

Wiltshire Council

Report of Internal Audit Activity

Plan Progress 2021/22 – July 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

COVID-19 SWAP Staff Redeployment Update:

Since our last update in April, the remaining SWAP redeployment within the business grants team has now concluded. The SWAP team are now able to completely focus on audit activity.

Introduction:

This is our first quarterly update for the 2021/22 financial year. Members will recall we are no longer planning on an annual basis. Instead, we have implemented a quarterly planning process producing a 'rolling wave plan' place-marking key areas of audit coverage.

Audit Opinion:

As you can see from our Internal Audit Work Plan presented within Appendix B, our completed work to date covers various grant certifications, with a number of assurance pieces in progress. As such, it is not possible to provide an opinion at this time.

Internal Audit Plan Progress 2021/2022

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 and a move to Assurance Mapping

Recent internal audit coverage and outcomes are reflected in the chart below. Audit coverage by corporate risk is just one measure of the extent of audit coverage. In addition, we also monitor coverage by ‘Corporate Plan Objectives’, ‘Core Areas of Recommended Coverage’, and also by ‘SWAP Top 10 Risk Themes’.

Additionally, we are currently working with the Council to develop a more holistic Assurance Map, which will identify and capture other streams of assurance over key risks across the Council. From this and our own coverage assessment we will be able to visually highlight key assurance gaps, but also build a better picture of assurance outcomes to help direct focus and oversight.

Corporate Risk	Audit Coverage	Assurance Assessment
CRR.01 – Safeguarding Children	In Progress	
CRR.02 – Safeguarding Adults	In Progress	
CRR.03 – Salisbury’s Economy		Advisory
CRR.04 – Interest Rates Changes	In Progress	
CRR.05 – Cyber Resilience	In Progress	
CRR.06 – Staff Capacity	In Progress	
CRR.07 – Budget Management	In Progress	
CRR.08 – Contract Management	In Progress	
CRR.09 – Income Collection	In Progress	
CRR.10 – Corporate Health, Safety & Wellbeing	In Progress	
CRR.11 – Information Governance	In Progress	

Coverage Key	
■	Good coverage completed
■	Adequate coverage Completed
■	Some aspects of coverage completed
■	No coverage to date

Assurance Key	
■ Substantial	Sound system of governance, risk management and controls exist.
■ Reasonable	Generally sound system of governance risk management and control in place.
■ Limited	Significant gaps, weaknesses or non-compliance were identified.
■ No Assurance	Fundamental gaps, weaknesses or non-compliance identified.

*Assurance assessment based on completed audit work.

Internal Audit Plan Progress 2021/2022

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

We will build our audit plan as the year progresses to ensure that we are auditing the right things at the right time.

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 2021/22 year (as of 30 June 2021) are as follows:

Performance Measure	Performance
<p>Quality of Audit Work</p> <p>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></p> <p>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>	<p>100%</p> <p>100%</p>

Internal Audit Plan Progress 2021/2022

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

Benchmarking:

We have undertaken a range of benchmarking exercises since our last report. We use our own SWAP partner councils for benchmarking, but also utilise a wider national group of the Chief Auditor's Network which has delivered some useful benchmarking data. The exercises undertaken since our last report are:

- Insurance – how Wiltshire compares to other Councils in terms of self-insurance and in-house handling of claims.
- Duplicate Payments – whether other Councils use bespoke software to identify duplicates in the payment process and if so, how successful this has been.
- Schools Forum – the make-up and constitution of other Council's Forums.
- Disclosure and Barring Checks – the approach taken by other Councils to ensure that volunteers are DBS checked where appropriate.

COVID Grant Certification Work:

Due to the COVID-19 pandemic, numerous grants have been issued by Central Government. We have therefore undertaken a number of COVID related grant certifications across the last quarter.

COVID Business Grants – Data Matching:

SWAP has been able to support the Council by matching data from the latest round of COVID business grants with the Credit Industry Fraud Avoidance System (CIFAS) in order to identify cases of potential fraud.

SWAP has also paid an annual subscription of £12,600 for 2021/22 to enable Wiltshire Council to continue to be part of CIFAS and utilise the data matching service.

Internal Audit Plan Progress 2021/2022

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	0	5	1	5	38	49
2	0	0	0	0	11	11
1	0	0	0	0	0	0
Totals	0	5	1	5	49	60

Outstanding Audit Actions by Priority Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	0	8	1	3	15	27
2	0	5	0	3	11	19
1	0	0	0	0	0	0
Totals	0	13	1	6	26	46

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

Internal Audit Plan Progress 2021/2022

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
Council Tax and Business Rates Continuous Audit Q1	Removed	The actions agreed within the 2020/21 review are not due to be implemented until September 2021. As these actions are key to the monitoring of this area, this continuous audit will not be undertaken in Q1.
Building Digital UK Grant	Addition	Update to guidance requiring Internal Audit certification in addition to the usual S151 Officer certification.

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
						2021/22 Plan Progress		
Complete								
Grant Certification	EU Transition Readiness Growth Hub Grant	Q1	Completed	Certification	N/A			
Grant Certification	Growth Hub	Q1	Completed	Certification	N/A			
Grant Certification	Supplemental Growth Hub Funding	Q1	Completed	Certification	N/A			
Grant Certification	Building Digital UK Grant	Q1	Completed	Certification	N/A			
Grant Certification	Supporting Families May Claim	Q1	Completed	Certification	N/A			
Reporting								
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q1	Q1	Draft					
Assurance	Accounts Receivable Continuous Audit Q1	Q1	Draft					
In Progress								
Assurance	Main Accounting Continuous Audit Q1	Q1	Fieldwork					
Assurance	Accounts Payable Continuous Audit Q1	Q1	Fieldwork					
Assurance	Payroll Continuous Audit Q1	Q1	Fieldwork					
Assurance	Housing Rents Continuous Audit Q1	Q1	Fieldwork					
Assurance	Treasury Management Continuous Audit Q1	Q1	Fieldwork					

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor		
						Action		
						1	2	3
Assurance	Assurance Mapping	Q1	Fieldwork					
Assurance	Adults, Childrens and Public Protection Procurement	Q1	Fieldwork					
Grant Certification	COVID-19 Additional Dedicated Home to School and College Grant	Q1	Fieldwork					
Assurance	Workforce Planning and Capacity	Q1	Scoping					
Assurance	Service Level Fraud Risk Assessments	Q1	Fieldwork					
ICT	ICT Incident Management Process	Q1	Fieldwork					
Assurance	Council Oversight of Maintained Schools	Q1	Fieldwork					
Assurance	Adult Payment to Providers	Q1	Fieldwork					
Advisory	National Fraud Initiative	Q1-Q4	Ongoing Support					
Advisory	External Audit Liaison	Q1-Q4	Ongoing Support					
Advisory	Anti-Fraud and Corruption Advice	Q1-Q4	Ongoing Support					
Advisory	CIFAS	Q1-Q4	Ongoing Support					
Advisory	COVID-19 Advice	Q1-Q4	Ongoing Support					
Yet to Commence								
Grant Certification	COVID-19 Bus Services Support Grant (CBSSG) Restart	Q1						

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor		
						Action		
						1	2	3
Assurance	Good Lives Alliance	Q1	Deferred to Q3 due to staff vacancies and sickness					
Grant Certification	Public Health Grant	Q1						
Grant Certification	Local Transport Capital Grants	Q1						