

# AGENDA

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**Meeting:** Audit and Governance Committee

**Place:** Council Chamber - County Hall, Bythesea Road, Trowbridge, BA14 8JN

**Date:** Wednesday 24 November 2021

**Time:** 10.00 am

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Please direct any enquiries on this Agenda to Tara Shannon, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718352 or email [tara.shannon@wiltshire.gov.uk](mailto:tara.shannon@wiltshire.gov.uk)

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## Membership:

Cllr Mark Connolly (Chairman)  
Cllr Stuart Wheeler (Vice-Chairman)  
Cllr Chuck Berry  
Cllr Adrian Foster  
Cllr Gavin Grant  
Cllr George Jeans

Cllr Edward Kirk  
Cllr Antonio Piazza  
Cllr Pip Ridout  
Cllr Mike Sankey  
Cllr Martin Smith

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## Substitutes:

Cllr Liz Alstrom  
Cllr Ernie Clark  
Cllr Matthew Dean  
Cllr Nick Errington

Cllr Ross Henning  
Cllr Jon Hubbard  
Cllr Tom Rounds  
Cllr Jo Trigg

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To ensure COVID-19 public health guidance is adhered to, a capacity limit for public attendance at this meeting will be in place.

You must contact the officer named on this agenda no later than 5pm on 22 November 2021 if you wish to attend this meeting. Places will be allocated on a first come first served basis.

To ensure safety at the meeting, all members of the public are expected to adhere to the following public health arrangements to ensure the safety of themselves and others:

- Do not attend if presenting symptoms of, or have recently tested positive for, COVID-19
- Follow one-way systems, signage and instruction
- Maintain social distancing
- Please wear a face-mask (unless exempt) when in public spaces and transiting through the building.

Where it is not possible for you to attend due to reaching the safe capacity limit at the venue, alternative arrangements will be made, which may include your question/statement being submitted in writing.

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Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult [Part 4 of the council's constitution](#).

The full constitution can be found at [this link](#).

For assistance on these and other matters please contact the officer named above for details

# AGENDA

## Part I

### Items to be considered while the meeting is open to the public

1 **Apologies**

To receive any apologies or substitutions for the meeting.

2 **Minutes of the Previous Meeting** (*Pages 7 - 48*)

To confirm and sign the minutes of the meeting held on 11 October 2021.

3 **Declarations of Interests**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4 **Chairman's Announcements**

To receive any announcements through the Chairman.

5 **Public Participation**

To ensure Wiltshire Council COVID-19 public health guidance is adhered to, a capacity limit for public attendance at this meeting will be in place. You must contact the officer named on this agenda no later than 5pm on 22 November 2021 if you wish to attend this meeting. Places will be allocated on a first come first served basis and all requests may not be accommodated if there is high demand.

#### Statements

Members of the public who wish to submit a statement in relation to an item on this agenda should submit this electronically to the officer named on this agenda no later than 5pm on 22 November 2021. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

#### Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on 17 November 2021 in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on 19 November 2021. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior

to the meeting and made available at the meeting and on the Council's website.

6 **Update on the Statement of Accounts 2019/20**

To receive a verbal update on the progress of the statement of accounts 2019/20.

7 **Internal Audit Reports** (*Pages 49 - 80*)

- November IA update report 2020/2021 and consolidated IA outstanding management actions report.
- Proposed Q4 IA plan.

8 **Third Party Spend Purchase to Pay**

To receive an update on Third Party Spend Purchase to Pay, in response to a limited assurance audit.

9 **Reconsideration of Independent Members on Audit & Governance**

To receive a presentation from Andy Brown, Corporate Director Resources, Deputy Chief Exec and s151 officer, regarding Independent Members on the Audit & Governance Committee.

10 **Cyber Security**

To receive a presentation from Mike Ibbitson, Assistant Director ICT on Cyber Security.

11 **School Governance**

To receive a presentation from Helean Hughes, Director Education and Skills, on School Governance.

12 **Re-tender of External Audit Contract** (*Pages 81 - 88*)

To receive a report on the re-tendering of the external audit contract.

13 **Forward Work Programme** (*Pages 89 - 92*)

To note the Forward Work Programme

14 **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on 9 February 2022.

15 **Urgent Items**

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

**Part II**

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

None

### Audit and Governance Committee

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**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 11 OCTOBER 2021 AT COUNCIL CHAMBER - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

Cllr Mark Connolly (Chairman), Cllr Chuck Berry, Cllr Adrian Foster, Cllr Gavin Grant, Cllr Edward Kirk, Cllr Antonio Piazza and Cllr Martin Smith

**Also Present:**

Cllr Pauline Church and Cllr Ian Blair-Pilling

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1 **Apologies**

Apologies were received from:

- Cllr George Jeans
- Cllr Pip Ridout
- Cllr Mike Sankey
- Cllr Stuart Wheeler

2 **Minutes of the Previous Meeting**

The minutes of the last meeting on 28 April 2021 were presented for consideration and it was,

**Resolved:**

**To approve and sign the minutes as a true and correct record.**

3 **Declarations of Interests**

There were no declarations of interest.

4 **Chairman's Announcements**

The Chairman announced that due to technical issues in the Council Chamber the projectors were not working, therefore the slides for the meeting had been circulated to Members prior to the meeting and were available in hard copy at the meeting.

5 **Public Participation**

No public questions or statements were received.

## 6 **SWAP Presentation**

At the Chairman's invitation, Rupert Bamberger, Director SWAP ran through the presentation (as appended to these minutes), which gave a brief overview of SWAP's internal audit function and what the Committee could expect from them.

Andy Brown, Corporate Director Resources, Deputy Chief Executive and s151 Officer, stated that internal audit was a management control function, where management must respond to flags raised. He highlighted that where audits offer limited assurance, or no assurance, the Committee needed to gain an understanding from management about the actions they would be taking to respond.

The Chairman thanked Mr Bamberger for his presentation.

## 7 **Internal Audit reports**

At the Chairman's invitation Rupert Bamberger, Director, SWAP, presented the reports.

Internal Audit Annual Opinion 2020/21 - It was explained that this annual report on the adequacy and effectiveness of the organisation's governance, risk management and internal control environment was coming to the Committee later than usual due to the scheduling issues with the Committee this year where problems such as flooding at County Hall and COVID had caused meeting to be cancelled and re-arranged. Key messages were summarised on the first page of the report. The overall opinion was reasonable.

It was stated that 3 significant risks had been identified over the year, however SWAP were confident that actions were being taken to mitigate the risks. Assurance review opinions were set out in the report. It was highlighted that 2020/21 had not been a normal year with internal audit staff helping with the pandemic response.

Q2 Internal Audit Plan, Proposed Q3 Internal Audit Plan 2021/22 and Revised Internal Audit Charter – Mr Bamberger explained that the Q2 IA plan would have come to the Committee in July, so was included for reference. SWAP had proceeded with that plan and had set out the plans for Q3. The Internal Audit Charter came to the Committee annually. It had been revised slightly and the report was attached for consideration.

The sufficiency of internal audit resources was highlighted, and it was explained that SWAP was seeing higher than usual turnover, so they were working hard to fill vacancies and reduce risk.



A debate followed where Members questioned whether SWAP staff and officers working from home the majority of the time due to the pandemic had affected audit work and monitoring. Both SWAP and Wiltshire Council officers felt that the move to remote working had been seamless and had in fact brought benefits, as people could meet more easily remotely. This model would be continued even when staff returned to the workplace. It was acknowledged that coverage may have been an issue during the height of the pandemic when staff were redeployed to work on the pandemic response.

In response to questions regarding risk coverage and in particular the chart on page 70 of the agenda pack, the internal audit view was that coverage was building. More items had adequate coverage as the quarters progressed. Whilst there were some items which had no internal audit coverage to date, there were some assurance sources on these items. Andy Brown, Corporate Director Resources, deputy Chief Exec and s151, explained that whilst there were several items in Q3 with no internal audit coverage to date, there were management lines of defence that could be trusted. It was stated that the reality was that with the demand on resources there were gaps in coverage in Q3. It was stated that there was a discussion to be had regarding what audit was going to take place on the Salisbury Recovery and probably the wider economy. It may be that they needed to focus on different things.

In response to a Members question on whether a perspective on the next quarter could be included in the risk coverage chart it was stated that would be covered by the update report.

Mr Bamberger explained that the update report was a regular report which came to every Committee detailing the activity since the item was last reported at Committee. Page 85 of the agenda pack had the most up to date assessment. There had been a positive direction of travel with management actions and a detailed summary was included.

In response to a question on the Council Oversight of Maintained Schools – Limited Interim Assurance opinion detailed on page 89 of the agenda pack, the officer explained that School Governance was coming to the next meeting of the committee. Wiltshire Council needed to make sure that maintained schools delivered their responsibilities with regard to health and safety. This was why internal audit was important. A concern was raised which led to management actions which needed to be followed through and issues needed to be addressed. It was also important to clarify the lines of responsibility.

The Chairman highlighted page 92 of the agenda and that there were no outstanding priority 1 actions which was positive. However, due to the work undertaken on priority 1 actions, priority 2 and 3 actions may have built up, especially over the pandemic. Other Members applauded the efforts to undertake priority 1 actions but questioned the age of some of the outstanding priority 2 actions and requested clarity on why some actions were taking a long time to implement.

The officer explained that a review of audit had taken place and there had been a change in management, who were taking things in a different direction. Officers were aware of an outstanding action on Programme Management from 2019 which was on their radar but had not been put into effect yet. The senior management restructure that was underway would help to address this. The officer stated that it was important that the Committee see the true status of the actions and gave assurance that management still planned to address any actions.

Members of the Committee sought assurance from SWAP that the delays on management actions would not cause further issues. Mr Bamberger stated that the update report needed to be read in conjunction with the appendices showing the revised target dates and management updates. These showed that the actions were still being addressed and provided explanations. Appendix C gave assurance to the Committee on these matters. It was also stated that there needed to be a clear process for removing actions.

Members queried how Wiltshire Council dealt with all the varied risks it was facing, such as changes to government policy and the shortage of lower paid workers affecting service delivery. Some Members felt that the organisation was facing a variety of different crises and therefore was at its highest corporate risk for some time. The officer explained that internal audit was internally focused, and whilst it was affected by external factors internal audit concentrated on what it could control. Corporate risk was reviewed and updated accordingly. There were lines of defence to face issues, such as key financial controls and management controls, and SWAP were the second line of defence.

Members highlighted a limited assurance opinion detailed on page 87, Third Party Spend Purchase to Pay. Officers suggested that a report come to the next committee detailing actions and they were confident that the issues could be resolved in a reasonable period of time. In response to further questions from Members officers stated that there may have been an element of the correct procedures not being followed due to the pandemic, however there seemed to be a lack of organisational awareness as to the correct procedures that should be followed. Cllr Pauline Church, Cabinet Member for finance stated that this was a top priority for her; to ensure that the Council got value for money and that the correct processes were followed.

Members stated that they were fortunate to have senior officers such as Andy Brown and Lizzie Watkin with Wiltshire Council on a permanent basis, rather than a succession of interim officers and felt that appropriate assurances had been given and appropriate actions were being taken.

At the conclusion of the debate the Chairman proposed a motion, seconded by Cllr Grant and it was,

**Resolved:**

**That the committee note:**

- **The Internal Audit Annual Opinion Report 2020/21 and the Internal Audit Opinion given**
- **The Proposed Q3 Internal Audit Plan and Revised Internal Audit Charter**
- **The IA report 2021/22 – September 2021 and Outstanding Priority 1 & 2 Actions**

## 8 **Update on the Statement of Accounts 2019/20**

Andy Brown, Corporate Director Resources, deputy Chief Exec and s151 presented the update report on the progress of the statement of accounts 2019/20.

The officer relayed apologies from Ian Howse of Deloitte who was unable to attend the Committee and explained that Deloitte had not been able to source anyone to attend.

The officer explained that they had hoped to bring the statement of accounts 2019/20 before the Committee today but there had been ongoing issues meaning that they were unable to do so.

It was stated that local government audit across the board was facing problems due to the very technical nature of the accounting and resourcing issues faced by external auditors. The officer explained that Wiltshire Council was not alone and that many authorities accounts were delayed. It was highlighted that the technical issues encountered did not affect the cash position of the council or the bottom line. These issues were historical, technical and related to the recording of assets.

Wiltshire Council would need to discuss timelines and the resourcing required with the external auditors in order to get the statement of accounts 2019/20 to Committee for approval. To get the accounts approved and to remove the 'except for' qualification was a priority.

Lizzie Watkin, Assistant Director Finance & Deputy s151 further explained that the issues faced were related to the technical financial accounting presentation of assets. There was no impact on the resources required to deliver services. Work was underway to ensure that the assets were shown at a true value and the scale of this work was significant.

Comments from Members included that the situation was frustrating, but there were issues across the public sector. The historical issues described did not affect the Councils ability to provide services, but it was hoped the issues could be resolved soon. There were concerns raised that Deloitte were not present and that the issues encountered would result in an escalation of fees.

In response to questions from Members regarding the situation officers explained that there was a new asset management system which gave more transparency and had led to the identification of further issues, resulting in more reconciliation being required. The work had previously been limited to the

'except for' qualification but had now broadened, so there were aspects where it was necessary to restate previous balances which was technical and difficult to do. Conversations were underway with Deloitte on the best way to achieve this. It was stated that the 'except for' qualification would remain for 2019/20 but they were working to get the qualification lifted for the statement of accounts 2020/21.

Regarding the recording of leases officers explained that there was new legislation for 2021/22 regarding leases and work was already being undertaken to ensure leases were reported correctly. Some adjustments would be applied to the 2019/20 accounts to ensure all leases are disclosed fully.

Officers confirmed that there was a national framework for local authority audit, but it was limited and had limited resources.

In response to the concerns raised regarding a possible escalation of fees due to the issues encountered, officers stated that we would undoubtedly need to pay more. Discussions were underway with the external auditors regarding this. There was also debate underway regarding historical errors with the accounts and previous audits, although it was difficult to go back to previous auditors regarding accounts that had been signed off.

Officers highlighted internal resource issues that were trying to be resolved and confirmed that a new Chief Accountant had been recruited and it was hoped the Council could also recruit a Financial Accountant to support technical and capital accounting.

In response to further questions the officers confirmed that there would be no impact to the Council on what the organisation could borrow, our reserves and that no fines would be received. The impact was purely reputational, and officers were not happy about the situation, or the state of local government audit across the board.

Cllr Pauline Church, Cabinet Member for Finance commented that she was deeply disappointed that the statement of accounts 2019/20 could not be signed off yet. These issues had been occurring for quite some time and whilst our resourcing issues were being resolved, we were now facing problems with Deloitte's resourcing. Cllr Church stated that she would keep pushing this forward until resolved.

At the conclusion of the debate, it was,

**Resolved:**

**To note the update on the Statement of Accounts 2019/20 and the ongoing delay to the completion of the audit process and formal approval by the Committee.**

At the invitation of the Chairman, Stuart Honeyball, Evolve ERP Programme Lead, gave a presentation on the Evolve programme.

Details were given on the Evolve programme which included the replacement of the Enterprise Resource Planning (ERP) solution and adoption of, and compliance with, standardised business processes across the whole organisation. The officer ran through the slides as appended to these minutes. It was confirmed that the Terms of Reference shown in the slides had now been agreed.

In response to questions the officer explained that there were 2 go live dates and testing phases as the organisation had to decide whether to go live at the end of the calendar year (the option preferred by finance) or to go live at the end of the tax year (the option preferred by payroll).

Regarding questions on the durability of the program and staff training the officer explained that resilience was part of the reason for implementing the programme. Whilst staff resources were a concern, costs to cover this had been factored in so that roles could be back filled if required. There was a dedicated change group, which had consulted with 45 services across the Council. Lessons had been learned from the previous implementation of a new ERP in 2009 and those had shaped the programme implementation this time. The team were working to make sure that staff were engaged.

Andy Brown, Corporate Director Resources, deputy Chief Exec and s151, explained that the system addressed control issues and would bring changes and benefits across the organisation to how Wiltshire Council operates. There was a potential risk that it would be seen as an HR/finance system, but it was much more than that. Andy Brown was one of the Senior Responsible Officers on the project. He stated that it was key to identify efficiencies and cash in on those, which may mean a reduction in workforce, but it was important to adapt processes across the organisation.

## 10 **Annual Governance Statement 2020/21**

The Chairman invited Perry Holmes, Director, Legal and Governance to introduce the Annual Governance Statement 2020/21.

The officer explained that in a normal year the Annual Governance Statement (AGS) was approved as part of the statement of accounts but due to the delays with the statement of accounts it would be considered separately this year and would be incorporated into the statement of accounts 2020/21 when they came to the Committee.

The AGS looked at whether there was a framework in place within Wiltshire Council to enable us to make good decisions that benefitted Wiltshire and its residents. The AGS gave assurance that there was good governance in place at Wiltshire Council and included evidence of that. However, there were always

things that could be done better, so there was also a focus on areas for improvement.

The AGS was driven by the local code of governance and on Chartered Institute of Public Finance and Accountancy (CIPFA) advice. It had been co-authored by Perry Holmes, Director, Legal and Governance, Andy Brown, Corporate Director Resources, deputy Chief Exec and s151 and Jo Pitt, Director - HR & Organisational Development.

Members thanked the officer for a good document and report.

Members suggested that for full transparency, when reporting on progress made regarding improvement actions, last year's version of the AGS should be included alongside this year's version so that actions could be tracked. The officer confirmed that this would be possible and that uncompleted improvement actions from the previous AGS would be rolled forward into actions for this year.

Members also suggested that the acronym VCS, mentioned under improvements for principles A and B, could be expanded to Voluntary and Community Sector.

At the conclusion of the debate the Chairman proposed a motion to approve the Annual Governance Statement 2020/21, which was seconded by Cllr Chuck Berry. It was,

**Resolved:**

**To approve the Annual Governance Statement 2020/21.**

## 11 **Governance of Stone Circle Companies**

The Chairman invited Perry Holmes, Director, Legal and Governance to present the Stone Circle Reports.

The officer explained that in 2019 Wiltshire Council had set up the Stone Circle Companies in order to deliver housing which people could rent. The aim was that these would fall somewhere between Council properties and private rentals.

Wiltshire Council would lend money to the companies which would acquire properties and rent them, which was less risky but had a lower yield, and use Council owned land to build properties to rent or sell. That came with more risk but also more reward.

In February 2021 Cabinet had asked for a review of how the companies were set up and the reports were considered at Cabinet in September. The reports looked at best practise elsewhere and made some recommendations which were detailed in full at pages 133 and 134 of the agenda. In summary these were:

1. Improving the Business Plan
2. Quarterly reporting to Wiltshire Council
3. Creating a shareholder group as a sub-committee of Cabinet
4. Introducing a 3 year term for the Chair
5. Reviewing appointments to the Board
6. Developing and implementing an appropriate staffing structure
7. Annual presentation of governance arrangements to the Audit and Governance Committee.

The role of the Audit and Governance Committee was to seek assurance that there was an appropriate framework of governance in place for the companies. There should be a report regarding the governance of the companies presented to the Committee annually. It was hoped that representatives of the companies may be able to attend to when the reports came so they could present details such as returns and risks.

In response to a question regarding whether the Committee could make recommendations to the companies that would be implemented, the officer explained that whilst the companies were a separate commercial entity, we did have to account for public funds being spent on it, so we did have an element of control. The Committee could make recommendations via the Cabinet sub-committee back to the board, but it would be up to the board whether to implement them.

Some Members raised concerns regarding the risk involved with the Council moving into private sector areas which they had little knowledge of and referenced problems faced by Croydon Council when they bought a hotel.

The officer explained that the governance review of the companies, detailed by the flowchart at page 153 of the agenda, implemented processes to provide transparency on the risks. Stone Circle were revising their business plans in response to the recommendations by Cabinet and everything would be kept under review and stress tested. The officer stated that he was happy with the level of risk at present and the organisation as a whole was cognisant of the risk. If at any point things changed and he was no longer happy with the level of risk, a follow up report would come to Committee.

In response to a question from Members the officer highlighted the different roles of the Audit and Governance Committee and the Financial Planning Task Group (FPTG). Whilst Wiltshire Council were not overseeing the running of the companies, interactions with the companies would come to the FPTG who would look at the business plan and challenge numbers, returns and debts et cetera. The Audit and Governance Committee was to seek assurance that the governance framework was fit for purpose. If the Committee were unhappy with the governance framework in place, they could make recommendations for changes and it would be reviewed annually.

Commercial transparency between Wiltshire Council and the Stone Circle companies was highlighted by Members as an area they were slightly uneasy with. Officers highlighted the shareholder group, through which everything

would flow and referenced the Chinese or ethical walls principle which was an information barrier protocol within an organisation designed to prevent the exchange of information or communication that could lead to conflicts of interest.

The Chairman proposed a motion, seconded by Cllr Chuck Berry and it was,

**Resolved:**

- **To note the Governance of Stone Circle Companies report**
- **That the Committee would receive an annual presentation on the governance arrangements of Stone Circle Companies.**

12 **Forward Work Programme**

The Chairman highlighted the FWP at pages 213 – 215 of the agenda. It was noted that the FWP was a dynamic document that Members could request items be added to, and the timings of some items coming to the Committee may be subject to change.

In response to a question regarding the timings of accounts after the 2019/20 accounts coming to Committee and whether those accounts would also be affected by current issues, Lizzie Watkin, Assistant Director Finance & Deputy s151 stated that the scale of works being undertaken on the 2019/20 accounts meant that the opening position of later accounts should be more stable. Whilst it was unusual, you could have two sets of accounts being audited at the same time. Officers were working with Deloitte on a timetable for all three sets of accounts. There was currently no draft statement of account 2020/21 due to the scale of 2019/200 issues so there would be a knock-on effect on timings. It was hoped that at the November meeting officers could update on how the two sets of accounts would work.

The Chairman requested that the Third Party Spend Purchase to Pay limited assurance item be added to the FWP as well as progress reports on the Annual Governance Statement actions (using the new process).

**Resolved:**

**To note the FWP and add the above items.**

13 **Date of Next Meeting**

The next meeting of the Committee would be held on 24 November 2021.

14 **Urgent Items**

An urgent item was considered by the Committee. The item was to appoint a Member of the Audit and Governance Committee to the Constitution Focus Group.



**Resolved:**

**To appoint Cllr Pip Ridout as the Audit and Governance Committee representative on the Constitution Focus Group.**

There were no other urgent items, so the Chairman thanked everyone for attending and closed the meeting.

(Duration of meeting: 3.00 - 5.35 pm)

The Officer who has produced these minutes is Tara Shannon of Democratic Services, direct line 01225 718352, e-mail [tara.shannon@wiltshire.gov.uk](mailto:tara.shannon@wiltshire.gov.uk)

Press enquiries to Communications, direct line ((01225) 713114 or email [communications@wiltshire.gov.uk](mailto:communications@wiltshire.gov.uk)

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# SWAP Internal Audit Services

A brief overview of SWAP, and what the Committee can expect from us

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Audit and Governance Committee – 28.09.21

Minute Item 6

## Brief Background to SWAP

- Set up in 2005 when two councils came together to share internal audit services
- Grew to a much larger size. In 2013 we incorporated as a not-for-profit company, limited by guarantee
- Wiltshire Council joined SWAP as a Partner in 2011
- Owners Board & Executive Board to manage SWAP
- Now 25 public-sector Partners, across eight counties

## SWAP - who we are



## Benefits of being part of SWAP

- Access to a wider range of resources, including specialist teams
- Information and risk sharing, along with benchmarking
- Close links to the Institute of Internal Auditors (IIA)
- Partnership ethos
- And a local SWAP team, with local knowledge

**SWAP – benefits of using us**



## Why have internal audit?

- Statutory requirement – must have ‘*an effective internal audit to evaluate the effectiveness of [the Authority’s] risk management, control and governance processes*’
- Provides independent assurance to management & Members that the Council is functioning well and that risks are well controlled
- Risk Management improvement suggestions, as well as efficiency ideas

**Internal Audit – why have it?**



## What is Internal Audit?

### Definition of Internal Audit

- Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.
- It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- It provides assurance to the board and senior management who are within the organisations governance structure and evaluates and improves the effectiveness of governance, risk management and control processes.

## Internal Audit – what is it?



## And what it's not...

- External Audit
- Telling management what to do or how to do it
- Expecting actions to be implemented immediately, or expecting all actions to be accepted

## Internal Audit – what it's not





## So what do we do & how?

- Provide an overall annual opinion on the Authority's internal controls, governance and risk management
- Report to Senior Management and Members with independence & objectivity
- Carry out a broad range of reviews across the Authority each year, with an individual assessment of each area
- Provide independent review and challenge, and provide suggestions for risk management improvement

**Internal Audit - what we do & how**



## Purpose of committee

The Audit and Governance Committee will be responsible for:

### Internal audit activity

- to approve the terms of reference and strategy for internal audit, and the annual internal audit plan
- to monitor and review the effectiveness of internal audit to ensure compliance with statutory requirements
- to consider the head of internal audit's annual report and opinion, and a summary on internal audit activity and the level of assurance it provides on the council's corporate governance arrangements
- to consider specific internal audit reports as requested, and monitor the implementation of agreed management actions.

# Our Reporting to Committee



## What will the Audit & Governance Committee see?

- Regularly updated Internal Audit Plan (*usually quarterly*)
- Progress update reports with ongoing audit opinion (*quarterly*)
- Year end Internal Audit Annual Opinion (*usually June/ July*)
- SWAP news round ups on areas of interest/  
emerging risk areas
- Access to free SWAP Member Training

## Our Reporting to Committee



**In our progress updates to Audit & Governance Committee, we will provide further detail with regards to any ‘High’ risks that we have identified in our work**

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

## Highlighting Significant Risks

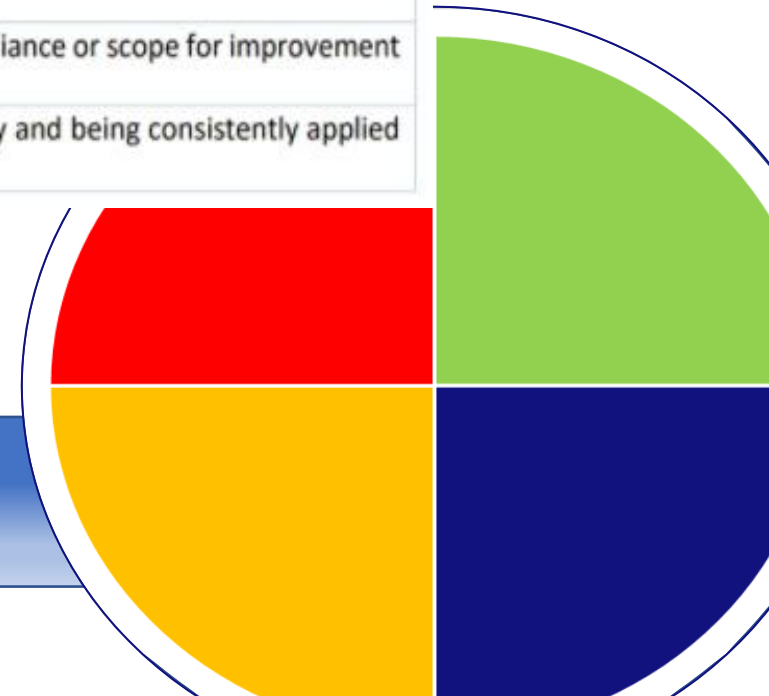


**Our audit assurance levels provide management and Audit & Governance Committee an indication of how well we perceive risks to be managed in the area we have reviewed**

Audit Assurance Definitions	
<b>No</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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## Our Assurance Opinions



## What do we think best practice internal audit looks like?

- Agile audit planning and continuous risk assessment
- Clear assessment of risk coverage, and ideally assurance sources mapped
- Shorter, more focussed audit reporting
- Introduction of Continuous Auditing
- Increasing focus on data and the analysis of this data throughout out audit work

## The future of internal audit



## Thank you – any questions?

- Charlotte Wilson, Assistant Director  
([charlotte.wilson@swapaudit.co.uk](mailto:charlotte.wilson@swapaudit.co.uk))
- Rupert Bamberger, Director  
([rupert.bamberger@swapaudit.co.uk](mailto:rupert.bamberger@swapaudit.co.uk) )
- Website - [www.swapaudit.co.uk](http://www.swapaudit.co.uk)

Questions?



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Evolve Programme Update  
Audit & Governance Committee  
Date: 28<sup>th</sup> Sept 2021

SROs Andy Brown, Jo Pitt  
Programme Lead: Stuart Honeyball

# Programme Overview

- Evolve is a corporate programme of work through which the council will specify, procure and implement a new Enterprise Resource Planning (ERP) solution and associated standardised business processes to replace our existing SAP ERP which has been in place since 2009.
- An ERP solution is a single software platform used to undertake a number of common business processes in a consistent way, generally sharing a single database and user interface across all of its functions to eliminate data duplication, ensure data integrity and underpin the principle of having a “single version of truth” for organisation-wide business activities undertaken by many or all staff, such as workforce management, budget management and financial processes, payroll provision and procurement activities.

- The vision for Evolve is a simple one, and reflects how the programme will contribute to the council’s transformation and business change outcomes:

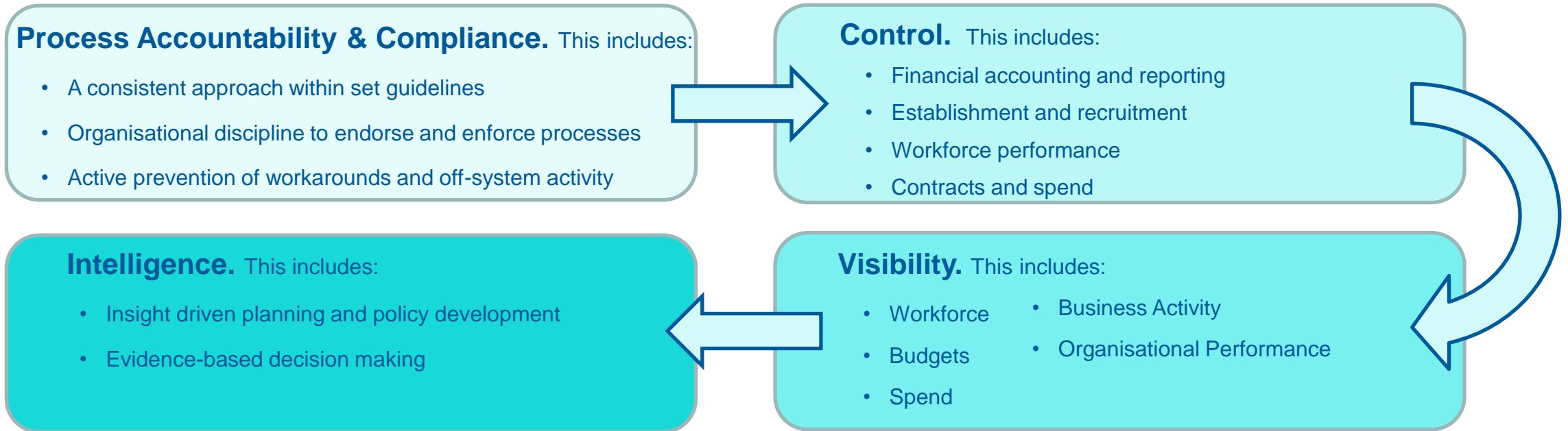
**“Shaping our future through insight”**

- This vision is underpinned by a three-part mission statement, focusing on the key areas of the council’s identity aspirations that an ERP can enable:
  - We will enable organisational insight to support evidence-based decision making and policy development.
  - This will be achieved by transforming our business processes, systems, and our use of digital technology.
  - We will support the organisation to develop a flexible, high performance culture, enabling our workforce to deliver the best outcomes for our residents.

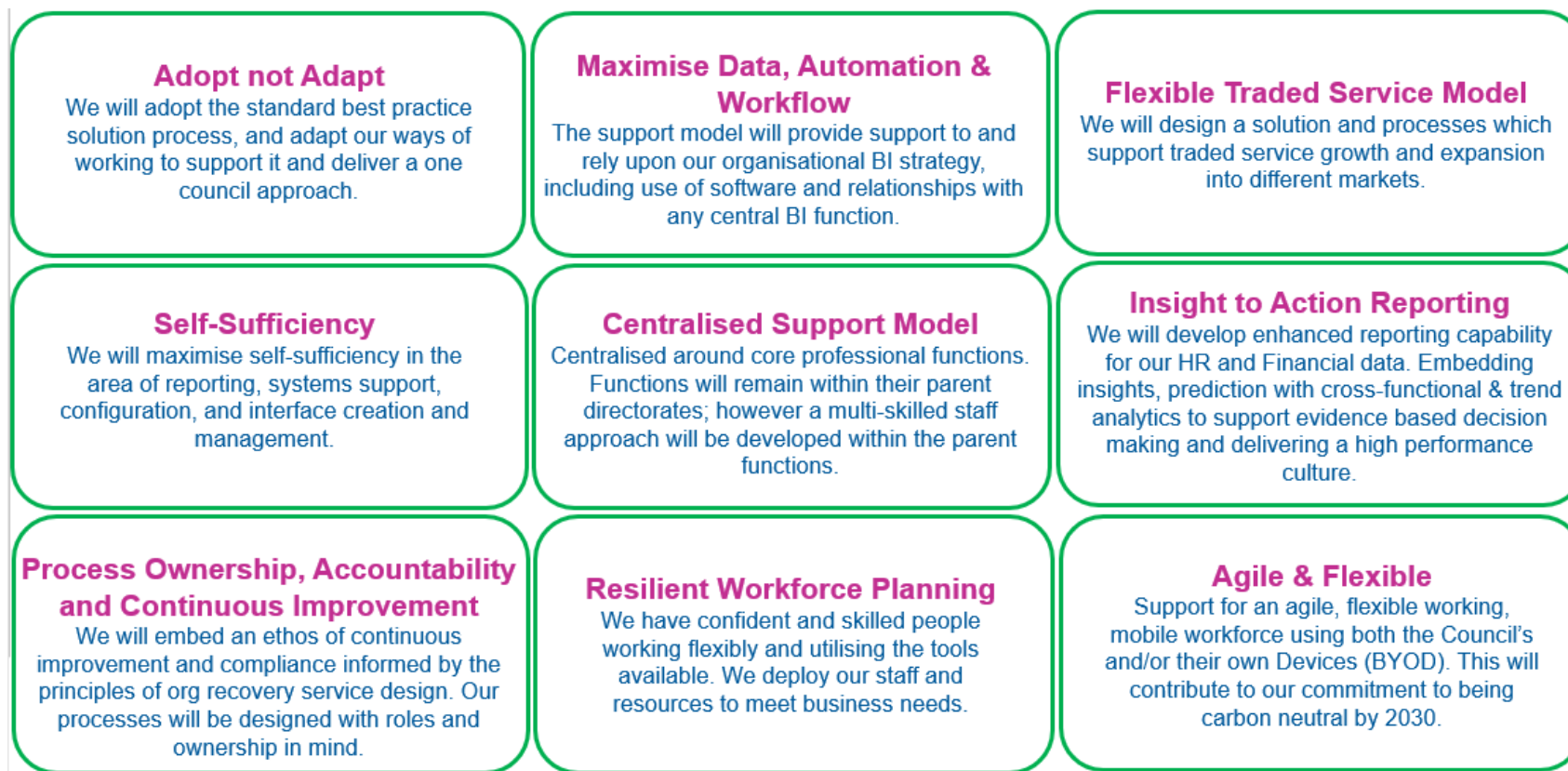
# Programme Overview

- Evolve has established a set of objectives which translate its programme mission into outcomes that maximise the opportunities within three related areas affecting all aspects of council business operations; our **Workforce**, our **Finances**, and our **Commercial** activity
- Within and across each of these three areas, the programme intends to address the four major objectives, **Process Accountability & Compliance, Control, Visibility, and Intelligence.**

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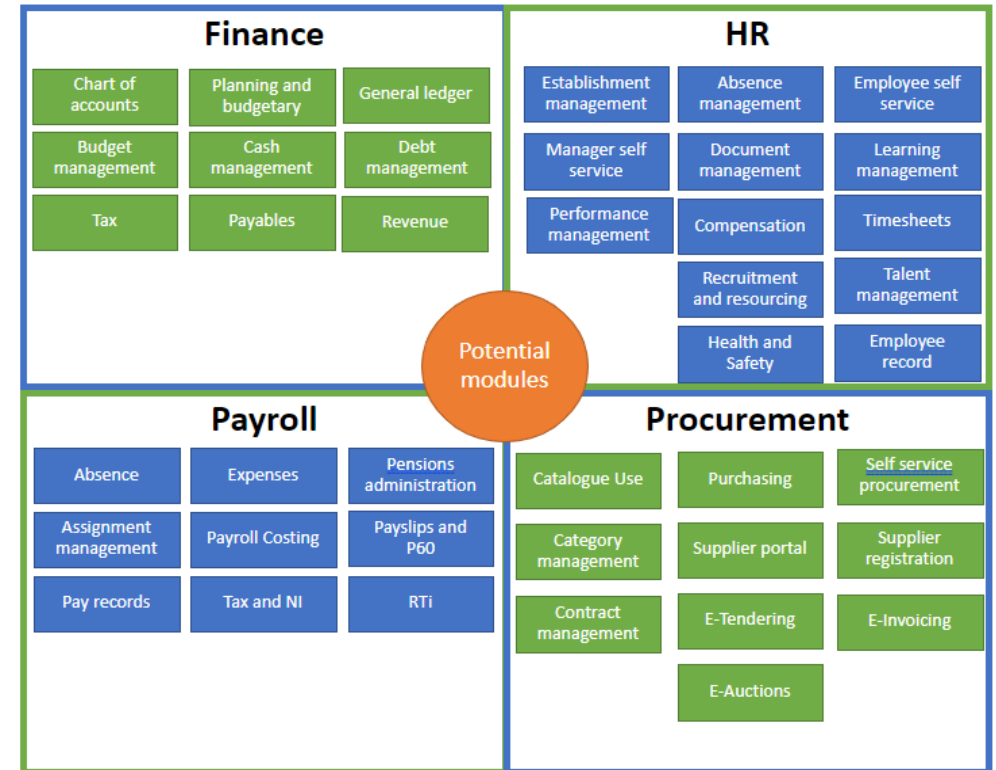
- Nine key design principles have been developed and ratified through programme governance.
- These principles will form the foundation of the approach used during design, configuration, implementation and operation of the new solution and its proposed target operating model:



# Programme Scope

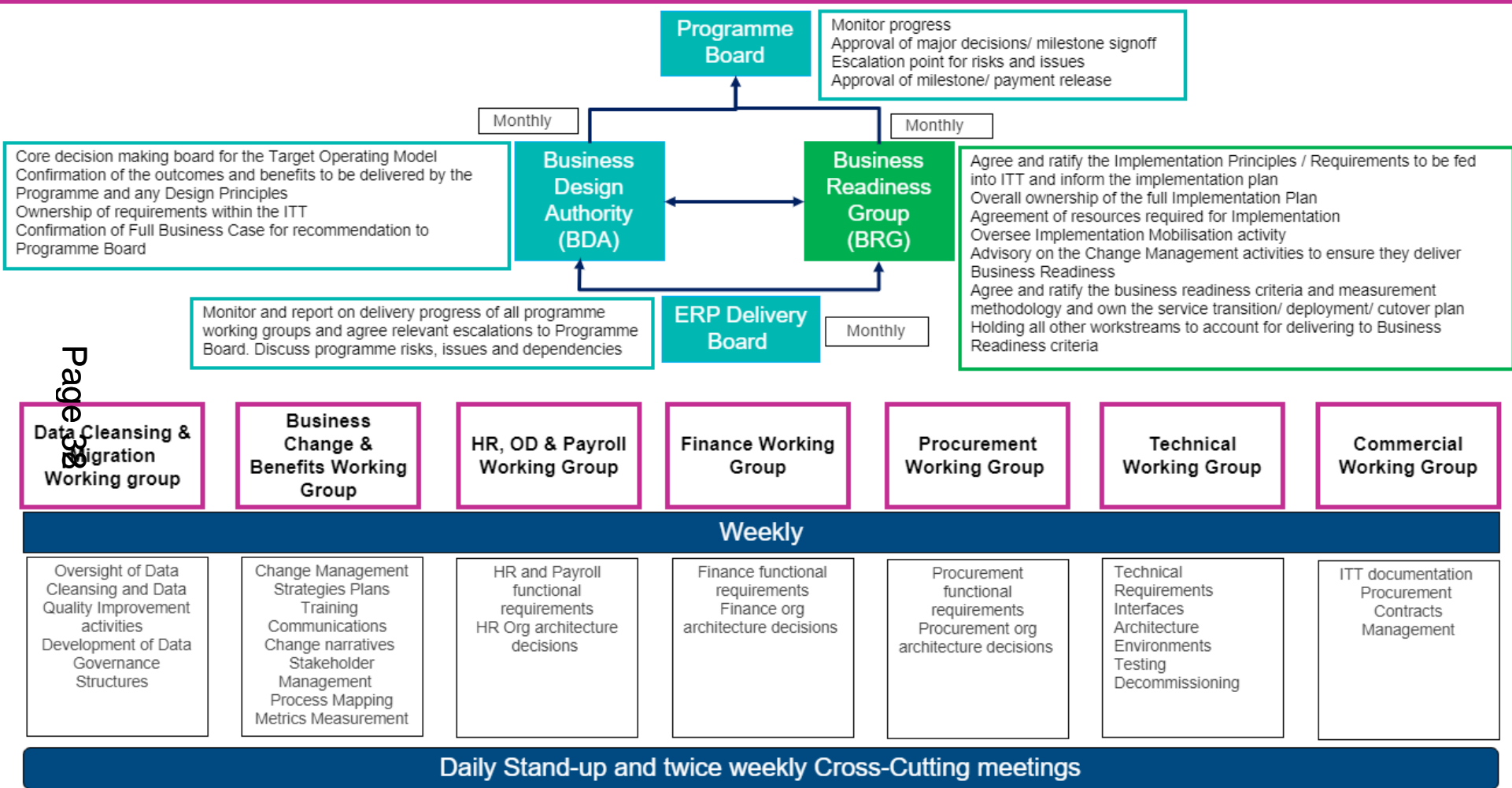
- The high-level programme scope covers the following activity groups:
  - **Procurement and implementation of a Cloud-based ERP solution and decommissioning of existing applications.**
  - **Adoption of, and compliance with, standardised business processes across all council service areas, affecting all staff.**
  - **Provision of an associated business and process change and transformation workstream**
  - **Data quality and migration activities.**
- The activity groups above will be supported by solution functionality anticipated to cover the business areas shown to the right...
- ...and will standardise the following processes undertaken to varying degrees across every service area (subject to contract finalisation):

- Page 37
- Employee Self-Service
  - Manager Self-Service
  - Organisational Hierarchy and Establishment Control
  - Hire-to-Retire
  - Worker Management (for: casual and shift workers as well as agency & interim staff)
  - Time management (Timecards)
  - Payroll
  - Employee Expenses
  - Learning Management
  - Performance Management (Performance Appraisals and Objectives)
  - Organisational and Workforce Development
  - Succession Planning
  - Procure-to-Pay (Including catalogues and punch outs)
  - Supplier Management (including supplier portal)
  - Sourcing & Contract Management
  - Financial Budgeting
  - Commitment Accounting
  - Statement of accounts
  - Accounts Payable
  - Accounts receivable-Invoicing and collection (but not services currently covered by CivicaPay)
  - Debt Management
  - Financial Reporting
  - External access for specific functions: citizens (learning and development) and traded services (self-services, payroll, HR, recruitment).



# Programme Governance Structure

## Evolve Programme - Governance Overview



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**Programme Board Membership:**

Andy Brown (Chair) Corporate Director Resources

Jo Pitt Director HR & OD

Ian Robinson Director Digital, Data & Technology

Perry Holmes Director Legal & Governance

Stuart Honeyball ERP Programme Lead

## Business Design Authority:

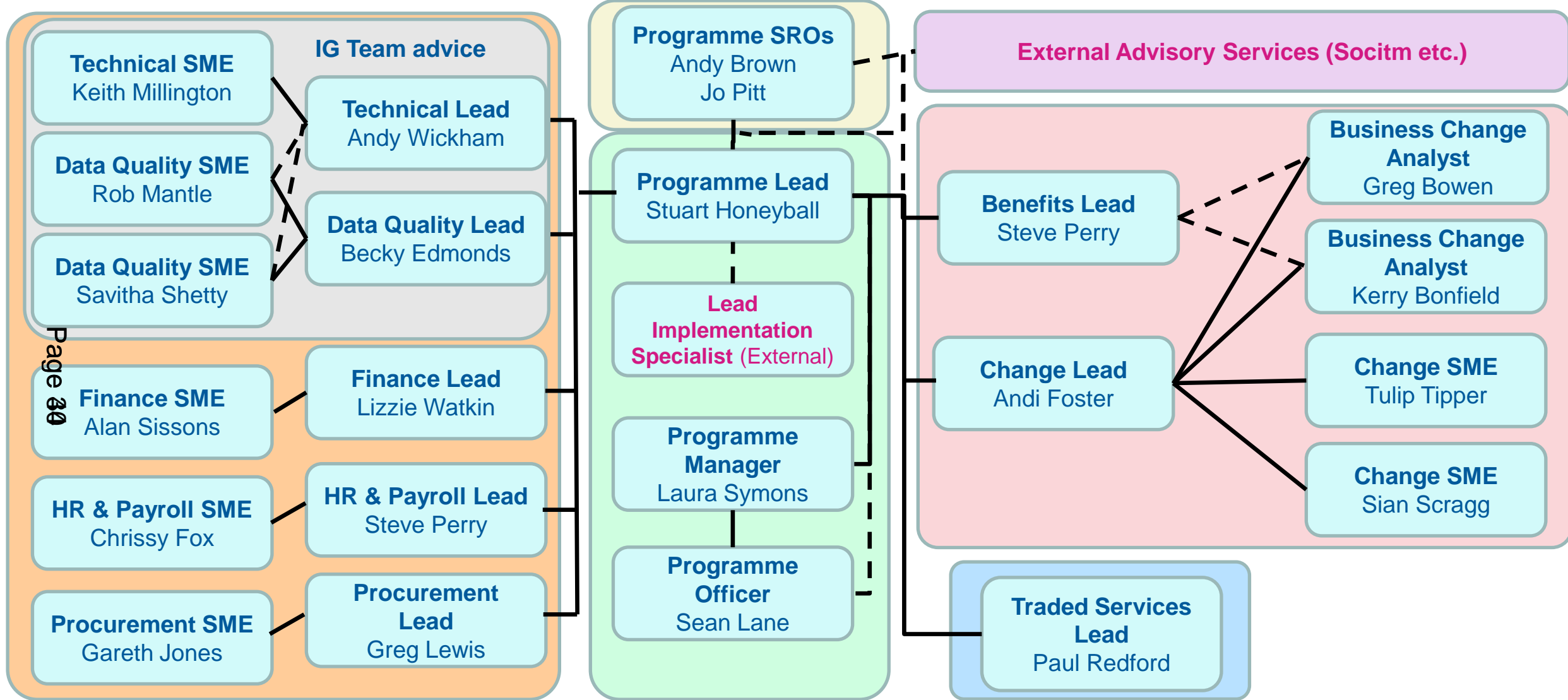
Andy Brown (Chair)	Corporate Director Resources
Joanne Pitt	Director HR & OD
Stuart Honeyball	Evolve Programme Lead
Rebecca Edmonds	Data and Business Intelligence Lead
Andrew Foster	Acting People Change Mgr Agile & Digital
Jonathan Hopkins	Head of Strategic Procurement
Mike Ibbitson	Head of ICT
Tamsin Kielb	Head of Strategic HR&OD
Greg Lewis	Evolve Procurement Lead
Steve Perry	Evolve HR & Benefits Realisation Lead
Paul Redford	Head of Traded Services
Laura Symons	Programme Manager
Lizzie Watkin	Assistant Director Finance
Andrew Wickham	ICT Strategic Programmes Manager
Georgia Thwaites	Socitm Client Service Director (External)

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## Business Readiness Group:

Joanne Pitt (Chair)	Director HR & OD
Stuart Honeyball	Evolve Programme Lead
Claudia Beaumont	HR Strategic Business Partner
Caroline Bowen	Head of Service - Provider Service
Sally Canter	Head of Operations
Louise Cary	Head of Service - Community Development
Christopher Clark	Head of Local Highways
Emma Cooke	Service Manager - Early Years
Andrew Foster	Acting People Change Mgr Agile & Digital
Robert Holman	Head of Commissioning Specialist Services
Tamsin Kielb	Head of Strategic HR&OD
Michele Llewellyn	Service Mgr Children in Care & Placement
Martin Nicholls	Head of Service Executive Office
Steve Perry	Evolve HR & Benefits Realisation Lead
Nicole Smith	Head of Housing Operations & People Service
Laura Symons	Programme Manager
Jane Tagg	HR Strategic Business Partner
Peter Twiggs	Head of Ongoing Support
Lizzie Watkin	Assistant Director Finance
Andrew Wickham	ICT Strategic Programmes Manager
Georgia Thwaites	Socitm Client Service Director (External)

# Programme Delivery Structure – Core Council Team



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- To ensure appropriate scrutiny oversight is given to the programme, a dedicated Overview & Scrutiny task group is being proposed with a defined monitoring role that will meet quarterly and report to Management Committee.
- Draft Terms of Reference for the Evolve Programme Task Group are proposed as:
  - i. To provide efficient, effective scrutiny engagement on the council's Evolve programme under the direction of OS Management Committee.
  - ii. To receive periodic updates on the Evolve programme and scrutinise delivery of its key three objectives for the council, covering:
    - Organisational insight
    - Developing a flexible high-performance culture
    - Transforming business processes and digital technology
  - iii. To meet quarterly as standard, unless there is a temporary need to meet more frequently or at a specific project milestone
  - iv. To report findings and recommendations as appropriate to OS Management Committee following each task group meeting.
- The programme team is also proposing to offer the task group a monthly update report, based on the highlight report created through existing governance arrangements.

# Programme Governance - Approvals and oversight so far...

- In accordance with the agreed procurement strategy approved by cabinet in July 2019, formal preliminary market consultation and a procurement exercise were undertaken using Crown Commercial Services (CCS) framework RM3821 Data and Application Solutions Lot 1a.
- This framework route was selected to identify an appropriate proven supplier to provide the council with a new, Cloud-based ERP solution and associated best practice processes, and minimise commercial risks to the council.
- ITT documentation was reviewed and signed off by Commercial Board
- Multiple tenders received, evaluated and moderated by broad team of council evaluators and one external evaluator (Socitm Advisory Ltd.)
- A successful tenderer was identified, scoring best quality score and proposing lowest cost of all bids received, and a Procurement Evaluation Report (PER) created.
- Full Business Case developed, internally/externally reviewed, then approved by Programme Board on 10<sup>th</sup> September 2021.
- The Cabinet paper recommending award of contract and an amendment to programme budget was reviewed at Cabinet Liaison on 31<sup>st</sup> August, and scrutinised at Financial Planning Task Group on 10<sup>th</sup> September 2021.
- Cabinet approved both recommendations on 14<sup>th</sup> September 2021 and Suppliers formally notified 15<sup>th</sup> September 2021; 10-day mandatory standstill period commenced.
- Contract execution will take place as soon as possible after the standstill period ends and all terms are finalised – Legal team and Socitm Advisory Ltd. directly supporting.
- Service commencement date currently planned as 1<sup>st</sup> October 2021 but this is subject to contract finalisation and execution.
- Contract Management Operations Manual in development by Procurement to define ongoing approach and controls for supplier delivery.

# Programme Key Risks (RAAIDD Log)

\* RAAIDD = Risks, Actions, Assumptions, Issues, Decisions and Dependencies.

- Key programme activities are recorded in RAAIDD log.
- Risks and Issues include mitigating actions and severity RAG rating for both pre- and post-mitigation.
- Log is reviewed/updated at least:
  - ahead of every working group meeting
  - during each Delivery Board meeting
  - high-impact risks and issues (Red RAG) reviewed with SROs and Directors at every Programme Board.
- Currently 35 Risks in management status (46 closed), and 13 live Issues (21 resolved).
- 59 key programme Decisions recorded as complete (40 identified pending confirmation/sign-off)

Ref No	Risk description	Mitigating Actions	Likelihood 1 - Very Unlikely 2 - Unlikely 3 - Likely 4 - Very Likely	Impact 1 - Low 2 - Moderate 3 - Substantial 4 - Critical	Severity Likelihood x Impact
EVLV-R-18	New Target Operating Model and ways of working - There is a risk that without the sufficient commitment to adopt rather than adapt new ways of working and a related TOM, benefits, efficiencies and savings identified in the business case and Cabinet papers will not be realised.	In order to influence to what degree we require a TOM the Business leads will identify the key deliverables, outcomes and associated risks so the target is understood at all levels and the benefits and savings will be realised. Board to review and accept, present to CLT for approval and Change to socialise.	4	4	16
EVLV-R-17	Data Cleanse - There is a risk that without sufficient data cleanse activities during organisational readiness and implementation phase there will be an extension and additional effort required impacting programme timeline and cost	Present to SRO and board Acceptance & Sign off of the Data Quality Framework Identification of lead for this workstream Commitment of funding to provide the required resources and tooling to remediate data estate.	4	3	12
EVLV-R-27	Risk of no buy-in or too much buy-in (the system derived processes becoming too restrictive)	Engage in Business Change Management to introduce ERP-derived best practices	4	3	12
EVLV-R-32	Risk that the solution isn't adopted, and benefits not realised	Engage in Management culture change to ensure management see their role as managers - not front-line staff, resulting in them seeing the benefits of fully adopting the use of the ERP solution. Engage in Business Change Management to introduce improved ways of working.	4	3	12

# Programme Milestones

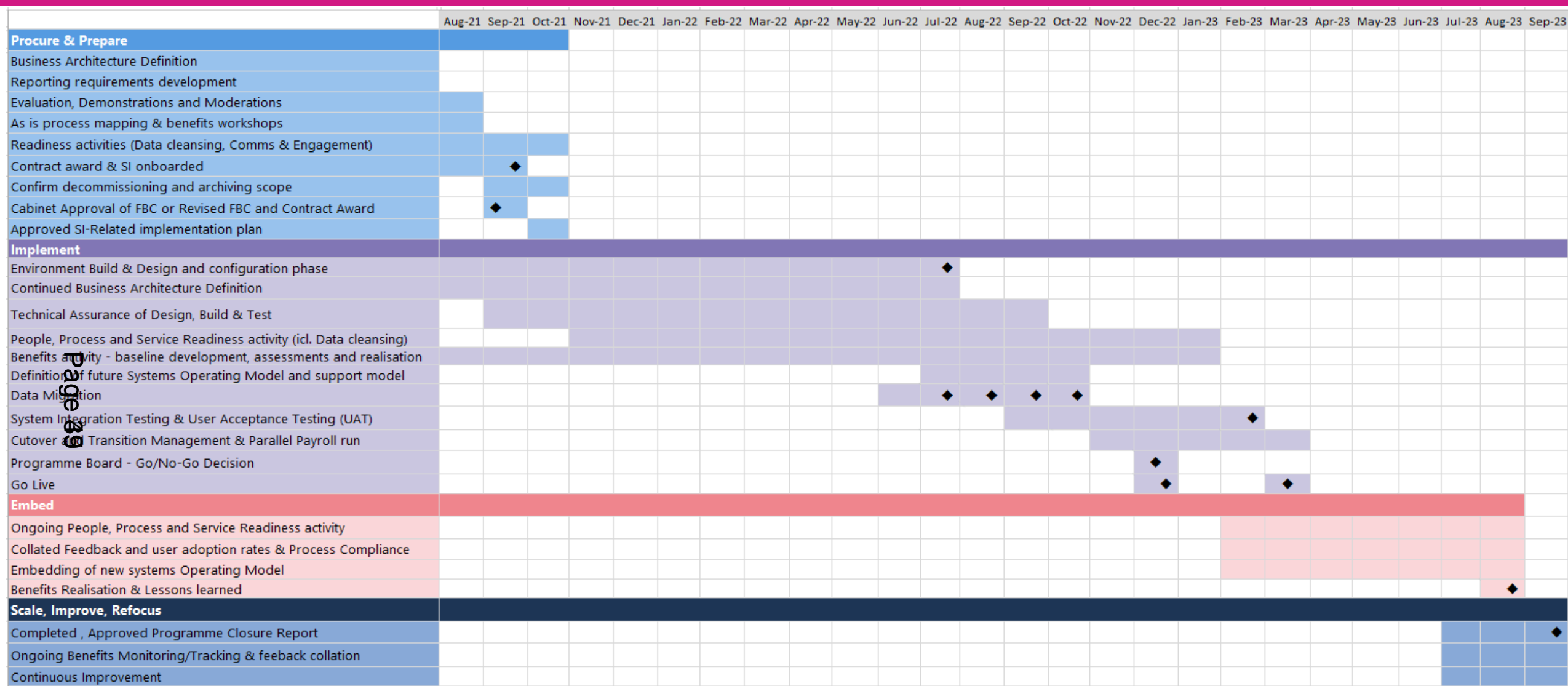
- The major programme milestones (post-contract award) are outlined in the table shown.
- These are subject to review and alignment with the successful tenderer's proposed implementation plan once agreed during contract finalisation.
- Key milestones are shown in a wider context in the Plan-on-page on the next slide.

Page 28 Programme is supported by a full 1500+ line MS Project plan covering anticipated implementation activities.

A finalised joint implementation will be agreed and signed off between the council and the supplier within 40 days of contract execution.

Stages	Milestone Dates
Cabinet approval of Full Business Case	September 2021
Award of Contract and SI onboarded	End September/early October 2021
Environment Build and Design Configuration Complete	July 2022
All Data Migration Complete	July 2022 – October 2022
UAT Testing	November 2022
Programme Board Go/No Go Decision	December 2022
Go Live	December 2022
UAT Testing	February 2022
Go Live	March 2023
Benefits Realisation and Lessons Learned	August 2023
Programme closure and handover to BAU	September/October 2023

# Programme Plan-on-a-page



# Programme benefits overview

- A broad range of programme benefits have been identified and reviewed across five areas of realisation – specific details and breakdown for each are covered in the Full Business Case:

## Cashable

Deliver revenue savings and/or tangible cost reductions for the council

## Strategic

Contribute to the overall aims of the programme and business transformation

## Process Efficiency

Standardise ways of working and reduce waste, supporting value-add

## Compliance

Reduce costs and risks, and drive high performance

## Engagement, Wellbeing & Culture

Improved user experience and contributes to an agile, effective workforce

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- Evolve has a dedicated Benefits Lead role (with specific role description) responsible for the development, review, approval and monitoring of the benefits model.
- The programme also includes a Benefits Working Group that meets weekly to ensure alignment between functional activities, change activities and benefits planning.
- The target operating model will include a transition from the Benefits Lead role in to a Benefits Realisation responsibility post go-live as part of the ongoing solution governance structure.
- Given the transformational nature of the benefits requiring a high degree of compliance with new ways of working, the placement of this responsibility needs to be carefully considered and should be at an appropriately senior level with sufficient influence over all service areas.

# Questions & Feedback

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# Wiltshire Council

## Internal Audit Update Report 2021-22

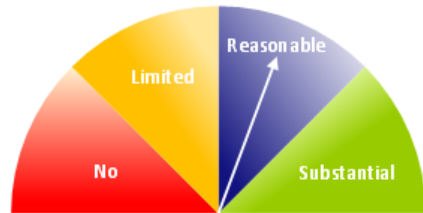
November 2021

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Agenda Item 7

# Internal Audit Update – 2021/22: ‘At a Glance’ November 2021

## Rolling Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

## The Headlines (Since our last update)

	<b>1 No Assurance Opinion assigned</b> 1 Limited Opinion assigned 3 Priority 1 Actions
	<b>10 reviews delivered as part of the 2021/22 Internal Audit Plan</b> Includes 9 assurance reviews (including grant certifications), and 1 advisory piece.
	<b>Internal Audit activity supporting the COVID-19 response</b> A number of required certification reviews for specific COVID-19 support grants (e.g. home to school transport, bus subsidy etc) are underway.
	<b>Improvements from the implementation of agreed actions (2021/22)</b> Follow up activity is underway, and a data dashboard is being built to support management overview. COVID-19 has impacted some delivery and follow up timelines which are currently under review.
	<b>Range of innovations and enhancements made to our internal audit process throughout the year</b> Data analytics continues to drive/support reviews; ongoing assurance mapping work supports assurance planning; comparative benchmarking exercises offer useful insight and suggested practices.

## Internal Audit Assurance Opinions 2021/22

	This Period	YTD
Substantial	3	7
Reasonable	1	4
Limited	0	1
No Assurance	1	1
Grant Certification	4	11
Advisory	1	2
<b>Total</b>	<b>10</b>	<b>26</b>

## Internal Audit Agreed Actions 2021/22

	This Period	YTD
Priority 1	3	3
Priority 2	5	8
Priority 3	10	24
<b>Total</b>	<b>18</b>	<b>35</b>

## Summary

As part of our rolling plan reports, we will provide an ongoing opinion to support the end of year annual opinion, detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

The contacts at SWAP in connection with this report are:

**Charlotte Wilson**

Assistant Director

Tel: 07732 688 505

[Charlotte.Wilson@swapaudit.co.uk](mailto:Charlotte.Wilson@swapaudit.co.uk)

**Becky Brook**

Principal Auditor

Tel: 020 8142 5030

[Becky.Brook@swapaudit.co.uk](mailto:Becky.Brook@swapaudit.co.uk)

### Rolling Opinion and Summary of Significant Risks

#### Introduction

This is the November 2021 update for the 2021/22 financial year and reports against the quarterly plans agreed by this Committee. Our planning process involves quarterly reviews with senior managers to ensure internal audit activity remains appropriate in scope and timing with the opportunity for risk-based flex.

#### Rolling Opinion

The Rolling Opinion is based on information obtained from multiple engagements and sources, the results of which, when viewed together, provide an understanding of the organisation's governance arrangements, risk management processes and internal control environment and facilitate an assessment of overall adequacy and effectiveness. These sources include:

- Completed reviews (for 2021/22) which evaluate risk exposures relating to the organisation's governance, operations, risk and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations;
- Observations from consultancy/advisory support;
- Follow up of previous audit activity, including agreed actions;
- Notable changes to the organisation's strategy, objectives, processes or IT infrastructure; and
- Other assurances (1st and 2nd line) and from other providers, including third parties, regulators etc.

Based upon our completed work to date, which covers various assurance and advisory pieces and a range of grant certifications, our rolling opinion is **'Reasonable'**. Appendix B summarises internal activity completed, in progress and due to commence for the period covered by this report. This, along with the cumulative summary position is provided above in the 'At a Glance' section.

# Internal Audit Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.

## SWAP Internal Audit Plan Coverage

Recent internal audit coverage and outcomes are reflected in the chart below. Audit coverage by corporate risk is just one measure of the extent of audit coverage. In addition, we also monitor coverage by ‘Corporate Plan Objectives’, ‘Core Areas of Recommended Coverage’, and also by ‘SWAP Top 10 Risk Themes’.

Corporate Risk	Audit Coverage	Assurance Assessment
CRR.01 – Safeguarding Children	In Progress	Limited
CRR.02 – Safeguarding Adults	In Progress	
CRR.03 – Salisbury’s Economy		Advisory
CRR.04 – Interest Rates Changes	In Progress	Substantial
CRR.05 – Cyber Resilience	In Progress	
CRR.06 – Staff Capacity	In Progress	
CRR.07 – Budget Management	In Progress	Reasonable
CRR.08 – Contract Management	In Progress	No Assurance
CRR.09 – Income Collection	In Progress	Reasonable
CRR.10 – Corporate Health, Safety & Wellbeing	In Progress	
CRR.11 – Information Governance	In Progress	

Coverage Key	
<span style="color: green;">■</span>	Good coverage
<span style="color: blue;">■</span>	Adequate coverage
<span style="color: orange;">■</span>	Some aspects of coverage
<span style="color: red;">■</span>	No coverage to date

Assurance Key	
<span style="color: green;">■</span> Substantial	Sound system of governance, risk management and controls exist.
<span style="color: blue;">■</span> Reasonable	Generally sound system of governance risk management and control in place.
<span style="color: orange;">■</span> Limited	Significant gaps, weaknesses or non-compliance were identified.
<span style="color: red;">■</span> No Assurance	Fundamental gaps, weaknesses or non-compliance identified.

\*Assurance assessment based on completed audit work.

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## Significant Corporate Risks:

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.

## Summary of Work Completed – Significant Corporate Risks

We provide a definition of the three Risk Levels for Corporate risk applied within audit reports within **Appendix A**. For those audits which have reached report stage through the year, we will report risks we have assessed as 'High'.

### Care Home Alliance – Interim Report

An interim review of the new platform to provide residential and nursing care home bed services in Wiltshire to assess the readiness to re-tender.

As part of this audit we initially planned to look at the following areas:

- Planning for the procurement exercise is thorough and takes on board lessons learned;
- Providers and the Council work in partnership;
- Due diligence checks are undertaken before engaging with new suppliers;
- Management is working to reduce the number of off framework placements.

However, after discussions with key officers it was determined that the scope would be reduced as fundamental issues were found with the planning and progress made towards the re-tender. We therefore did not look at due diligence or whether management are actively working to reduce off framework placements.

We were also provided with further information following the issue of the draft report. This has been considered and conclusions updated to reflect the newly shared information.

The following risk was reviewed as part of this audit and an assessment made of the residual risk.

Risk Reviewed	Assessment
1. Poor planning results in the procurement exercise not delivering the required outcomes. Potential failure of second tendering exercise.	High

## Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit and Governance Committee.

All audits awarded a Limited or No Assurance rating will be followed up to provide assurance to the Corporate Director, Senior Managers and the Audit and Governance Committee, that the agreed actions to mitigate risk exposure have been implemented.

## Summary of Work Completed – Limited and No Assurance Opinions

### Care Home Alliance – Interim Report

#### Assurance Opinion



Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

There are good prospects for improvement if the current project governance is strengthened to ensure it is effective.

#### Key Findings



The project governance for the Care Home Alliance is not effective. Without good oversight there is no effective challenge or monitoring to ensure the project remains on track to deliver the expected outcomes.



Relationships between the services involved with the Care Home Alliance are not working effectively. Services have been asked to complete critical steps in the tender process with insufficient time to complete the tasks or review the information.



Provider engagement and feedback has not been appropriately utilised to inform the upcoming re-tender.



There is a lack of confidence in the data held in LAS / Controcc. It is essential that the Council has a single and accurate point of reference for data such as block bed usage to enable accurate information to be utilised and presented to inform decision making.



Lessons learned from the previous exercise have been considered but we have not been able to confirm that a Market Position Statement or Demand Planning has been completed and as such the timescales for completion remain short.



There are concerns over the ability to complete a cost of care exercise and whether the alternative methods proposed by the Council will be effective or attractive to providers. In addition, there is a limited timeframe for Legal to provide the necessary amendments to the terms and conditions prior to the re-tender go live date.

Six actions have been agreed with the Director of Commissioning, all due to be implemented by 31<sup>st</sup> December 2021 prior to the tender go-live date of 10<sup>th</sup> January 2022.

## Added Value

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

### Changes to the Audit Plan

We will regularly re-visit and adjust our rolling programme of audit work to ensure that it matches the changing risk profile of the organisation’s operations, systems, and controls. Details of our current work areas are provided in **Appendix B**.

Unplanned work, special reviews or projects carried out on a responsive basis which are requested as a result of new and emerging risk areas, and which result in significant changes to the agreed plan will be reported to CLT and the Audit and Governance Committee. The agreed plan provides for flexibility in coverage and scope and includes some provision for responsive activity.

The following table highlights some notable changes to the plan.

Assignment	Amendment	Reason
Council Tax and Business Rates Continuous Audit Q1	Removed	The actions agreed within the 2020/21 review are not due to be implemented until September 2021. As these actions are key to the monitoring of this area, this continuous audit will not be undertaken in Q1.
Building Digital UK Grant	Addition	Update to guidance requiring Internal Audit certification in addition to the usual S151 Officer certification.
Mental Health and Wellbeing	Merger	This audit has now been included within the scope of the Workforce Planning and Capacity audit.
Adults, Childrens and Public Protection Procurement	Addition	The scope of this audit has now been increased to also include Housing, Waste and ICT.
New Procurement Process Maps	Addition	Request to provide advice and act as a ‘critical friend’ for the new Procurement Process Maps.
Council Oversight of Maintained Schools	Focus Change	This audit has been amended to an interim assurance assessment due to work currently in progress in this area. We propose to revisit this area once further improvement has been made to the governance framework.
Main Accounting Continuous Audit Q2	Removed	This continuous audit will not be undertaken for Q2 to enable the newly appointed Chief Accountant to settle in.

## Performance

Treasury Management Continuous Audit Q2	Removed	Due to the High Substantial received for Q1 as well as the nature of the area meaning no change will have occurred to the risk environment during this period, this audit has been removed for Q2.
Horningsham Primary School	Deferred	Due to staffing challenges as a result of the Pandemic this audit is being deferred to 2022/23.
Downlands Special School	Deferred	Due to staffing challenges as a result of the Pandemic this audit is being deferred to 2022/23.
Planning Development	Merger	This audit will be included in the scope of the Planning Policy review.

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# Performance

Aged Analysis of Audit Actions Exceeding the Originally Agreed Target Implementation Date

## Summary of Actions

### Outstanding Audit Actions by Priority Non Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
<b>3</b>	2	0	1	2	15	<b>20</b>
<b>2</b>	6	0	0	0	6	<b>12</b>
<b>1</b>	0	0	0	0	0	<b>0</b>
<b>Totals</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>21</b>	<b>32</b>

### Outstanding Audit Actions by Priority Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
<b>3</b>	0	0	0	0	21	<b>21</b>
<b>2</b>	0	0	0	0	16	<b>16</b>
<b>1</b>	0	0	0	0	0	<b>0</b>
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>37</b>

Appendix C provides a summary of any outstanding Priority 1 and 2 non-schools actions.

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### Added Value

**Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.**

### Added Value

SWAP strives to add value wherever possible, and this can be demonstrated in a number of ways ranging from how we deliver your assurance requirements to how we optimise our reach across our partner base and the wider profession to deliver information, reflection and learning.

#### **Benchmarking**

- Information on topical issues and good practice is gathered and appropriately shared across SWAP and sector partners. The following cross comparison reports have been shared across the Partnership:
  - Point of Practice – PayPal
  - Point of Practice – Direct Payments
  - Approved Mental Health Professionals – Terms and Conditions
  - Point of Practice – Declaration of Interest
  - Schools Forum Governance

#### **COVID Grant Certification Work:**

Due to the COVID-19 pandemic, numerous grants have been issued by Central Government. We have therefore undertaken a number of COVID related grant certifications across the last quarter.

#### **COVID Business Grants – Data Matching:**

SWAP has been able to support the Council by matching data from the latest round of COVID business grants with the Credit Industry Fraud Avoidance System (CIFAS) in order to identify cases of potential fraud.

SWAP has also paid an annual subscription of £12,600 for 2021/22 to enable Wiltshire Council to continue to be part of CIFAS and utilise the data matching service.

# Performance

The Chief Executive Officer for SWAP reports performance on a regular basis to the SWAP Directors and Owner Bords.

We will build our audit plan as the year progresses to ensure that we are auditing the right things at the right time.

## SWAP Performance

SWAP performance is subject to regular review by both the Directors and Owners meetings. The respective outturn performance results for 2021/22 year (as of 1<sup>st</sup> November 2021) are as follows:

Performance Measure	Performance
<b><u>Quality of Audit Work</u></b>	
<b>Overall Client Satisfaction</b> <i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i>	100%
<b>Value to the Organisation</b> <i>(Client view of whether our audit work met or exceeded expectations in terms of value to their area)</i>	100%

# Performance

The role of SWAP as the internal auditors for Wiltshire Council is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. In order for senior management and members to be able to appreciate the implications of the assurance provided within an audit report, SWAP provide an assurance opinion. We have four opinion ratings defined as follows:

Assurance Definitions	
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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**Advisory** – As well as our opinion-based work we will provide consultancy services. The advice offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

In addition to the assurance definitions above we have also introduced an ‘assurance dial’ which indicates on a range of high medium or low where within the range of that assurance a particular audit assurance sits.



As can be seen in this example the assurance provided is low limited as the dial is sitting on the lower end of the limited scale. It could equally have been a medium limited assurance where the dial sits midway or high limited when it is sitting at the upper end close to the reasonable assurance.

We provide the Committee with details of the overall assurance opinion for all completed audits, and they can be seen in the plan progress table in Appendix B below.

In addition to the corporate risk assessment, it is important that management know how important the action is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the action. Actions are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level. Each action has been given a priority rating at service level with the following definitions:

Categorisation of Actions	
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

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

# Summary of Internal Audit Work 2021/22

## APPENDIX B

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
<b>Complete</b>							
Grant Certification	EU Transition Readiness Growth Hub Grant	Completed	Certification	N/A			
Grant Certification	Growth Hub	Completed	Certification	N/A			
Grant Certification	Supplemental Growth Hub Funding	Completed	Certification	N/A			
Grant Certification	Building Digital UK Grant	Completed	Certification	N/A			
Grant Certification	Supporting Families May Claim	Completed	Certification	N/A			
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q1	Completed	Medium Substantial	1			1
Assurance	Accounts Receivable Continuous Audit Q1	Completed	Medium Reasonable	3		1	2
Assurance	Accounts Payable Continuous Audit Q1	Completed	High Reasonable	2			2
Assurance	Payroll Continuous Audit Q1	Completed	Low Substantial	4			4
Assurance	Housing Rents Continuous Audit Q1	Completed	Medium Substantial	2			2
Assurance	Treasury Management Continuous Audit Q1	Completed	High Substantial	1			1
Assurance	Main Accounting Continuous Audit Q1	Completed	Medium Reasonable	4		2	2
Assurance	Council Oversight of Maintained Schools – Interim Assessment	Completed	High Limited	N/A			
Advisory	Service Level Fraud Risk Self-Assessments	Completed	Advisory	N/A			

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# Internal Audit Definitions

# APPENDIX A

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Grant Certification	Supporting Families August Claim	Completed	Certification	N/A			
Grant Certification	Peer Networks Certification	Completed	Certification	N/A			
Grant Certification	Public Health Grant	Completed	Certification	N/A			
Grant Certification	Local Transport Capital Grants	Completed	Certification	N/A			
Grant Certification	Local Authority Bus Service Operators Grant (BSOG)	Completed	Certification	N/A			
Advisory	New Procurement Process Maps	Completed	Advisory	N/A			
Assurance	Hullavington Primary and Nursery School	Completed	Medium Substantial	3			3
Assurance	Marlborough St Mary's CEVC Primary School	Completed	Medium Substantial	3			3
Assurance	Pension Fund Investment Transfer and Cost Savings	Completed	High Substantial	1			1
Assurance	Care Home Alliance	Completed	High No Assurance	6	3	3	
Grant Certification	COVID-19 Additional Dedicated Home to School and College Grant	Completed	Certification	N/A			
ICT	ICT Incident Management Process	Completed	Medium Reasonable	5		2	3
Assurance	Langley Fitzurse Church of England Primary School	Completed	Medium Substantial	2			2
<b>Reporting</b>							
Assurance	Adult Payment to Providers	Draft					

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SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

# Internal Audit Definitions

# APPENDIX A

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Assurance	Adults, Childrens and Public Protection Procurement	Draft					
Assurance	Procurement Exemptions	Draft					
Assurance	Old Sarum Primary School	Draft					
Assurance	Newtown Community Primary School	Draft					
<b>In Progress</b>							
Assurance	Assurance Mapping	Fieldwork					
Assurance	Workforce Planning and Capacity & Mental Health and Wellbeing	Fieldwork					
Assurance	Good Lives Alliance	Fieldwork					
Grant Certification	COVID-19 Bus Services Support Grant (CBSSG) Restart	Fieldwork					
Assurance	Accounts Payable Continuous Audit Q2	Fieldwork					
Assurance	Accounts Receivable Continuous Audit Q2	Fieldwork					
Assurance	Council Tax and Business Rates Continuous Audit Q2	Fieldwork					
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q2	Fieldwork					
Assurance	Payroll Continuous Audit Q2	Fieldwork					
Assurance	Education, Health and Care Plans	Fieldwork					
Assurance	Wardour Catholic Primary School	Fieldwork					

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SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.



Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Assurance	Matravers Secondary School	Fieldwork					
Assurance	Abbeyfield Secondary School	Fieldwork					
Assurance	St Joseph’s Catholic School (Secondary)	Fieldwork					
Assurance	Harnham Church of England Controlled Junior School	Fieldwork					
Assurance	Westbury Leigh C of E Primary School	Fieldwork					
Assurance	Designated Officer for Allegations (DOFA)	Initiating					
Assurance	Waste Collection Service	Initiating					
Advisory	National Fraud Initiative	Ongoing Support					
Advisory	External Audit Liaison	Ongoing Support					
Advisory	Anti-Fraud and Corruption Advice	Ongoing Support					
Advisory	CIFAS	Ongoing Support					
Advisory	COVID-19 Advice	Ongoing Support					
<b>To Commence</b>							
Advisory	Risk Maturity Assessment	Deferred to Q4 to enable further progress to be made in this area to ensure this audit is of value					
Assurance	Housing Rents Continuous Audit Q2						
Assurance	Multi-Agency Safeguarding Hub - Adults (MASH)	Deferred to Q3 due to staffing changes					

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Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Assurance	Climate Change Strategy		Deferred to Q4 to enable strategy to be finalised				
Assurance	Main Accounting Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Accounts Payable Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Accounts Receivable Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Payroll Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Council Tax and Business Rates Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Housing Rents Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Treasury Management Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Decision Making Processes						
Assurance	Complaint Handling						
Assurance	Fostering Excellence						
Grant Certification	Supporting Families December Claim						
Assurance	Housing Private Finance Initiative Contracts						
Assurance	Planning Policy and Development						

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# Consolidated Outstanding Priority 1 and 2 Internal Audit Actions

Wiltshire Council Outstanding Actions 01.11.2021

Non Schools

Corporate Director Resources							
Main Accounting (Audit Report Issued 11th June 2020)							
Reference Number	Action	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
43460 Page 6	We recommend that the Financial Manual is finalised, approved and published to the Council as a whole as soon as is practically possible. The published manual should be communicated to relevant officers to ensure they have an appropriate understanding of the practices they are required to follow.	2	Outstanding	30-Sep-20	31-Dec-21	Head of Corporate Finance	A full review of Financial Regulations and Financial Procedures is planned to ensure procedures remain relevant, transparent and understandable.
Main Accounting (Audit Report Issued 13th May 2021)							
Reference Number	Action	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
45366	Review the ownership allocation of suspense and control accounts; Update the current sign-off dashboard; and Confirm the responsible officer for overseeing completeness and timeliness of this dashboard.	2	Outstanding	30-Jun-21	31-Dec-21	Chief Accountant	The Chief Accountant is reviewing the control and suspense account allocation list and will be responsible for ensuring all due sign off is carried out. This will be implemented as a priority and will be complete by 31 Dec 2021.

**Corporate Debt Management Management (Audit Report Issued 24th June 2020)**

Reference Number	Action	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
Page 68 4349	We recommend that the Debt Management Policy, Corporate Debt Management and Recovery Strategy and associated guidance are revisited to ensure they are complete, encompassing the requirements for full and proper records and adequately details responsibilities for all areas of income and debt management. These should then be finalised and approved. Once approved these should be rolled out with an appropriate programme of training for relevant officers to ensure that their obligations are fully communicated and understood.	2	Outstanding	31-Mar-21	31-Mar-22	Chief Accountant and Head of Revenues and Benefits	First draft of policy has been circulated and socialised but this is significant and onerous document which will require corporate acceptance and will need to be launched at the highest level.

**Pensions (Audit Report Issued 30th April 2019)**

Reference Number	Action	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
41018	We recommend that a full reconciliation be undertaken between Altair and SAP Payroll. This recommendation is carried over from last year's audit report.	2	Outstanding	01-Dec-19	31-Dec-20	Head of Pensions Administration and Relations	Officers have completed the reconciliation and have identified a number of discrepancies which are currently being corrected. The corrections are likely to continue into 2022, as a precursor to migrating the payroll system on to Altair. Progress is been reported quarterly to the Pension Fund Committee.

**Programme Management (Audit Report Issued 4th October 2019)**

Reference Number	Action	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
42009 Page 69	We recommend that the existing framework is developed to capture all projects and programmes being delivered across the whole Council so there is consistency of approach and a clear corporate wide view.	2	Outstanding	30-Nov-19	31-Dec-22	Corporate Director Resources	<p>Work is being carried out with Executive Office to collate the list of the services as part of the Service Planning work. Revised end date in order for outcomes and benefits to also be included in the list of projects and programmes to ensure they align to the business plan and CLT agreed priorities and those that can stop agreed.</p> <p>The ST/PO steering group is producing the draft framework and will be ready to consult with services Jan 22.</p> <p>We await appointment to the AD Transformation post and await CLT to agree the priorities of work.</p>

**Third Party Spend - Purchase to Pay (Audit Report Issued 7th June 2021)**

Reference Number	Action	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
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45263	To note the procurement governance project has now been superseded by the Commercial Workstream and Organisation Recovery programmes, therefore the Procurement Strategy and Procurement Rules will be included as part of this overall review.	2	Outstanding	29-Oct-21	31-Mar-22	Head of Strategic Procurement	This is still to be reviewed. It is requested to move the implementation date to the end of the financial year.
45376	This will be picked up by the Commercial Workstream as part of the creation of the new commercial governance framework.	2	Outstanding	29-Oct-21	28-Feb-22	Head of Strategic Procurement	This work is not yet started but will be included in the review and updates to the end to end processes.
45377	Partnership arrangements to be supported with guidance / appropriate policy.	2	Outstanding	29-Oct-21	28-Feb-22	Head of Strategic Procurement	This work is not yet started but will be included in the review and updates to the end to end processes.
45462	Business Plan. Agreed in principle. The Commercial Workstream will review the format of business cases (sourcing plans) as part of the end-to-end process review within the creation of the new commercial governance framework.	2	Outstanding	29-Oct-21	30-Nov-21	Head of Strategic Procurement	Most templates have now been reviewed. All amendments will be made and agreed by the end of November. Old templates will be deleted and updated with the new. They will be formally launched at the beginning of Dec '21.
45470	A centralised record of collaborative or partnership arrangements should be held within the Strategic Procurement Hub	2	Outstanding	29-Oct-21	31-Dec-21	Head of Strategic Procurement	This will be review this as part of the work around the Contracts Register. A decision will then be made as to how create and maintain the register. Guidance will be issued to the team during December.
45488	Discussions are underway with the Corporate Director Resources and S151 Officer and the Assistant Director Finance to facilitate this process for all commercial procurement activity to be overseen by the Commercial Board.	2	Outstanding	29-Oct-21	31-Dec-21	Head of Strategic Procurement	Procurement Evaluation report will be amended to collect cash savings. There are on-going discussions on how the CB has an overview of savings.

## Director Access & Reablement

Court of Protection (Audit Report Issued 13th February 2019)

Reference Number	Action	Priority	Status	Original Target Date	Revised Target Date	Responsible Officer	Management Update
40680	We recommend that the Court of Protection Team Manager gives consideration to the most cost effective and efficient manner of document storage for the service.	2	Outstanding	31-Aug-19	31-Dec-21	Court of Protection Team Manager	<p>Work is progressing to update the Team's IT system to one with a document storage facility. A Business Case was approved by the Technical Advisory Board in June.</p> <p>Since the Business Case was approved, procurement has been working towards awarding the new contract with Caspar. The implementation project for the new Caspar product has started, due to complete 14/12/2021.</p>

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# Wiltshire Council

## Proposed Q4 Internal Audit Plan 2021/22

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# Internal Audit Planning 2021/22: A Revised Approach

The work of internal audit should align strategically with the aims and objectives of the organisation, taking into account key risks, operations and changes.

In order to do this Internal Audit needs to be flexible in adapting audit plans to handle rapidly changing risks, priorities and challenges.

It is the responsibility of the Senior Leadership Team, and the Audit & Governance Committee to ensure that the audit work scheduled and completed throughout the year contains sufficient and appropriate coverage of key risks.

## Approach to Internal Audit Planning 2021/22

### Background

Over the past year, as a result of the COVID pandemic, SWAP, like Wiltshire Council, has had to adapt, re-prioritise, and shift focus. Whilst 2020/21 was an exceptional year, it has demonstrated the need for a fully flexible and responsive approach to audit planning. Although 2021/22 is likely to offer more stability in operations, we are looking to build on our new planning approach, ensuring that we are supporting the Council by collaboratively aligning our work to its aims, objectives and key risks. This should ensure that we are auditing the right things, at the right time; enabling us to provide insight and value when and where it is required.

### Approach to Internal Audit Planning 2021/22

Our approach to internal audit planning throughout 2021/22 will be a continuous risk assessment and rolling plan approach. Rather than present a proposed annual plan at the start of the year, which is subject to a high level of uncertainty and change, we will build our plan in conjunction with management as the year progresses, presenting a quarterly plan at each meeting of this Committee.

A quarterly planning process will provide the same assurances as an annual plan but should better reflect the changing risk landscape.

Audit planning meetings will be held with relevant officers and the plan for each quarter will be agreed with the Corporate Director Resources and the Corporate Leadership Team (CLT) prior to presenting to this Committee for formal approval. The quarter 4 plan was presented to and discussed with CLT on 4<sup>th</sup> November 2021.

For the remaining quarters of the plan, meetings will be held with management to discuss the audit plan. These meetings will lead to a 12 month 'rolling wave plan' place-marking key areas of coverage to support the annual opinion. This is then underpinned by quarterly risk-based work plans which draw from meetings with management and the 'rolling wave plan' throughout the financial year to ensure we are auditing the right areas, with the correct scope, at the right time and reported through our quarterly progress updates.

The resulting programme will be a combination of requested audit work aligned to service priorities, combined with audit work recommended by SWAP driven by our continuous risk assessment. This risk assessment will be based on the live status of both the Council's strategic and service risk registers. Overlaid onto this assessment

## The Internal Audit Plan: Approach

will be SWAP's sector-wide top 10 risk areas, and consideration of the eight strands of our 'Healthy Organisation' framework. The results of our risk assessments will be shared with senior management to obtain their view on the value of internal audit involvement. In developing risk assessments, we will also take account of other sources of assurance, where relevant.

It should be noted that Internal Audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's Annual Governance Statement.

It is the responsibility of the Authority's CLT and the Audit and Governance Committee, to determine that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation.

When reviewing the proposed Quarter 4 audit plan (as set out below), key questions to consider include:

- Are the areas selected for coverage appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by CLT and the Audit and Governance Committee?
- Is sufficient assurance being received within the plan to monitor the organisation's risk profile effectively?

*Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, Internal Audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.*

**Delivery of an internal audit programme of work that provides sufficient and appropriate coverage of key risks, will enable us to satisfy our requirement to provide a well-informed and comprehensive year-end annual internal audit opinion. Our audit work is governed by our Internal Audit Charter, attached at Appendix 1.**

# The Internal Audit Plan: Coverage

This page highlights any key risk areas where we believe Internal Audit coverage is currently missing.

## Risk Coverage in 2021/22 Internal Audit Plan

Following our SWAP risk assessment and the preparation of the various 2021/22 quarterly audit plans, we have set out below proposed coverage for the 2021/22 year of corporate risks as defined by the Council.

### Coverage of audits in the 2021/22 audit plan against the Strategic Risk Register

Corporate Risk	Inherent Risk Rating	Residual Risk Rating	2021/22 Coverage
CRR.01 – Safeguarding Children	12	8	
CRR.02 – Safeguarding Adults	8	8	
CRR.03 – Salisbury’s Economy	6	6	
CRR.04 – Interest Rates Changes	6	4	
CRR.05 – Cyber Resilience	16	8	
CRR.06 – Staff Capacity	6	6	
CRR.07 – Budget Management	16	16	
CRR.08 – Contract Management	12	12	
CRR.09 – Income Collection	9	6	
CRR.10 – Corporate Health, Safety & Wellbeing	4	4	
CRR.11 – Information Governance	6	6	

Coverage Key	
	Good internal audit coverage
	Adequate internal audit coverage
	Some aspects of internal audit coverage
	No internal audit coverage to date

# The Internal Audit Plan: Approach

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 25 public sector partners, crossing eight Counties, but also providing services throughout the UK.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- Candid
- Relevant
- Inclusive
- Innovative
- Dedicated

## Your Internal Audit Service

### **Audit Resources**

The 2021/22 Internal Audit programme of work will be equivalent to 1800 days. The current Internal Audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The key contacts in respect of your Internal Audit service for Wiltshire Council are:

**Charlotte Wilson, Assistant Director – [Charlotte.Wilson@SWAPAudit.co.uk](mailto:Charlotte.Wilson@SWAPAudit.co.uk), Tel: 07732 688505**  
**Becky Brook, Principal Auditor – [Becky.Brook@SWAPAudit.co.uk](mailto:Becky.Brook@SWAPAudit.co.uk), Tel: 020 8142 5030**

### **External Quality Assurance**

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors (IPPF).

Every three years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed general conformance with the IPPF.

### **Conflicts of Interest**

We are not aware of any conflicts of interest within Wiltshire Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

### **Consultancy Engagements**

As part of our Internal Audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

### **Approach to Fraud**

Internal Audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption and have included some focused proactive fraud work in the plan. We have a dedicated Counter Fraud Team available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

*It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.*

Link to Corporate Priorities/ Corporate Risk Register	Areas of Coverage	Brief Description	Requested/Agreed by or Rationale for audit
<b>Corporate and Resources (including ICT)</b>			
An Innovative and Effective Council  CRR.04 CRR.07 CRR.08 CRR.09	<b>Key Financial Controls</b> Main Accounting Accounts Payable Accounts Receivable Payroll Council Tax Business Rates Housing Benefit and Council Tax Support Housing Rents Treasury Management	All key financial systems are subject to cyclical audits to review key controls as a minimum and to provide assurance on effectiveness of controls. The Key Financial Control reviews will be undertaken via quarterly continuous assurance work throughout the year.	Review of the Authority's fundamental business processes and key services.
	Pension Fund Key Control Review	An annual review of the Pension Fund's internal financial controls during 2020/21, with specific focus on the Fund's newer significant processes in relation to i-Connect, Member Self Service (MSS) and treasury management arrangements. The audit will also include compliance with the Data Protection Act 2018/GDPR with regard to the newly implemented System and Security Access control arrangements.	Requested by the Pension Fund Committee.
	Various COVID Grants	Grant Certification – Full list to be confirmed and agreed.	Agreed with Corporate Director Resources.
An Innovative and Effective Council  CRR.05	Segregation of Duties and Profiles for Key Financial Systems	SWAPs ICT Team will undertake a review of the current profiles and segregation of duties within the key financial systems to ensure they are appropriate.	Agreed with the Corporate Director Resources.

CRR.12	ICT Governance Risk Review Follow Up	Follow up on the high-risk areas identified within the ICT Governance Risk Review.	Agreed with the Corporate Director Resources.
<b>People</b>			
Protecting the Vulnerable	Use of Unregulated/ Unregistered Placements	A review to ascertain whether assessments for spot purchases are sufficient/correct.	Agreed with Director Families and Children.
CRR.01 CRR.07 CRR.08	Virtual Schools	This audit is to confirm whether there are effective processes in place which ensure the Virtual School are consulted when a Child Looked After (CLA) moves placement; and to determine how effectively the Virtual School supports children that are not in education, are being supported by the Youth Offending Team, were previously CLA or are post-16.	Agreed with Director Education and Skills.
Strong Communities	Supporting Families – Quarter 4	MHCLG requirement for audit of claims submitted reviewed a representative sample of families and achievement of outcomes.	Agreed with Director Families and Children.
CRR.01 CRR.07			
<b>Follow Up Work and Support Activities</b>			
Follow Up Work	Follow Up Contingency	Follow up of audits awarded Partial or No Assurance opinions. The work will assess responses to previous audit coverage and any changes to the control environment.	Inclusion of audit follow up work incorporating any prior year weaknesses identified.
Counter Fraud and Corruption	Proactive Fraud Work	Linked to risks in Protecting the Public Purse.	
	Reactive Fraud Work	To undertake ad-hoc unplanned investigations as agreed.	
	National Fraud Initiative	To assist the Council in monitoring and investigation of matches.	
Support Activities	Corporate Advice	Includes meetings and direct liaison with the Director Finance and Procurement	
	External Audit	Ongoing liaison with External Audit.	

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**Wiltshire Council**

**Full Council**

**15 February 2022**

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**Subject: Retender of External Audit Contracts**

**Cabinet Member: Cllr Pauline Church – Cabinet Member for Finance & Procurement, Commissioning, IT, Digital and Commercialisation**

**Key Decision: Non-Key**

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## **Executive Summary**

This report presents the procurement options on the process for retendering external audit services and the preferred approach to recommend for approval by Full Council.

## **Proposal**

It is recommended that Full Council approve the option for the council to opt into the national arrangement for the procurement of external audit services for the accounts that relate to the financial years 2023/24 to 2027/28 through Public Sector Audit Appointments Ltd.

## **Reason for Proposal(s)**

External Audit services are required to be in place by regulation and form part of the overall annual accounts and audit process. There are procurement options for the council to consider so that proper procurement processes are followed and the most appropriate route to market for those services is taken. The council must make a decision whether to opt into the national arrangement for the procurement of external audit or procure external audit for itself.

**Terence Herbert  
Chief Executive**

## Wiltshire Council

### Full Council

15 February 2022

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**Subject:** Retender of External Audit Contracts

**Cabinet Member:** Cllr Pauline Church – Cabinet Member for Finance & Procurement, Commissioning, IT, Digital and Commercialisation

**Key Decision:** Non-Key

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### Purpose of Report

1. The process for retendering for external audit in local authorities in England, for contracts due to start from 2023/24, is now underway and the council will need to decide whether to procure its own external auditor or opt into the national procurement framework. The national arrangement covers external audit services for the financial years 2023/24 to 2027/28.

### Relevance to the Council's Business Plan

2. It is a statutory requirement to have external audit services in place and if the council chooses to opt into the national arrangement Full Council must approve this by 11 March 2022 and the council confirm this decision to Public Sector Audit Appointments Ltd.

### Background

3. The Audit Commission was an independent public corporation that existed between 1 April 1983 and 31 March 2015, with one of its responsibilities being providing external audit services to councils. The Audit Commission was replaced by Public Sector Audit Appointments Ltd, National Audit Office, Financial Reporting Council and Cabinet Office in April 2015.
4. Following the closure of the Audit Commission, a new local audit framework was put in place with the National Audit Office setting standards for public audit, and external audit services were provided by Public Sector Audit Appointments Ltd (PSAA), who took on existing audit contracts until their expiry in 2017. From that point councils were able to choose to join the national arrangement managed by PSAA, or to implement a local arrangement independently.
5. Wiltshire Council received audit services from KPMG LLP under the transfer of contracts to the PSAA up to and including the financial year 2017/18. The council opted into the national arrangement for audit services for the period that cover the financial years 2018/19 to 2022/23 and receives these services from Deloitte LLP.

6. Planning is underway for external audit services for the financial year 2023/24 onwards and if the council wish to join the national arrangement with PSAA a decision must be made and PSAA informed of this decision by 11 March 2022.

### **Main Considerations for the Council**

7. The way external audit has operated over the last couple of years has been extremely disappointing. A lack of capacity in the audit market has been exacerbated by increased requirements placed on external auditors by the audit regulator. There is also a limited number of firms in the market and limited resources within those firms to provide the level of services across local councils nationally. This has led to a situation where many audits have been delayed and dozens of audit opinions remain outstanding from 2019/20 and 2020/21, including those for Wiltshire Council. Auditors have also been asking for additional fees to pay for extra work.
8. Dealing with these issues is not quick or easy. Nevertheless, it is the Local Government Association's view that the national framework remains the best option for councils with a view that it is imperative that councils act together to have the best chance of influencing the market and for nationally coordinated efforts to improve the supply side of the market to be effective.
9. Following on from the review undertaken by Sir Tony Redmond looking at financial reporting and local auditing it is clear that the national picture is one of strain and distress. The issues raised in the review highlighted the need for change and set out recommendations to government, which are being considered. Everyone, even existing suppliers, agrees that the supply side of the market needs to be expanded, which includes encouraging bids from challenger firms. PSAA has suggested various ways this could be done, but these initiatives are much more likely to be successful if a large number councils sign up to the national scheme.
10. The auditors are required to be independent and are bound by the Codes and need to deliver to them in line with the regulator's expectations or face action under the regulatory framework. Auditors are running at full capacity and have to deploy resources according to their assessment of audit risks in accordance with professional standards.
11. PSAA are responsible, not only for appointing auditors for local public bodies, but also for setting scales of fees and charges, overseeing the delivery by its appointed auditors of consistent, high quality and effective external audit services to opt-in bodies, and also for ensuring effective management of the contracts with audit firms for the delivery of audit services to opt-in bodies. PSAA are aware of the level of uncertainty in the current system and will be able to take this into account when awarding the next contracts.
12. If the council were to procure external audit services for itself rather than opt into the national arrangement, as the client in the contract, the council would have little influence over what it is procuring due to the nature and scope of the audit being one determined by codes of practice and guidance and the regulation of the audit market is undertaken by a third party, currently the Financial Reporting Council. With auditors running at full capacity, it is very

unlikely that auditors could give preference to some clients rather than others even if they wanted to.

13. There is also an option to set up a joint procurement with other councils. This would ensure that any risk is shared across the councils involved in the joint procurement process, would provide greater purchasing power and influence, however it would not address some of the other inherent issues such as the limited number of providers in the market, the limited influence over what is being procured, and would still require administrative resource commitment for the initial procurement process and on-going contract management.

### **Overview and Scrutiny Engagement**

14. No overview and scrutiny engagement has taken place due to the statutory nature of the annual accounts and audit process and those charged with governance i.e. Audit and Governance Committee, are responsible for the review and approval of all matters concerning the annual accounts and audit process.

### **Safeguarding Implications**

15. There are no safeguarding implications as a result of this decision.

### **Public Health Implications**

16. There are no public health implications as a result of this decision.

### **Procurement Implications**

17. There are options for the council to consider so that proper procurement processes are followed and the most appropriate route to market for those services is taken. Opting into the national arrangement through PSAA ensures a compliant route to market is undertaken with the procurement risk remaining with PSAA. If the council chooses to procure external audit services itself the procurement exercise will need to commence so that the route to market is compliant with the procurement risk in this instance remaining with the council.

### **Equalities Impact of the Proposal**

18. There are no equalities implications as a result of this decision.

### **Environmental and Climate Change Considerations**

19. There are no equalities implications as a result of this decision.

### **Risks that may arise if the proposed decision and related work is not taken**

20. External audit services are required to be in place and there is no option to not procure such services.

21. As stated within the report the council could choose to procure external audit services for itself, or as part of a consortium. To undertake such a process would require the council to set up an Audit Panel with an independent chair to oversee the procurement and running of the contract. The procurement process is also an administrative burden on council staff already struggling for capacity with priorities to support other projects, such as Evolve. Contract management is also an ongoing burden that would need to be put in place to robustly manage the contract.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

22. External audit services are defined by statute and by accounting and auditing codes. Ensuring a compliant procurement process for these services is critical for the council. The known issues as reported will not be affected by the decision on which procurement route to market will be taken so the council will still face these, with a risk of increased audit fees and on-going delays to audit opinions.

### **Financial Implications**

23. PSAA are responsible for setting scales of fees and charges for external audits of public bodies. The council has a budget set aside for these services and has increased the budget for the following financial years (from 2022/23 onwards) following the Redmond Review recommendations and likely increase in external audit costs that the public sector will see over the up coming years. Any additional increase in fees will not be as a result of this decision but will reflect the changes in the sector and will be captured in the budget setting processes for the relevant years.

### **Legal Implications**

24. It is a statutory requirement to have external audit services in place and if the council chooses to opt into the national arrangement Full Council must approve this by 11 March 2022.

### **Workforce Implications**

25. There are no equalities implications as a result of this decision.

### **Options Considered**

26. External audit services are required to be in place. The options are detailed within the report, with an option to opt into the national arrangement or procure external audit services for itself.

### **Conclusions**

27. It is recommended that the council opt into the national arrangement for external audit services through the PSAA.

**Andy Brown**

Corporate Director for Resources & Deputy Chief Executive (S.151 Officer)

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Date of report – 9 November 2021

**Appendices**

Appendix A - Considerations

**Background Papers**

Public Sector Audit Appointments Ltd – Appointing Period 2023/24 – 2027/28:  
[Appointing period 2023/24 – 2027/28 – PSAA](#)

## **Appendix A – Considerations**

- I. A council procuring its own auditor or procuring through a joint arrangement means setting up an Audit Panel with an independent chair to oversee the procurement and running of the contract.
- II. The procurement process is an administrative burden on council staff already struggling for capacity. Contract management is an ongoing burden.
- III. Procuring through the appointing person (PSAA) makes it easier for councils to demonstrate independence of process.
- IV. Procuring for yourself provides no obvious benefits:
  - a. The service being procured is defined by statute and by accounting and auditing codes
  - b. Possible suppliers are limited to the small pool of registered firms with accredited Key Audit Partners (KAP).
  - c. Since the last procurement it is now more obvious than ever that we are in a 'suppliers' market' in which the audit firms hold most of the levers.
- V. PSAA has now built up considerable expertise and has been working hard to address the issue that have arisen with the contracts over the last couple of years:
  - a. PSAA has the experience of the first national contract. The Government's selection of PSAA as the appointing person for a second cycle reflects DLUHC's confidence in them as an organisation.
  - b. PSAA has commissioned high quality research to understand the nature of the audit market.
  - c. It has worked very closely with DLUHC to enable the government to consult on changes to the fees setting arrangements to deal better with variations at national and local level, hopefully resulting in more flexible and appropriate Regulations later this year.

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**Audit and Governance Committee**  
**Proposed Forward Work Plan 2021/22**

<b>Meeting Date</b>	<b>Item</b>	<b>Responsible Officer</b>	<b>Draft Report to CLT</b>	<b>Publication Deadline</b>
<b>9 FEB 2022</b>	Update on the Statement of Accounts 2019/20 TBC	Lizzie Watkin/ Andy Brown/ Deloitte	26 Jan 2022	1 Feb 2022
	Governance Update on AGS - TBC	Perry Holmes/Maria Doherty		
	Corporate Risk	Toby Eliot		
	Redmond Review – TBC Update will come to committee when appropriate	Lizzie Watkin		
	SWLEP - the Committee's role in relation to Swindon and Wiltshire Local Enterprise Partnership (SWLEP). TBC	Andy Brown/LEP		
	Rigour around limited assurance audits	Lizzie Watkin/Andy Brown		
	Internal Audit Reports Q3 IA Report 2020/2021 and consolidated IA outstanding management actions report	SWAP		
	Private Meeting with SWAP	SWAP/Tara Shannon		

**Audit and Governance Committee**  
**Proposed Forward Work Plan 2021/22**

<b>Meeting Date</b>	<b>Item</b>	<b>Responsible Officer</b>	<b>Draft Report to CLT</b>	<b>Publication Deadline</b>
<b>27 April 2022</b>	Statement of Accounts 2019/20 TBC To approve the SoA 2019/20 including: Report to those Charged with Governance (ISA 260) 2019/20 To include assurance from the Pension Committee 2 Letters of representation, AGS, statements – all separate approvals	Lizzie Watkin/ Andy Brown/ Deloitte	13 Apr 2022	19 Apr 2022
	External Audit Plan 2021/22	Deloitte		
	Policies on Anti-Fraud and Corruption, Anti-Tax Evasion, Whistleblowing	Lizzie Watkin / Frank Cain		
	Accounting Policies 2021/22	Lizzie Watkin / Sally Self		
	Internal Audit Reports Q4 IA Report 2020/2021 and consolidated IA outstanding management actions report	SWAP/ Andy Brown		
	Internal Audit Plan 2022/23	SWAP		
	Governance Update on AGS Or take the AGS 2021/22, TBC	Perry Holmes/Maria Doherty		

**Audit and Governance Committee**  
**Proposed Forward Work Plan 2021/22**

<b>Meeting Date</b>	<b>Item</b>	<b>Responsible Officer</b>	<b>Draft Report to CLT</b>	<b>Publication Deadline</b>
<b>21 July 2022 TBC</b>	Internal Audit Reports Q1 IA Report 2020/2021 and consolidated IA outstanding management actions report	SWAP/ Andy Brown	6 July TBC	12 July TBC
	Corporate Risk Update	Toby Elliott		
	Governance Update on AGS - TBC	Perry Holmes/Maria Doherty		

**Audit and Governance Committee**  
**Proposed Forward Work Plan 2021/22**

<b>Meeting Date</b>	<b>Item</b>	<b>Responsible Officer</b>	<b>Draft Report to CLT</b>	<b>Publication Deadline</b>
<b>27 Sep 2022 TBC</b>	<b>Statement of Accounts 2020/21 TBC</b> To approve the SoA 2020/2021 including: Report to those Charged with Governance (ISA 260) 2020/2021 To include resolution to the qualification from the 2018/19 accounts and assurance from the Pension Committee 2 Letters of representation, AGS, statements – all separate approvals	Lizzie Watkin/ Andy Brown/ Deloitte	14 Sep TBC	19 Sep TBC
	<b>Statement of Accounts 2021/2022 TBC</b> To approve the SoA 2021/2022 including: Report to those Charged with Governance (ISA 260) 2020/2021 To include resolution to the qualification from the 2018/19 accounts and assurance from the Pension Committee 2 Letters of representation, AGS, statements – all separate approvals	Lizzie Watkin/ Andy Brown/ Deloitte		
	<b>Internal Audit Reports</b> Q2 IA Report 2020/2021 and consolidated IA outstanding management actions report	SWAP/ Andy Brown		
	<b>Governance Update on AGS TBC</b>	Perry Holmes/Maria Doherty		
	<b>Stone Circle Annual Governance Update</b>	Perry Holmes/Stone Circle		