

Wiltshire Council

The logo for Wiltshire Council, featuring the text "Wiltshire Council" in a bold, green, sans-serif font. Below the text is a green, wavy horizontal line that tapers at both ends.

Wiltshire Council

Internal Audit Annual Opinion Report 2022-23

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Unrestricted

Internal Audit Annual Opinion – 2022/23: ‘At a Glance’



Reasonable internal audit opinion provided;



Building on our audit coverage with an aim to deliver assurance across key strategic risks;
(The rolling plan approach will help us to ensure that we are delivering the right audits at the right time)



Three Limited assurance opinions issued all of which were reported as a Significant Risk;
(Two of the 2021/22 significant risks previously reported have now been mitigated and in all other instances identified this year actions have been agreed and we will report back to the Committee once we believe the risks to be adequately mitigated)



A range of innovations and enhancements being made to our internal audit process throughout the year;
(Introduction of a flexible planning process, continuous assurance process on key council systems, introduction of agile auditing)

Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.

** Across the next year the Institute of Internal Auditors (IIA) is planning a significant change to the current International Professional Practices Framework (IPPF) which will ultimately be known as The Global Internal Audit Standards.*

The Internal Audit Charter, which is reviewed annually by this Committee, and guides the work of Internal Audit is based around the existing IPPF. SWAP is contributing to the consultation on the proposed new Global Internal Audit Standards. As such SWAP will be reviewing the Charter as further information becomes available from the IIA and will bring a revised charter to the Committee for approval later in the year.

In the meantime, we will continue to operate in accordance with our existing charter.



Purpose

The Head of Internal Audit should provide a written annual report to those charged with governance to support the authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment;
- Disclose any qualifications to that opinion, together with the reasons for the qualification;
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- Provide the opportunity to review the work actually undertaken during the year, and summarise the performance of the Internal Audit function against its performance measures, criteria and standards; and
- Comment on compliance with these standards and communicate the results of the Internal Audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content.



Background

The Internal Audit service for Wiltshire Council is provided by the SWAP Internal Audit Services. SWAP work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. Internal audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of SWAP for the 2022/23 year.

**Internal audit work is guided by the Internal Audit Charter which is reviewed annually.*

Executive Summary

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



Annual Opinion

I have considered the balance of 2022/23 audit work for Wiltshire Council, enhanced by the work of external agencies and am able to offer **Reasonable Assurance** in respect of the areas reviewed during the year, as most were found to be adequately controlled. Generally, risks are well managed, however some areas require the introduction or improvement of internal controls to ensure the achievement of the Council's objectives.

The significant risks identified in 2021/22 in relation to **Category Management** and **Procurement Exemptions** have been followed up and assessed as adequately mitigated although SWAP is currently undertaking further follow up work to ensure the small number of outstanding actions that were still being progressed are now fully implemented.

Three significant corporate risks were identified in 2022/23 in relation to:

- **Pension Payroll Reconciliation**
- **Pension Fund Key Controls**
- **ICT Network Boundary Defences**

A significant corporate risk was reported around the **Pension Payroll Reconciliation Project**. This project has now been outsourced in order to make improved progress.

We undertook a further full audit of **Pension Fund Key Controls** following the No Assurance opinion issued in 2021/22 and have identified it as a significant corporate risk. Whilst internal audit has not yet been able to report that the risk has been adequately mitigated, this is an area that we will continue to monitor and will report back to the Committee during the course of the 2023/24 year. The final significant risk was in relation to **ICT Network Boundary Defences** and again SWAP will continue to monitor and will report back to the Committee during the course of the 2023/24 year.

Whilst the day-to-day impacts of the COVID pandemic feel like they are behind us now, during the first half of the year, our work has been punctuated by the need for demand driven COVID related grant certifications. However, this has very much lessened during the second half of the year.

The table at [Figure 1](#) below, captures our audit coverage this year, mapped against the Authority's strategic risks, we have then overlaid the audit assurance outcomes of those risk areas that we have reviewed. The table demonstrates that we have provided some level of audit work across a number of strategic risks during the last

Executive Summary

Internal Audit coverage should be aligned to key corporate priorities and key corporate risks.

Figure 1 highlights our assessment of Internal Audit coverage against the Strategic Risks within 2022/23.

year. We are looking to work with Risk Management and the Extended Leadership Team going forward in order to ensure that we are providing wider audit coverage across the key risks that Wiltshire Council faces.

Figure 1: Audit Coverage by Corporate Risk

Strategic Risk	Coverage	Assurance assessment based on completed internal audit work
SR01 – Unable to meet demand for special educational needs or disability (SEND) school	None	
SR02 – Lack of Capacity in the Social Care Market	Some	Non-Assurance audit work
SR03 – Failure to Manage Housing Development	In progress	In Progress
SR04 – Increasing vulnerability to climate impacts	None	
SR05 – Uncontrolled cost of social care (predominantly adults)	Some	Non-Assurance audit work
SR06 – Cyber Resilience	Adequate	Limited
SR07 – Impact of negative media/social media coverage on the Council	Some	Reasonable
SR08 – Failure in Safeguarding Children	Some	Substantial
SR09 – Information Governance	None	
SR10 – Income Collection	Adequate	Reasonable
SR11 – Corporate Health, Safety and Wellbeing	Some	Non-Assurance audit work
SR12 – Hospital Discharges Resulting in Highly Restrictive Packages of Care	None	
SR13 – Budget Management	Good	Substantial
SR14 – Not on Track for the Council to be Carbon Neutral by 2030	None	

Coverage Key	
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In progress	Some aspects of audit coverage in progress
None	No audit 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
In progress	Work is currently ongoing
Non-Assurance Audit Work	Audit work undertaken does not result in an audit opinion being delivered such as advisory or grant certification work, but such work can contribute to internal audit's annual opinion

Audit Outcomes

Summary of Audit Opinions

At the conclusion of an audit assurance assignment each review is awarded an Audit Assurance Opinion:

- **Substantial** – A sound system of governance, risk management and control exists.
- **Reasonable** – There is a generally sound system of governance, risk management and control in place.
- **Limited** – Significant gaps, weaknesses or non-compliance were identified.
- **No** – Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified.



Summary of Audit Opinions and Audit Work by Type

Table 1: Summary of Audit Opinions

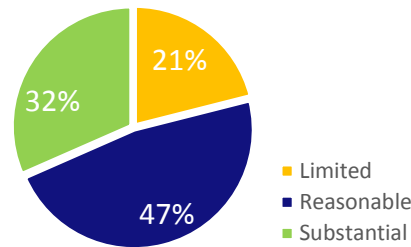


Table 2: Audit Work by Type

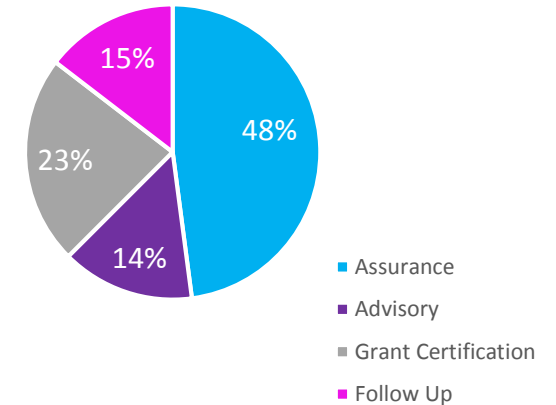


Table 1 above indicates the spread of assurance opinions across our work completed during the past year. We are looking to refocus how we decide which are the right areas for internal audit work and plan to work with Risk Management and ELT to better focus our audit work going forwards.

Table 2 indicates the audit work by type. Whilst assurance work is the main focus of Internal Audit, in an ever-changing landscape, Internal Audit has the knowledge and skills to be able to provide advisory work that supports the organisation in understanding these changes. In addition, there has continued to be a greater requirement for grant certification work, mainly due to the continuing number of COVID related government grants available to the Council and the requirement for the Head of Internal Audit to provide certification of these grant awards.

Value Added

'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.'



Value Added

Throughout the year, SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

CiFAS data Matching

SWAP has paid an annual subscription of £15624 for 2022/23 to enable Wiltshire Council to be part CiFAS. This data matching service will help the Council to both prevent and detect fraud. SWAP, is looking to support the Council to roll out the use of the CiFAS database initially in three areas, namely:

- Insurance Team
- Revenues and Benefits Team
- Blue Badges

SWAP has arranged training with CiFAS for these teams in using the database so that data matching can be started. It is SWAPs ambition to roll out the use of the CiFAS database more widely across the Council. Its introduction across other councils has had a positive benefit; for example, a reduction in the number of speculative insurance claims being received.

Benchmarking, Surveys and Data Analytics

During the year as part of our audit work, we have looked to provide additional information on top of our standard audit report. This might be benchmarking across the SWAP partnership or the wider reach of the Chief Internal Auditors Network. Undertaking surveys across appropriate internal groups to further evidence and enhance our work and using the SWAP's Data Analytics team to undertake analysis and enhance the way in which this is presented to the Council. Examples of this added value work are:

- Fraud Risk Self-Assessment surveys;
- Risk Management – Information sharing regarding FTE and reporting lines;
- Finance/HR System comparison work of systems used by other Councils; and
- Data Analytics on Key Financial Controls.

Regular updates

To help key officers in the Council keep abreast of changes, SWAP produces a monthly newsletter that provides information on topical areas of interest for public sector organisations.

Counter Fraud Team

SWAP's Counter Fraud team have been providing specialist fraud expertise during the year, along with some fundamental fraud assessment work to help our partners strengthen their resilience to fraud. Furthermore, the team also provide regular fraud bulletins to our partners on the latest intelligence on fraud targets.

Audit Performance 2022/23

The Chief Executive of SWAP reports overall performance of the company on a regular basis to the SWAP Board of Directors.



SWAP Performance

SWAP's performance is subject to regular monitoring and review by both the Board of Directors and Owners Board. The performance for Wiltshire Council for the 2022/23 year is as follows:

Performance Target	Performance Outturn
<p><u>Value to the Organisation</u></p> <p>Client view of whether our audit work met or exceeded expectations, in terms of value to their area across 22/23 year</p>	93%
<p><u>Implementation of audit actions</u></p> <p>We are continuing to work with ELT to provide better visibility of management actions through an improved process of audit action tracking. Once this process is established we envisage a much quicker response to following up actions therefore, hopefully, reducing the number that fall overdue.</p> <p>There have been no instances in 2022/23 where a control weakness has been brought to the attention of senior management and a decision is taken by them to accept the risk and not implement remedial action.</p>	

Internal Audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the International Professional Practice Framework (IPPF) 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). Both standards require an Internal and External Assessment (at least every five years) of the Internal Audit function.

SWAP exceeds this with an assessment undertaken every three years. The latest assessment undertaken in March 2020 found SWAP to be 'Generally Conforming' with the International Professional Practices Framework and the Public Sector Internal Auditing Standards (PSIAS) and is the highest level of performance awarded. As a result of the External Assessment, a Quality Assessment Improvement Plan (QAIP) is produced and maintained. This document is a live document, reviewed regularly by the SWAP Board to ensure continuous improvement. As the International Professional Practices Framework is currently under review, SWAP is considering when it will undertake its next External Assessment which is not formally required until March 2025.

Summary of Internal Audit Work 2022/23

The schedule below contains the audit work undertaken in 2022/23, along with the respective outturn. Members and officers have access to this via the live rolling plan.

At the conclusion of audit assignment work each review is given an Audit Assurance; a summary of the assurance levels is as follows:

- Substantial – A sound system of governance, risk management and control in place;
- Reasonable – A generally sound system of governance, risk management and control in place;
- Limited – Significant gaps, weaknesses or non-compliance were identified; and
- No Assurance – Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified.

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Assurance/Targeted Follow up Work							
Operational	ICT Disaster Recovery	Final	Medium Reasonable	6	0	0	6
Operational	Pension Payroll Reconciliation Project	Final	Medium Limited	5	1	4	0
Operational	Payroll Continuous Audit Q3-Q4	Final	High Substantial	3	0	0	3
Operational	Main Accounting Continuous Audit Q3-Q4	Final	Medium Reasonable	1	0	0	1
Operational	Council Tax & Business Rates Continuous Audit Q3-Q4	Final	Medium Substantial	1	0	0	1
Operational	Housing Rents Continuous Audit Q3-Q4	Final	Medium Substantial	1	0	0	1
Operational	Waste Collection Services	Final	High Reasonable	1	0	0	1
Operational	Housing Rents Continuous Audit Period 1	Final	Medium substantial	0	0	0	0
Operational	Accounts Payable Continuous Audit Period 1	Final	Medium Reasonable	2	0	2	0

Summary of Internal Audit Work 2022/23

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Operational	St Mary's C of E School	Final	High Reasonable	5	0	1	4
Operational	Accounts Receivable Continuous Audit Period 1	Final	Medium Reasonable	5	0	1	3
Operational	Pension Fund Key Financial Controls	Final	Medium Limited	13	2	9	2
Operational	Ludgershall Castle Primary School	Final	Low Substantial	3	0	0	3
Operational	Treasury Management Continuous Audit Period 1	Final	High Substantial	0	-	-	-
Operational	ICT Boundary Defences	Final	Low Limited	6	1	3	2
Operational	Housing Benefits & Council Tax support Continuous Audit Period 1	Final	High Substantial	3	0	0	3
Operational	Redland Primary School	Final	High Reasonable	5	0	1	4
Operational	Horningsham Primary School	Final	High Substantial	3	0	0	3
Operational	Manor Fields School	Final	High Reasonable	4	0	2	2
Operational	Interim Loans	Final	Low Reasonable	2	0	1	1
Operational	Council Tax and Business Rates Continuous Audit Period 1	Final	Medium Substantial	3	0	0	3
Operational	Canon's House Development Plan – Governance Review	Final	High Substantial	0	0	0	0
Advisory Work							

Summary of Internal Audit Work 2022/23

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	Recommendation		
					1 = Major	↔	3 = Medium
					1	2	3
Advisory	Workforce Planning and Capacity & Mental Health and Wellbeing	Final	N/A				
Advisory	Housing Private Finance Initiative Contracts	Final	N/A				
Advisory	Housing Rent Data Analysis	Final	N/A				
Advisory	Housing Rents Year End Balancing	Final	N/A				
Advisory	Financial Controls Feeder Systems	Final	N/A				
Advisory	CASPAR Migration Investigation	Final	N/A				
Advisory	School Cheque Fraud Investigation	Final	N/A				
Follow Up							
Follow up	Childrens Brokerage	Final	N/A	0	0	0	0
Follow up	Third Party Spend- Purchase to Pay	Final	N/A	4	0	4	0
Follow up	Care Home Alliance	Final	N/A	0	0	0	0
Follow up	Brokerage – Adults	Final	N/A	2	0	2	0
Follow up	Baseline Assessment of Fraud – Maturity Assessment	Final	N/A	N/A	N/A	N/A	N/A
Follow up	Category Management	Final	N/A	0	0	0	0
Follow up	Procurement Exemptions	Final	N/A	2	0	1	1
Grant Certification							

Summary of Internal Audit Work 2022/23

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Grant Certification	Supporting Families – May 2022 Claim	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Supporting Families – August 2022 Claim	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Supporting Families – December 2022 Claim	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Supporting Families – March 2023 Claim	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Superfast Broadband Annual Return	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Contain Outbreak Management	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Universal Drug Treatment	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Growth Hub	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Local Transport Grant	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Local Bus Services Operators Grant (BSOG)	Final	N/A	N/A	N/A	N/A	N/A
Grant Certification	Public Health Grant	Final	N/A	N/A	N/A	N/A	N/A
Work In Progress							
Operational	Payroll Continuous Audit – Period 1	In Progress					
Advisory	Roll out of CiFAS – Revenues and Benefits	In Progress					
Advisory	Roll out of CiFAS - Insurance	In Progress					
Advisory	Roll out of CiFAS – Blue Badges	In Progress					

Summary of Internal Audit Work 2022/23

Audit Type	Audit Area	Status	Opinion	No of Agreed Actions	1 =	↔	3 =
					Major		Medium
					Recommendation		
					1	2	3
Operational	Leisure Services – Wetside Health and Safety	In progress					
Advisory	Audit Committee – Skills Audit	In Progress					
Operational	ICT Identify Management in the Cloud	In progress					
Operational	Longleaze Primary School	In Progress					
Operational	Utility Contracts	In Progress					
Operational	Risk Management	In Progress					
Operational	S106	In Progress					
Operational	Payments to Providers – Adults	In Progress					
Operational	Main Accounting – Continuous Audit Period 1	In Progress					
Follow Up	Third Party Spend- Purchase to Pay - Further Follow Up	In Progress					
Follow Up	Brokerage – Adults - Further Follow Up	In Progress					