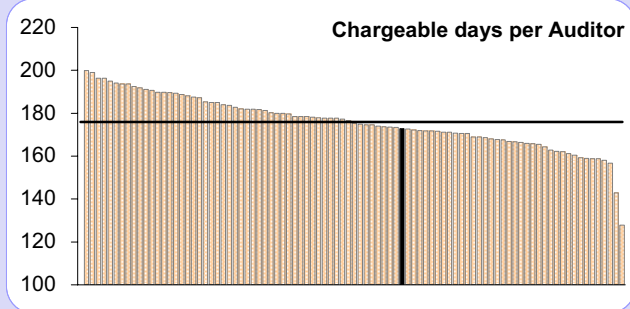
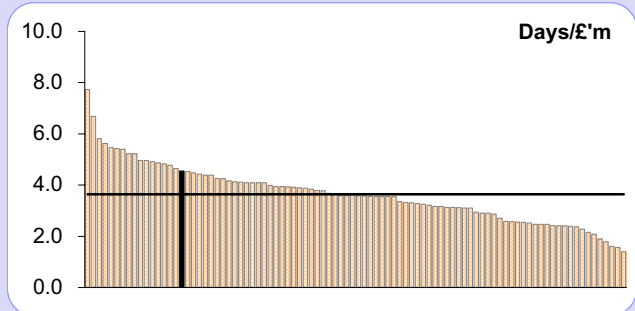
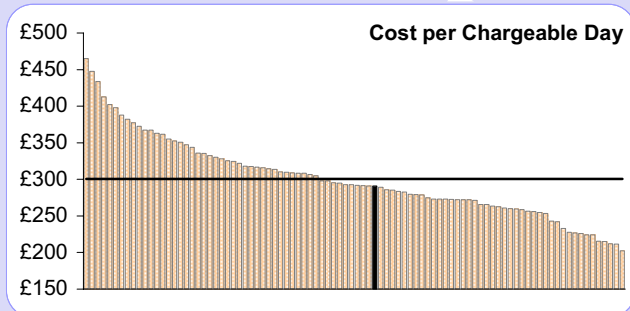
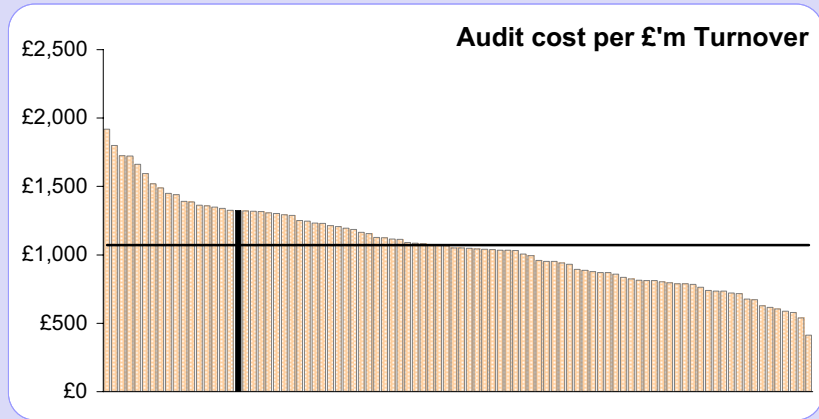
### Benchmarks

	Authority	Avg
Audit days per £'m Gross Turnover	4.55	3.64
Cost per £'m Gross Turnover	£1,324	£1,071
Chargeable Days per auditor (staff)*	173	176
Cost per auditor (in-house)	£51,823	£53,547
Staff cost per auditor (in-house)	£41,181	£42,652
Overheads cost per auditor (in-house)	£10,641	£10,894

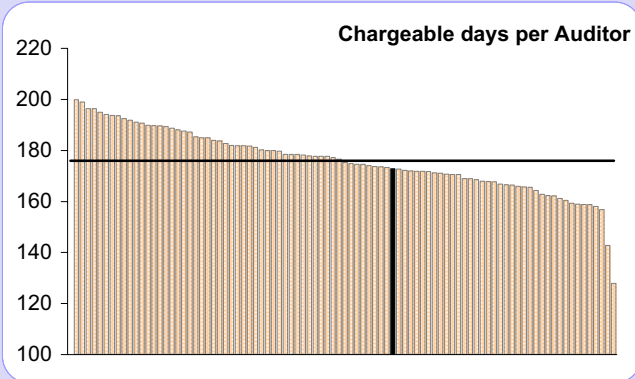
*In-house means staff on payroll and agency staff, excluding bought-in*

*\*see page 7 for details*

## 2009/10 ESTIMATES



## CHARGEABLE DAYS PER AUDITOR - 2009/10 Plan



FTE Auditors 11.1

### Chargeable days - Staff on payroll

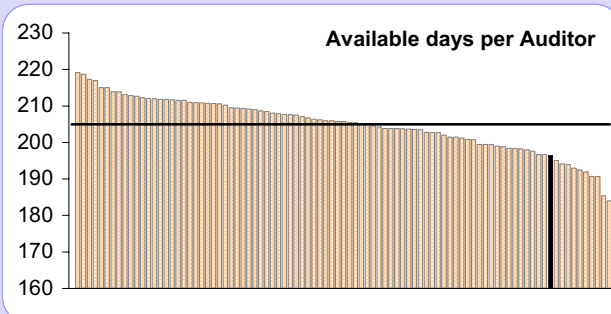
		days/FTE	Avg.
<b>Total days pa</b>	2,897	261.0	261.0
Non-productive days:			
Bank holidays	89	8.0	8.1
Annual leave	327	29.5	30.4
Special leave	0	0.0	1.2
Sickness	134	12.1	6.0
Training - Audit qualification	167	15.0	10.2
<b>Available days</b>	2,180	196.4	204.9
Non-chargeable days	262	23.6	29.0
<b>Chargeable days</b>	1,918	172.8	175.9

### Agency staff days

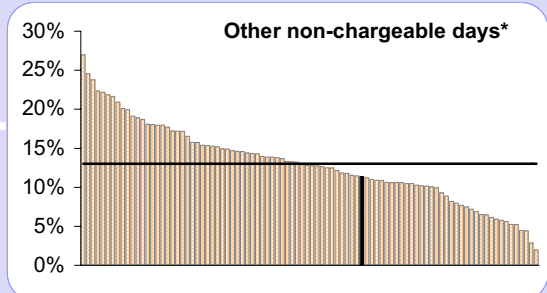
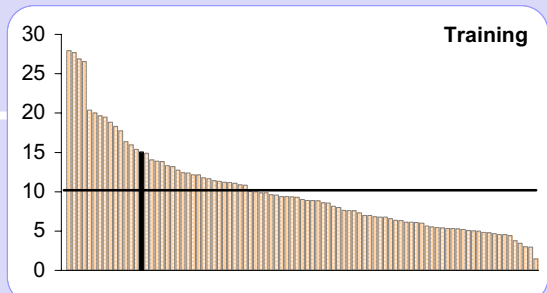
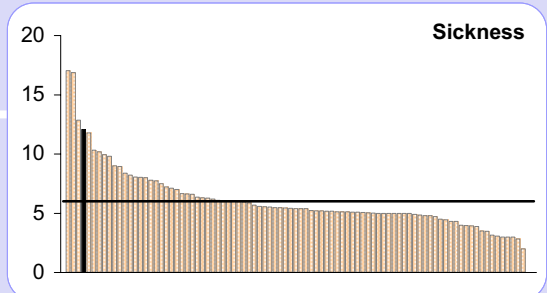
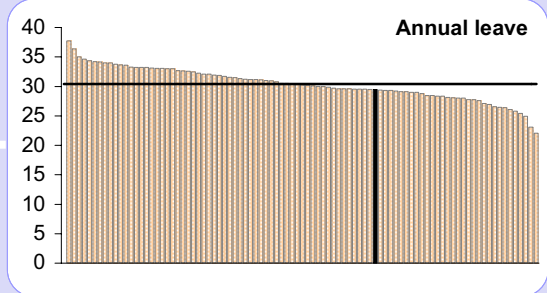
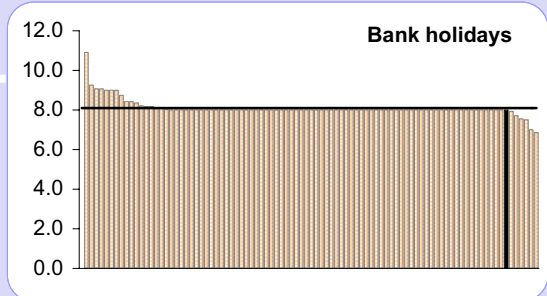
Total agency staff days	165.0
Non-chargeable days	5.0
Chargeable agency staff days	160.0

### Total chargeable days - in house

Total days	2,078
------------	-------



## "Non-chargeable days"



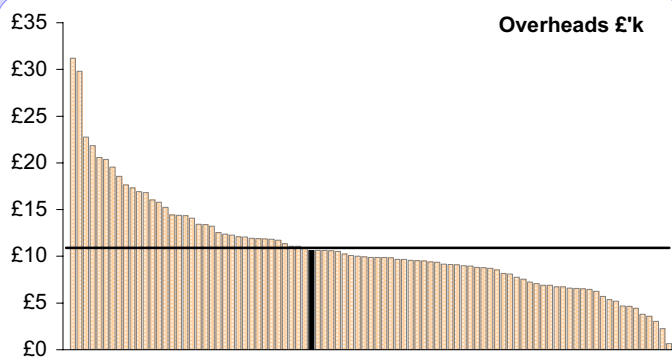
Swindon 11.4% Average 13.0%

\*This is displayed as a percentage of all available days, including Agency Staff and Bought-In Audit.

Swindon

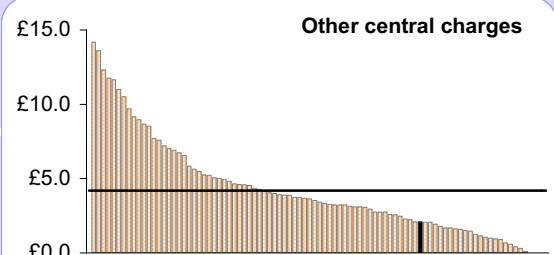
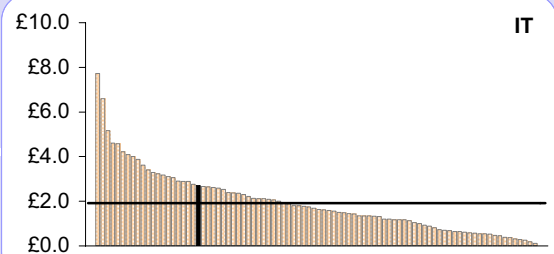
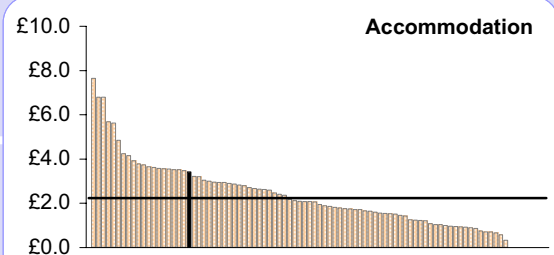
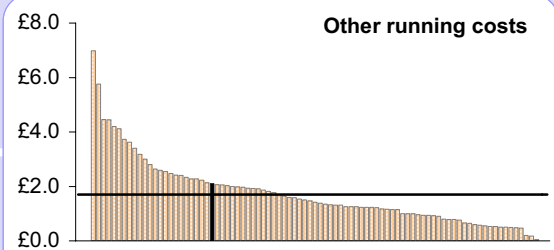
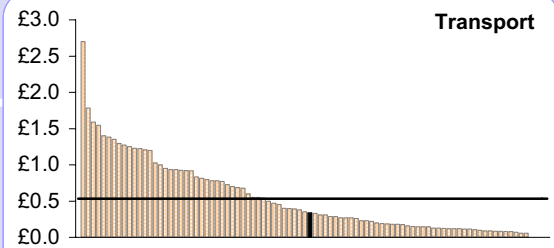
## OVERHEAD COSTS - 2009/10 Estimates

£'k per FTE



### Overhead costs

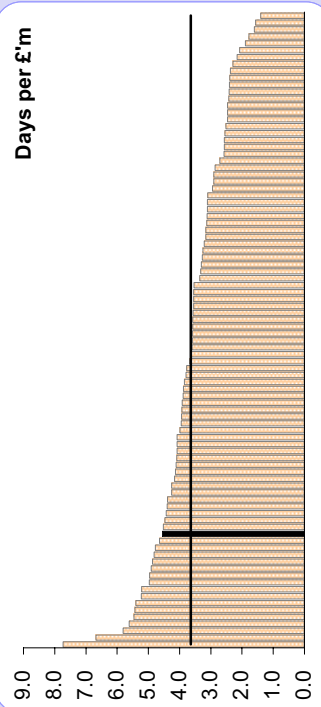
	£'k	£'k/FTE	Avg
Transport & Travel	4	0.3	0.5
Other running costs	25	2.1	1.7
Accommodation	41	3.4	2.2
IT	32	2.7	1.9
Other central charges	25	2.1	4.2
	126	10.6	10.9



## SECTION 2 - AUDIT COVERAGE

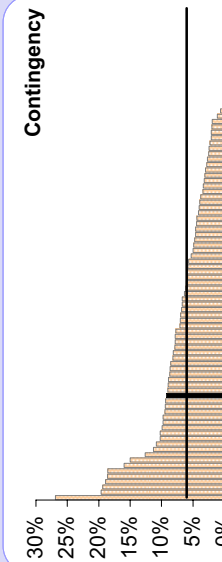
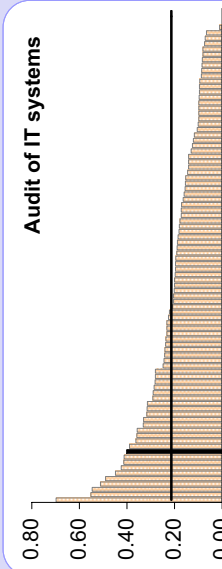
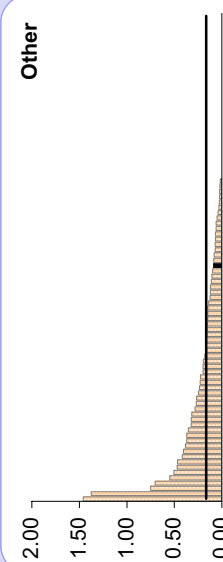
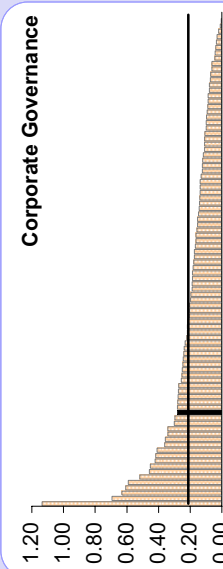
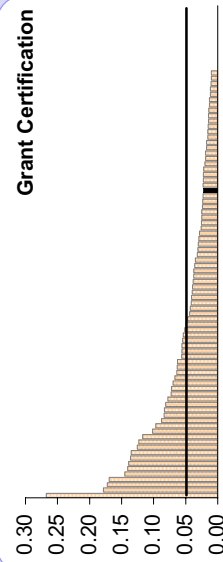
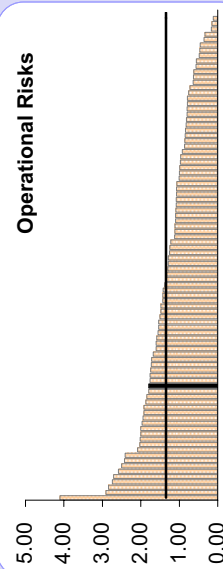
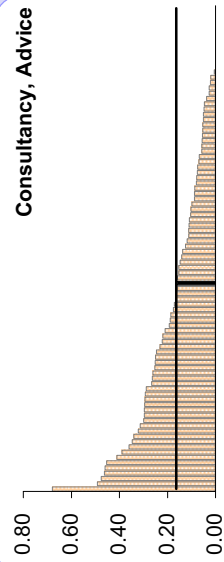
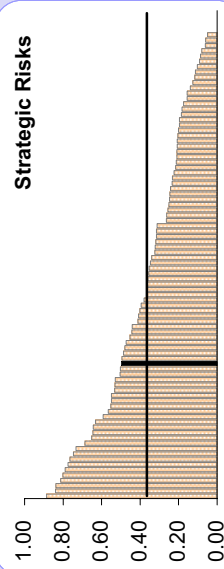
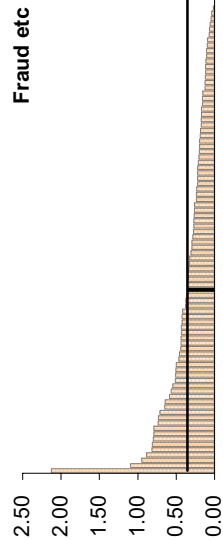
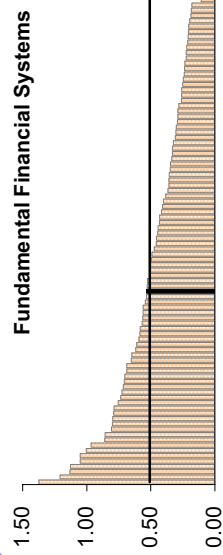
### AUDIT DAYS PER £'m 2009/10 Plan

by type of audit



<b>Gross Turnover £'m</b>	438.9
<b>Audit days per £'m</b>	Days days/£'m Avg
Fundamental financial systems	234 0.53 0.51
Strategic Risks	219 0.50 0.36
Operational Risks	788 1.80 1.34
Corporate Governance	124 0.28 0.21
I.T. Audit	176 0.40 0.21
Fraud etc	157 0.36 0.35
Consultancy/Advice	70 0.16 0.16
Grant Certification	10 0.02 0.05
Other	40 0.09 0.16
Contingency*	185 9.2% 6.0%
	1,998 4.55 3.64

\*Contingency is shown as a percentage of the total number of days

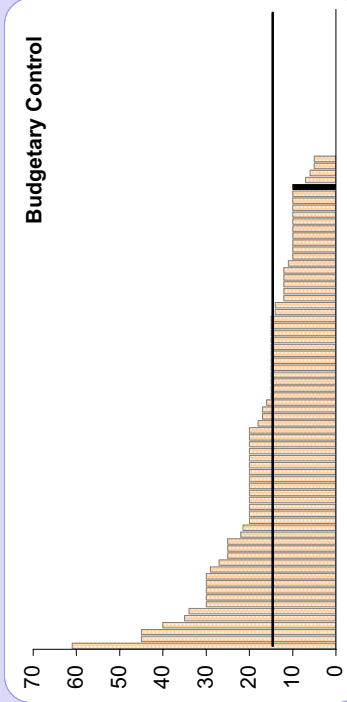
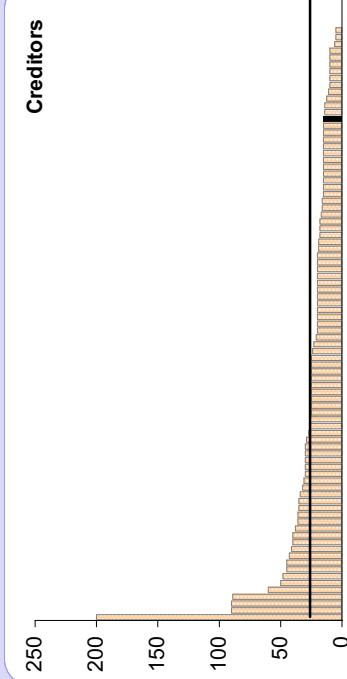
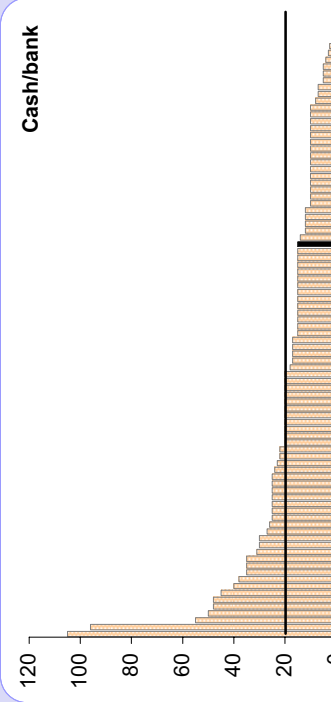
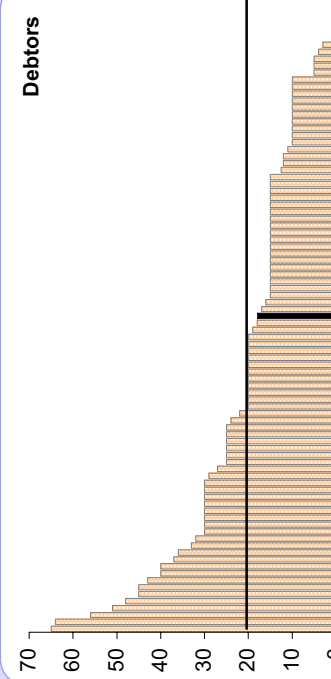
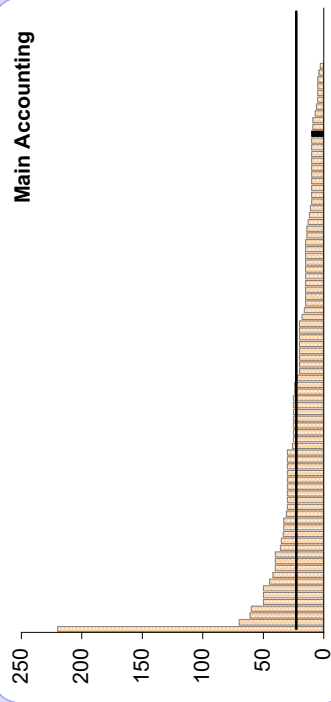
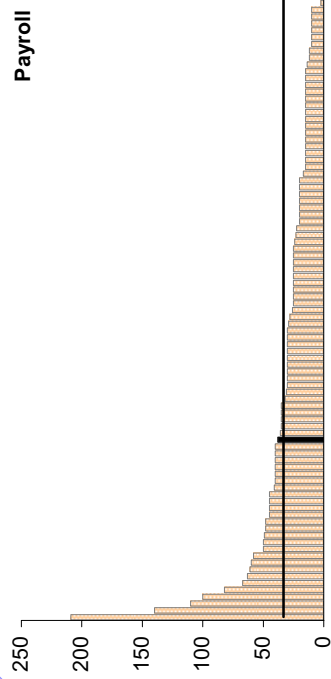




# Fundamental Financial Systems - with no adjustment for size of authority

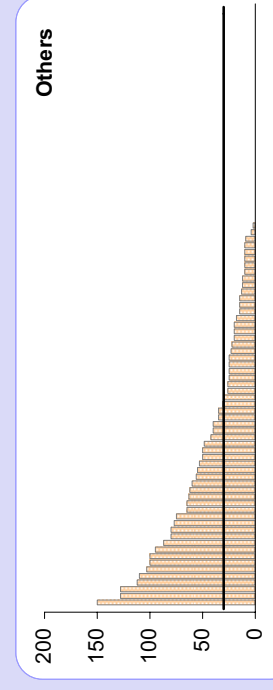
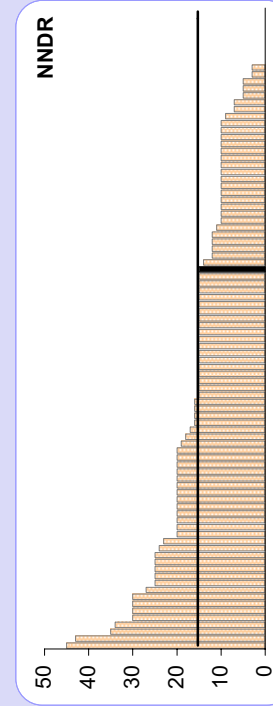
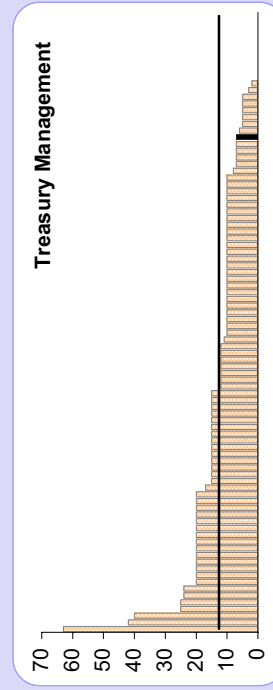
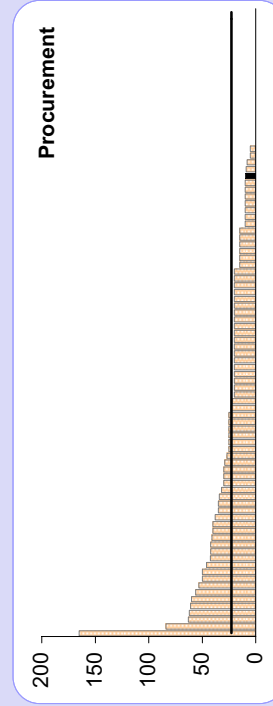
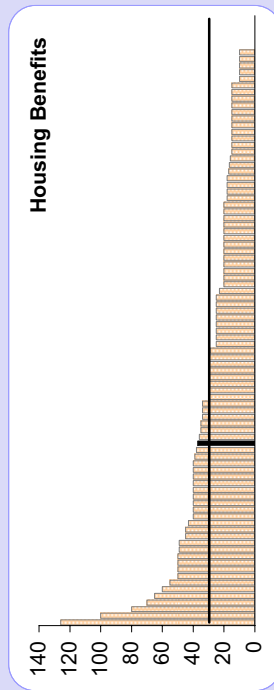
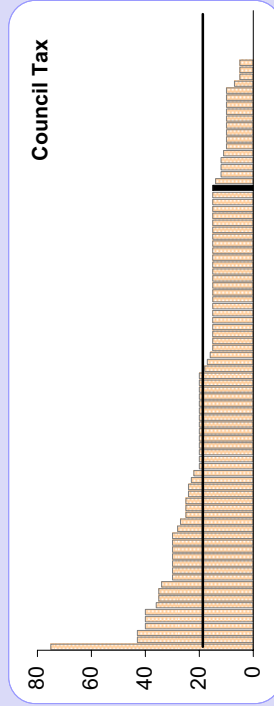
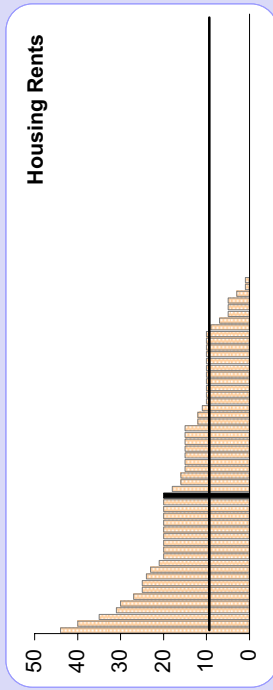
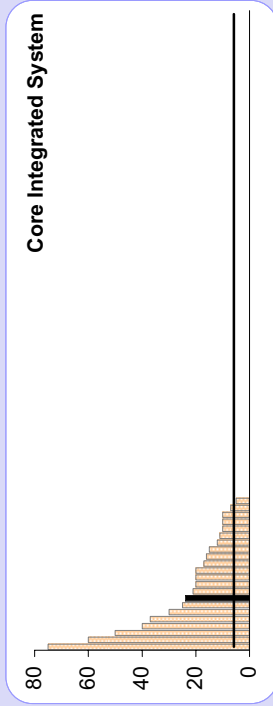
2009/10 plan

	Days	Avg
Payroll	38	33
Debtors	18	20
Creditors	15	26
Main Accounting	10	23
Cash/bank	15	20
Budgetary control	10	15
Core Integrated System	24	6
Council Tax	15	19
NDR	15	15
Procurement	10	23
Housing Rents	20	9
Benefits Administration	37	30
Treasury Management	7	13
Others	0	30
<b>Total</b>	<b>234</b>	<b>286</b>



# **FUNDAMENTAL FINANCIAL SYSTEMS (continued) - with no adjustment for size of authority**

2009/10 Plan

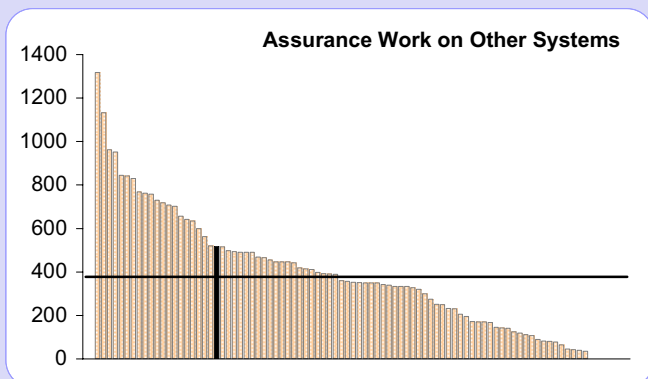
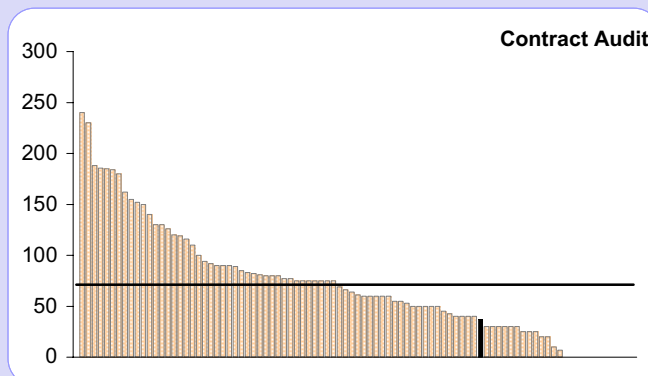
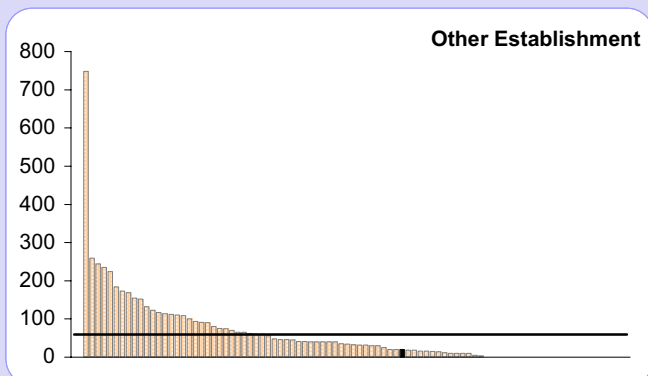
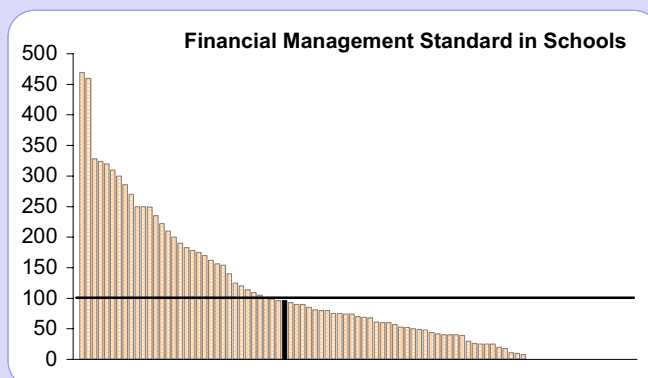
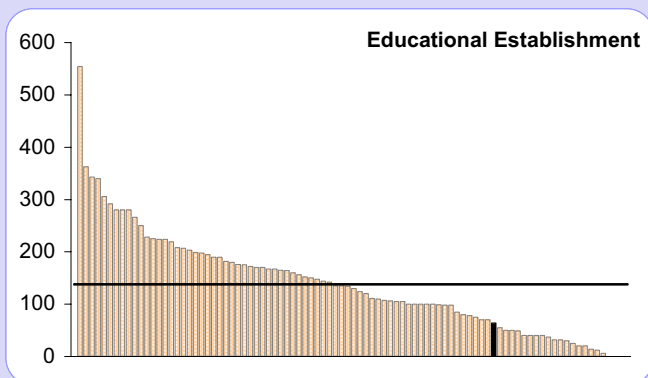




## Operational Risks Breakdown - with no adjustment for size of authority

2009/10 Plan

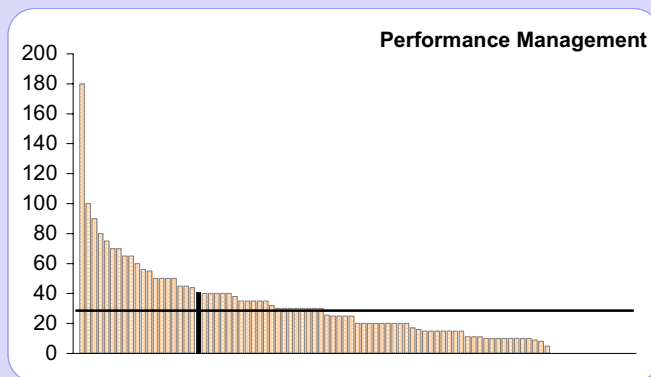
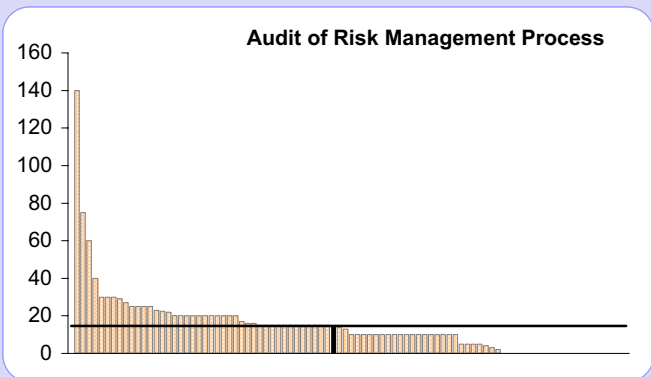
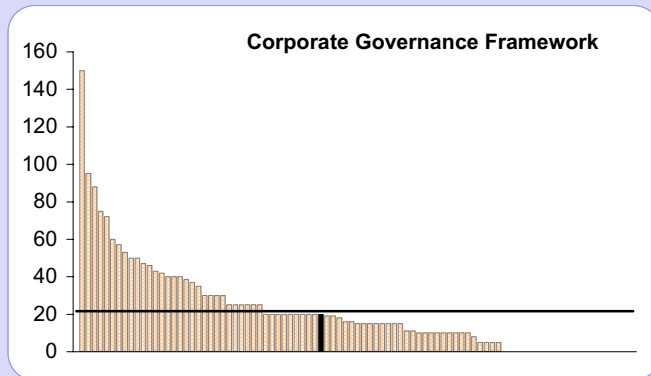
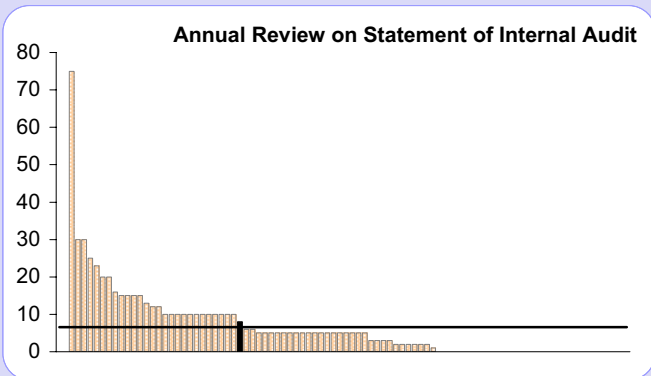
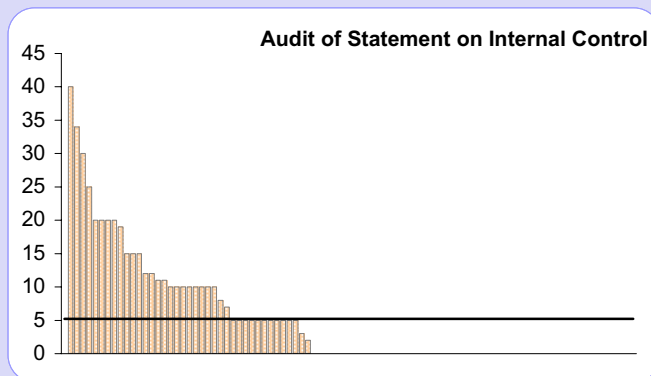
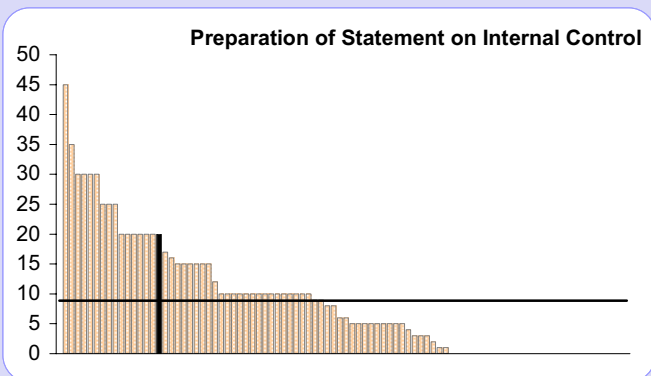
Total Number of Operational Risks Days		788
	No. of Days	Avg
Educational Establishment	64	138
Financial Management Standard in Schools	96	101
Other Establishment	20	59
Contract Audit	37	71
Assurance Work on Other Systems	518	378
Other	53	44



## Corporate Governance Breakdown - with no adjustment for size of authority

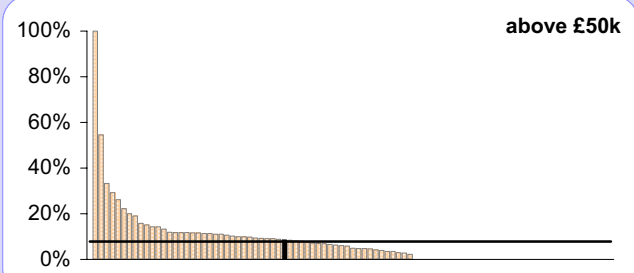
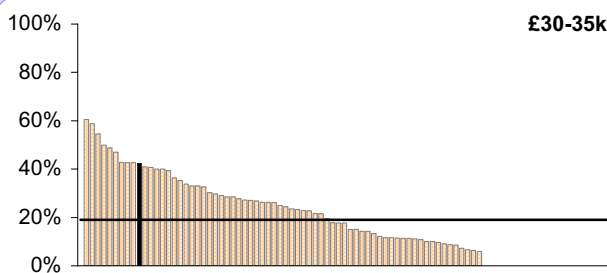
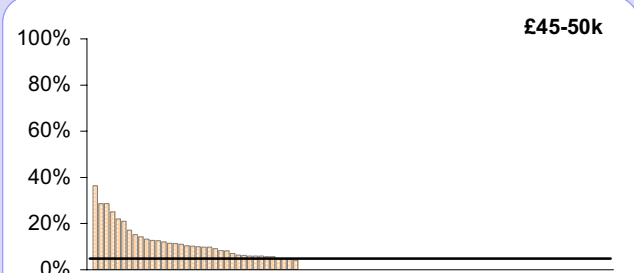
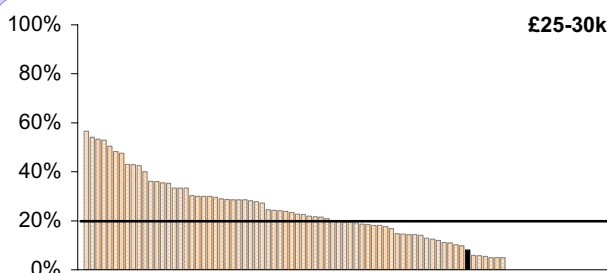
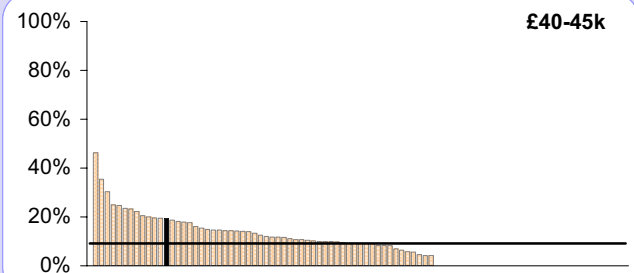
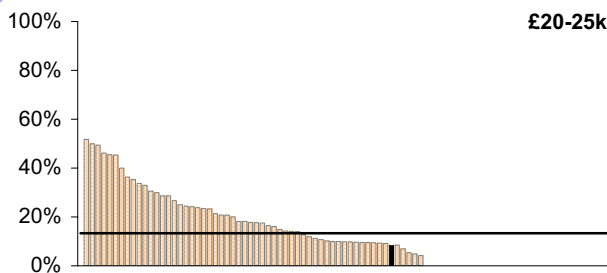
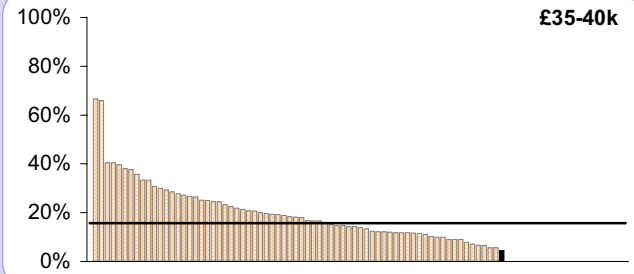
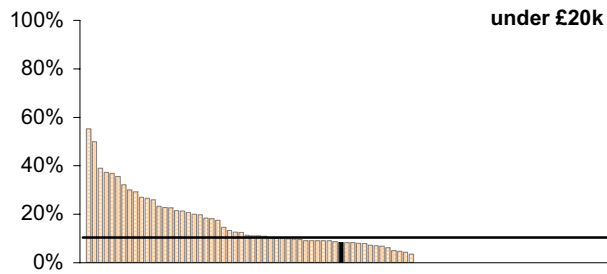
2009/10 Plan

Total Number of Corporate Governance Days		124
	No. of Days	Avg
Preparation of Statement on Internal Control	20	9
Audit of Statement on Internal Control	0	5
Annual Review of the System of Internal Audit	8	7
Corporate Governance Framework	20	22
Audit of Risk Management Process	15	15
Performance Management (incl BVPI)	41	29
Other	20	34



## SECTION 3 - STAFFING

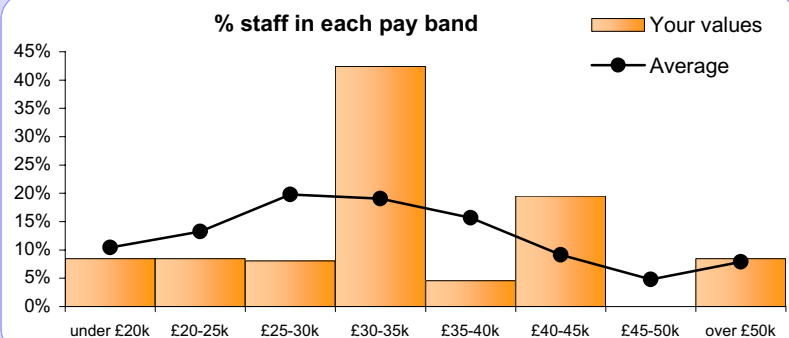
### Staff Salary Bandings as at 31 March 2009



#### Salary bandings

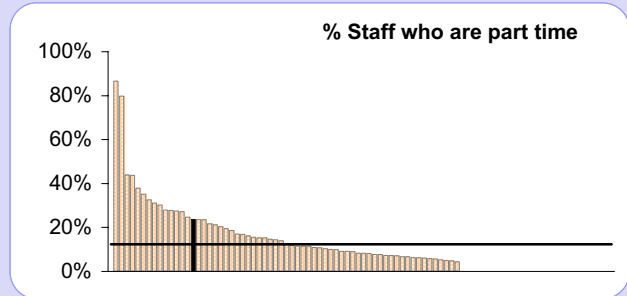
	FTE	%	Avg
under £20k	1.0	8%	10%
£20-25k	1.0	8%	13%
£25-30k	1.0	8%	20%
£30-35k	5.0	42%	19%
£35-40k	0.5	5%	16%
£40-45k	2.3	20%	9%
£45-50k	0.0	0%	5%
over £50k	1.0	8%	8%
	11.8		

#### % staff in each pay band

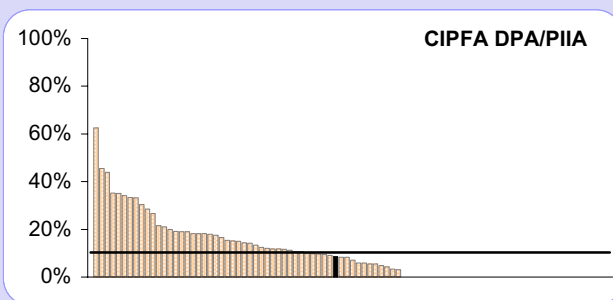
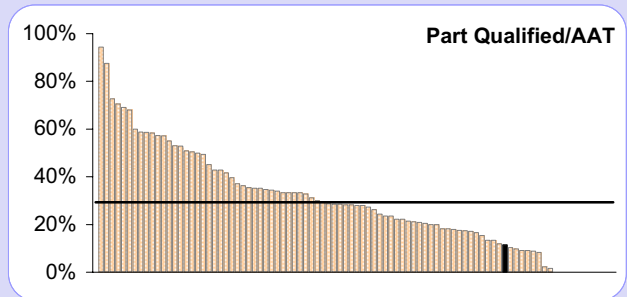
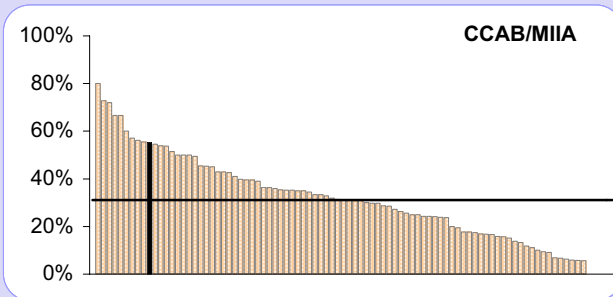


## Part Time Staff at 31 March 2009

Part Time			
	FTE	%	Avg
Part Time	2.8	24%	12%



## Qualifications as at 31 March 2009

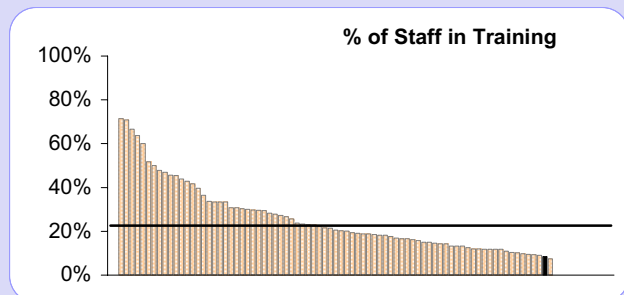


### Qualifications

	FTE	%	Avg
CCAB/MIIA	6.5	55%	31%
CIPFA DPA/PIIA	1.0	9%	10%
Part Qualified/AAT	1.4	11%	29%
Other specialists	0.9	8%	7%
Trainees (actively training)	1.0	9%	9%
Non-Qualified	1.0	9%	14%
	11.8		

## % Staff in Training at 31 March 2009

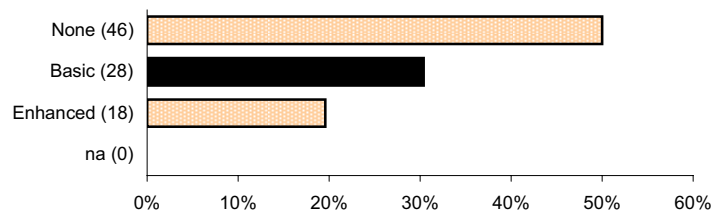
Training			
	FTE	%	Avg
Training	1.0	9%	23%



## CRB Checks

CRB Checks		
Swindon		
	Authorities	%
None	46	50%
Basic	28	30%
Enhanced	18	20%
na	0	0%

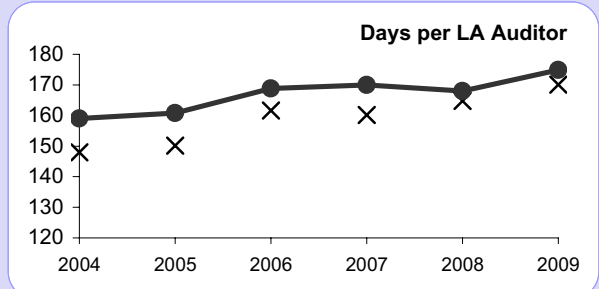
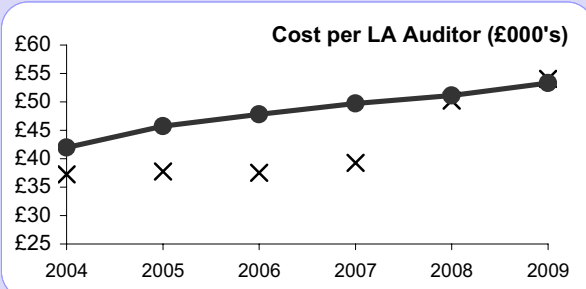
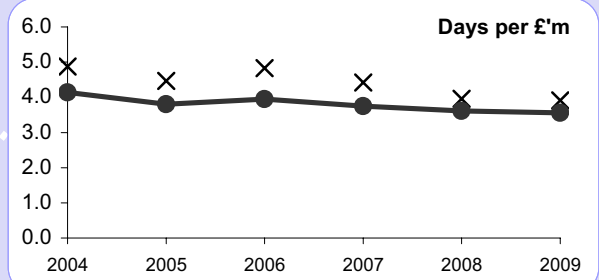
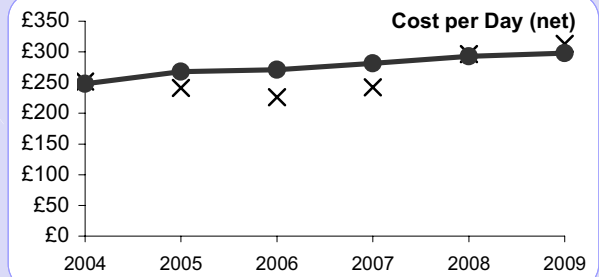
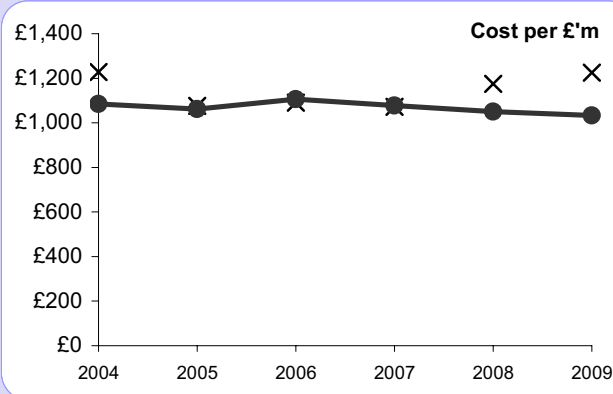
### To what level are audit staff checked?



## SECTION 4 - TIMESERIES

**Actuals: e.g. 2009 refers to this years 2008/09 actuals**

The 2009 averages are the actual club averages. For previous years, the averages shown here are scaled up or down from the 2009 figure based on the average rate of change in each year. This is calculated using data from members who supplied figures in consecutive years, otherwise the simple average in each year would be distorted by changes in the composition of the club from year to year.



**KEY:** Club Average - Black Line  
Swindon - Crosses



Timeseries data						
	2004	2005	2006	2007	2008	2009
Cost*	£432k	£415k	£419k	£452k	£512k	£573k
FTE Auditors	11.6	11.0	10.1	10.1	9.9	10.1
Cost per LA Auditor	£37,259	£37,727	£37,551	£39,289	£50,234	£54,038
Average	£41,956	£45,716	£47,833	£49,727	£51,123	£53,287
Days per LA Auditor	148	150	162	160	165	170
Average	159	161	169	170	168	175
Cost per £'m	£1,228	£1,076	£1,091	£1,071	£1,175	£1,225
Average	£1,085	£1,061	£1,107	£1,078	£1,051	£1,034
Cost per Day (net)	£252	£241	£226	£242	£297	£313
Average	£248	£268	£271	£281	£293	£298
Mainline Audit Days	1,722	1,825	1,843	1,820	1,711	1,719
Turnover	£353m	£409m	£382m	£412m	£432m	£439m
Days per £'m	4.9	4.5	4.8	4.4	4.0	3.9
Average	4.1	3.8	3.9	3.8	3.6	3.6

\* Figure shown is the cost of your In-House Audit section

Swindon

## SECTION 5 - QUARTILE FIGURES

### Unitary authorities

2008/09					
	Swindon	Average	Lower Quartile	Median	Upper Quartile
Cost/auditor £'k					
Pay	£41.3	£42.0	£36.82	£39.9	£45.3
Overheads	£12.7	£11.3	£8.01	£9.8	£13.2
Total	£54.0	£53.3	£46.60	£51.0	£56.8
Days per Auditor	170	175	168	175	185
Cost per Day (net to LA)	£313	£298	£262.07	£287	£329
Days per £'m	3.92	3.56	2.63	3.47	4.07
Cost per £'m	£1,225	£1,034	£824.14	£1,037	£1,224

2009/10					
	Swindon	Average	Lower Quartile	Median	Upper Quartile
Cost/auditor £'k					
Pay	£41.2	£42.7	£37.7	£41.9	£46.2
Overheads	£10.6	£10.9	£7.7	£9.9	£12.5
Total	£51.8	£53.5	£46.8	£51.9	£56.9
Days per Auditor	173	176	168	175	184
Cost per Day (Net to LA)	£291	£301	£265	£292	£329
Days per £'m	4.55	3.64	2.90	3.59	4.25
Cost per £'m	£1,324	£1,071	£822	£1,050	£1,296

## Head of Internal Audit Update

### AUDIT COMMITTEE

Date: 24<sup>th</sup> November 2009

**Author: Head of Internal Audit**

**Wards Affected: None**

#### **Purpose**

To present Members with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in September, and to update Members with regard to progress against the annual internal audit plan.

#### **Recommendation**

- It is recommended that the contents of the report be noted.

### **1 Reasons**

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 The Council's Internal Audit section is a key component of the assurance framework and therefore it is essential that this Committee monitor its performance against the annual plan along with the implementation of agreed recommendations by Client departments.

### **2 Detail**

#### Reports Issued

- 2.1 Details of Internal Audit reports finalised since the September Audit Committee are set out in Appendix 1. The appendix sets out a summary of the audit recommendations made along with the overall risk assessment to the Council.

#### Progress on completion of Internal Audit Plan 2009/10

- 2.2 As at the end of October we have completed 43% of the plan against a target of 47% (our target allowed for the current vacancies we have – see below). Appendix 2 details the audits issued to date.

#### Section Update

- 2.3 We are currently still carrying 1.5 vacancies. One of these posts continues to be filled by a temporary agency appointment, although our budget only allows for this to continue until December.

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Further information on the subject of this report can be obtained from Nick Hobbs on Direct Dial No. 01793 463940 or email [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk)

## Head of Internal Audit Update

### AUDIT COMMITTEE

Date: 24<sup>th</sup> November 2009

- 2.4 We have recruited an Audit Apprentice through the Council's Apprenticeship Scheme and are currently going through the recruitment process for a School Auditor to cover the School Audit Plan.

### Alternative Options

Not Applicable

### Risk Management

#### *Financial and Procurement Implications*

There are no direct financial implications arising from this report however individual audit reports address the suitability of internal controls within the systems examined.

#### *Legal/Human Rights Implications*

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

#### *Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

Internal Control, Audit Committee and the Statement on Internal Control all feature significantly in the CPA Use of Resources Assessment. Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

### Consultees

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

### Appendices / Background papers

Appendix 1 – Internal Audit Reports finalised since the September Audit Committee.

Appendix 2 – Progress against 2009/10 Internal Audit plan.

### Key Decision/Decision in Forward Plan

Not Applicable



## INTERNAL AUDIT REPORTS FINALISED SEPTEMBER 2009

## Final audit reports issued:

System	Current Audit Opinion	Previous Opinion	Overall Evaluation (Risk)	Key Findings / Recommendations	Date of audit
Highways	3	N/A	Of Concern	<p>A review has been carried out to provide assurance to the Group Director of Environment, Regeneration and Community that the internal control and governance arrangements within the Highways Management system are effective.</p> <p>The following key recommendations should be implemented in order to achieve the improvements required:</p> <ul style="list-style-type: none"> <li>Members meetings should be formalised to ensure that records are retained of any decisions that are made at this meeting. This can be undertaken through the production of formal action plans.</li> <li>The Briefing notes, compiled by the Head of Transport Delivery, should be implemented as soon as possible to inform the members meetings and be used to record the status and issues that are in place within the schemes that underpin the Local Transport Plan. The original Briefing notes should be retained with a copy forwarded to the Committee and Members Services Manager for inclusion in the Briefing Notes file.</li> <li>A requirement of the Council's constitution is to inform Ward Councillors of any significant events that are occurring on Highways in their respective Wards. This should be undertaken through the use of the above briefing note, or other medium.</li> <li>The Council's Risk Management process should be adopted to ensure that risks have been appropriately considered at all levels within the Highways Network Management Section. Risks impacting on the achievement of the aims and objectives set out in the Transport Strategy, Local Transport Plan and underpinning schemes should be considered and any that require elevation should be reported to the Corporate Risk Management Group for consideration.</li> <li>Prior to the final approval of the TAMP the risk management methodology should be reviewed for each section to ensure that it complies with the Corporate Risk Management standard and is consistent within the Plan.</li> </ul> <p>Findings from the Internal Audit of the Capital Programme, completed in May 2009, referred to weaknesses that relate to, and impact on, the Highways Management function. Recommendations from this audit have been agreed for implementation.</p>	September 2009

System	Current Audit Opinion	Previous Opinion	Overall Evaluation (Risk)	Key Findings / Recommendations	Date of audit
Funded Nursing	3	N/A	Moderate	<p>The following key recommendations should be implemented in order to achieve the improvements required:</p> <ul style="list-style-type: none"> <li>• The Council and the PCT should enter into a formal agreement that includes the roles and responsibilities of the parties and the aims and objectives of the service provided by the Council.</li> <li>• The procedure documentation that is in place should be reviewed to ensure that it is current and include all aspects of the funded nursing care service provision.</li> <li>• Segregation of duties in respect of the reconciliation of the SWIFT payments to actual payments should be considered and clearly documented within the procedures.</li> <li>• The SWIFT system authorisations for uplifts should be revised to ensure that a system administrator password is used and this is appropriately allocated for use to an accountable officer, the number of administrator accesses should be restricted to maintain the integrity of the SWIFT system.</li> <li>• The Authorising officer for approval of payments relating to clients should be reviewed as this has only been delegated to one member of staff.</li> <li>• Any instances where a deficit occurs, due to insufficient funds being transferred from the PCT at the commencement of the financial year an interest calculation should be undertaken and this should be an additional charge to the PCT or should be offset against the interest that is paid on the capital that is transferred to the account at the beginning of the accounting period.</li> </ul>	September 2009
Client Readiness/ Capability	N/A	N/A	N/A	A set of checklists has been produced to allow the Council and SCS to assess readiness for decoupling.	N/A
Sickness Absence	N/A	N/A	N/A	<p>A follow –up of the review carried out in March 2009 on Sickness Absence has been completed.</p> <p>The following recommendations have been made as a result:</p> <ul style="list-style-type: none"> <li>• The procedures for reporting sickness absence should be reiterated to all line managers, including what evidence they should retain.</li> <li>• Changes should be made to the process of capturing quarterly sickness absence rates to ensure that a robust basis for projecting the absence rate for the year is in place.</li> <li>• A process for comparing sickness absence levels from previous years should be developed once the new 'Swindon' reports have been completed.</li> </ul>	September 2009

System	Current Audit Opinion	Previous Opinion	Overall Evaluation (Risk)	Key Findings / Recommendations	Date of audit
Rodbourne Cheney Primary School	2	4	<b>FMSiS: Standard Met</b>	Rodbourne Cheney School was externally assessed by Internal Audit against the DfES Financial Management Standard in Schools (FMSiS) and was found to meet the standard.  An audit of the school was also completed resulting in an overall opinion of 'satisfactory'. Recommendations have been made and agreed to ensure that all weaknesses identified are addressed.	May 2009
			<b>Minimal</b>		
Bishopstone CE Primary School	3	N/A	<b>FMSiS: Standard Met</b>	Bishopstone CE Primary School was externally assessed by Internal Audit against the DfES Financial Management Standard in Schools (FMSiS) and was found to meet the standard.  An audit of the school was also completed resulting in an overall opinion of 'significant improvements required'. Recommendations have been made and agreed to ensure that all weaknesses identified are addressed.	June 2009
			<b>Minimal</b>		

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## Managed Audits Completed (4 Audits) - Draft

[illegible]

## Total Non Managed Audits Completed (127) - Draft

[illegible]



## Agenda Item 12

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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