

Wiltshire Council

Report of Internal Audit Activity

Plan Progress 2020/21 – February 2021

Executive Summary

The Assistant Director is required to provide an annual opinion to support the Annual Governance Statement.

As part of our plan progress reports, we will provide an ongoing opinion to support the 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 by audit.

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Audit Opinion and Summary of Significant Risks

Introduction:

Since our last update, England has had a further four-week period of lockdown, followed by a return to a much stricter tier system or restrictions and then a return to another period of lockdown. This third period of lockdown has impacted slightly on our delivery of the proposed quarter 4 audit plan presented at the last meeting of this Committee. Two members of the audit team were redeployed to assist the Council with post payment checks for the first round of COVID business grants and two to assist with the payment of grants. All four members of the audit team have now been seconded to assist the Council with the second round of business grant payments. This has impacted on the resources available to undertake audit work.

Audit Opinion:

This is our third quarterly update for 2020/21 and reviews completed have highlighted that whilst generally risks are well managed, we have identified some gaps, weaknesses and areas of non-compliance. However, we have reasonable levels of confidence that the agreed actions will be implemented and thus strengthen internal control.

Since our last report in November 2020, we have issued one Limited opinion on the areas and activities we have been auditing but none have been classified as a significant risk. Senior Management are now increasingly directing internal audit to areas of likely risk, or known issues, which is a positive. This will naturally result in an increased number of Limited assurance opinions.

Significant Risks:

There have been no new significant risks identified during this period.

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



SWAP Performance

SWAP performance is subject to regular review by both the Directors and Owners meetings. The respective outturn performance results for Wiltshire Council for the 2020/21 year (as of 22 January 2021) are as follows:

Performance Target	Average Performance
<u>Audit Plan – Percentage Progress*</u>	
Completed	46.5%
Work at Report Stage	3%
Fieldwork	16%
Scoping	25%
Yet to commence	9.5%
<p>* The above percentages are based on the internal audit work plan presented in July, September and November, covering the 2020/21 financial year and make the assumption that as at 30th June, one quarter of the internal audit resources have been utilised</p>	
<u>Quality of Audit Work</u>	
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%

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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

Alongside the introduction of 'Agile Auditing', where with increased collaboration and a joint commitment with the service under review, it is possible to complete audits faster and more efficiently; we have now rolled out a one-page report. This ensures that for busy managers the headline issues from the audit work are highlighted in a quick and easily understood format. We have had some very positive feedback from managers who have found this change to be a constructive, helpful change to our audit product.

We continue to use SWAP's two Data Analysts to include analysis of data as part of every audit where possible. This allows us not only the opportunity to test whole populations of data, but where this is not possible or appropriate, to be able to use data analytics to target our testing in a more effective way.

We have undertaken a number of benchmarking exercises since our last report. We use our own SWAP partners for benchmarking but also use a wider network of the County Chief Auditor's Network which has delivered some useful benchmarking data. The benchmarking exercises undertaken since our last report are:

- Corporate Criminal Offence – a review to identify other Councils approach and to obtain copies of policies and training materials;
- Protection of Property – to identify how other Council's manage large cash sums as part of protection cases;
- Coroner's Service – to identify which Councils operated a joint service with other Councils and what procedures they have to manage these arrangements;
- Value for Money – a review of VFM strategies in other Councils; and
- Unregistered Children's Services Placements – to identify the use of unregistered placements in other Councils.

In addition, SWAP is continuing to progress the programme of Continuous Auditing. This is a method whereby audit testing of key controls of an area or activity, is performed on a more frequent basis. It changes the audit approach from periodic reviews incorporating a small sample of transactions, to ongoing testing of a larger overall sample, with audit results produced shortly after testing. The benefits are a more reactive and timely approach to auditing which gives a continuous assurance on systems and processes throughout the year.

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



Summary of Actions

Outstanding Audit Actions by Priority 2017/18, 2018/19, 2019/20 and 2020/21 Non Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	0	7	1	4	30	42
2	0	2	0	1	12	15
1	0	0	0	0	0	0
Totals	0	9	1	5	42	57

Outstanding Audit Actions by Priority 2017/18, 2018/19, 2019/20 and 2020/21 Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	0	0	1	3	19	23
2	0	0	0	1	15	16
1	0	0	0	0	0	0
Totals	0	0	1	4	34	39

Appendix C provides a summary of the outstanding Priority 1, 2 and 3 non-schools actions.

Internal Audit Plan Progress 2020/2021

We keep our audit plans under regular review so as 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 programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems, and controls. Full details of our current on-going work are detailed in Appendix B on page 8. Unplanned work, special reviews or projects carried out on a responsive basis are requested through the Interim Corporate Director for Resources (Section 151 Officer). As new and emerging risks are identified, any changes to the plan will be subject to the agreement of this Committee and the Interim Corporate Director for Resources (Section 151 Officer).

Assignment	Amendment	Reason
COVID Business Grants Spotlight Process Assurance Review	Addition	Requested by Client.
COVID Business Grants Red Team Process Assurance Review	Addition	Requested by Client.
COVID-19 Business Grants – Post Payment Checks	Redeployment	Requested by Client.
COVID-19 Business Grants - Processing	Redeployment	Requested by Client.
CiFAS Data Matching	Addition	Support for CiFAS fraud detection data matching service.
Test and Trace Service Support Grant	Removed	The certification of this grant is not due until October 2021.
Council Oversight of Maintained Schools	Deferred	This audit has been deferred to enable the redeployment of SWAP staff to support the Council's COVID response.
Medium Term Financial Strategy	Removed	Removed to enable the redeployment of SWAP staff to support the Council's COVID response.
Culture and Ethics	Deferred	This audit has been deferred to enable the redeployment of SWAP staff to support the Council's COVID response.

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	
No Assurance	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.
Limited	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.
Reasonable	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.
Substantial	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.

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	
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	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	
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.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Action		
						1	2	3
						2020/21 Plan Progress		
Complete								
Follow Up	Direct Payments	Q2	Completed	Follow Up	N/A			
Follow Up	Gross Loans	Q2	Completed	Follow Up	N/A			
Advice	COVID Business Grants Spotlight Process Assurance Review	Q2	Completed	Advice and Guidance	N/A			
Advice	COVID Business Grants Red Team Process Assurance Review	Q2	Completed	Advice and Guidance	N/A			
Operational	Pension Fund Key Control Review	Q2	Completed	Reasonable	5	0	2	3
Grant Certification	Local Transport Capital Grants	Q2	Completed	Certification	N/A			
Grant Certification	Local Authority Bus Subsidy	Q2	Completed	Certification	N/A			
Grant Certification	COVID-19 Bus Services Support Grant	Q2	Completed	Certification	N/A			
Grant Certification	Public Health Grant	Q2	Completed	Certification	N/A			
Operational	Brokerage - Adults	Q2	Completed	Limited	5	0	3	2
Advice	COVID-19 Discretionary Grant	Q2	Completed	Advice and Guidance	N/A			
Operational	Budget Management	Q2	Completed	Reasonable	4	0	0	4
Advice	Infection Control Funding Assurance	Q2	Completed	Advice and Guidance	N/A			

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor		
						Action		
						1	2	3
Follow Up	School Theme HR & Payroll - Holt	Q3	Completed	Follow Up	N/A			
Follow Up	School Theme HR & Payroll – St Patrick’s	Q3	Completed	Follow Up	N/A			
Follow Up	Adult Services – Court of Protection: Deputyship and Appointeeship for Service Users	Q3	Completed	Follow Up	N/A			
Key Control	Treasury Management	Q3	Completed	Reasonable	4	0	2	2
Reporting								
ICT	Cyber Security Framework	Q2	Draft					
Operational	Brokerage - Children’s	Q2	Draft					
In Progress								
Grant Certification	Troubled Families	Q1-Q4	Ongoing					
Governance, Fraud & Corruption	National Fraud Initiative (NFI)	Q1-Q4	Advice and Guidance					
Redeployment	COVID-19 Business Grants – Post Payment Checks	Q3-Q4	Ongoing					
Key Control	Main Accounting - Continuous Assurance and Data Analytics	Q3	Scoping					
Key Control	Accounts Payable - Continuous Assurance and Data Analytics	Q3	Scoping					
Key Control	Accounts Receivable - Continuous Assurance and Data Analytics	Q3	Scoping					
Key Control	Council Tax - Continuous Assurance and Data Analytics	Q3	Scoping					
Key Control	Business Rates - Continuous Assurance and Data Analytics	Q3	Scoping					

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor		
						Action		
						1	2	3
Key Control	Housing Benefit and Council Tax Support - Continuous Assurance and Data Analytics	Q3	Scoping					
Key Control	Housing Rents - Continuous Assurance and Data Analytics	Q3	Scoping					
Key Control	Payroll - Continuous Assurance and Data Analytics	Q3	Scoping					
ICT	ICT Governance Review	Q2	Scoping					
Operational	Deprivation of Liberty Safeguards	Q3	Fieldwork					
Follow Up	Christ the King Catholic School Amesbury	Q3	Fieldwork					
Redeployment	COVID-19 Business Grants - Processing	Q4	Ongoing					
Operational	Adult Safeguarding – Proactive Review of Finances	Q4	Fieldwork					
School	Whiteparish All Saints C of E Primary School	Q4	Fieldwork					
School	Southwick C of E Primary School	Q4	Fieldwork					
School	Chilton Foliat CE (VA) Primary School	Q4	Scoping					
School	Urchfont C of E Primary School	Q4	Scoping					
School	Crockerton C of E Primary School	Q4	Scoping					
School	Hullavington C of E Primary School	Q4	Scoping					
School	Stonehenge School	Q4	Scoping					

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor		
						Action		
						1	2	3
School	Stratford Sub Castle C of E Primary School	Q4	Scoping					
Operational	Missing Children	Q4	Scoping					
Operational	IR35 Compliance	Q4	Fieldwork					
Yet to Commence								
Operational	Third Party Spend – Purchase to Pay	Q3						
Grant Certification	Additional Dedicated Home to School and College Grant	Q4						
Follow Up	Contract Management	Q3						
Fraud Detection	CiFAS Data Matching	Q4						
Grant Certification	Growth Hub	Q4						
Grant Certification	COVID-19 Bus Services Support Grant (Restart)	Q4						