Wiltshire Council

Report of Internal Audit Activity

Plan Progress 2020/21 – April 2021

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

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:
This is the fourth quarterly report for 2020/21. Previous progress reports have detailed the impact of the Coronavirus (COVID-19) pandemic on the 2020/21 audit plan, with some activity having been flexed to appropriately support/evaluate financial processes and continue to deliver assurance and advice through a variety of approaches. Four members of the Internal Audit team were also seconded to the Council to support the COVID-19 business grant payments. Once member of the team continues to support the Council, whilst the remaining team members have now returned to audit work.

Audit Opinion:
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 February 2021, 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
Audit Plan – Percentage Progress*	
Completed	80%
Work at Report Stage	3.5%
Fieldwork	16.5%
* 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	
Quality of Audit Work	
Overall Client Satisfaction *(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)*	100%
Value to the Organisation *(Client view of whether our audit work met or exceeded expectations in terms of value to their area)*	100%

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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 engages in **benchmarking and cross comparison** across its partner base (and wider) and previous progress reports have reflected the delivery of outputs around a variety of subject areas.

SWAP has continued to use **data analytics** to deliver a programme of **Continuous Auditing** of key fundamental areas (accounts payable/receivable, main accounting, payroll etc). 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.

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.

SWAP is able to provide a range of resources to its partners, including general and bespoke material, and work is underway to support the development of proactive counter fraud tools. SWAP is a member of **CiFAS** which is a not-for-profit fraud prevention membership organisation managing the largest database of instances of fraudulent conduct in the country with members organisations from all sectors who share data to reduce instances of fraud and financial crime. **SWAP's Counter Fraud Team** facilitates access to counter fraud intelligence resources and issue alerts and newsletters to key officers in the Council. SWAP is also working with the Council to initiate their CiFAS membership.

SWAP is implementing an '**Agile Auditing'** framework and part of this involves delivering focused assurance 'packages' of work and producing shorter reports which can be issued more quickly and so reduce 'time to value' of the assurance or advisory outcome(s). In addition, internal audit planning processes are becoming more dynamic and designed to reflect a balance between a strategic plan which presents the high level 'shape' of internal audit activity with more detailed and iterative modelling within a shorter time horizon to ensure that our agreed and scoped activity remains relevant and current. Further details are set out in the separate report on internal audit planning.

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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
3	4	1	0	7	44	**56**
2	2	0	0	0	16	**18**
1	0	0	0	0	0	**0**
Totals	**6**	**1**	**0**	**7**	**60**	**74**

Outstanding Audit Actions by Priority
Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	0	0	0	0	19	**19**
2	0	0	0	0	13	**13**
1	0	0	0	0	0	**0**
Totals	**0**	**0**	**0**	**0**	**32**	**32**

Agenda Item 8 provides a summary of the outstanding Priority 1 and 2 non-schools actions.

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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 9. Unplanned work, special reviews or projects carried out on a responsive basis are requested through the Corporate Director 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 Corporate Director 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	In order to support the Council's COVID response, four members of the Internal Audit Team have been seconded to assist with the business grants process. Approximately 250 days to date have been used to support the Council in this area.
COVID-19 Business Grants - Processing	Redeployment	
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.
ICT Strategy	Removed	Replaced with ICT Governance Review.
ICT Governance Review	Addition	Replacement for the ICT Strategy audit.
Adult Safeguarding – Proactive Review of Finances	Addition	Review to provide assurance/evidence there had been no fraudulent activity on behalf of the Council following a complaint.

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Hullavington C of E Primary School	Deferred	Due to staff shortages and the pressures caused by the pandemic this audit has been deferred.
Stratford Sub Castle C of E School	Deferred	Due to staff shortages and pressures caused by the pandemic this audit has been deferred.
Growth Hub	Deferred	Review deferred to 2021/22, grant certification not due yet.
Additional Dedicated Home to School and College Grant	Deferred	Review deferred to 2021/22, grant certification not due yet.
COVID-19 Bus Services Support Grant (Restart)	Deferred	Review deferred to 2021/22, grant certification not due yet.
Data Breaches	Deferred	This audit has been deferred to enable the redeployment of SWAP staff to support the Council's COVID response.
Climate Change	Deferred	This audit has been deferred to enable the redeployment of SWAP staff to support the Council's COVID response.
Adults Safeguarding	Removed	This audit has been removed to enable the redeployment of SWAP staff to support the Council's COVID response.
Virtual Schools	Deferred	This audit has been deferred to enable the redeployment of SWAP staff to support the Council's COVID response.
Community Safety Partnerships	Removed	This audit has been removed to enable the redeployment of SWAP staff to support the Council's COVID response. An internal review of this area is also being undertaken.
Commercialisation Strategy	Removed	This audit has been removed to enable the redeployment of SWAP staff to support the Council's COVID response.
Brokerage	Amendment	This audit was originally intended to be a high-level review. Following initial discussions, it was agreed two separate reviews would be undertaken covering Adults and Childrens Brokerage.
Baseline Assessment of Maturity for Fraud	Addition	This baseline assessment is a corporate view of fraud maturity within the organisation.
Strategic Assets and Facilities Investigation	Addition	Investigation to examine the points raised in an anonymous letter to the Director Legal and Governance in respect of possible fraudulent activity.

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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.

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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.

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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			

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Action		
						1	2	3
ICT	Cyber Security Framework Review	Q2	Completed	Advisory	N/A			
Operational	Brokerage - Children's	Q2	Completed	Limited	12	0	6	6
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
Key Control	Accounts Payable - Continuous Assurance and Data Analytics	Q3	Completed	Reasonable	3	0	1	2
Follow Up	Christ the King Catholic School Amesbury	Q3	Completed	Follow Up	N/A			
Key Control	Accounts Receivable - Continuous Assurance and Data Analytics	Q3	Completed	Reasonable	3	0	1	2
Operational	Adult Safeguarding – Proactive Review of Finances	Q4	Completed	Advisory	N/A			
School	Whiteparish All Saints C of E Primary School	Q4	Completed	Reasonable	7	0	3	4
School	Southwick C of E Primary School	Q4	Completed	Substantial	3	0	0	3
School	Chilton Foliat CE (VA) Primary School	Q4	Completed	Substantial	3	0	1	2
School	Urchfont C of E Primary School	Q4	Completed	Reasonable	5	0	2	3
School	Crockerton C of E Primary School	Q4	Completed	Reasonable	5	0	2	3

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Action		
						1	2	3
School	Stonehenge School	Q4	Completed	Substantial	3	0	1	2
Operational	IR35 Compliance	Q4	Completed	Reasonable	3	0	3	0
Fraud Detection	CiFAS Data Matching Support	Q4	Completed	Advisory	N/A			
Governance, Fraud & Corruption	Baseline Assessment of Maturity for Fraud	Q4	Completed	Advisory	N/A			
Special Investigation	Strategic Assets and Facilities Investigation	Q4	Completed	Investigation	6	0	2	4
Grant Certification	Troubled Families	Q1-Q4	Completed	Certification	N/A			
Governance, Fraud & Corruption	National Fraud Initiative (NFI)	Q1-Q4	Completed	Advisory	N/A			
Redeployment	COVID-19 Business Grants – Post Payment Checks	Q3-Q4	Completed	Support	N/A			
Reporting								
Operational	Missing Children	Q4	Draft					
Key Control	Housing Benefit and Council Tax Support - Continuous Assurance and Data Analytics	Q3	Discussion					
In Progress								
Key Control	Main Accounting - Continuous Assurance and Data Analytics	Q3	Fieldwork					
Key Control	Council Tax - Continuous Assurance and Data Analytics	Q3	Fieldwork					
Key Control	Business Rates - Continuous Assurance and Data Analytics	Q3	Fieldwork					
Key Control	Housing Rents - Continuous Assurance and Data Analytics	Q3	Fieldwork					

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor Action		
						1	2	3
Key Control	Payroll - Continuous Assurance and Data Analytics	Q3	Fieldwork					
ICT	ICT Governance Review	Q2	Fieldwork					
Operational	Deprivation of Liberty Safeguards	Q3	Fieldwork					
Operational	Third Party Spend – Purchase to Pay	Q3	Fieldwork					
Follow Up	Contract Management	Q3	Fieldwork					
Redeployment	COVID-19 Business Grants - Processing	Q4	Ongoing					

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