

# Wiltshire Council

## Report of Internal Audit Activity

### Plan Progress 2019/20 Quarter 1

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## Summary

### Our audit activity is split between:

- **Operational Audit**
- **School Themes**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



### Role of Internal Audit

The Internal Audit service for Wiltshire Council is provided by SWAP Internal Audit Services (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit Committee at its meeting on 17<sup>th</sup> April 2019.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Leadership Team. The 2019-20 Audit Plan was reported to this Committee and approved by this Committee at its meeting in April 2019. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk, however, we ensure an agile approach to enable us to respond to any emerging risks and change.

### Outturn to Date:



### Internal Audit Work Plan

The schedule provided at **Appendix C** contains a list of all audits as agreed in the Annual Audit Plan 2019/20. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in **Appendix A** of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in the audit receiving a ‘Partial Assurance Opinion’ is given as part of this report.

In circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised.

# Internal Audit Plan Progress 2019/2020

## Significant Corporate Risks:

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



## Significant Corporate Risks

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

Since the last Audit Committee update, one risk has been assessed as posing a 'High' corporate risk. This has been identified within a special investigation. An internal investigation is currently in progress, and for this reason we are unable to discuss details of this work at this stage. However, the Director of Finance & Procurement (Section 151 Officer) and the Chair of the Audit Committee have been made aware of this risk.

## 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 Committee.

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



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

Two audits finalised in the period were awarded Partial Assurance. The significant findings from these audits has been summarised below.

### Premises Health and Safety – Partial Assurance

From the three sites visited as part of this audit, there were significant differences in the way health and safety was managed. For one site, where there was no Premises-Controlling Manager for health and safety, a separate memorandum was produced and provided to Occupational Health and Safety and Strategic Assets and Facilities Management (SA&FM) to notify them of the significant concerns identified. We are pleased that there has been further work undertaken by the SA&FM and Occupational Health and Safety to ensure that the concerns raised are addressed as quickly as possible. A planned refurbishment of the premises will also further reduce the concerns noted.

Some areas of good practice were identified in the use of Outlook calendar notifications to provide daily reminders of the health and safety tasks required and the use of spreadsheets to record when checks had been completed. However, due to the significant concerns at one site, and several processes being in the development stage, it is felt that we can only offer partial assurance at this stage.

We have made a total of four recommendations in relation to the following areas:

- Compliance to the Corporate Health, Safety and Welfare Policy;
- Clear delegation of the Premises - Controlling Manager duty with sufficient training and support;
- Ensuring up-to-date monitoring of health and safety by the Occupational Health and Safety Team; and
- Health and safety issues identified are followed up.

In addition, three suggestions have been put forward for further consideration.

### Adult Social Care Contracts – Partial Assurance

A total of three priority 2 recommendations have been made. A summary of the audit recommendations made is below: There is currently no KPI reporting in place for the Help to Live at Home service which makes it difficult to monitor if the service is achieving the required outcomes. This also limits the ability to identify key suppliers and have contingency plans in place in the event of their failure. Opportunities for addressing issues may be missed if there isn't a clear and embedded governance structure in place that has a good oversight of the overall service.

## 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

Primarily Internal Audit is an assurance function and will remain as such. However, Members requested that we provide them with examples of where we have “added value” to a particular service or function under review. In response to this we have changed our approach and internal processes and will now formally capture at the end of each audit where we have “added value”.

The SWAP definition of “added value” is “it refers to 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”.

As we complete our operational audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control.

The following audits have provided a cross comparison survey for the SWAP Partners:

**Lone Working Arrangements** - As part of an audit of Lone Working Arrangements, SWAP requested information from all partners to confirm their approach to managing the safety of lone workers, with the aim being to compare arrangements and to identify examples of best practice.

**Procurement** - Following a request from one of our partners to support them in identifying solutions for the future delivery of their Procurement Service, a questionnaire was sent to all our partner sites to ascertain the approach taken to Procurement and Contract Management.

**Fostering Allowances and Fees** – The report provided a comparison of allowances and fees across several Councils.

**Internal Communications** – The report detailed the channels used by other partners to support internal communications across the council.

The findings of each survey have been shared with the SWAP Partners.



## SWAP Performance - Summary of Audit Opinions

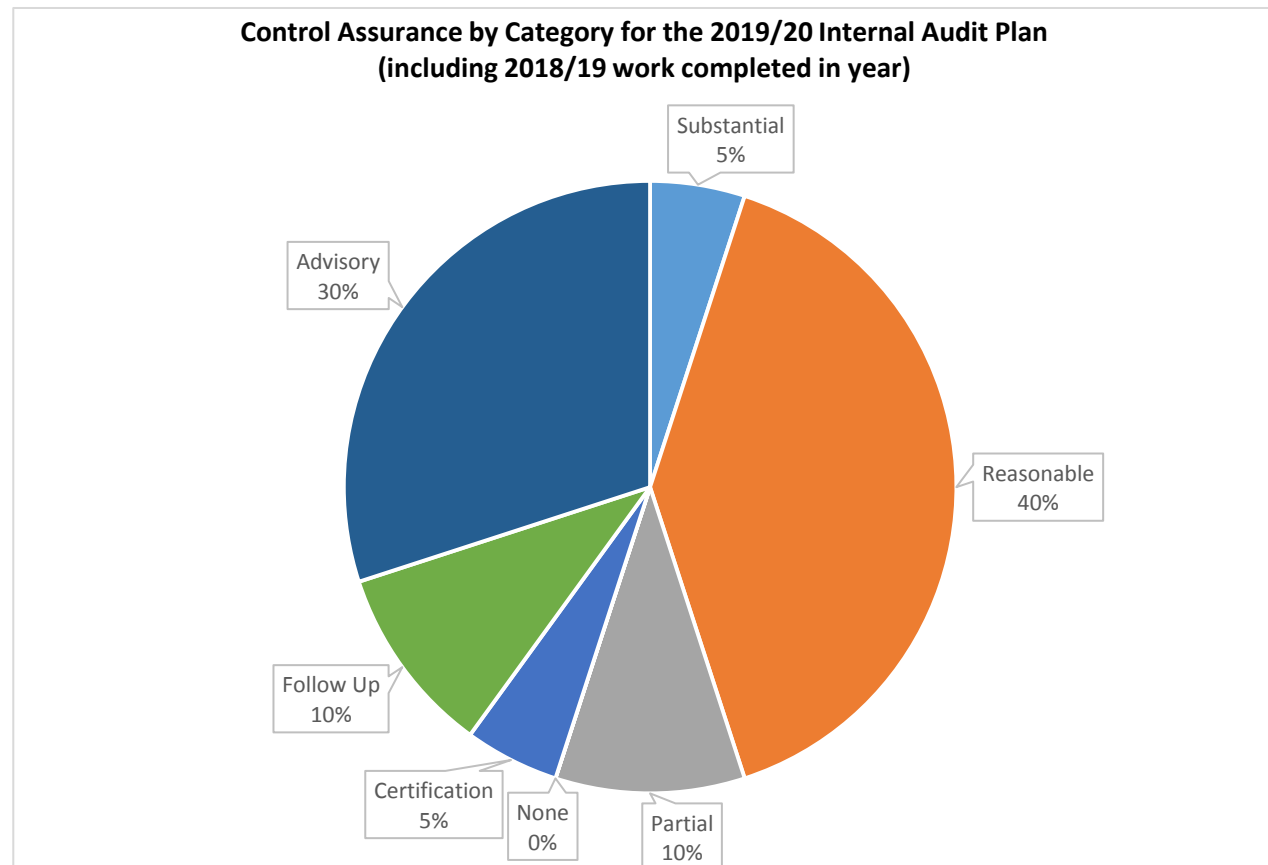
At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- Substantial
- Reasonable
- Partial
- None
- Non Opinion
  - Certification
  - Follow Up
  - Advisory



## Summary of Control Assurance

Of the reviews that have a final report, the opinions offered are summarised below.



# Internal Audit Plan Progress 2019/2020

## Summary of Audit Recommendations by Priority

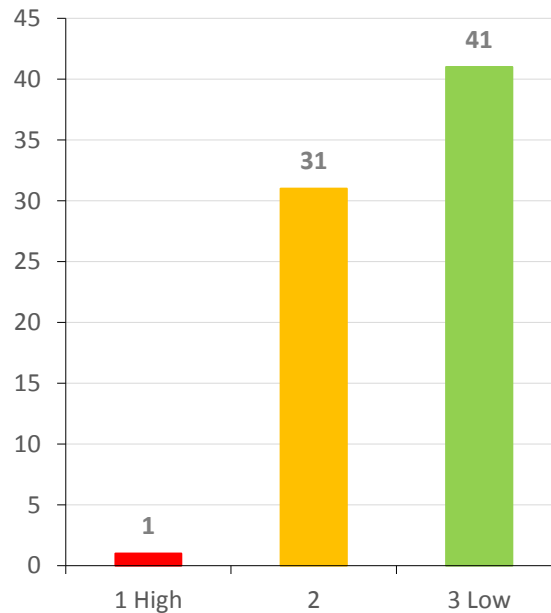
We rank our recommendations on a scale of 1 to 3, with 1 being a fundamental concern to the services/area being reviewed and 3 being a minor concern that requires management attention.



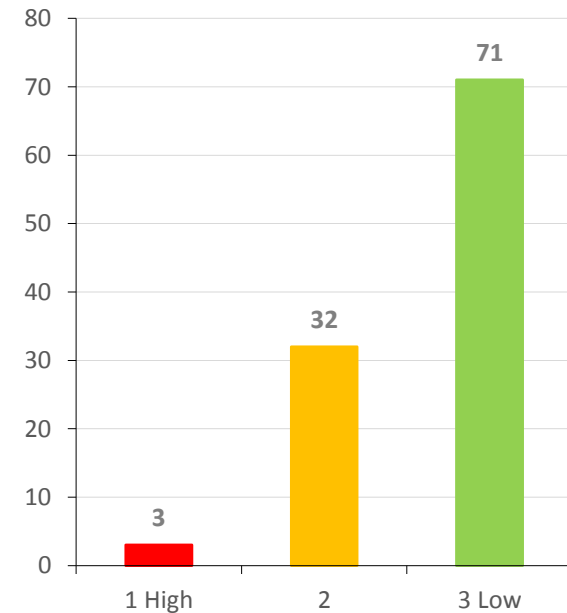
## Summary of Recommendations

There have been no recommendations made for work completed on the 2019/20 Internal Audit Plan to date.

Audit Recommendations by Priority  
2018/19  
Non Schools



Audit Recommendations by Priority  
2018/19  
Schools



# Internal Audit Plan Progress 2019/2020

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



## Summary of Recommendations

### Outstanding Audit Recommendations by Priority 2017/18 and 2018/19 Non Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
<b>3</b>	6	0	0	18	15	<b>39</b>
<b>2</b>	5	2	1	4	2	<b>14</b>
<b>Totals</b>	<b>11</b>	<b>2</b>	<b>1</b>	<b>22</b>	<b>17</b>	<b>53</b>

### Outstanding Audit Recommendations by Priority 2017/18 and 2018/19 Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
<b>3</b>	0	2	4	33	36	<b>75</b>
<b>2</b>	2	0	1	1	2	<b>6</b>
<b>Totals</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>34</b>	<b>38</b>	<b>81</b>

## Internal Audit Plan Progress 2019/2020

The Chief Executive for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



### SWAP Performance

SWAP now provides the Internal Audit service for 24 Councils and also many subsidiary bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for Wiltshire Council for the 2019/20 year (as at 2<sup>nd</sup> July 2019) are as follows;

Performance Target	Average Performance
<b><u>Audit Plan – Percentage Progress</u></b>	
Completed	5%
Work at Report Stage	3%
Fieldwork	20%
Scoping	11%
Yet to commence	61%
<b><u>Draft Reports</u></b>	
Issued within 5 working days	75%
Issued within 10 working days	100%
	(Average Days of 2.25)
<b><u>Final Reports</u></b>	
Issued within 10 working days of discussion of draft report	100%
	(Average Days of 1.5)
<b><u>Quality of Audit Work</u></b>	
Customer Satisfaction Questionnaire	99%

## Internal Audit Plan Progress 2019/2020

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



### Approved Changes to the Audit Plan

Planned audit work is as detailed in **Appendix B**. Unplanned work, special reviews or projects carried out on a responsive basis are requested through the Director of Finance & Procurement (Section 151 Officer). As new and emerging risks are identified, any changes to the plan will be subject to the agreement of the Interim Director of Finance & Procurement (Section 151 Officer) and reported to this Committee.

The Director of Finance & Procurement (Section 151) in discussion with the Head of Audit has agreed that the following amendments be made to the 2017/18 Audit Plan:

Audit	Amendment	Reason
Special Investigation 1	Addition	Requested by Client. An internal investigation is currently in progress, the details of this review can therefore not be discussed at this time.
Special Investigation 2	Addition	Requested by Client. The details of this work could be considered commercially sensitive at this stage and can therefore not be discussed at this time.
SAP Systems Controls	Addition	Requested by Client.
Fleet Services	Addition	Requested by Client.
Pensions Code of Practice 14 Compliance	Addition	Requested by Client.
Deprivation of Assets	Merger	This audit has now been amalgamated with the Financial Assessments audit.
Partnership Governance – Phase 1	Removed	The scope of this review was to concentrate on identifying the various partnerships across the Authority. Following discussions, the Council is now going to undertake this work themselves.

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";



Audit Framework Definitions

- Substantial
- Reasonable
- Partial
- None
- Advisory

Control Assurance Definitions

<b>Substantial</b>	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
<b>Reasonable</b>	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>None</b>	The areas reviewed were found to be inadequately controlled. Risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

**Advisory** - In addition, to 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.

Recommendations 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.



Audit Framework Definitions

**Categorisation of Recommendations**

In addition to the corporate risk assessment it is important that management know how important the recommendation 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 recommendation. Each recommendation has been given a priority rating at service level with the following definitions:

<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.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Recommendation		
						1	2	3
						<b>Outstanding 2018/19 Plan Progress</b>		
<b>Complete</b>								
Operational	General Data Protection Compliance	Q1	Completed	Reasonable	2			2
Advisory	Annual Governance Statement	Q1	Completed	Advisory	N/A			
Advisory	Organisational Fraud Awareness	Q1	Completed	Advisory	N/A			
Operational	Data Breaches	Q2	Completed	Reasonable	1			1
Operational	Counter Fraud Strategy and Framework	Q2	Completed	Advisory	N/A			
Operational	Digital Transformation Stream	Q3	Completed	Reasonable	3		3	
Operational	Pensions	Q4	Completed	Reasonable	8		3	5
School	Amesbury Primary	Q4	Completed	Reasonable	6		4	2
Key Control	Payroll	Q3	Completed	Reasonable	3		1	2
Follow Up	ICT Asset Management	Q3	Completed	Follow Up	N/A			
Operational	Premises Health and Safety	Q3	Completed	Partial	4		2	2
School	Shalbourne C of E Primary School	Q4	Completed	Substantial	3			3
Grant Certification	Growth Hub	Q4	Completed	Certification	N/A			



Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Recommendation		
						1	2	3
						Operational	Adult Social Care Contracts	Q4
Key Control	Housing Rents	Q4	Completed	Reasonable	3			3
<b>Reporting Stage</b>								
Operational	Deferred Payments	Q2	Draft					
Operational	Employment and Skills (Children’s Services)	Q2	Draft					
Operational	Mobile Computing/Device Management	Q2	Draft					
School	Thematic – Schools Financial Management	Q2	Draft					
<b>In Progress</b>								
Operational	Highways Contract – Use of Subcontractors	Q1	Fieldwork					
Operational	Community Infrastructure Levy/S106 Agreements	Q2	Fieldwork					
Operational	Families and Children Transformation Stream	Q2	Fieldwork					
Operational	Contract Reviews - Highways Consultancy / Street Lighting / Grounds Maintenance	Q3	Fieldwork					
Non-Opinion	Court of Protection File Review	Q4	Fieldwork					

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						<b>2019/20 Plan Progress</b>		
<b>Complete</b>								
Follow Up	Clarendon Juniors	Q1	Completed	Follow Up	N/A			
Advisory	Relief Bank	Q1	Completed	Advisory	N/A			
Advisory	SAP Systems Controls	Q1	Completed	Advisory	N/A			
Advisory	Special Investigation 1	Q1	Completed	Advisory	N/A			
<b>Reporting Stage</b>								
Operational	Court of Protection: Deputyship and Appointeeship for Service Users	Q1	Discussion					
Follow Up	St Mary's Primary School	Q2	Discussion					
<b>In Progress</b>								
Grant Certification	Troubled Families	Q1-Q4	Fieldwork					
Governance, Fraud & Corruption	National Fraud Initiative (NFI)	Q1-Q4	Fieldwork					
Governance, Fraud & Corruption	Organisational Fraud Awareness	Q1-Q4	Fieldwork					
Healthy Organisation	Healthy Organisation	Q1-Q2	Fieldwork					
Advisory	Special Investigation 2	Q1	Fieldwork					
Follow Up	Fraud Referral Process	Q1	Fieldwork					
Operational	Travel and Expense Claims Cloud Based System	Q1	Fieldwork					

# Summary of Partial Opinions

# APPENDIX D

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
Follow Up	Officers Declarations of Interests, Gifts and Hospitality	Q1	Fieldwork					
ICT	Data Centre Operations	Q1	Fieldwork					
Operational	ICT & Digital Strategy	Q1	Fieldwork					
Operational	Transformation Delivery – Lessons Learnt	Q1	Scoping					
Grant Certification	Public Health Grant	Q1	Scoping					
Operational	Financial Assessments and Deprivation of Assets	Q2	Fieldwork					
School	Derry Hill CE (VA) Primary School	Q2	Fieldwork					
School	Newton Tony CE (VC) Primary School	Q2	Fieldwork					
School	Stanton St Quinton Primary School	Q2	Fieldwork					
Operational	Medium Term Financial Strategy	Q2	Scoping					
Operational	Pensions Code of Practice 14 Compliance	Q2	Scoping					
Operational	Programme Management	Q2	Scoping					
Operational	Contract Management	Q2	Scoping					
Follow Up	Off Street Parking	Q2	Fieldwork					
Grant Certification	Local Authority Bus Subsidy	Q2	Scoping					
Operational	Fleet Services	Q2	Scoping					

# Summary of Partial Opinions

# APPENDIX D

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						<b>Yet to Commence</b>		
Operational	High Needs Block	Q1						
Governance, Fraud & Corruption	Council Oversight of Maintained Schools	Q1						
Grant Certification	Pothole Action Fund & Flood Resilience Fund	Q1						
School	Kiwi Primary School	Q2						
School	Sarum St Paul's C of E (VA) Primary School	Q2						
School	The New Forest C of E (VA) Primary School	Q2						
Operational	Corporate Debt Management – Phase 1	Q2						
ICT	Management of Hybrid Cloud Operations	Q2						
ICT	High Level Cyber Security	Q2						
Operational	Adult Social Care Transformation Stream	Q2						
Operational	Waste Management Contract	Q2						
Operational	Direct Payments	Q3						
Operational	Adoption	Q3						
School	Christ the King Catholic School	Q3						
School	Crudwell C of E Primary School	Q3						

# Summary of Partial Opinions

# APPENDIX D

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						School	Sambourne C of E (VC) Primary School	Q3
School	Woodlands Primary School	Q3						
Operational	Accounts Payable	Q3						
Operational	Accounts Receivable	Q3						
Operational	Corporate Debt Management – Phase 2	Q3						
Governance, Fraud & Corruption	Financial Regulations and Contract Standing Orders	Q3						
Follow Up	Traded Services with Schools	Q3						
Operational	Council Tax	Q3						
Operational	Business Rates	Q3						
Operational	Housing Repairs	Q3						
Operational	Workforce Planning	Q3						
ICT	General Data Protection Regulations (GDPR) Compliance	Q3						
Governance, Fraud & Corruption	Partnership Governance – Phase 2	Q3						
Operational	SEN Children’s Transition to Adult Services	Q4						
Grant Certification	Growth Hub	Q4						
Operational	Strategic Assets and Facilities	Q4						

# Summary of Partial Opinions

# APPENDIX D

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						Operational	Commercial Trading	Q4
Governance, Fraud & Corruption	Fraud Intelligence Hub	Q4						
Operational	Main Accounting	Q4						
Operational	Housing Rents	Q4						
Operational	Housing and Council Tax Benefits	Q4						
Operational	Payroll and Expenses	Q4						
Operational	Pension Fund Investment Transfer	Q4						
Operational	Homelessness Strategy	Q4						
Operational	Planned Maintenance of Leasehold Properties	Q4						
ICT	Business Continuity	Q4						
ICT	Agile ICT Audit Project Assurance including Get Well	Q4						
ICT	WAN Procurement Approach	Q4						
Operational	Public Health Contract Compliance	Q4						