

Wiltshire Council

Report of Internal Audit Activity

Progress Report 2024/25 – July 2024

Executive Summary

As part of our update reports, we will provide an ongoing opinion to support our end of year annual opinion.

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

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SWAP is an Internal Audit partnership covering 25 organisations. Wiltshire Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

For further details see:
<https://www.swapaudit.co.uk/>



Audit Opinion, Significant Risks and Audit Follow Up Work

Audit Opinion

Based on the outcomes of recent reviews completed, we recognise that generally risks are well managed. We have identified some gaps, weaknesses and areas of non-compliance within our work however, with implementation of the agreed audit actions, we are able to offer an ongoing **reasonable opinion**.

Since the last report to this Committee, we have not issued any limited or no assurance opinions on areas and activities we have been auditing.

Significant Corporate Risks

There are three, previously reported, significant corporate risks:

- Pension Fund Key Controls;
- Pension Payroll Reconciliation Project; and
- ICT Network Boundary Defences

We have undertaken a full review of the **Pension Fund Key Controls** and are pleased to report that significant progress has been made towards mitigating the risks identified in the previous review. We provided the Pension Fund with a Reasonable assurance opinion, and they continue to focus on the work required to fully mitigate the risks. We have given a low organisational risk assessment and, whilst we continue to monitor to ensure the implementation of agreed actions, we no longer need to report to this Committee as a significant corporate risk. We have provided the Executive Summary from the One Page Report for the Committee at Appendix A.

During the Key Control work we followed up on the **Pension Payroll Reconciliation Project** which we reported previously that a self-assessment indicated the work was complete and therefore the risks mitigated. We have now been able to review the supporting evidence and can confirm that this risk has been mitigated and reconciliations are being carried out on a regular basis going forward.

Finally, regarding the **ICT Network Boundary Defences** significant risk, we have undertaken a piece of follow up work and are pleased to report that work is in progress and the long-term project remains a key focus of the ICT team. Further details are available in Appendix A of this report.

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

The table below, captures internal audit coverage, mapped against the Authority’s strategic risks since January 2023. Furthermore, we have then overlaid the audit assurance outcomes of those risk areas that we have reviewed. The Council’s Strategic Risk Register is reported to Cabinet and should be considered alongside this table.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits
WC EN02 - Not on track for the Council to be carbon neutral by 2030	Some	Reasonable
WC EN03 - Increasing vulnerability to climate impacts	None	
WC ES02 - Unable to meet demand for special educational needs or disability (SEND) school provision	None	
WC FI06 - Budget Management	Good	Reasonable
WC FI12 - Income Collection	Adequate	Reasonable
WC IT03 - Cyber Resilience	Adequate	Reasonable
WC LG08 - Information Governance	Some	Reasonable
WC LG22 - Impact of negative media/social coverage on the Council	Some	Reasonable
WC PC01 - Limited capacity in the social care market	Some	Reasonable
WC PC02 - Increasing cost of social care	Some	Substantial
WC PH01 - Corporate Health, Safety and Wellbeing	Some	Reasonable
WC PL02 - Failure to manage housing developing	Some	Reasonable
WC R08 - Failure in Safeguarding Children	Some	Reasonable

Whilst we are reporting a gap in coverage against the strategic risk for **SEND (ES02)** this is in part due to the data available within our audit system. We have previously completed work in this area, prior to the introduction of AuditBoard, and following the appointment of the new Director of Education and Skills we have a programme of work in our rolling plan which will likely begin from September onwards.

The identified gap for the strategic risks relating to **climate impact (EN03)** does not currently have any internal audit work programmed against it. However, the Council reported to Cabinet in February that the Climate Adaptation Plan is under review and will identify what work is required to prepare the Council and the County for these climate impacts. We continue to liaise with the Environment service following on from our Climate Change review and will continue to assess whether any work in this area is required and valuable to the Council.

There has been one key change to this coverage table since it was last presented, Hospital Discharges is no longer being reported as a strategic risk for the Council.

There is work being undertaken by the Risk Working Group within the Council which is likely to result in some further key changes to the strategic risk register. We continue to work with the Corporate Directors and Directors to ensure that we provide comprehensive coverage of the Council's risks, and that our work aligns to the Council's Business Plan objectives. As always Members and Senior Officers of the Council are able to view our live rolling plan dashboard through SWAP's audit management software, **AuditBoard**, at any time.

If you choose to view our rolling plan dashboard in AuditBoard, you will be able to view our coverage split in ways other than just the strategic risks of the Council including by Corporate Priority. There is also the facility to drill through (right click within the coverage boxes) to view the audits that have contributed to that coverage and average opinion.

We review our performance to ensure that our work meets our clients' expectations and that we are delivering value to the organisation.

SWAP Performance Measures

Performance Measure	Performance
Overall Client Satisfaction <i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i>	98%
Value to the Organisation <i>(Client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i>	100%

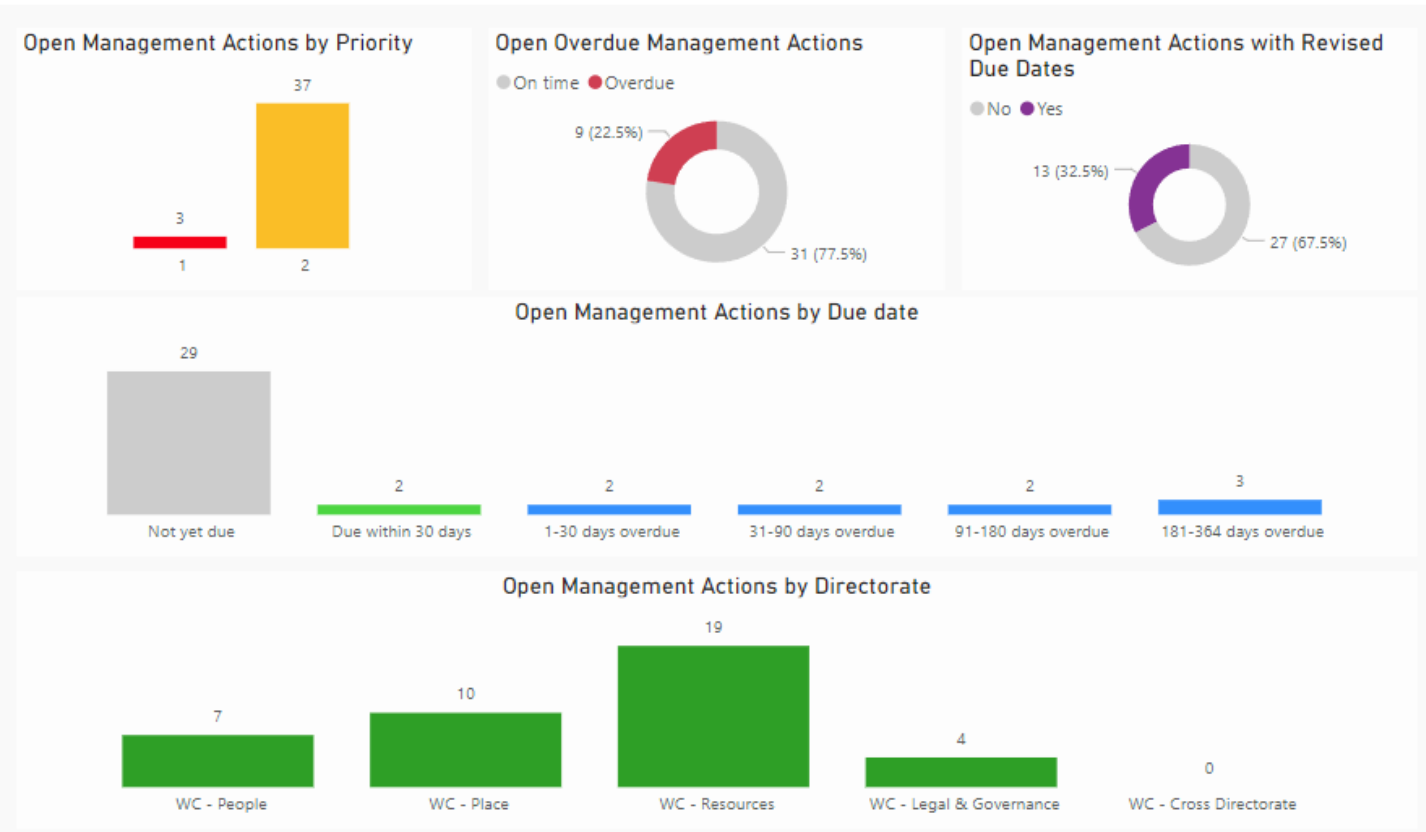


Scope	Professionalism and Conduct	Communication, Timeliness and Findings	Value	Demonstrating our Values
100%	98%	97%	100%	98%

We monitor the Council’s performance on implementation of agreed actions.

Implementation of Audit Actions (as of 12th July 2024)

Executive Dashboard - Management Actions 



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****CiFAS**

We continue to work with the Council to identify and support services where use of the CiFAS data matching service could bring benefits.

Since the last report to this Committee, we have:

- Worked with the Procurement service to identify how they could utilise CiFAS and will be commencing support on this activity once the new Procurement Act is live.
- We are exploring the use of the Insider Threat Protect database with HR&OD.
- We have agreed to proceed with the use of CiFAS in the Housing and Homelessness services.
- We are exploring the use of CiFAS within Economy and Regeneration for Business Grants.

There are a number of other areas which have successfully implemented the use of CiFAS at other SWAP partners which we will be working to roll out within Wiltshire.

Added Value Activities

Since our last to report to the Committee we have continued to develop our use of AI to assist us in new audit areas. SWAP was highly commended on the AI tool it has developed and implemented at the June Institute of Internal Auditors Audit & Risk Awards.

Newsletters and updates

SWAP regularly produces a newsletter and other relevant updates for partners such as fraud bulletins, which provide information on topical issues of interest.

Wiltshire Pension Fund Key Controls Review – Final Report – June 2024



Audit Objective To ensure that there is an effective control framework over pensions administration key controls.

Executive Summary

	Assurance Opinion	Management Actions	Organisational Risk Assessment								
	The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives in the area audited.	<table border="1"> <tr><td>Priority 1</td><td>0</td></tr> <tr><td>Priority 2</td><td>3</td></tr> <tr><td>Priority 3</td><td>2</td></tr> <tr><td>Total</td><td>5</td></tr> </table>	Priority 1	0	Priority 2	3	Priority 3	2	Total	5	Low
	Priority 1	0									
	Priority 2	3									
	Priority 3	2									
Total	5										
		Our audit work includes areas that we consider have a low organisational risk and potential impact.									
		We believe the key audit conclusions and any resulting outcomes still merit attention, but could be addressed by service management in their area of responsibility.									

Key Conclusions

<p>The Fund has made significant progress since the last audit was undertaken. Work has completed on seven of the ten outstanding actions from the January 2023 Key Controls review. Two actions relating to quality assurance and new enrolments having been superseded by new actions which reflects the progress in these areas. The final action has stalled due to issues with the Council's Oracle system reporting capabilities. One key area of progress is in relation to the historic aggregation and ongoing backlog. The Fund has made significant progress in the quality of their KPI monitoring and reporting and this, along with the KPI Improvement Plan and scheduled reporting to Committee, provides the assurance that there is now adequate oversight of the backlog and plans in place to address it.</p>	<p>Audit Scope</p> <p>We reviewed the following key control areas:</p> <ul style="list-style-type: none"> • Enrolment of new scheme members; • Incoming and outgoing payments; • Amendments to member records; • Management of active pensions; • Monitoring of complaints; • Monitoring and reporting; • Risk management; • Pension Fund projects; and • Quality Assurance processes.
<p>Two new priority 2 actions have been agreed which relate to enhancing and improving the current risk management framework to address the gaps identified and align with the Council's revised risk management framework and further action is required to ensure Quality Assurance processes are robust and effective.</p>	
<p>We have superseded the previous priority 3 action relating to onboarding employers onto I-Connect with a new agreed action looking at considering implementing administration charges and interest on late payments, and the continued onboarding of the remaining employers to I-Connect. We have also agreed a new priority 3 action which looks to improve the reporting on complaints.</p>	

Other Relevant Information

There is no workflow within Altair for carrying out a change of bank details. This means that a report cannot be run to identify any amendments to bank details that have been carried out, and we were therefore unable to complete any testing in this area.

During our sample testing, we noted a transfer out where an incorrect calculation was used when paying the other Fund, that was identified by the receiving Fund and promptly rectified. We were informed by management that an issue was picked up in the standard transfer out process last year where an incorrect date was being used in the calculation. This was resulting in the occasional incorrect calculation. Management have since clarified the correct process with Heywood and are satisfied that this will not be a problem going forward.

Four actions were agreed as part of this review and one Priority 2 action remains in progress from the previous review. Details of the new and existing agreed actions are attached in Appendix 1.

Unrestricted Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found here (www.swapaudit.co.uk/audit-framework-and-definitions).

Network Boundary Defences Progress Report – Final Report – June 2024



Objective To assess completion of agreed actions from our Network Boundary Defences audit.

Follow Up Progress Summary

Priority	Complete	In Progress	Not Started	Summary
1	0	1	0	1
2	1	1	1	3
3	2	0	0	2
Total	3	2	1	6

Follow Up Assessment

Three of the six remaining actions have been completed. Two are in progress and are part of a project plan due to be completed in April 2026. One action has not been started but is due start in June 2024. Work to address all actions will not be completed until April 2026 due to some requiring a large infrastructure upgrade project to complete.

Key Findings

- VPN Connections to remote sites are now no longer using the identified weak hashing algorithm (MD5) and have been upgraded. The firewall configuration was reviewed to confirm this.
- Two actions were completed in August 2023. Logs from the main firewalls were agreed not to be brought into the Security Incident and Event Management (SIEM) solution, and the risk was accepted. Investigated security incidents are recorded to provide insights on previous incidents and potential actions to address them.
- Replacement of out of support network hardware is a large piece of infrastructure upgrade work and will take time to complete (April 2026.) The project is underway, with a project plan available to provide an overview of the project stages. The current stage in the project plan is Equipment Delivery and Soak Testing (testing under typical production load for a continuous period) as well as configuration and deployment at main sites.
- Upgrade of network equipment firmware will be completed in 2 stages. The first stage will upgrade all equipment relating to the core network. This is currently in the preparation phase and is due to be completed by October 2024. Other items requiring firmware upgrades will be addressed as part of the replacement of out of support hardware. These items will be installed with the latest available firmware. Depending on item location this may take up to April 2026.
- An Information Asset Register exists but requires updating. The Record of Processing Activity (RoPA) was to be incorporated into it. However, due to resource and capacity issues within the Information Governance team, this action has not been started. It is due to be picked up by a new member of the team joining in June. The completion date for this action has been extended to December 2024. As the new Data Protection and Digital Information Bill was not taken forward before the dissolution of Parliament, the RoPA will remain a legal requirement, and this action should be addressed as soon as possible.

Summary

The ICT Team are working hard to address five of the six the actions above. There is a project manager in place for the network upgrade work above who can provide updates on the project status. Critical network elements are being addressed first which can be seen in the project plan for both work packages. The remaining action sits within the Information Governance team and work to address the risk has not yet commenced.

Unrestricted

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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.