

# Social Work Inspection Agency

Report on the 2008/09 Audit

August 2009



 AUDIT SCOTLAND



# Social Work Inspection Agency

**Report on the 2008/09 Audit**

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# Key messages

In 2008/09 we looked at the key strategic and financial risks being faced by the Social Work Inspection Agency (SWIA). We audited the financial statements and we also reviewed the use of resources and aspects of performance management and governance. This report sets out our key findings.

## **Financial statements**

We have given an unqualified opinion on the financial statements of SWIA for 2008/09. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance, issued by Scottish Ministers.

## **Financial position and use of resources**

SWIA achieved a net underspend of £0.118 million in 2008/09. This is the difference between the net operating costs for the year of £3.689 million and the funding received from the Scottish Government of £3.807 million. SWIA operated within the budget limits set by the Scottish Government for capital expenditure and operating expenditure.

Scottish Ministers have agreed a resource budget for SWIA of £4.4 million for 2009/10, but this is likely to be reduced due to continuing problems in recruiting inspectors. Additionally staff turnover is likely to increase with the proposed abolition of SWIA on the 31<sup>st</sup> March 2011.

The increasingly tight financial settlement for 2009-12 will be expected to support delivery of reforms arising from the Crerar review and the provisions of the Public Sector Reform Bill, in addition to supporting SWIA's normal business. SWIA will also be expected to achieve 2% year on year efficiency savings. Effective budget monitoring arrangements remain crucial to SWIA achieving its financial targets and delivering its objectives within tighter financial settlements.

## **Governance and accountability**

Corporate Governance is concerned with the structures and process for decision making, accountability, control and behaviour at the upper levels of an organisation. The corporate governance and control arrangements for SWIA operated satisfactorily during the year, as reflected in the Statement on Internal Control.

We examined the key financial systems which underpin the organisation's control environment, including relevant Scottish Government systems. We concluded that financial systems and procedures operated sufficiently well to enable us to place reliance on them.



## **Performance**

SWIA has completed its rolling programme of inspections of social work services in Scottish local authorities and, in response to the Crerar Report, is now moving towards a more targeted approach based on a needs assessment. At the same time, SWIA is participating in work with other scrutiny bodies to better co-ordinate and streamline scrutiny activity and achieve greater effectiveness. In addition, the Scottish Government has announced plans to incorporate SWIA in a new organisation as part of structural changes in service delivery arising from the Public Sector Reform Bill.

This period of significant change for SWIA may present risks to staff morale and retention, which will need to be managed to ensure business continuity. SWIA will need support from SG Human Resources to assist this process. SWIA has put in place robust systems for the identification and management of risk.

## **Looking forward**

The final part of our report notes some key risk areas and issues for SWIA going forward, including the impact of the provisions within the Public Sector Reform Bill and the impending abolition of SWIA. We also highlight a number of national issues which affect all public sector bodies including SWIA, such as the National Performance Framework; the impact of international financial reporting standards; and the review of data handling arrangements in public bodies across Scotland. SWIA also faces a significant challenge in meeting inspection targets given difficulties in recruiting inspectors and support staff to achieve financial balance. We will continue to monitor SWIA's progress in these areas.

The assistance and co-operation given to us by Board members and staff during our audit is gratefully acknowledged.



**August 2009**



# Introduction

1. This report summarises the findings from our 2008/09 audit of SWIA. The scope of the audit was set out in our Audit Plan, which was presented to the Audit Committee on 19 February 2009 . This plan set out our views on the key business risks facing the organisation and described the work we planned to carry out on financial statements, performance and governance.
2. Our interim work was completed satisfactorily with no significant issues arising. Issues arising from our final audit visit are summarised in Appendix A to this report.
3. Best value duties apply across the public sector and, in central government, best value is a formal duty on all accountable officers. Audit Scotland has adopted a generic framework for the audit of best value across the public sector and throughout this report we comment on aspects of SWIA's arrangements.

**Exhibit 1: Framework for a best value audit of a public body**





4. Our comments are made on the basis of information made available in the course of the annual audit. We do not make an overall best value judgement because we do not have enough evidence to conclude on all relevant areas.
  
5. Another building block for our assessment of best value is the national study programme carried out by Audit Scotland on behalf of both the Auditor General for Scotland and the Accounts Commission. We mention the key findings from all relevant reports, and the implications for SWIA, throughout this report. Full copies of the study reports can be obtained from Audit Scotland's website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).
  
6. We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by staff, management and Board members of SWIA during the course of our audit. This report will be submitted to the Auditor General for Scotland and will be published on our website.



# Financial Statements

7. In this section we summarise key outcomes from our audit of SWIA's financial statements for 2008/09 and the accounting issues faced. The financial statements are an essential means by which the organisation accounts for its stewardship of the resources available to it and its financial performance in the use of those resources.

## Our responsibilities

8. We audit the financial statements and give an opinion on:
- whether they give a true and fair view of the financial position of SWIA and its expenditure and income for the period in question
  - whether they were prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements
  - the consistency of the information which comprises the Introduction by the Accountable Officer, the Management Commentary, the Statement on Internal Control and the unaudited part of the Remuneration Report, with the financial statements
  - the regularity of the expenditure and receipts.
9. We also review the statement on internal control by:
- considering the adequacy of the process put in place by the Accountable Officer to obtain assurances on systems of internal control
  - assessing whether disclosures in the statement are consistent with our knowledge of SWIA.

## Overall conclusion

10. We have given an unqualified opinion on the financial statements of SWIA for 2008/09.
11. The unaudited accounts were provided to us on 30 April 2009, supported by a comprehensive working paper package. We concluded our audit within the agreed timetable and provided our opinion to the Audit Committee on 27 May 2009 as planned.





## Issues arising from the audit

12. As required by auditing standards we provided a report to the audit committee on 27 May 2009 which covered the main issues arising from our audit of the financial statements. There were no significant issues that needed to be highlighted, and the audit committee recommended the accounts for approval.

## Regularity

13. The Public Finance and Accountability (Scotland) Act 2000 imposes a responsibility on auditors that requires us to certify that, in all material respects, the expenditure and receipts shown in the accounts were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers. We have been able to address the requirements of the regularity assertion through a range of procedures, including written assurances from the Accountable Officer as to her view on adherence to enactments and guidance. No significant issues were identified for disclosure.

## International financial reporting standards (IFRS)

14. As announced by the Chancellor in the 2008 Budget report on 12 March 2008 (Budget report paragraph C103), Government departments and other public sector bodies will report using International Financial Reporting Standards (IFRS) from 2009/10. The Scottish Government announced on 25 April 2008 that all Scottish Government Departments, Executive Agencies, Health Bodies and Non-Departmental Public Bodies would be required to produce shadow IFRS based accounts for financial year 2008/09. This was to include a restated balance sheet as at 1 April 2008.
15. In terms of the audit of the IFRS opening balance sheet at 1 April 2008, there were two key dates to achieve as outlined below:
  - **28 November 2008** – opening 2008 IFRS-based balance sheets were to be presented to auditors for dry-run audit
  - **28 February 2009** – dry-run audit of opening balances was to be completed, resulting in a letter to management highlighting the work done, auditors' findings and areas for further work.
16. The restated opening balance sheet and supporting documentation were submitted by SWIA for audit review by the deadline date of 28 November 2008. The supporting working papers were comprehensive and of good quality, and there were no issues arising from our review.



17. Our report highlighted that HM Treasury are to issue guidance clarifying the treatment of intangible assets under IFRS. Further work may be required in respect of derecognised assets (software and intangibles) to ensure that the shadow IFRS accounts for 2008/09 and full IFRS accounts in 2009/10 are true and fair.



# Use of Resources

18. Sound management and use of resources (people, money and assets) to deliver strategic objectives is a key feature of best value. This section sets out our main findings from a review of SWIA's

- financial position
- financial management.

## Financial Position

### Outturn 2008/09

19. SWIA is required to work within its resource budget set by the Scottish Government. In 2008/09 SWIA's net operating costs were £3.689 million against a reduced final budget from the Scottish Government of £3.850 million, resulting in an underspend against budget of £161,000. This underspend was due to difficulties in recruiting inspectors during the year. Overall, SWIA operated within the resource budget limits set by the Scottish Government for cash expenditure and non cash costs – see exhibit 2 below:

**Exhibit 2 – Performance against resource budget 2008/09 (£ million)**

Limits	Reduced Budget	Actual Outturn	Difference
Operating	3.850	3.689	0.161
Capital	nil	nil	nil
<b>Total</b>	<b>3,850</b>	<b>3,689</b>	<b>0.161</b>

20. SWIA's balance sheet at 31 March 2009 records a net liability position of £118,000 due to outstanding creditor balances at year end. The going concern basis of the accounts is not affected by this situation due to continued funding from the Scottish Government: appropriate disclosure to that effect is made in the accounts.

### Financial sustainability and the 2009/10 budget

21. Scottish Ministers have agreed a resource budget for SWIA of £4.4 million for 2009/10, as set out below:

**Exhibit 3 – 2008/09 Resource Plan (£ million)**

Limits	Budget
Operating	4.400
Capital	Nil
<b>Total</b>	<b>4.400</b>



22. Due to continued difficulties in recruiting staff, mainly inspectors, SWIA are anticipating an underspend of circa £0.5 million against their 2009/10 budget. Discussions to reduce the budget are currently taking place with the Scottish Government, with an adjustment likely as part of the autumn budget revisions.
23. The increasingly tight financial settlement for 2009-12 will be expected to support delivery of reforms arising from the Crerar review and the provisions of the Public Sector Reform Bill, in addition to supporting SWIA's normal business. SWIA will also be expected to achieve 2% year on year efficiency savings. Effective budget monitoring arrangements remain crucial to SWIA achieving its financial targets and delivering its objectives within tighter financial settlements. This to be seen in the light of SWIA's abolition.

## National Studies

24. Audit Scotland published two national study relevant to SWIA's use of resources. These were use of consultancy services and improving energy efficiency. A summary of the reports is provided below. Copies of the full reports can be downloaded from our web site at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

## Use of consultancy services

25. The overall aim of the study was to review central government's use consultancy services and to make recommendations to improve the public sector's use of consultants' knowledge, skills and resources to help deliver new services and initiatives quickly and expertly. The key findings were:
  - The public sector is strengthening the way it buys goods and services.
  - Central government does not have a clear strategy for its use of consultants or for linking use to its priorities or financial and workforce plans.
  - In most cases, central government buys consultancy services well but some improvements can be made.
  - Central government could improve how it manages consultancy projects through more consistent and formal evaluation of consultants' work and learning more from them.
  - Central government could make savings of up to £13 million a year through better planning and buying of consultancy services.
26. The report made specific recommendations for public bodies to:
  - confirm they have clear processes for approving and recording the use of consultants and monitoring progress, and reinforce these as required



- plan their use of consultancy services when developing their forward work programme to ensure that consultants are used where their knowledge and skills bring greatest value for money
- always evaluate the option to use consultants against the option to use their own staff
- gather and share consistent information on the consultancy skills bought and why consultants are used
- improve the quality of their invitations to tender through better and earlier discussion with consultants about their consultancy needs
- increase the use of framework agreements where possible by ensuring that existing agreements are used and new ones developed as appropriate
- select and use the most economical competition routes by using framework agreements, restricted competitions and closed tendering approaches when appropriate
- evaluate the work of consultants more systematically and share findings from these reviews
- work closely with consultants to increase assurance on quality and make use of opportunities to learn from consultants and ensure knowledge transfer, where appropriate.

27. SWIA currently has limited need for consultants Where SWIA does engage consultants, it uses the procurement procedures operated by the Scottish Government.

## **Improving energy efficiency**

28. Audit Scotland assessed how councils, NHS bodies and central government bodies were improving energy efficiency in relation to buildings and transport use. This included examination of a range of issues including whether public bodies demonstrate commitment to improving energy efficiency; how public bodies are performing against their objectives and targets for improving energy efficiency; and if public bodies are delivering continuous improvement in this area. Key findings included:

- funding has been made available by the Scottish Government and public bodies to improve energy efficiency
- while energy consumption in buildings has fallen, spending on energy increased in the three years to 2006/07
- there is a need for stronger leadership by the Scottish Government and within public bodies to improve energy efficiency and ensure that the necessary cultural and behavioural changes are made



- a robust strategy is central to the coordination of activities to improve energy efficiency, however, there are inconsistencies in the quality of strategies being implemented
  - there is a lack of formal monitoring and reporting of progress in improving energy efficiency by public bodies and the Scottish Government.
29. SWIA follows guidance from the Scottish Government on improving energy efficiency. As SWIA does not have any direct control of the facilities budget of either of its two premises there is limited potential for any major savings.



# Governance and Accountability

30. High standards of governance and accountability, with effective structures and processes to govern decision-making and balanced reporting of performance to the public, are fundamental features of best value. This section sets out our findings arising from a review of SWIA's arrangements.
31. Increasingly services are being delivered across the public sector through partnership working, sometimes involving complex governance and accountability arrangements. Best value characteristics also include effective partnership working to deliver sustained improvements in outcomes.

## Overview of arrangements

32. This year we reviewed:
  - key systems of internal control
  - internal audit.
33. Our overall conclusion is that arrangements within SWIA are sound and have operated through 2008/09.

## Systems of internal control

34. Key controls within systems should operate effectively and efficiently to accurately record financial transactions and prevent and detect fraud or error. This supports a robust internal control environment and the effective production of financial statements. In their annual report for 2008/09 the Scottish Government Internal Audit Division, the internal auditors, provided their opinion that based on the internal audit work undertaken during the year, there was substantial assurance on the adequacy and effectiveness of the systems of internal controls.
35. As part of our audit we reviewed and tested the high level controls in a number of SWIA systems that impact on the financial statements. This audit work covered a number of areas including budgetary control, staff costs (starters and leavers) and purchases. Our overall conclusion was that key controls were operating effectively and that SWIA has adequate systems of internal control in place.
36. We also rely on assurances received from the auditor of the Scottish Government on work performed on shared systems that operate at SWIA, hosted by the Scottish Government. This approach ensures we are delivering an efficient co-ordinated audit that avoids unnecessary duplication and expense.



37. The shared systems assurance letter provided by the auditor of the Scottish Government concluded that there was adequate assurance for all systems except payroll. Adequate assurance is where key controls and procedures are operating to enable reliance to be placed on the system. Limited assurance was provided for the payroll system, and we therefore carried out additional work locally to achieve our audit objectives. There is no impact on our overall audit opinion on the financial statements.

## **Statement on Internal Control**

38. The Statement on Internal Control provided by SWIA's Accountable Officer reflected the main findings from both external and internal audit work. This recorded management's responsibility for maintaining a sound system of internal control and set out SWIA's approach to this.

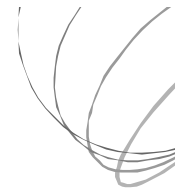
## **Internal Audit**

39. The establishment and operation of an effective internal audit function forms a key element of effective governance and stewardship. We therefore seek to rely on the work of internal audit wherever possible and as part of our risk assessment and planning process for the 2008/09 audit we assessed whether we could place reliance on SWIA internal audit function. We concluded that the Scottish Government Internal Audit Division operates in accordance with the Government Internal Audit Manual and therefore placed reliance on their work in number of areas during 2008/09, as we anticipated in our annual audit plan. This included reliance on aspects of internal audit's systems work to avoid duplication of effort.

## **Prevention and detection of fraud and irregularities**

40. SWIA has adopted the relevant procedures and guidance contained in the Scottish Public Finance Manual. It has appropriate arrangements in place to prevent and detect fraud, inappropriate conduct and corruption, including policies and codes of conduct for staff and Board members covering gifts and hospitality.





# Performance

41. Public audit is more wide-ranging than in the private sector and covers the examination of, and reporting on, performance and value for money issues. Key features of best value include:
- setting a clear vision of what the organisation wants to achieve, backed up by plans and strategies to secure improvement, with resources aligned to support their delivery
  - a performance management culture which is embedded throughout the organisation and a performance management framework which is comprehensive and supports the delivery of improved outcomes.
42. In this section we comment on:
- SWIA's vision and strategic direction
  - performance against targets
  - performance management arrangements
  - SWIA's efficiency programme.

## Vision and strategic direction

### Corporate Plan

43. SWIA's principal activity is to carry out independent inspections and reviews of social work services across the Scottish public sector with the objective of improving the quality of services provided. It also provides advice to Scottish Ministers on social work issues. Publication of SWIA's updated corporate plan for 2008 – 2011 has been delayed pending clarification of the results of the Crerar review and the Public Sector Reform Bill, which has proposed that SWIA's activities should be incorporated within a new larger scrutiny body covering a range of similar services. A revised Corporate Plan is expected to be available in late in due course.
44. Despite impending organisational reforms, the core activities of SWIA are unlikely to change in the short term, although the focus of its inspection work is planned to move from a cyclical inspection programme to a more targeted and risk-based approach aimed at local improvement.
45. The delivery of corporate plan objectives will be particularly challenging given recruitment, and retention, difficulties currently facing the organisation and, to a lesser extent, the tight financial constraints now in place. This is an area we will keep under review during our appointment.



## Public Sector Reform

46. The Public Sector Reform Bill is a collection of measures to reform the public sector landscape in Scotland including some proposals arising from the Crerar Report. The Bill proposes to abolish a number of bodies, merge some and create new bodies. It also has provisions aimed at improving scrutiny co-ordination and involving users in scrutiny. There are also proposals to enable future reforms to be undertaken using statutory instruments rather than requiring primary legislation.
47. The Bill contains provisions requiring listed bodies ( including SWIA) to co-operate and co-ordinate activity with each other and, where appropriate, the Scottish Ministers with a view to improving the exercise of scrutiny functions in relation to local authorities, social services and health services having regard to economy, efficiency and effectiveness.
48. The Bill contains provisions which will transfer SWIA's existing responsibilities to one of the newly formed scrutiny bodies. Clearly these changes will impact on SWIA's future strategy and plans, which we will continue to monitor as part of our audit.

## Scrutiny Co-ordination

49. Following the publication of the Crerar Report in September 2007, the Scottish Government's response stated its aim of establishing a simplified and coherent approach to delivering local government scrutiny. A key aspect of this agenda is to better coordinate and streamline scrutiny and achieve greater effectiveness, whilst at the same time protecting the independence of scrutiny bodies.
50. In February 2008, the Accounts Commission was asked to take on the transitional gatekeeping role in respect of the scrutiny of local government. The local government scrutiny coordination strategic group was established to set priorities and oversee development activity. The following key priorities were subsequently agreed:
  - Improving the planning and scheduling of scrutiny activity.
  - Developing a single corporate assessment.
  - Implementing a shared risk assessment framework.
51. The strategic group established an operational group to carry out the necessary detailed work in respect of these priorities. The group is made up of representatives from SWIA and other scrutiny bodies including HMIE, NHS QIS, Care Commission, Scottish Housing Regulator, COSLA and Audit Scotland.



52. The recent update on progress of the group has noted that:

- The first joint scrutiny plan for local government in Scotland has been published and covers the period from April 2009 until March 2010. This is a key milestone in the transitional arrangements set out for 2009.
- The joint scrutiny schedule also sets out the various ways in which local government audit, inspection and regulatory bodies in Scotland have already adopted more proportionate and risk-based approaches to scrutiny when exercising their statutory functions. The group's analysis indicates that taken together these developments should lead to a significant reduction in the overall level of scrutiny experienced by local government – estimated to be in the region of 25%.
- The implementation of shared risk assessment arrangements are progressing and current activity aims to establish an earlier joint local scrutiny presence from which shared risk assessment work will be led and further developed for the future.

53. We will continue to monitor the impact of these developments on SWIA.

## Performance overview

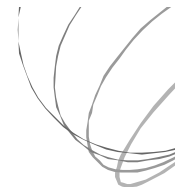
54. SWIA's key performance targets are set out in Annex B of its Framework Document and relate mainly to qualitative aspects of its inspection and advisory functions. There are no specific financial targets. During the year SWIA completed the remaining 12 council inspections as part of its planned review of social work services in all 32 councils by the end of 2008/09, and has also completed 15 follow-up inspections to monitor progress on key recommendations. SWIA also produced and issued 4 self-evaluation guides for various aspects of social work services, with 3 further guides planned during 2009/10. Its work on delivering criminal justice and other multi-agency inspections was also in line with plans.

## Performance management

55. As recorded in their annual report, SWIA achieved a high degree of success in meeting corporate targets. The SWIA Board regularly reviews performance against the corporate plan through quarterly performance reports. The reports are discussed in Board meetings and action taken and reported to resolve any issues.

## Risk management

56. The Board is responsible for identifying, managing and reviewing corporate risks and the effectiveness of actions identified to control these risks. The Board has put in place robust systems



for the identification and management of risk, which includes the establishment of a Risk Management Group with responsibility for overseeing risk management processes across SWIA. The Audit Committee also reviews the risk register at each of its meetings as a standing agenda item.

57. The main risk affecting SWIA relates to change management issues arising from the impending transfer of SWIA functions to a new body with effect from 1 April 2011 under proposals contained in the Public Sector Reform Bill. SWIA is currently in discussion with the Scottish Government and other bodies affected by this change on how to take forward these changes, and we will monitor progress.
58. A further risk affecting SWIA operations concerns difficulties in recruiting, and retaining, sufficient inspectors of appropriate quality to meet operational requirements, which is a reflection of underlying staffing shortages in this field across the UK. This problem, with both inspectors and support staff, is exacerbated by uncertainty over the future location and functions of SWIA as a result of the organisational changes referred above. SWIA is trying to address this risk and is working with the Scottish Government to ensure that, in the short term at least, recruitment and retention policies and salary packages are competitive.

## Efficiency

59. SWIA is required to deliver a recurring 2% efficiency saving against its financial settlement within the Scottish Government's Education and Lifelong Learning portfolio efficiency delivery plan. These savings have been achieved, mainly as a result of continuing recruitment difficulties affecting inspectors. There are no other specific efficiency targets set for SWIA.



# Looking Forward

60. SWIA faces a number of challenges in 2009/10, which include:

- **Public Sector Reform** – The Public Sector Reform Bill proposes to abolish a number of bodies and create new bodies. It also has provisions aimed at improving scrutiny co-ordination and involving users in scrutiny. These provisions will impact on SWIA's future strategy ,plans and people management. We will continue monitor the impact of these as part of our 2009/2010 audit.
- **Financial management and affordability** - The Scottish Parliament's Finance Committee recently published its report on the Scottish Government budget. The report noted that Scottish Government spending is set to decline in the next few years as UK public finances come under increasing pressure. Effective budget monitoring and reporting arrangements will be crucial to SWIA achieving its financial targets within tighter funding settlements. We will consider SWIA's financial management arrangements as part of our 2009/10 audit.
- **National Performance Framework** - The Scottish Government is continuing to develop its approach to performance management based on the National Performance Framework and local authority single outcome agreements. The National Performance Framework is an outcome-based approach that is publically reported on the Scottish Government's web site in the 'Virginia-style' model of performance measurement and reporting. This will include progress on overall delivery of the administration's purpose for Government, the five strategic objectives for Scotland and other aspects of the outcomes based National Performance Framework. We will consider how SWIA is addressing this developing area as part of the 2009/10 audit.
- **Efficiencies and future funding** - Budgets for 2009/10 and the immediate future will need to be managed within a tighter funding regime. This includes no scope for the application of end of year flexibility for the Government with HM Treasury until the next Spending Review; no option to transfer funds from capital to revenue; and the impact of the introduction of International Financial Reporting Standards (IFRS). SWIA will come under increasing pressure to prioritise spending, identify efficiencies, deliver reforms arising from the Public Sector Reform Bill and review future commitments to ensure delivery of key targets and objectives.
- **Data handling** – The Scottish Government carried out a review of data handling arrangements in Scotland during 2007. The review considered current policies and procedures on data protection, consistency with government standards and local arrangements for implementation of procedures. A report published in June 2008 made recommendations for a higher level of oversight and guidance from the Scottish Government and improved security of sensitive



information. We will monitor SWIA's progress against recommendations due to be implemented during 2009/10.

- **IFRS-** The timetable for IFRS implementation requires that central government accounts in Scotland to become IFRS compliant with effect from the 2009/10 financial year. As part of the timetable for the implementation for IFRS, shadow accounts will require to be produced for 2008/09 for audit review by September 2009. These processes will require significant resource to complete and it will be important that these issues are addressed early in 2009/10.



# Appendix A: Action Plan

## Key Risk Areas and Planned Management Action

Action Point	Risk Identified	Planned Action	Responsible Officer	Target Date
1	Our review of the Related Parties Transactions disclosures identified that SWIA does not have formal, annual procedures to determine whether senior managers and board members have had any material related party transactions with SWIA.	SWIA has agreed to circulate senior managers and board members to obtain formal confirmation that there are no material related transactions to report. Replies will be available before the Accountable Officer signs the accounts. SWIA will adopt this as a standard year end procedure for future financial reporting periods.	Andrew Wilkinson	Implemented 30 May 2009