

Wiltshire Council

Approach to Internal Audit Planning 2021/22 and Internal Audit Charter

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 1 plan was presented to and discussed with CLT on 15th April 2021.

For the remaining three 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 1 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: Approach

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.

Approach to Internal Audit Planning 2021/22

The factors considered in putting together the 2021/22 Internal Audit Plan have been set out below:



Due to the pace of change within Local Authorities and now the impact of COVID -19, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning therefore reflects this. The risk-assessed work plan contains key areas of coverage, to ensure that we are auditing the right areas at the right time. The precise scope of each audit will be determined at the start of the review, in line with local risk factors at that time.

The Internal Audit Plan: Risk Assessment

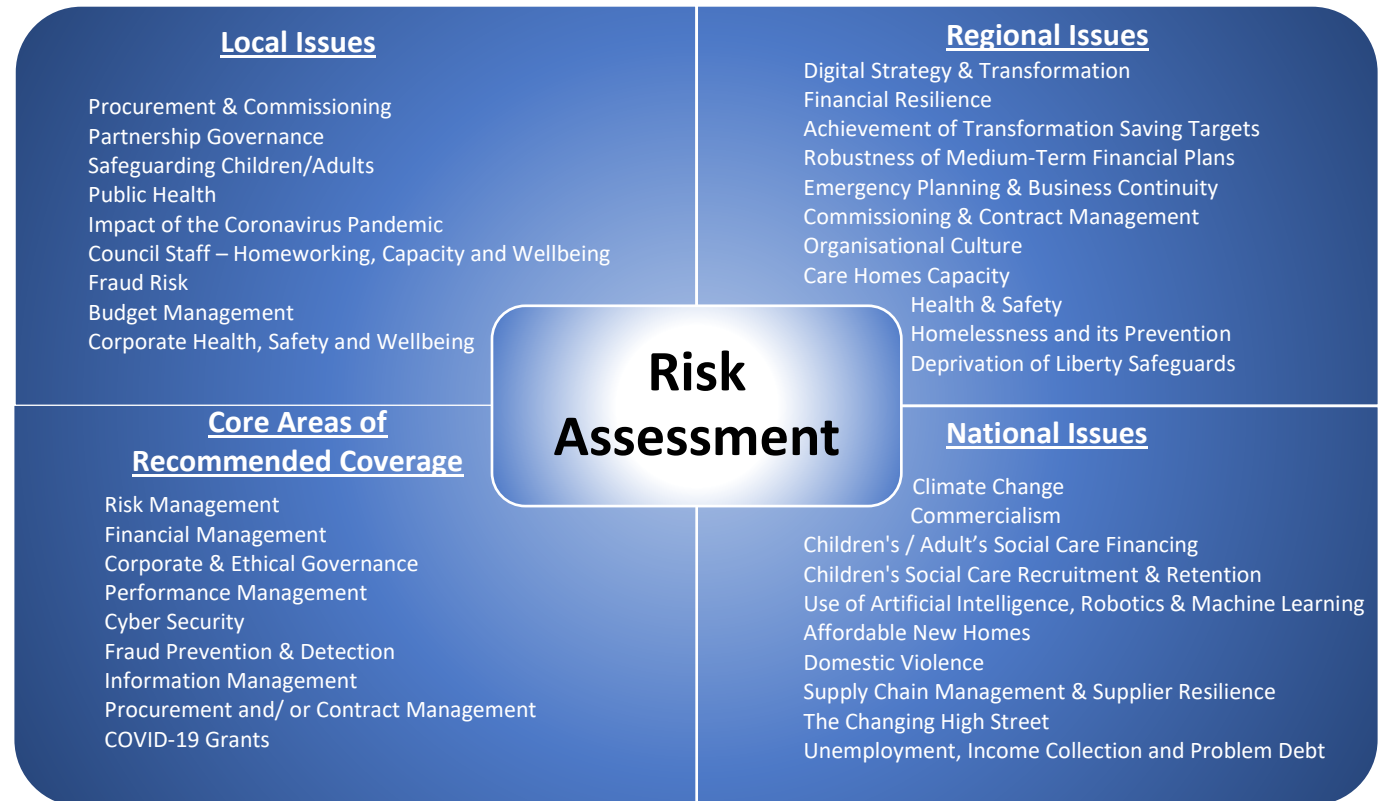
A documented risk assessment prior to developing an Internal Audit Plan, ensures that sufficient and appropriate areas are identified for consideration.

As above, it is the responsibility of the Authority's Corporate Leadership Team and the Audit Committee to ensure that, following our risk assessment, the proposed plan contains sufficient and appropriate coverage.

Internal Audit Annual Risk Assessment

Our 2021/22 Internal Audit programme of work is based on a risk assessment, which SWAP will re-visit regularly on at least an annual basis. The input of senior management as well as review of the Authority's risk register will be considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for Wiltshire Council:



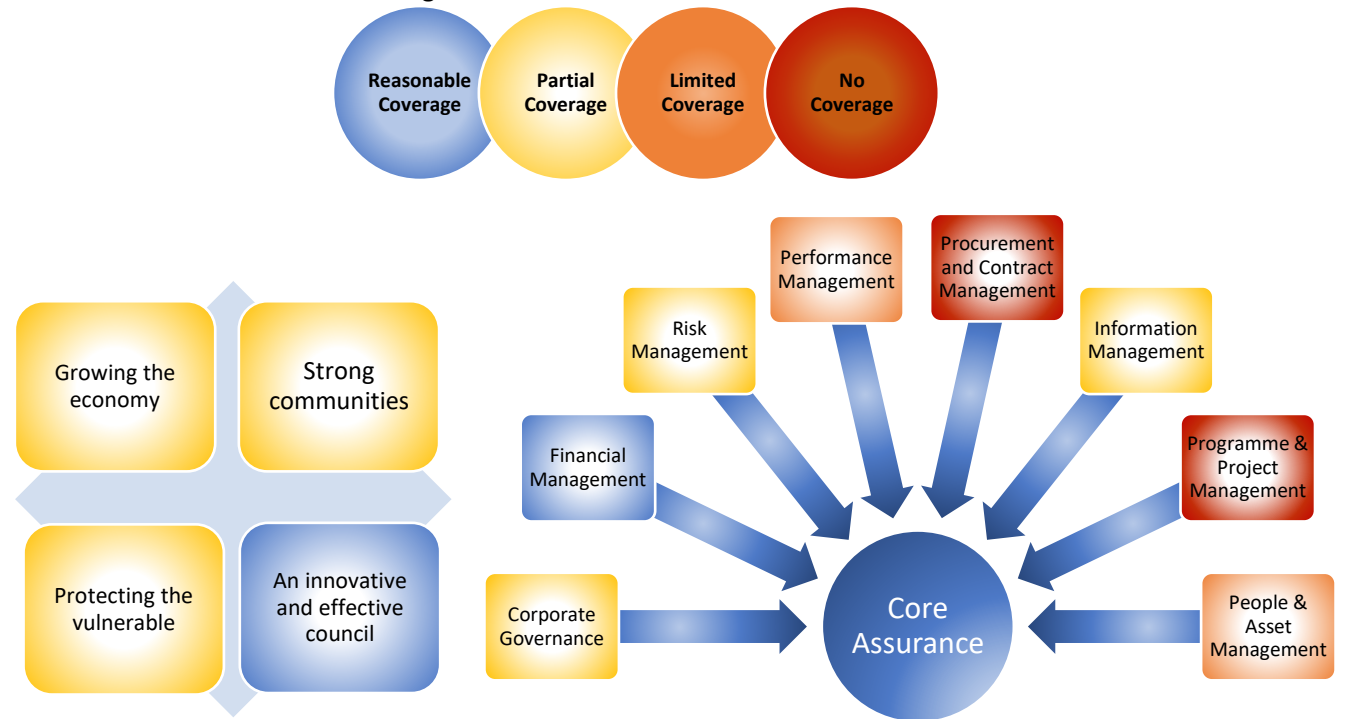
The Internal Audit Plan: Coverage

Following our SWAP Risk Assessment above, we have set out how the proposed 2021/22 Quarter 1 plan presented in Appendix 1 provides coverage of the Authority's key corporate priorities and risks, as well as our core areas of recommended audit coverage.

Internal Audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible in order to ensure sufficient and appropriate assurances are received.

Internal Audit Coverage in 2021/22

Following our SWAP risk assessment, we have set out below the extent to which the proposed quarter 1 plan presented in Appendix 1 provides coverage of the Authority's key corporate priorities and risks, as well as our core areas of recommended audit coverage:



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.

The Internal Audit Plan: Coverage

The page above sets out how our proposed 2020/21 Internal Audit Plan provides coverage of the Authority's key corporate priorities and risks, as well as our core areas of recommended audit coverage.

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

Risk Coverage in 2021/22 Quarter 1 Internal Audit Plan

Following our SWAP risk assessment and the preparation of the proposed 2021/22 quarter 1 audit plan, we have set out below coverage 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	Q1 Coverage
CRR.01 – Safeguarding Children	12	8	Yellow
CRR.02 – Safeguarding Adults	8	8	Yellow
CRR.03 – Salisbury's Economy	6	6	Orange
CRR.04 – Interest Rates Changes	6	4	Blue
CRR.05 – Cyber Resilience	16	8	Yellow
CRR.06 – Staff Capacity	6	6	Yellow
CRR.07 – Budget Management	16	16	Blue
CRR.08 – Contract Management	12	12	Orange
CRR.09 – Income Collection	9	6	Blue
CRR.10 – Brexit	12	9	Red
CRR.11 – Corporate Health, Safety & Wellbeing	4	4	Orange
CRR.12 – Information Governance	6	6	Orange

The Internal Audit Plan: SWAP

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, Tel: 07732 688505
Becky Brook, Principal Auditor – 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.

The Internal Audit Plan: SWAP

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- **Benchmarking and sharing of best-practice between our public-sector Partners**
- **Regular newsletters and bulletins containing emerging issues and significant risks identified across the SWAP partnership**
- **Communication of fraud alerts received both regionally and nationally**
- **Annual Member training sessions**

Our Reporting

A summary of Internal Audit activity will be reported quarterly to the Corporate Leadership Team (CLT) and the Audit and Governance Committee (as well as the introduction of a 'live' audit tracker being available throughout the year). This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of CLT and/or the Audit and Governance Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

Internal Audit Performance:

As part of our regular reporting to senior management and the Audit Committee, we will report on Internal Audit performance. The following performance targets will be used to measure the performance of our audit activity:

Performance Measure	Performance Target
<p style="text-align: center;"><u>Delivery of Annual Internal Audit Plan</u> Completed at year end</p>	>90%
<p style="text-align: center;"><u>Quality of Audit Work</u> Overall Client Satisfaction <i>(did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i></p>	>95%
<p style="text-align: center;"><u>Outcomes from Audit Work</u> Value to the Organisation <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	>95%

Wiltshire Council Proposed Quarter 1 Internal Audit Plan 2021/22

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
Corporate and Resources (including ICT)			
An Innovative and Effective Council CRR.04 CRR.07 CRR.09	Key Financial Controls 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.
	Assurance Mapping	Review of assurance sources with key services/functions.	Agreed with Corporate Director Resources.
	Adults, Childrens and Public Protection Procurement	Review of the controls in place for category strategies, contracts and exemptions in Adults, Childrens and Public Protection.	Requested by Corporate Director Resources.
	Various COVID Grants	Grant Certification – Full list to be confirmed and agreed.	Agreed with Corporate Director Resources.
An Innovative and Effective Council CRR.06 CRR.07 CRR.11	Workforce Planning and Capacity	During the Pandemic, many officers have been working additional hours with a risk that there may now be a reliance on this. This audit is to assess what actions have been taken to identify services where this may be the case and to review the controls in place to mitigate the impact this may have.	Requested by Director HR & OD.

Wiltshire Council Proposed Quarter 1 Internal Audit Plan 2021/22

Link to Corporate Priorities/ Corporate Risk Register	Areas of Coverage	Brief Description	Requested/Agreed by or Rationale for audit
Linked to all risks	Service Level Fraud Risk Assessments	Service level review of fraud risk assessments following the Baseline Assessment of Maturity for Fraud	Agreed with the Corporate Director Resources.
An Innovative and Effective Council CRR.05	ICT Reviews	Various ICT reviews identified within the Cyber Security Framework Review and the IT Governance Review.	Agreed with Director ICT, Digital and Organisational Innovation.
People			
Growing the Economy CRR.01	Council Oversight of Maintained Schools	An audit of the governance arrangements internal controls are operating over maintained schools. Deferred from 2020/21.	Agreed with Director Education and Skills.
Protecting the Vulnerable CRR.02 CRR.07 CRR.08	Adult Payments to Providers	Review of the controls in place for payments to providers as well as a wider view of the system to ensure it is effective and fit for purpose.	Requested by Corporate Director People and Corporate Director Resources.
	Good Lives Alliance	Review of the procurement process and the operational arrangements for the Alliance.	Agreed with Director Commissioning.
Strong Communities CRR.01 CRR.07	Supporting Families – Quarter 1	MHCLG requirement for audit of claims submitted reviewed a representative sample of families and achievement of outcomes.	Agreed with Director Families and Children.
Place and Environment			
Growing the Economy CRR.03 CRR.07	Growth Hub	Grant certification for the 2020/21 financial year.	Agreed with Director Economic Development and Planning.

Wiltshire Council Proposed Quarter 1 Internal Audit Plan 2021/22

Link to Corporate Priorities/ Corporate Risk Register	Areas of Coverage	Brief Description	Requested/Agreed by or Rationale for audit
Strong Communities CRR.07	Public Health Grant	Grant certification to support the S151 Officer's Statement of Assurance to Department of Health over expenditure complying with the conditions.	Agreed with Director Public Health.
	Local Transport Capital Grants	Grant certification to include: Local Transport Capital Block Funding (Integrated Transport and Highways Maintenance) Specific Grant Determination. Local Transport Capital Block Funding (Pothole Action Fund) Specific Grant Determination.	Agreed with Director Highways and Environment.
Follow Up Work and Support Activities			
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, ongoing support relating to delivery of the Internal Audit plan to ensure satisfactory progress and compliance with the Public Sector Internal Audit Standards.	
	External Audit	Ongoing liaison with External Audit.	

The Internal Audit Charter

Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Wiltshire Council, and to outline the scope of internal audit work.

Approval

This Charter was approved by the Audit and Governance Committee on 29th April 2020 and is presented to the Committee today 28th April 2021 to ensure it remains accurate and up to date.

Provision of Internal Audit Services

The internal audit service is provided by the SWAP Internal Audit Services (SWAP). This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by Wiltshire Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the organisation, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the organisation's level of contribution to SWAP. This is reviewed each year by the S151 Officer in consultation with the Chief Executive of SWAP.

Role of Internal Audit

The Accounts and Audit (England) Regulations 2015, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Organisation's operations. It helps Wiltshire Council accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibilities of Management, Audit Committee and Internal Audit

Management¹

Management is responsible for ensuring SWAP has:

- The support of management and the organisation;
- Direct access and freedom to report to senior management, including the Chief Executive and the Audit and Governance Committee; and
- Notification of suspected or detected fraud, corruption or impropriety.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Organisation. Management is also responsible for the appropriate and effective management of risk.

Audit and Governance Committee

The Audit and Governance Committee is responsible for approving the scope of Internal Audit work, receiving communications from the SWAP Assistant Director on the progress of work undertaken, reviewing the independence, objectivity, performance, professionalism and effectiveness of the Internal Audit function,



¹ In this instance Management refers to the Management Board and Statutory Officers.

and obtaining reassurance from the SWAP Assistant Director as to whether there are any limitations on scope or resources.

Internal Audit

The SWAP Assistant Director, as Head of Internal Audit, is responsible for determining the scope, except where specified by statute, of internal audit work and for recommending the action to be taken on the outcome of, or findings from, their work.

Internal Audit is responsible for operating under the policies established by management in line with best practice.

Internal Audit is responsible for conducting its work in accordance with the mandatory elements of the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. SWAP has been independently assessed and found to be in Conformance with the Standards.

Internal Audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. SWAP staff who have previously worked for the organisation will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

Relationship with the External Auditors/Other Regulatory Bodies

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation

The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

The Chief Executive for SWAP, the Executive Director and Assistant Director also report to the Section 151 Officer, and reports to the Audit and Governance Committee as set out below.

The Assistant Director will be the first and primary point of contact for the organisation for all matters relating to the Audit and Governance Committee, including the provision of periodic reports, as per company policy. The Assistant Director is also responsible for the design, development and delivery of audit plans, subject to the agreement of Wiltshire Council.

Scope and authority of Internal Audit work

There are no restrictions placed upon the scope of Internal Audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, Internal Audit may have access to any records, personnel or physical property of the organisation.

Internal audit work will normally include, but is not restricted to:

- Reviewing the reliability and integrity of financial and operating information used for operational and strategic decision making, and the means used to identify, measure, classify and report such information;
- Evaluating and appraising the risks associated with areas under review and make proposals for improving the management and communication of risks;

- Appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- Assist management and Members to identify risks and controls with regard to the objectives of the organisation and its services;
- Reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the organisation is in compliance;
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- Appraising the economy, efficiency and effectiveness with which resources are employed;
- Reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned, with performance and accountabilities established;
- Reviewing the operations of the organisation in support of their anti-fraud and corruption policy, ethical expectations and corporate values, investigating where necessary; and
- At the specific request of management, Internal Audit may provide consultancy services (including fraud investigation services) provided:
 - the Internal Auditor's independence is not compromised
 - the Internal Audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined, and management have made proper provision for resources the work.
 - management understand that the work being undertaken is not internal audit work.

Planning and Reporting

SWAP will submit to the Audit and Governance Committee for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The annual plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Director. SWAP will report at least two times a year to the Audit and Governance Committee or as agreed. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit and Governance Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought. The detailed report will also be copied to the Section 151 Officer and to other relevant line management.

The Assistant Director will submit an annual report to the Audit and Governance Committee providing an overall opinion of the status of risk and internal control within Wiltshire Council based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and SWAP Directors and Assistant Directors have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit and Governance Committee, the organisation's Chief Executive Officers or the External Audit Manager.