

**AUDIT COMMITTEE**

**26 October 2016**

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**INTERNAL AUDIT - Second Quarter Update (16/17) REPORT**

**Purpose of the Report**

1. This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section for the second quarter of 2016/17. In particular, it provides a summary of:
  - the outcomes of audits completed during the 2015/16 period and Quarter 1 and 2 audits planned in 2016/17;
  - the results and outcomes of follow-up reviews carried out during this period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year; and
  - an update on the delivery of the 2016/17 IA Plan, including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits.

**Executive Summary**

2. Overall 18 audits have been completed in year with a further 11 at draft/discussion document stage.
3. Recognising the need to align more closely internal audit effort with corporate risk areas, the 2015-16 Internal Audit Plan included combined assurance assignments (i.e. Healthy Organisation) for the first time. This approach required a more collaborative approach with officers to identify existing assurance arrangements (i.e. the three lines of defence).

SWAP completed the Corporate Healthy Organisation Review in April 2016 and has completed further pilot work in the following areas: Public Health; Highways; Children's Safeguarding; Economic Development and Adult Care.

4. In total, 9 audits have been carried forward from the 2015/16 IA Plan into 16/17 Plan. Of these, 8 are now complete, 1 is at draft stage.
5. Currently, 41 audits from the 2016-17 plan have commenced. 10 have been completed, 11 are at draft or discussion document stage, and 20 are in progress.
6. From this work no potential very high significant 'corporate' risks have been identified.

7. Since the last update report in July 2016, there has been one audit that afforded partial assurance.
8. Overall, during the 2016/17 financial year, 103 recommendations have been made by IA that includes Council Services and Schools. These have been broken down as follows:

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	HO	Total
2016/17	0	5	48	18	0	32	103
%	0%	4%	48%	17%	0%	31%	100%

9. Appendix B shows audits grouped by current status and highlighted as Red, Amber or Green.
10. Overall the performance of SWAP (16/17) is on track with the partnership performance measures.

### **Proposal**

11. Members are asked to note the findings from IA audits to date.

### **Reasons for Proposals**

12. To ensure an effective IA function and strong control environment.

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Unpublished documents relied upon in the preparation of this Report: None.

- Appendices: A – Report of Internal Audit activity quarter 2 update – 2016/17  
 B – Schedule of planned work 2016/17  
 C – Schedule of potential significant risks from Internal Audit work  
 D – Schedule of key points relating to “Partial Assurance” reviews  
 E – Outstanding Audit Recommendations – Council Services  
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 H – Healthy Organisation report

# Wiltshire Council

Report of Internal Audit Activity

Quarter 2 Update – 2016/17

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## Summary

**The Chief Executive of SWAP is required to provide an opinion to support the Annual Governance Statement.**

“risks are generally well managed and the systems of internal control are working effectively”



### Audit Opinion

Overall, based on the work completed to date this financial year, I can report that risks are generally well managed and the systems of internal control are working effectively. Management generally respond positively to Internal Audit suggestions for improvements and corrective action is often taken quickly, wherever this is possible or practical.

# Internal Audit Work Plan 2016/17

## Our audit activity is split between:

- **Operational Audits**
- **Key Control Audits**
- **Governance, Fraud & Corruption Audits**
- **IT Audits**
- **Special Reviews**



## Role of Internal Audit and Audit Work Quarter Summary

The Internal Audit service for Wiltshire Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The Partnership is also guided by the Internal Audit Charter approved by this Committee.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness. Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Associate Director, Finance (Section 151 Officer), following consultation with the Corporate Leadership Team, the Audit Committee and External Auditors. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, risk and control. This audit assignment activity is broken down into various categories of work as outlined in the bullet points shown in the column on the left of this page.

Carried forward from 2015/16 has now been completed except for the ICT Healthcheck audit that remains at draft. 10 audits from the 2016/17 plan have been completed, 9 are at draft, 2 at discussion document stage and 20 in progress. The progress in completion of the plan is on target for this stage of the year when carried forwards and summer holidays are considered.

## Internal Audit Work Plan 2016/17

### Outturn to Date:

**We rank our recommendations on a scale of 1 to 5: with priority 1 being very minor or administrative concerns that are not formally captured but the client is informally advised during the audit instead, through to priority 5 being areas of major concern that would require immediate remedial action by senior management.**

**Healthy Organisation recommendations are rated high; medium and low according to the opinion.**

“There have been 103 recommendations raised this financial year with 65% being lower priority 3 & 2, 74% priority 4, & 31% being medium assurance Healthy Organisation.”

“There have been no non-assurance opinions issued”



### Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2016/17 and any remaining work from the 2015/16 plan. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed from page 12 of this document.

In circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised in Appendix C. We are pleased to note that there are no significant risks to report this quarter.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘Partial Assurance Opinion’ have been summarised in Appendix D. There have been no audits reported this quarter that have been so assessed.

Appendix E includes any recommendations made and agreed but which are still outstanding three months after the final report has been issued. Please note action may be outstanding if implementation dates are not yet due. Appendix F includes recommendations made which were not agreed by management, there are three to report.

## Outturn to date:

### Efficiencies and 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.**

“Audits have added value through recommending improvements that will deliver more efficient processes.”



### Efficiencies and Added Value

Members requested that we provide them with examples of where we have “added value” to a particular service or function under review. In response to this we have changed our approach and internal processes and will now formally capture at the end of each audit where we have “added value”. The SWAP definition of “added value” is “it refers to 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”. As we complete our operational audit reviews and through our governance audit programmes across SWAP, we seek to bring information and best practice to managers to help support their systems of risk management and control.

**IDEA – Data Interrogation Software:** Whilst we have been using data interrogation software for many years we are now working closely with the Council to expand its use and value. As an example, we are working with the Head of Procurement to consider duplicate payments and other data interrogation scripts that may add value.

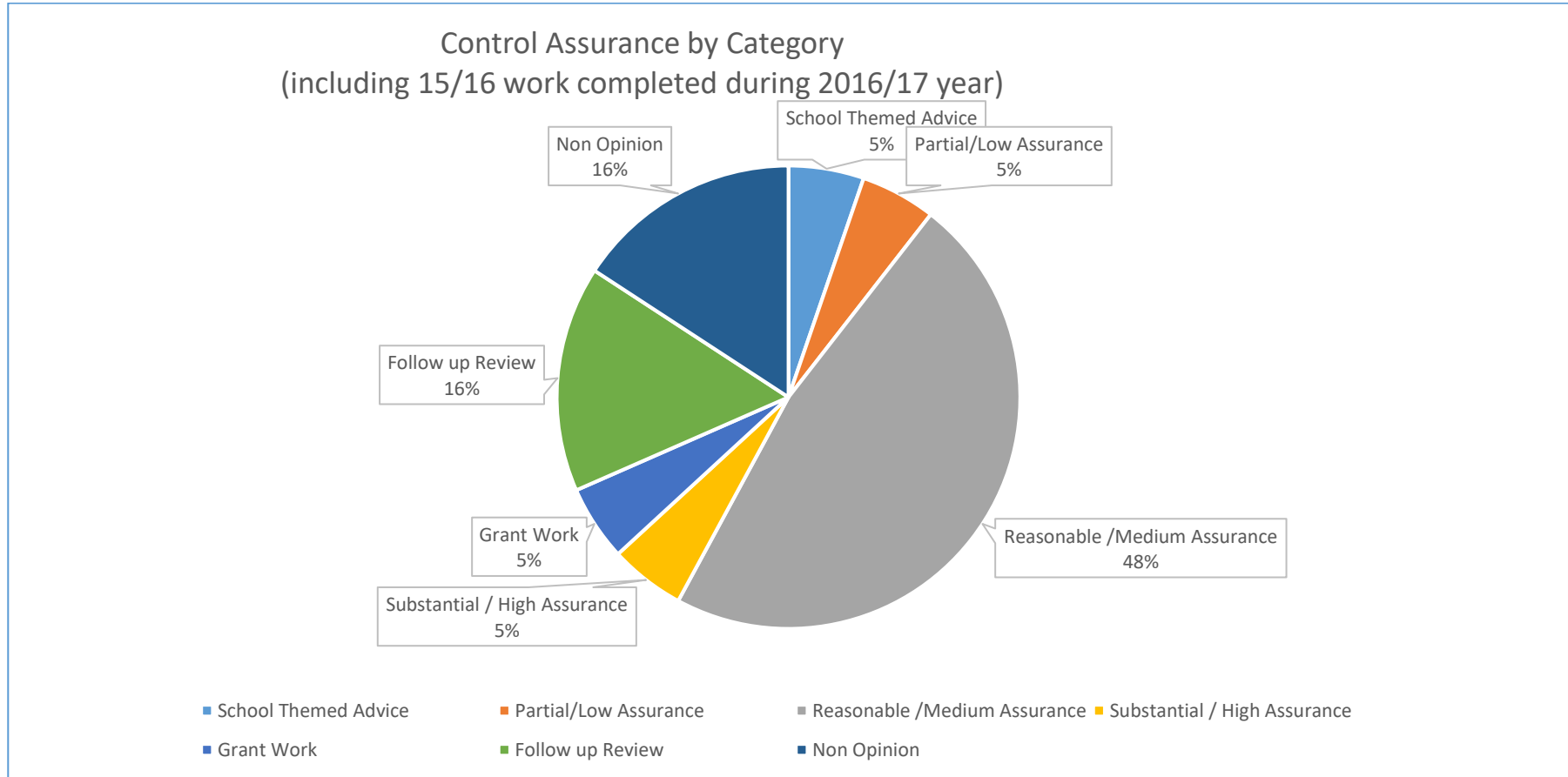
**Benefits Realisation:** During the quarter, we have completed a piece of non-opinion work on Benefits Realisation for the ICT area. There was little to be gained from an opinion based audit at this stage, since the organisation (i.e. not just ICT) acknowledges that it benefits management arrangements need refreshing. It was therefore agreed that, for ICT, a non-opinion piece of work to propose guidelines could usefully inform current working practices and procedures so that the Department is better prepared to comply with whatever approach the Council subsequently adopts.



# Internal Audit Work Plan 2016/17

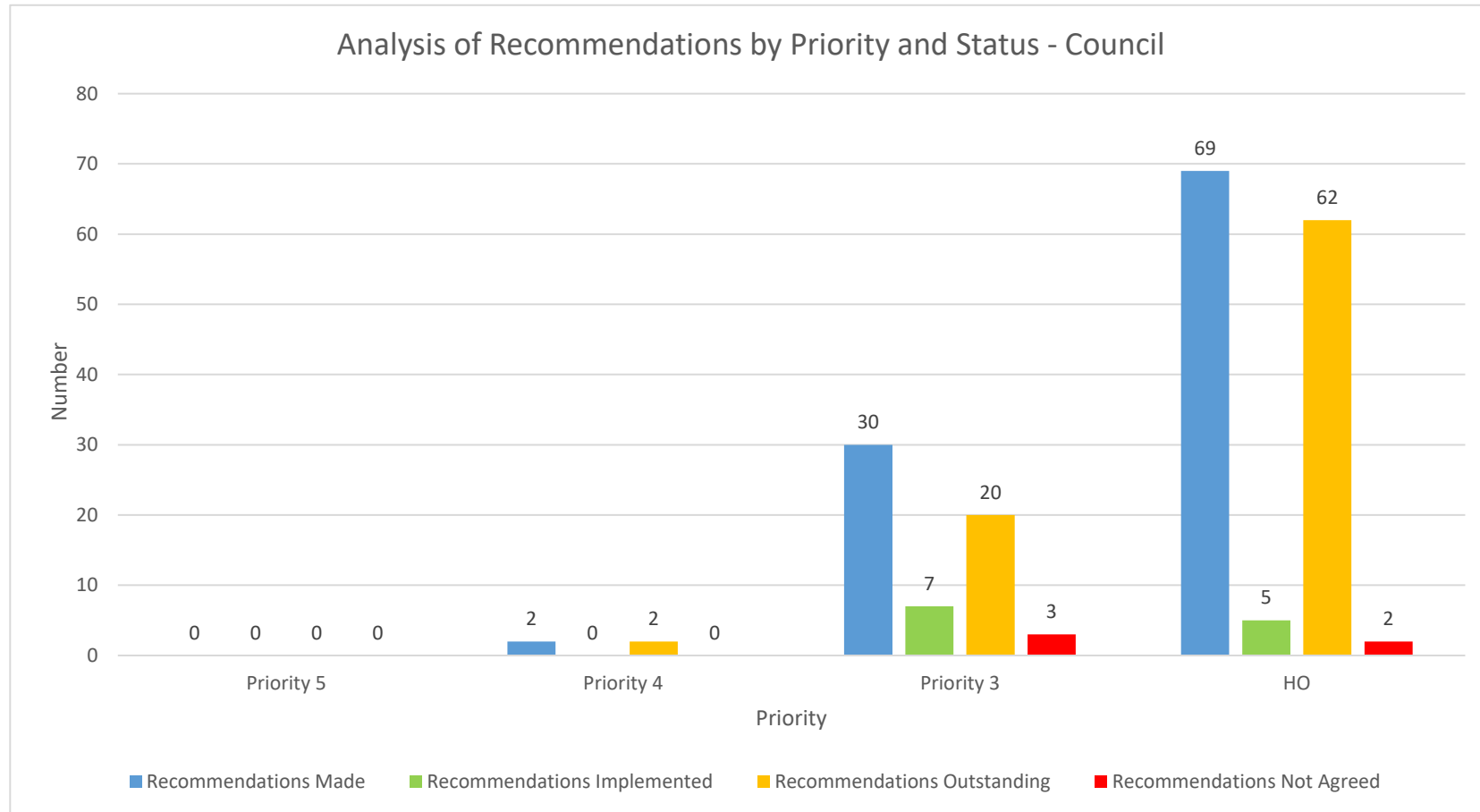


## Assurance by Category



**Summary of Internal Work to Date**

Note: Recommendations are analysed separately between Council services and Schools. Figures include recommendations arising from audit work carried out in 2015/16 and 2016/17 to date.



**Aged Analysis of Recommendations Outstanding 30th September 2016 - Council**

**Priority 5**

Age in days	<30	<60	<90	<120	>120	Total
Totals	0	0	0	0	0	0

**Priority 4**

Age in days	<30	<60	<90	<120	>120	Total
Totals	0	0	1	0	1	2

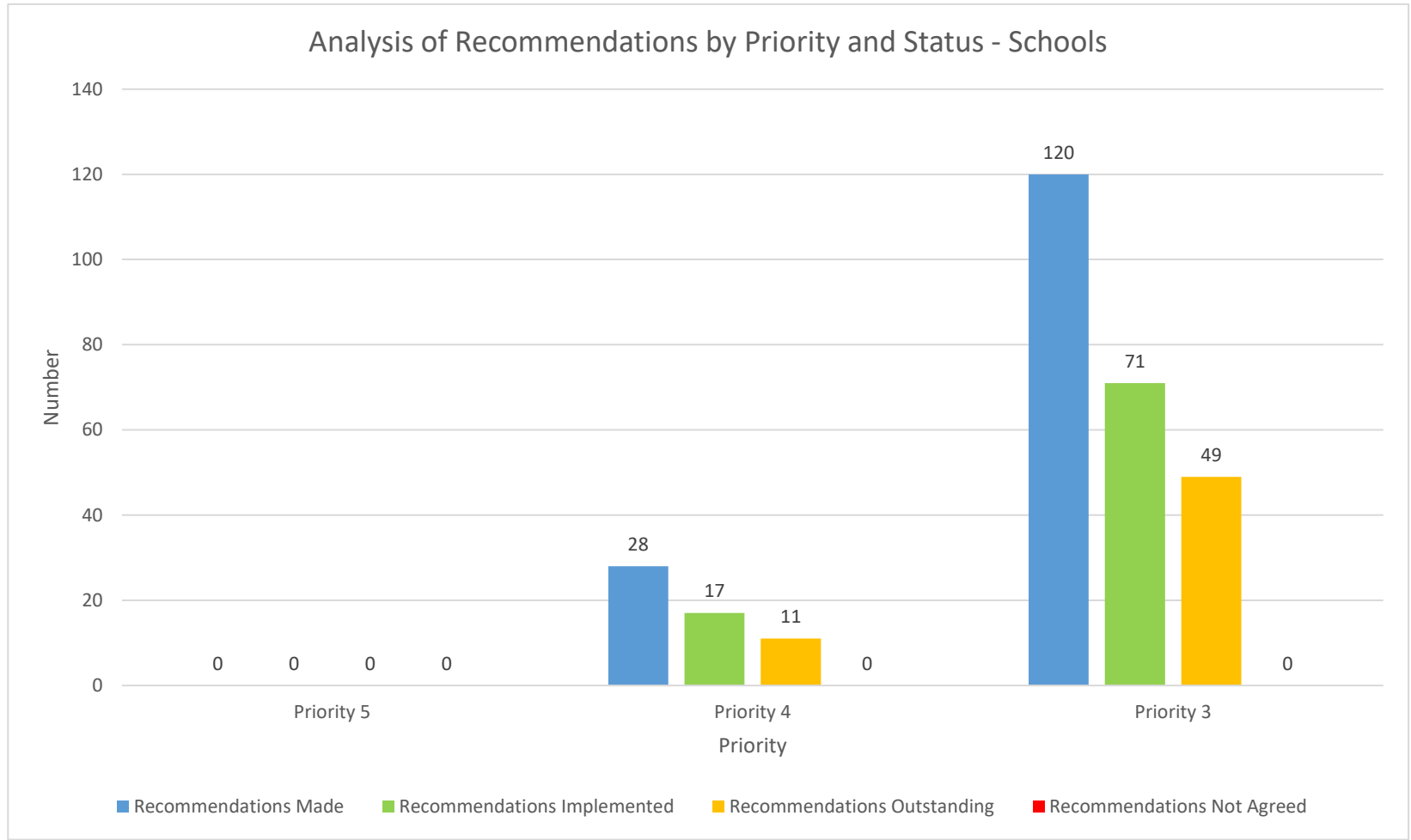
**Priority 3**

Age in days	<30	<60	<90	<120	>120	Total
Totals	0	0	12	0	8	20

**Healthy Organisation**

Age in days	<30	<60	<90	<120	>120	Total
Totals	14	0	14	0	34	62

Analysis of Recommendations by Priority and Status - Schools



**Aged Analysis of Recommendations Outstanding @ 30th September 2016 - Schools**

**Priority 5**

Age in days	<30	<60	<90	<120	>120	Total
Totals	0	0	0	0	0	0

**Priority 4**

Age in days	<30	<60	<90	<120	>120	Total
Totals	1	0	0	0	10	11

**Priority 3**

Age in days	<30	<60	<90	<120	>120	Total
Totals	15	0	0	0	34	49

# Internal Audit Work Plan 2016/17

The Chief Executive of SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



## SWAP Performance (Quarter 1-2)

SWAP now has 20 partners, including 14 councils and are proud to be a growing partnership.

SWAP performance is subject to regular monitoring review by both the Board and the Members Meeting. The respective performance results for Wiltshire Council for the 2016/17 year so far are as follows:

Performance Target	Average Performance
<b><u>Audit Plan – Percentage Progress</u></b>	
15/16 Percentage completion	100%
16/17 Final/Draft	36%
16/17 In Progress	24%
16/17 Yet to Start	40%
<b><u>Draft Reports</u></b>	
Issued within 5 working days of closeout	57%
Issued within 10 working days of closeout	86%
<b><u>Final Reports</u></b>	
Issued within 10 working days of discussion of draft report.	100%
<b><u>Quality of Audit Work</u></b>	
Customer Satisfaction Questionnaire	90%

**The Chief Executive of SWAP reports performance on a regular basis to the SWAP Management and Boards.**



## SWAP Performance

At the end of each audit review, a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 85% is set where 75% would represent a 'good' score. The accumulative feedback over the 2016/17 period for Wiltshire Council is 90%.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.



### Approved Amendments to Annual Audit Plan 2016/17

Planned audit work is detailed in Appendix B. Audit work remains under constant review to ensure that, if necessary, internal audit resources can also be targeted at emerging issues in a timely manner. Any changes that are required are agreed with the Associate Director Finance (Section 151) and are reported to the Committee.

#### **Removed Work (3 items)**

1. **BDUK:** We had originally intended to undertake a review of the Council's BDUK arrangements but this was subject to an independent review in the past 12 months which reported favourably. Consequently, we have been able to undertake a review of the Army Basing Programme, a request we received this quarter.
2. **CRC:** In addition, we were informed that we would not be required to assist with the Carbon Reduction Certification (CRC) Grant this year and that budget has been re-assigned to Luckington School following consultation with the School's Finance & Budgetary Control Team.
3. **SFVS:** The same team advised against undertaking the School theme work – SFVS Compliance. The budget has been re-allocated to the school reviews to permit extra auditor testing.

#### **Deferred Work (8 items)**

Eight audits have been deferred to later date in the 16/17 plan to take advantage of auditor efficiencies arising from undertaking audits in the functional area already that is already subject to review (e.g. financial audits to run alongside existing key financial control audits that occur in January 2017); school themed reviews to commence when all schools have either been or nearing completion.



At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- Substantial
- Reasonable
- Partial
- None



## Audit Framework Definitions

### Control Assurance Definitions

<b>Substantial</b>		I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
<b>Reasonable</b>		I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>		I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>None</b>		I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

### Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation 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 recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.



## Audit Framework Definitions

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

## Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Line No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
<b>2015/16 AUDITS AT FINAL/COMPLETED (STATUS GREEN)</b>																		
1	*Adult Care Services	Supporting Adults	Follow Up	Court of Protection	15/16	Complete	Follow-up	10/05/2016	17/05/2016	24/05/2016	17/05/2006	9	0	3	6	0	0	26161 (I), 26162 (I), 26566 (I), 26021 (I), 26025(I), 26272 (I), 26567 (I), 26024 (I), 26160(I)
2	*Economic development	Growth Hub	Grant Certification	Extended Growth Hub - BIS Grant	15/16	Compete	Grant	06/05/2016	17/05/2016	20/05/2016	17/05/2016	0	0	0	0	0	0	
3	*Information and communication technology	Information and Communication Technology	ICT	Primary & Secondary Datacentre Review	15/16	Complete	Reasonable	09/06/2016	27/06/2016	27/06/2016	06/07/2016	13	0	1	8	4	0	32562, 32563, 32683, 32587, 32560, 32581, 32582,32590, 32568
4	Schools - Primary (incl First, Infant & Junior)	Westwood with Iford School	School	Westwood with Iford School	15/16	Complete	Reasonable	15/03/2016	01/04/2016	29/03/2016	10/05/2016	13	0	0	9	4	0	31929, 31940, 31941 (I), 31942, 31949, 31950, (I) 31951 (I), 31952, 31953, 31954, 31971, 31972, 37092 (I)
5	*Children and families services	School Themed Reviews (Contingency)	School	Governors Minutes	15/16	Complete	Non Opinion	10/05/2016	07/06/2016	24/05/2016	22/06/2016	0	0	0	0	0	0	
6	*Children and families services	Healthy Organisation	Healthy Organisation	Combined Assurance - Children's Safeguarding	15/16	Complete	High/Substantial Assurance	30/11/2015	01/04/2016	14/12/2015	13/07/2016	14	0	0	0	0	14	32893, 32932, 32933, 32934, 32935, 32936, 32937, 32938, 32939, 32940, 32941, 32942, 32943, 32944,
7	*Transport and infrastructure	Healthy Organisation	Healthy Organisation	Highways	15/16	Complete	Medium/Reasonable Assurance	26/01/2016	03/03/2016	09/02/2016	06/07/2016	7	0	0	0	0	7	32894 (I), 32895 (I), 32896 (I), 32897, 32898, 32899, 32802
8	*Economic development	Healthy Organisation	Healthy Organisation	Economic Development	15/16	Final	Medium/Reasonable Assurance	08/03/2016	03/03/2016	22/03/2016	27/09/2016	11	0	0	0	0	11	32596 (I), 32573, 32574, 32600, 32575, 32598, 32597, 32576, 32595, 32578, 32577
<b>TOTAL RECOMMENDATIONS MADE</b>												67	0	4	23	8	32	
<b>2015/16 AUDITS AT DRAFT /DISCUSSION PAPER (STATUS AMBER)</b>																		
9	*Information and communication technology	Strategy and Governance	Governance, Fraud & Corruption	ICT Healthcheck	15/16	Draft		06/05/2016	29/07/2016	20/05/2016								This audit was delayed until the completion of the Healthy Organisation corporate review since findings across 8 Key Lines of Enquiry (KLOE) had implications for this work.
<b>2016/17 AUDITS AT FINAL/COMPLETED (STATUS GREEN)</b>																		
10	*Adult care services	Supporting adults	Operational	Adult Care - Deferred payments - WC	April 2016	Completed	Reasonable	02/09/2016	08/09/2016	16/09/2016	09/09/2016	1	0	0	1	0	0	33376
11	Schools - Primary (incl First, Infant & Junior)	Alderbury & West Grimstead CofE Primary School	Follow Up	Alderbury & West Grimstead CofE Primary School - WC	July 2016	Completed	Follow up	N/A	N/A	N/A	26/07/2016	0	0	0	0	0	0	Two recommendations remain outstanding from the original audit, Nos. 31174, 31286
12	*Information and communication technology	System support	ICT	Incident & Problem Management - WC	April 2016	Completed	Reasonable	13/07/2016	12/07/2016	27/07/2016	25/07/2016	6	0	0	6	0	0	32803, 32811, 32844, 32994, 33096, 33097
13	*Transport and infrastructure	Public transport	Grant Certification	Local Authority Bus Subsidy - WC	July 2016	Completed	Reasonable	09/09/2016	20/09/2016	23/09/2016	21/09/2016	0	0	0	0	0	0	
14	*Public Health	Public Health	Grant Certification	Public Health Grant - WC	July 2016	Completed	Reasonable	09/09/2016	20/09/2016	23/09/2016	21/09/2016	0	0	0	0	0	0	

Line No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
15	*Information and communication technology	ICT Service Delivery	ICT	Benefits Management Arrangements - WC	April 2016	Completed	Non-opinion	13/07/2016	15/07/2016	27/07/2016	20/07/2016	0	0	0	0	0	0	
16	*Economic development	Sustainability		Army Basing Programme - WC	April 2016	Final	Non-opinion	19/07/2016	25/07/2016	02/08/2016	02/08/2016	0	0	0	0	0	0	
17	Schools - Primary (incl First, Infant & Junior)	Pitton CoFE Voluntary Aided Primary School	School	Pitton CoFE Voluntary Aided Primary School - WC	April 2016	Final	Reasonable	01/08/2016	09/09/2016	15/08/2016	29/09/2016	13	0	1	6	6	0	33361, 33315, 33313, 33312, 33311 (I), 33309 (I), 33304
36	Schools - Primary (incl First, Infant & Junior)	Hilpertown CoFE Voluntary Controlled Primary School	Follow Up	Hilpertown CoFE Voluntary Controlled Primary School	July 2016	Final	Follow up	N/A	N/A	N/A	29/09/2016	0	0	0	0	0	0	One recommendation remains outstanding from the original audit, No. 30430
23	Schools - Primary (incl First, Infant & Junior)	Bishops Cannings CoFE (Aided) Primary School	School	Bishops Cannings CoFE (Aided) Primary School - WC	July 2016	Final	Partial	23/08/2016	14/09/2016	06/09/2016	29/09/2016	16	0	0	12	4	0	33479, 33480, 33502, 33494, 33486, 33486, 33485, 33483, 33482, 33481, 33491 (I), 33492 (I)
<b>TOTAL RECOMMENDATIONS MADE</b>												36	0	1	25	10	0	
<b>2016/17 AUDITS AT DRAFT /DISCUSSION PAPER - NO ISSUES TO REPORT (STATUS GREEN)</b>																		
18	*Adult care services	Supporting adults	Healthy Organisation	Adults Safeguarding	April 2016	Draft		19/07/2016	27/07/2016	02/08/2016								
19	Schools - Primary (incl First, Infant & Junior)	Staverton CoFE Voluntary controlled Primary School	School	Staverton CoFE Voluntary Controlled Primary School	April 2016	Draft		19/07/2016	21/07/2016	02/08/2016								The response to draft reports from schools is affected by the school summer holiday period
20	*Children and families services	Early Years	Operational	Early Years Funding - WC	April 2016	Draft		09/08/2016	18/08/2016	23/08/2016								
21	*Finance	Payroll and pensions	Operational	Pensions Administration Review - WC	April 2016	Draft		02/09/2016	27/09/2016	16/09/2016								
22	*Council property	Maintenance of council property	Operational	Vehicle Workshops - WC	April 2016	Draft		14/09/2016	22/09/2016	28/09/2016								
24	Schools - Primary (incl First, Infant & Junior)	Chirton CoFE Voluntary Controlled Primary School	School	Chirton CoFE Voluntary Controlled Primary School - WC	April 2016	Draft		26/07/2016	09/09/2016	09/08/2016								The response to draft reports from schools is affected by the school summer holiday period
25	Schools - Primary (incl First, Infant & Junior)	St Andrew's CoFE Voluntary Aided Primary School,	School	St Andrew's CoFE Voluntary Aided Primary School, Laverstock - WC	July 2016	Draft		16/08/2016	14/09/2016	30/08/2016								The response to draft reports from schools is affected by the school summer holiday period
26	Schools - Primary (incl First, Infant & Junior)	St Barnabas CoFE School, Market Lavington	School	St Barnabas CoFE School, Market Lavington - WC	April 2016	Draft		09/08/2016	09/09/2016	23/08/2016								The response to draft reports from schools is affected by the school summer holiday period
27	Schools - Primary (incl First, Infant & Junior)	Luckington Community School	School	Luckington Community School - WC	July 2016	Draft		24/08/2016	23/09/2016	07/09/2016								The response to draft reports from schools is affected by the school summer holiday period.
28	*Public Health	Public Health	Operational	Income Management & Public Protection - WC	July 2016	Discussion Document		07/10/2016		21/10/2016								Waiting for a response from the service to an appointment request.

Line No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
29	*Leisure and culture	Sports facilities	Operational	Leisure Centre Income Management - WC	April 2016	Discussion Document		07/07/2016		21/07/2016								Discussion of this work has been delayed by the annual leave arrangements of both the client officer and the auditor.
<b>2016/17 AUDITS IN PROGRESS (STATUS AMBER)</b>																		
30	Schools - Secondary (incl Upper)	Abbeyfield School	Follow Up	Abbeyfield School	July 2016	Fieldwork Completed												Discussions between the school & S151 are in progress regarding the school's finances.
31	*Human resources	Recruitment	Governance, Fraud & Corruption	Human Resources Security	July 2016	In Progress												Unable to arrange appointment with the service to initiate the work.
<b>2016/17 AUDITS IN PROGRESS - NO ISSUES TO REPORT (STATUS GREEN)</b>																		
32	*Housing	Housing Repairs	Operational	Housing Repairs	April 2016	In Progress		20/09/2016		04/10/2016								Audit commenced June 2016 2016, fieldwork well underway, but has been delayed by staff sickness.
33	*Management	Project management	Governance, Fraud & Corruption	Project Management Arrangements	April 2016	In Progress												Audit has commenced but awaiting ToR agreement by Council before setting dates.
34	*Information and communication technology	Business Continuity and Disaster Recovery	ICT	Business Continuity & Disaster Recovery	July 2016	In Progress		09/09/2016		20/09/2016								Work in progress but delayed by other priorities.
35	Schools - Primary (incl First, Infant & Junior)	Grove Primary School	Follow Up	Grove Primary School	July 2016	In Progress		N/A	N/A	N/A								Follow up action plan was issued in June, Deadline for submission of evidence extended until 25th July at request of school - new School Admin. Officer just appointed.
37	Schools - Primary (incl First, Infant & Junior)	St Nicholas CofE Primary School, Porton	Follow Up	St Nicholas CofE Primary School, Porton	July 2016	In Progress		N/A	N/A	N/A								Follow up action plan issued in June, deadline for submission of evidence (6/7/16). School has been chased.
38	*Healthy Organisation	Assurance Mapping	Advice	Assurance Map Update - WC	April 2016	In Progress		No report issued for this work										
39	*Planning and building control	Building control	Operational	Income Management - Building Control & Planning - WC	July 2016	In Progress		27/10/2016		10/11/2016								
40	*Legal services	Land registration	Operational	Land Charges - WC	July 2016	In Progress		07/11/2016		21/11/2016								
41	*Housing	Housing stock	Operational	Right to Buy - WC	July 2016	In Progress		17/11/2016		01/12/2016								
42	*Children and families services	Troubled Families	Grant Certification	Troubled Families PBR Certification - WC	January 2017	In Progress												This work is ongoing throughout the year, whenever a claim is due to be submitted.
43	Schools - Primary (incl First, Infant & Junior)	Box CofE Primary School	School	Box CofE Primary School - WC	October 2016	In Progress												Pre-audit work completed. Dates of visit yet to be agreed.
44	Schools - Primary (incl First, Infant & Junior)	Harnham CofE Controlled Junior School	School	Harnham CofE Controlled Junior School - WC	October 2016	In Progress												Pre-audit work completed. Dates of visit yet to be agreed.
45	Schools - Primary (incl First, Infant & Junior)	Ivy Lane Primary School	School	Ivy Lane Primary School - WC	January 2017	In Progress												Pre-audit work completed. Dates of visit yet to be agreed.



Line No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
66	*Economic development	Local Enterprise Partnerships	Governance, Fraud & Corruption	LEP Governance Arrangements - WC	October 2016	Created												
67	*Transport and infrastructure	Public transport	Grant Certification	Local Transport Settlement - WC	July 2016	Created												
68	*Finance	National taxation	Key Control	NNDR - WC	October 2016	Created												
69	*Finance	National taxation	Operational	NNDR (Business Rates) Arrangements - WC	January 2017	Created												
70	*Children and families services	School Themed Reviews (Contingency)	School	Overall Report on Compliance - WC	January 2017	Created												
71	*Finance	Payroll and pensions	Key Control	Payroll - WC	October 2016	Created												
72	*Finance	Payroll and pensions	Key Control	Pensions - WC	October 2016	Created												
73	*Healthy Organisation	Management	Governance, Fraud & Corruption	Performance & Risk Management - WC	July 2016	Created												
74	*Public Health	Public Health	Operational	Pharmoutcomes & SAP - WC	July 2016	Created												
75	*Children and families services	School Support & Advice	School	Right Choice - WC	October 2016	Created												
76	*Children and families services	Child protection	Follow Up	Safeguarding - WC	January 2017	Created												
77	*Housing	Estate management	Governance, Fraud & Corruption	Safeguarding Assets & New Homes Bonus - WC	July 2016	Created												
78	*Children and families services	School Support & Advice	School	School Liaison & Support Arrangements Review - WC	January 2017	Created												
79	*Procurement	Contracting	Governance, Fraud & Corruption	Service Area Specialist Commissioning - WC	October 2016	Created												
80	Schools - Primary (incl First, Infant & Junior)	St Mary's CoFE Infant School Marlborough	School	St Mary's CoFE Infant School Marlborough - WC	January 2017	Created												
81	*Information and communication technology	Threat and Vulnerability Management	ICT	Threat Management - WC	October 2016	Created												
82	*Finance	Treasury Management	Key Control	Treasury Management - WC	January 2017	Created												
83	*Information management	Access to information	ICT	User Access Controls - WC	July 2016	Created												
84	Schools - Primary (incl First, Infant & Junior)	Whiteparish All Saints CoFE Primary School	School	Whiteparish All Saints CoFE Primary School - WC	January 2017	Created												
<b>2016/17 AUDITS AT DEFERRED OR REMOVED (STATUS GREEN)</b>																		
85	*Children and families services	School Themed Reviews (Contingency)	School	School Theme - SFVS Compliance Review	April 2016	Removed												This is no longer required by Accounting & Budget Support. The budget has been reassigned to an perform an additional testing in schools to be visited in 16/17.





**APPENDIX B**

Line No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
104	Client Support	Corporate Advice	Advice	CLT Attendance	ALL YEAR													
105	Client Support	Contingency	Non Opinion	Non Opinion Contingency	ALL YEAR													
106	Client Support	Follow Up (Contingency)	Follow Up	Follow Up Contingency	ALL YEAR													
107	Client Support	Investigations (Contingency)	Governance, Fraud & Corruption	Fraud Contingency	ALL YEAR													

**Schedule of Potential Significant Risks Identified from Internal Audit Work**

NEW RISKS IDENTIFIED DURING THE PERIOD 1st April 2016 TO 30<sup>th</sup> September 2016

There were no significant risks identified from internal audit during this period.

# APPENDIX D

## Summary of Key Points Relating to “Partial Assurance” Reviews

AUDIT TITLE	SIGNIFICANT AUDIT FINDINGS	KEY ACTIONS AGREED BY SERVICE	DATES OF AGREED IMPLEMENTATION	DATE OF PROGRAMMED FOLLOW UP AUDIT
<p>School Financial Health Check – Bishops Canning School</p>	<p>This opinion reflects the number of recommendations made in the action plan and also the audit assessment of residual risk.</p> <p>Recommendations were made regarding the Governing Body, specifically the need for Governors to improve evidence of their understanding of their delegated authority and their challenge of the financial position of the school.</p> <p>Other recommendations were made to improve the way the school evidences value for money.</p> <p>Recommendations were also made in respect of improving controls over bank records; the purchasing process; income security and the management of the Business Card.</p>	<p>The School will update its Scheme of Delegation.</p> <p>Governors Meeting minutes will be accessible at the School.</p> <p>Finance reports will be regularly produced for and reviewed by the Finance Committee with their discussions clearly documented.</p> <p>All appropriate official orders will be recorded through SIMs.</p> <p>Procedures for card usage &amp; its monitoring will be updated.</p> <p>Banking of income will be undertaken regularly.</p>	<p>Sept – Oct 16</p>	<p>April 2017</p>

Outstanding Audit Recommendations - September 2016 - Council Services

APPENDIX E

Data revision date: 30 September 2016

Assigned to	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
<b>Accounts Payable</b>							
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	In one case a payment requests form had been processed for services without a invoice or equivalent confirming that the service had been carried out increasing the potential for fraud.	3	31595	31/03/2016	Up to date response requested - waiting for a reply from the service.
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	Evidence of additional tests for processing changes to Vendor bank details is not kept.	3	31426	31/03/2016	Up to date response requested - waiting for a reply from the service.
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	Although it could be seen that the monthly exception reports had been created, it was difficult to evidence that reviews of them had been undertaken.	3	31425	31/03/2016	Up to date response requested - waiting for a reply from the service.
<b>Accounts Receivable</b>							
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	Review of the processes adopted by service areas for raising invoices	4	31437	31/07/2016	Service advises that a revised Debt Management Policy will be presented to Cabinet for approval shortly. Once the policy is approved procedures and guidance will be revised.
<b>Housing Rents 2015-16</b>							
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	Current and former tenants credit balances are not always investigated in a timely manner and evidence of a review is not retained.	3	31805	31/03/2016	Still Outstanding. Draft Corporate income strategy has been produced - however until formally adopted, the Service is unable to finalise Former Tenant Arrears and Write Off procedures.
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	Procedures for former tenant arrears trace and legal action have been drafted but not formally adopted. Additionally, while balances have reduced this year, the outstanding balance remains significant for the service.	3	31803	01/04/2017	
<b>Pension Fund</b>							
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	The last full reconciliation between Altair and Pensions Payroll records and balances was undertaken in 2011.	3	31752	01/12/2016	Up to date response requested - waiting for a reply from the service (deadline 4/10/16).
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	Reconciliations and checks between Altair and the SAP Pension Payroll / GL data have been delayed. Average delays were noted between the period end and recorded checked date from 28 to 61 working days.	3	31646	01/06/2016	Up to date response requested - waiting for a reply from the service (deadline 4/10/16).

Outstanding Audit Recommendations - September 2016 - Schools

APPENDIX F

Data revision date: 30 September 2016

Assigned to	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
<b>Abbeyfield School</b>							
WUC Associate Director - Finance (Section 151 Officer)	15/03/2016	120+	4.1a Reporting of the School's financial position and challenge by the Governors has not been consistent over the past year.	4	30253	15/03/2016	Discussions between the school & S151 are in progress regarding development of the School's recovery plan. Follow up report currently in draft.
WUC Associate Director - Finance (Section 151 Officer)	15/03/2016	120+	3.1a The school's deficit has resulted in significant cash flow problems more recently which has risked inability to pay staff.	4	30522	15/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	15/03/2016	120+	3.1b The School's deficit budget plan has not yet been formally approved by Wiltshire Council although the School faces significant long term problems with recovery.	4	30523	15/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	15/03/2016	120+	4.1b Evidence of tracking progress against the School's deficit recovery is also not transparent from review of the Finance & Resources Committee minutes.	4	30254	09/12/2015	
WUC Associate Director - Finance (Section 151 Officer)	15/03/2016	120+	6.1a The Governor's minutes did not evidence authorisation of a tender or the basis of selection.	3	30257	09/12/2016	
<b>Alderbury &amp; West Grimstead CofE Primary School</b>							
WUC Associate Director - Finance (Section 151 Officer)	02/02/2016	120+	7.1a Benchmarking analysis has not been carried out.	3	31286	31/03/2016	See Appendix B - The School has already been subject to Follow Up review. This resulted in closure of all priority 4 and seven priority 3 recommendations. Additional Follow up of remaining two recommendations instigated 03.10.16
WUC Associate Director - Finance (Section 151 Officer)	02/02/2016	120+	13.1a The School does not as a rule check evidence of self-employment before paying individuals outside of the payroll.	3	31174	29/02/2016	
<b>Grove Primary School</b>							
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	12.2a The authorisation stamp applied to invoices does not require anyone to sign it confirming goods / services match the order.	3	31067	10/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	12.4a The authorisation stamp does not provide evidence of a separation of duties.	3	31068	10/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	14.2a The School's Charging and Remissions Policy lacks specific detail.	3	31070	10/03/2016	

Assigned to	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	15.2a No clear evidence that the monthly sums collected reconcile to the sums deposited at the bank and reconciliations are not verified.	3	31071	10/03/2016	Follow up action plan was originally issued in June and the deadline for submission of evidence was extended until 25th July at request of school. Delays resulted from significant changes from staff restructuring. The School has now responded following issue of reminders. Supporting evidence is currently being reviewed and a Follow Up Reported drafted.
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	12.6a There is no evidence of a clear separation of duties over the checking and reconciling of the charge card payments.	3	31076	10/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	15.1a Banking visits have extended beyond weekly, and increased amount of cash deposited beyond the safe limits.	3	31073	10/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	14.1a Income is recorded on SIMs FMS days after being banked.	3	31074	10/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	1.1a The Scheme of Delegation does not provide for the Governors to maintain oversight of the School's budget throughout the year.	4	31084	01/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	2.3a The School's Whistleblowing policy could be made more widely available.	3	31065	01/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	13.1a The School does not seek evidence to confirm individuals claiming to be self-employed before paying them outside of the payroll.	3	31072	10/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	11.1a It is not clear at what limit a minimum of three quotes are required or a service is put out to tender.	3	31063	10/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	12.3a An invoice was not certified for payment.	3	31069	10/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	11.2a The School needs to be able to demonstrate that at least three quotes are obtained and how services are put out to tender.	3	31061	10/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	12.1a Official orders are not always raised in SIMS FMS.	3	31062	10/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	1.2b Signed Governors' minutes were not available at the School for inspection and there were two sets of minutes with the same date.	3	31052	01/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	1.2a There was no diary of meeting dates set in advance for the year.	3	31053	01/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	4.1a It is not clear from the Governors' minutes whether the Governing Body formally approved the budget template in June 2015.	3	31055	01/03/2016	

Assigned to	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	1.1b The Scheme of Delegation should make clear the Governing Body responsibility to approve purchases / contracts above the stated threshold.	3	31051	01/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	5.1a Lack of evidence to demonstrate regular and timely budget monitoring.	4	31057	01/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	5.2a The budget monitoring report is not titled or does not specify the period it covers.	3	31058	01/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	7.1a Benchmarking analysis from the financial benchmarking website which has been presented to the Governors for their consideration was not evident.	3	31059	01/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/03/2016	120+	4.2a A potential cash shortage is forecast.	3	31056	01/03/2016	
<b>Hilpertown CofE Voluntary Controlled Primary School</b>							
WUC Associate Director - Finance (Section 151 Officer)	14/12/2015	120+	11.1a The Headteacher does not reconcile sums collected to sums deposited at the bank.	4	30430	15/12/2015	See Appendix B - The School has been the subject of a Follow Up review (Final Report issued 29/9/16), but this recommendation remains outstanding.
<b>Lacock CofE Primary School</b>							
WUC Associate Director - Finance (Section 151 Officer)	02/02/2016	120+	The School has not set an expenditure threshold above which contracts are put to tender.	3	31114	31/03/2016	Follow up Action Plan has been issued (30/9/16) and a response is awaited (due 7/10/16).
WUC Associate Director - Finance (Section 151 Officer)	02/02/2016	120+	The Governors have not approved financial limits above which a minimum number of quotations are to be obtained.	3	31117	31/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	02/02/2016	120+	Official orders are not always raised.	3	31144	01/09/2016	

Assigned to	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
<b>St Nicholas CofE Primary School, Porton</b>							
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	The School does not as a rule check evidence of self-employment before paying individuals outside of the payroll.	3	30480	30/06/2016	Follow up action plan issued in June, deadline for submission of evidence (6/7/16) was missed and thus School chased. Chair of Governors has responded, however there have been delays with submission of supporting evidence as a result of the Headteacher's absence.  Additional Accounting & Budget Support team has recently allocated resource to assist the School during this time and to facilitate collation of the evidence to support progress to date.
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	A separation of duties is not operated over the collection, recording and banking of income.	4	30470	31/01/2016	
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	There was a lack of evidence to demonstrate that tendering is applied to purchases above a predetermined limit.	3	30471	30/09/2016	
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	Financial limits for seeking quotes and going to tender is not stated in the Scheme of Delegation.	3	30474	30/09/2016	
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	Lack of controls over management of the After School Club budget resulting in overspend.	4	30957	21/03/2016	
WUC Associate Director - Finance (Section 151 Officer)	13/04/2016	120+	The School has not set up a Business Register.	4	30450	30/06/2016	
<b>Westwood with Iford School</b>							
WUC Associate Director - Finance (Section 151 Officer)	10/05/2016	120+	11.1a Financial limits for seeking quotes and going to tender are not stated in the Scheme of Delegation.	3	31953	01/06/2016	Follow up Action Plan has been issued on 30/09/16 and a response is awaited (due 7/10/16).
WUC Associate Director - Finance (Section 151 Officer)	10/05/2016	120+	1.1a The financial thresholds for delegated authority are not clearly stated in the School's Scheme of Delegation.	3	31929	01/06/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/05/2016	120+	4.1a It is not clear from Governors' minutes whether the Governing Body approved the annual budget.	3	31940	01/05/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/05/2016	120+	15.1a Banking is undertaken, on average, every 3 weeks.	3	31952	01/05/2016	
WUC Associate Director - Finance (Section 151 Officer)	10/05/2016	120+	2.1a The Business Register declaration forms were not available for inspection at the time of the audit visit.	3	31971	01/05/2016	



**Audit Recommendations Not Agreed**  
**(since last report to Audit Committee)**

No.	Assigned To	Final Report Issue Date	Description	Priority	Unique Reference	Target Imp. Date	Management Responses
1	Head of Economic Regeneration	27/09/2016	The SMT does not have a terms of reference document - I recommend that the SMT draws up a terms of reference document setting out its aims and objectives, role and responsibilities.	HO	32594	N/A	Not agreed – standing agenda items in place
2	Head of Economic Regeneration	27/09/2016	The service do not routinely calculate and present project benefit realisation in financial terms - I recommend that the service calculate and present project benefit realisation in financial terms in order to provide a means of measuring project success.	HO	32599	N/A	Impractical for all projects

**Executive Summary –  
Corporate (Final)**



**SWAP**

**SOUTH WEST AUDIT PARTNERSHIP**

Delivering Audit Excellence

**Wiltshire Council  
Combined Assurance - Healthy  
Organisation**

*Working in partnership with*

**Wiltshire Council**  
Where everybody matters

**Date of Report:** 29<sup>th</sup> September 2016

**Issued by:** David Hill  
Executive Director SWAP

## 1.0 Background

During the annual Internal Audit planning process of 2014/15 a review was undertaken to consider how internal audit could become more effective in supporting organisational continuous improvement. Wiltshire Council has undergone significant transformational change and continues this path.

The Internal Audit plan at that time had over 100 audits to deliver and it had become apparent that progression of the plan was challenging due to the pace of organisational change. The audit plan needed refocus and the concept of the Healthy Organisation (Combined Assurance) was introduced.

The Healthy Organisation approach, whilst a new concept when introduced at Wiltshire Council is now being undertaken at six of SWAP's other partners. SWAP are also working alongside other Local Authorities to introduce and where applicable refine the approach.

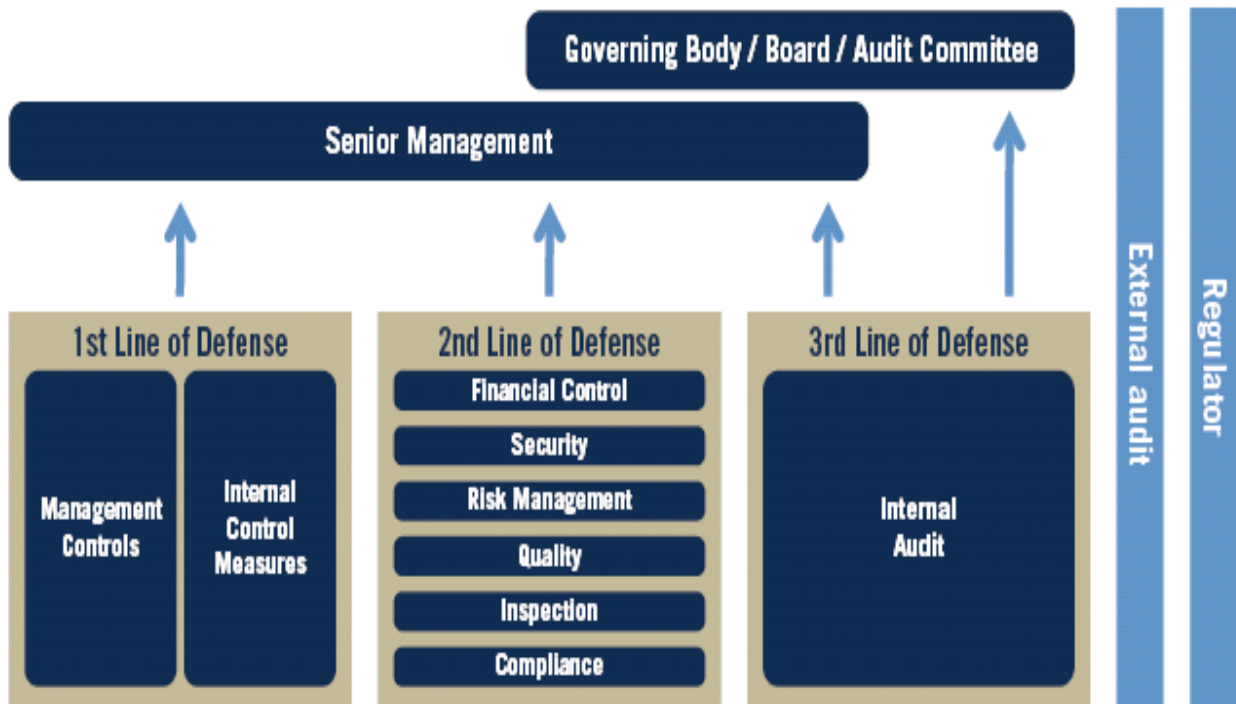
## 2.0 Introduction

The purpose of combined assurance is to provide an insight to Senior Management and the Audit Committee on assurance across all critical activities and key risks of the Council, and identify areas that we believe assurance or process could be improved. Working closely with Management and using the Healthy Organisation eight Key Lines of Enquiry (or themes), we have looked for gaps in assurance to help us identify potential areas for improvement. This undertaking has involved gathering and analysing assurance information within the Council's control environment that:

- encourages accountability with those responsible for managing their services (see Figure 1 below); and
- has involved review of relevant evidence as well as discussion with Senior Management.

The outcome was presented as a series of joint reports culminating in an agreed Improvement Plan which may result in further internal audit work or action taken by management itself.

The Institute of Internal Auditors issued a report entitled "the three lines of defence in effective risk management and control". This provides a helpful model for clarifying response at both an operational and strategic level. Within this model, management control is seen as the first line of defence, the various risk control and compliance over-sight functions established by management act as the second line of defence (for instance, risk registers), whilst the third is provided by independent assurance through internal audit work. Senior management and elected members sit above the model, with a key role and accountability for setting and aligning the culture through the behaviours framework, organisational objectives, defining strategies, policy and procedures and at the same time providing active scrutiny and challenge to achieve assurance. Please see Figure 1 below.



### 3.0 The Council

Wiltshire Council serves a community of approximately 474,300 people and employs around 4,800 officers, not including those staff employed in schools. Each year it is responsible for providing over 350 services to the community which are funded by a gross annual revenue, housing, capital and schools budget of approximately £900 million. The Council was constituted in 2009 from the former County Council and four district councils and, as a unitary body, it has been able to rationalise the combined estate into three administrative hubs and consolidate its services. This reorganisation supports the delivery of the Council's Business Plan (2013-17) which identified the need for budget cuts of £120 million over the same period.

The organisation is led by a leadership model that replaced the Chief Executive role with a team of 3 Corporate Directors, who comprise the Corporate Leadership Team (CLT). They are supported by 13 Associate Directors. The Council sets the budget and policy framework and within this framework, policy development is the responsibility of the Leader of the Council and the Cabinet whilst the CLT is responsible for advising and delivering this policy. This approach ensures that the dividing line between the officer and political roles does not blur.

The Council's vision is clearly articulated in its Business Plan (2013-17) as *'to create stronger and more resilient communities'* which is supported by three corporate objectives:

- To protect those who are most vulnerable.
- To boost the local economy thereby creating and safeguarding jobs.
- To support and empower communities to do more for themselves.

The organisation's view is that resilient communities are less dependent upon public services. For this reason, there has been considerable activity towards engaging with the community to enable the Council to devolve some services and decision making to those in receipt of these services. To this end, it has established 18 Area Boards comprising representatives from the community, Local Councillors, officers as well as local bodies including the Police and the local NHS. In turn, these boards will be served via a network of campuses and at this time, campuses are being established in Corsham, Melksham, Tisbury, Pewsey, Calne, Cricklade and Salisbury.

The challenge for the organisation's services is to demonstrate how their decisions support the Council's vision and objectives as specified in its Business Plan, which is currently subject to review.

## 4.0 Executive Summary

### Assurance Themes

The concept of a Healthy Organisation review is to arrive at an objective assessment of the relative 'health' of an organisation. The review framework looks to specifically assess against eight key themes; Corporate Governance; Financial Management; Risk Management; Performance Management; Commissioning and Procurement; Information Management; Programme & Project Management; and finally, People and Asset Management. These eight themes have contributed towards our overall assessment and understanding of the Council as a 'Healthy Organisation'. Each of these themes have been reviewed and a Red, Amber and Green (RAG) rating has been applied.

To stay 'healthy' however, the Council, like all organisations, must undergo periods of change to remain current, otherwise it may become static and set in its ways. But such change does introduce uncertainty and not just to people. The existing control framework itself is also challenged by the new demands brought about by the very change needed to move the Council forward. At the start of this change, this framework is in part unproven. Consequently, all healthy organisations must move between periods of green and amber as they set new priorities which are then subsequently reflected in their governance and service structures. This lifecycle is an ongoing, iterative process.

As specified in its Business Plan, the Council recognises the need to realign services over the next three years to deliver priorities in response to the £120m reduction in funding. This will demand sound business decisions that are open to public scrutiny. To prepare for this, the Council's strategies, policies and procedures must be fit for purpose and be consistently applied. The Council has taken steps to strengthen financial control by tightening the approval and control of its expenditure which is hoped to reduce expenditure by up to 20%. Improvements to its budget monitoring process are also being deployed whilst other initiatives involve the drive to reduce agency costs by hiring permanent employees. However pressures remain and the Council continues to monitor its financial position closely since its reserves are nearing the minimum levels recommended by the Section 151 Officer. This review has detected a number of areas that require improvement, the more significant are summarised below:

- A review was undertaken in 2014/15 to examine the Council's decision making protocols and to reduce the number of governance boards. However, this was not fully actioned and additional boards have been set up since. For example, there are boards considering decisions on assets and IT, as well as those that overlap other areas of policy development such as transport, housing and care.
- The need to strengthen further the links between the Service Delivery Plans, Medium Term Financial Strategy and the new risk management framework was also detected.

- The Financial Strategy did not effectively tie into planning strategies such as those supporting resources including people, ICT etc. Whilst we welcome the initiative to encourage services to take greater responsibility for their finances, these procedures are new and their effectiveness unproven at a service level.
- Some services were not capturing and reporting their performance in a consistent way which could undermine strategic officer efforts to understand the organisation's efficiency and effectiveness.
- Finally, we also noted potential issues with activities that fall outside of central control such as the management of procurement of lower value items and projects that are managed outside of the Programme Office control. This could mean that such activities are not subject to appropriate scrutiny and lead to financial loss (projects failing to deliver on time or to budget, fraud etc.) and lead to reputational harm.

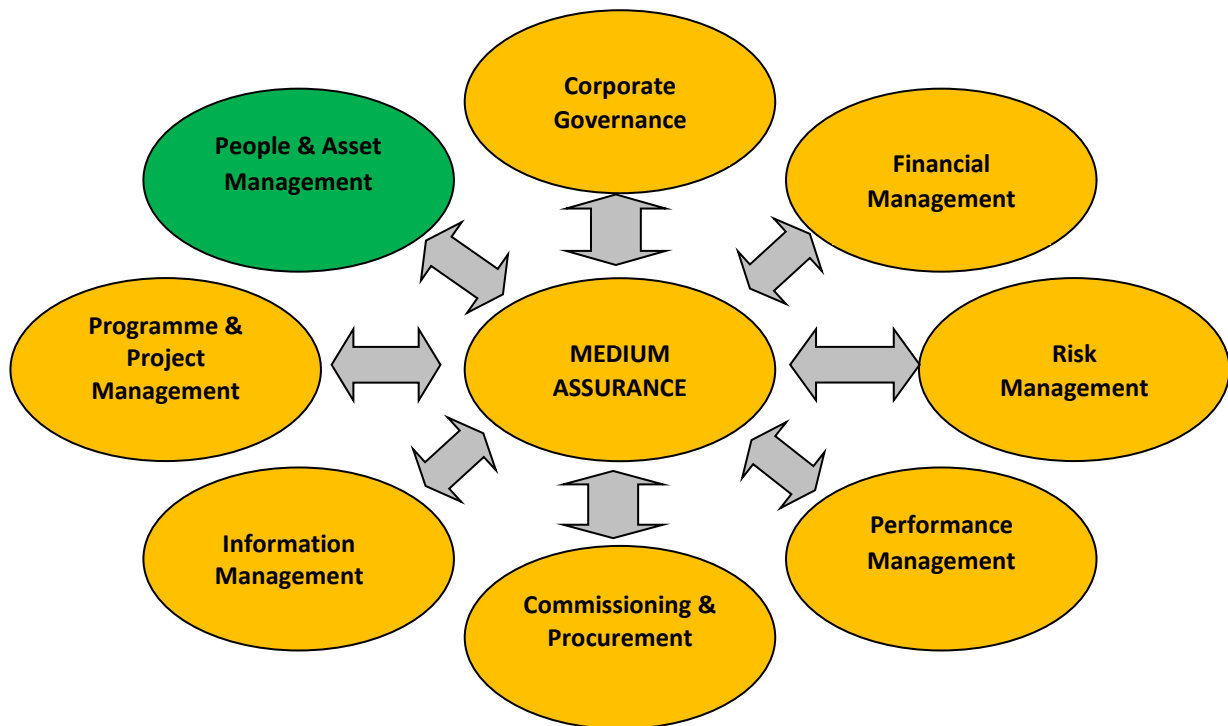
## 4.0 Healthy Organisation Theme Review

### Assurance Opinion

The assurance for each of the eight themes referred to above have been reviewed and depicted in the following chart. This indicates a **Medium Assurance** opinion. On the whole, assurance arrangements were working effectively, management are aware of their streams of assurance and this was supported by corporate and third party evidence. However, as outlined above, change is inflicting stresses upon the existing control framework which has led to the conclusion and a plan for future work over the next 12 months. This opinion is wider than our annual audit opinion, as it also reflects management’s own assessment of their portfolio and control framework.

It is important to note that **High Assurance**, the highest rating may not be the desired outcome for all areas of the Council. It is for management to consider whether the cost of the introduction of new controls to achieve **High Assurance** outweighs the risks.

### Theme overall assurance graph (Figure 2)



### R/A/G Rating Key:

- RED** (Low Assurance / High Risk)
- AMBER** (Medium Assurance / Medium Risk)
- GREEN** (High Assurance / Low Risk)



## 5.0 Update

A detailed report was presented to the Audit Committee in October 2015 at which point an Improvement Plan to support continuous improvement was agreed. The Improvement Plan in Section 6.0. has been updated to reflect progress to date or where there are planned audits to examine these areas in more depth.

Further work has also continued at service level and reviews have been undertaken in the following areas and an assurance opinion provided. Each review has led to individual improvement plans and these will be monitored through the Internal Audit follow up procedures.

Area	Assurance Opinion
Economic Development	High
Highways	Medium
Children's Safeguarding	High
Adults Care	High

### Summary Findings

#### Economic Development

The service was assessed as strong in all themes of the review, with the majority of the key lines of enquiry receiving a high assurance rating. Good governance through close involvement in the work of the service by Cabinet, Joint Scrutiny Task Group and the Joint Strategic Economic Committee assurance groups provides a high level of scrutiny of and support to the service. Project management was also assessed as strong, with major project initiatives delivered by the service and its partners using a recognised project methodology. The service also scored high too in financial resilience, the majority of the growth initiatives delivered by the service and its partners being funded externally in particular leveraging wherever available external funding to deliver growth initiatives in partnership with the SWLEP and other organisations. Risk assessment was seen to form an active and routine part of the service and project planning, monitoring and reporting and the service scored high in the Commissioning and Procurement theme of the review. At the same time, some minor development needs were indicated in a number of areas across six of the eight themes of the review, and these have been reflected in the improvement plan where issues and actions to address are recorded.

### Highways

Medium assurance was awarded to four of the eight themes and all eight of these recorded in their assessments of key lines of enquiry a mix of both high and medium level assurance ratings (the audit review coincided with a more technically focussed service specific peer review conducted by a team of independent industry peers which, having a different scope, awarded in aggregate a different assurance rating than here). Assessed as high assurance, the service scored well in the Commissioning and Procurement theme of the review, achieving value for money by letting contracts through a competitive process and by employing industry best practice contract templates. In the same theme, the assessment found the service successful in pursuing the Social value and local engagement objectives of the corporate procurement policy through a variety of initiatives including TUPE'ing local staff into contract provider teams and encouraging contractors to use local sub-contractors and provide training and development for the workforce. High assurance was also awarded by the review to the governance theme where Service Delivery Teams, the Contract Management Group, CATG sub committees of the Area Boards and the Environmental Select Committee provide management oversight, overview and scrutiny over the decisions of the Highways Service. Risk management was rated strong too in the service where the finding was that risk is both a key consideration in determining what schemes are prioritised and, within each scheme being carried out, what measures are taken to mitigate risk and avoid hazards. That said, at the same time, the review indicated a number of improvement needs across the majority of the eight themes where actions have been developed by the service to address these and are recorded in the improvement plan in the appendix at the end of the report.

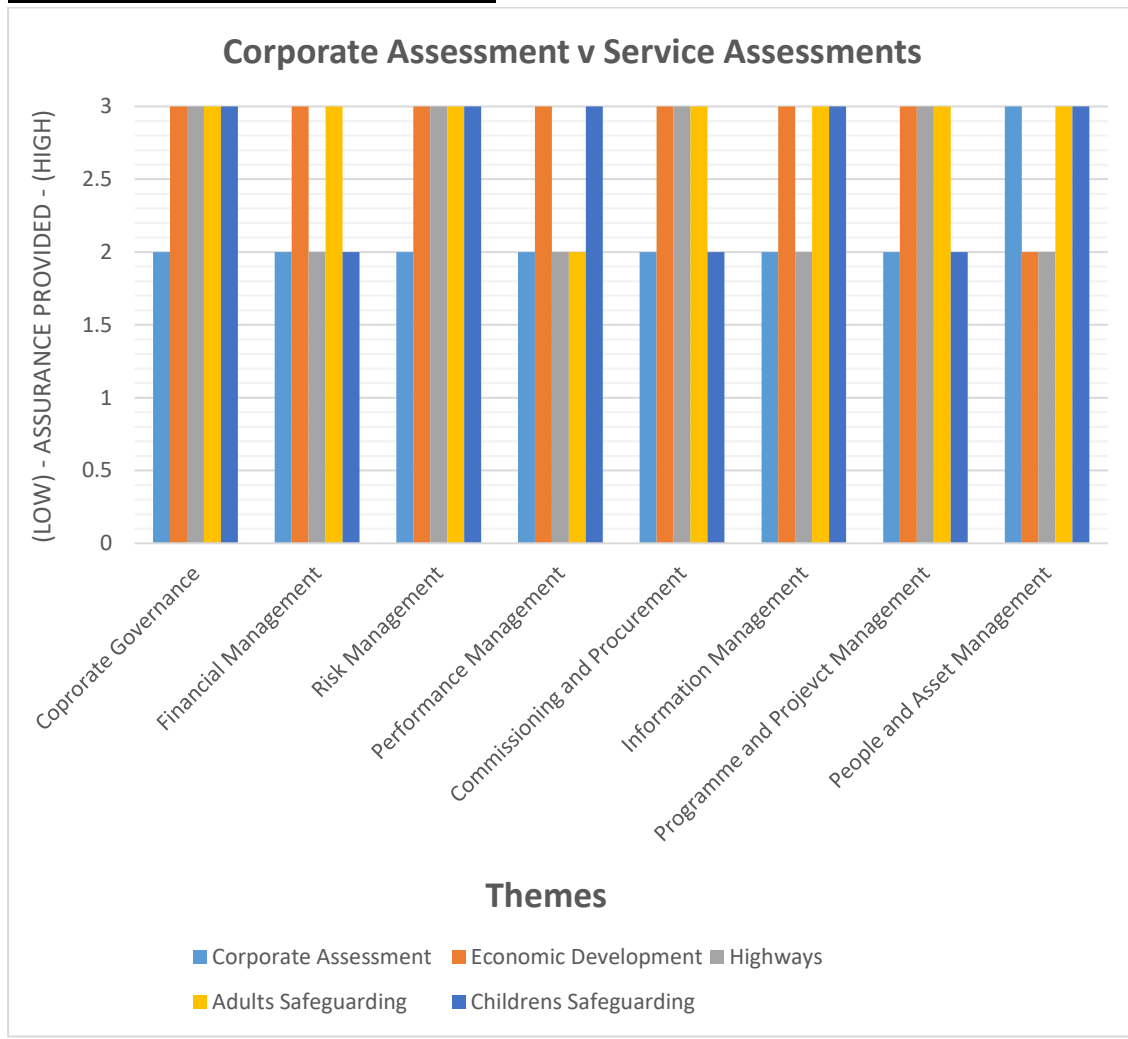
### Children's Safeguarding

The service received high assurance in five of the eight themes of the review, with no themes assessed as weak. The review awarded a high level of assurance to the Performance Management theme where an extensive suite of KPI data has been used to benchmark the service against national indicators as well as measure success against service and corporate priorities and the service was seen to be making good progress in addressing additional improvements identified by Ofsted. An assessment of high assurance was given to the services governance structure where the review found an effective, multi-agency framework of overview and scrutiny in operation and also assessed as strong, risk management in the service was found to be effectively embedded and supporting the co-ordination of multi-agency and service initiatives. To further strengthen the control framework, Improvement initiatives are recommended in the majority of themes and recorded in an improvement plan at the end of the report.

Adult’s Care

The service was assessed as strong in seven of the eight themes of the review, with the majority of the key lines of enquiry in these receiving a high assurance rating. In governance matters, a good level of control is achieved through overview and scrutiny of the activities of the service provided by the services own oversight committees as well as the member level Health Select Committee which makes or ratifies decisions on major Adult Social Care matters. The Commissioning and Procurement theme was assessed as strong in the review, the service consulting widely with stakeholders in the commissioning and procurement initiatives they are developing and major commissioning initiatives assessed through a detailed Opportunity Assessment that challenges and explores the fundamentals of a commissioning or procurement need. The service also scored high in the Programme and Project Management theme, where the key elements of a formal project management methodology - PID, business case, resource planning, risk assessment, project planning – were seen present in the two significant project initiatives ('Help to Live at Home' and 'Homefirst') the review examined. Regarding improvement need, opportunities were identified in the lower scoring Performance Management theme as well as across several others of the review.

**Overall Healthy Organisation Results**



The chart above reflects the outcomes and level of assurance provide for each service area against each theme. This provides an overall picture of services that are operating with a high degree of assurance although there are some themes where improvement is required. Improvement plans have been agreed with each service and Internal Audit will follow these up to ensure actions agreed have been implemented.

The assessments undertaken within the service areas demonstrate continuous improvement and this may result in higher assurance being provided when the corporate assessment is revisited. It is important to gauge the overall health of the organisation on a regular basis once agreed improvements have been implemented and embedded. These service reviews and further planned work, including Internal Audit work will inform the overall “health” of the organisation and this is to be reported to the January 2017 Audit Committee.

Further work is also required to take areas of good practice identified within the service reviews and share them across the organisation.

## 6.0 Improvement Plan

AREA	Details	Proposed Action	Owner	IA	Date for Action
Corporate Governance	Lack of synergy between Governance Frameworks across the Authority	Review Governance Framework to: <ul style="list-style-type: none"> <li>Map governance groups &amp; for sample whether these are supported by ToR, effective membership, defined performance criteria and how these groups inform strategic oversight.</li> <li>Ensure alignment of the schemes of delegation to ensure synergy between finance and decision making. <i>Final stage of implementation of decision making project.</i></li> <li>Work under way to consider a revised process to govern all strategic programmes</li> </ul>	CBRT CG/IG	✓	Jan 17
Corporate Governance	People's Strategy is not up to date.	Review People's Strategy to ensure that it is fit for purpose.	CB/BP	✓	November 16
Corporate Governance	Key service strategies (Budget, People, ICT, Asset, Procurement & performance) have not been independently assessed to determine whether they support the Council's corporate aims.	Determine whether key service strategies (Budget, People, ICT, Asset, Procurement & performance) effectively align with the new Business Plan  Review underway in conjunction with Legal Services to identify statutory and non statutory policies that we need to have as part of our Policy development framework, as identified in Part III of the constitution.	CD/RT	✓	December 16
Corporate Governance	Key policies not always consistently applied across organisation	As above -.	CD/RT	✓	December 16

Finance Management	Templates supporting links between key service strategies to resources available in both Council revenue & capital budgets are new and have not been assessed.	Accountancy will work with Corporate Performance and Policy to develop a service plan template that looks at the following year at the same time as setting the budget, to identify operational costs matched by financial budgets. Any development or additional spend over and above the 'day job' will need to be identified and bid for and link to strategic improvement intent.	CD/MH	✓	January 17
Finance Management	Adequacy of business decisions to support long term financial plan <i>including impact upon Council's reserves</i> has not been assessed.	Accountancy now maintain a MTFs. This will have an additional audit trail to log all decisions that affect in year and future years. Where savings or cost pressures are identified for this elater years this will be shown and the decision record number recorded. Any resultant gap will then be used to further inform the current risk based assessment of reserves.	CG/MH		Actioned
Finance Management	Budget management arrangements are relatively new and their adequacy / adherence has not been tested.	Budgetary guidance is being rolled out, and a core competency framework is planned for 1 <sup>st</sup> April 2017. This will be capable of review by IA and Audit Committee per recommendation from councillors review of the new Financial Regulations.	CG/MH	IA	April to July 2017
Finance Management	The Council does not have an effective benefits realisation process to adequately monitor expected efficiencies arising from investment.	Review the Council's benefits realisation arrangements to monitor efficiencies. Accountancy are developing a process to record an initial return on investment under a business case basis. This will identify potential budget codes affected. As projects continue the effect of changes on budgets will be captured and reported.	CG/MH	IA	January 17
Finance Management	Performance & Financial reporting to support officer & Member decision making has not been independently assessed.	Accountancy will continue to work with other corporate resource services to improve the comments provided in decision making report, including the impact on both finances and the link to likely impact on performance.	CG/MH	IA	July 2017

Finance Management	Financial Regulations are being updated and as such their usefulness, deployment and understanding by the organisation have not been assessed.	The Regulations have now been adopted and a training programme finalised to roll out in 2017/18.	CG/MH		April to July 2017
Finance Management	As a unitary body, the Council's corporate systems support multiple feeder systems that have not been reviewed to ensure data accuracy / information security. Weaknesses may undermine corporate financial systems.	. A project has begun to map the current systems and options to review and improve the general ledger it is expected that recommendations on next steps will be available for consideration by February 2017.	CG/MH	IA	February 17
Finance Management	Management reports / monitoring reports provided to Cabinet have not been independently reviewed to ensure adequacy & timeliness for decision making purposes.	Review adequacy of the Cabinet Monitoring Report to enable decision makers to identify issues with forecasts (overspends).	CD/RT/MH		March 17
Risk Management	Risk management system has not been reviewed in operation since the framework was assessed by internal audit.	Assess risk management framework in operation to support organisational change and treatment of risk. This is constantly under review. The Risk Management System has been refined and improved following discussion with service leads. Benchmarking is also undertaken on a half yearly basis to assess our corporate risks to those of other LA's in the SW	CB/RT		December 16

Risk Management	The link between services (Service delivery plans), Corporate Support (via performance & risk management) and Programme Office are not clear and have not been assessed.	Review the adequacy of links between services (Service delivery plans), Corporate Support (via performance & risk management) and Programme Office. We are reviewing our approach to SP. The PO Uber report has been refined and there are now improved links between the Uber report and the corporate P&R report	CB/RT		December 16
Risk Management	The Community Area Boards need to highlight risk, where appropriate, in the context of the Council's risk management. Area Boards will be advised of where this is appropriate	Following guidance relating to risk assessment – the Area Boards will be monitored to consider how effective the Council's risk management arrangements have been implemented at a local community level	CB/LB		March 17
Performance Management	The Council does not have a single defined way of capturing and reviewing service level performance. This could hamper strategic oversight.	. We now have a format in which all service level performance can be reported at a corporate level drawn from multiple sources and systems. It has also been recognised that external government demands for performance data differ from service to service so there is no proposal to develop a single system	CB/RT		N/A
Performance Management	It is not clear that performance information is used in a consistent way to inform future policy, strategy and key service delivery initiatives.	Examine arrangements in place to ensure that performance information does inform strategy & key service delivery initiatives. See above	CB/RT		As above



Performance Management	Usefulness of corporate performance measurements to provide a meaningful indication of success against the Council's Business Plan have not been independently reviewed.	<p>Corporate performance measurements in providing a true indication of success against the Council's Business Plan.</p> <p>The corporate Performance Dashboard and quarterly P&amp;R report was developed in association with O&amp;S. The quarterly P&amp;R reports are considered by both O&amp;S (through FPTG) and Cabinet. The reports have been positively received by both O&amp;S and cabinet and there is an ongoing opportunity to amend and improve. There are no intentions to have this independently reviewed in the current financial year.</p>	CB/RT		Ongoing
Performance Management	Usefulness of information and data provided to Community area boards needs to support their function and delivery of outcomes at local level.	Consider the data being collated and provided to the area boards and how it is used to support delivery and improvement of services locally.	CB/LB		March 17
Commissioning & Procurement	<p>To assess compliance and consistency of procurement across the Council via:</p> <ul style="list-style-type: none"> <li>• New Category management, planning arrangements and benefits realisation.</li> <li>• Assess the robustness of the council's approach to contract management.</li> <li>• Arrangements in place to seek value for money</li> </ul>	<p>Strategic Procurement Improvement Plan considered and endorsed by Corporate Procurement and Commissioning Board</p> <p>Key elements - Procurement and Contract Regulations have been revised to ensure compliance with EU rules and reflect current organisational need and approved by Full Council</p> <p>Contract Management Framework has been developed and training is being delivered in Oct and Nov 16 Contracts Register has been developed and is live on council website</p>	CB/RT		<p>October 16</p> <p>July 16</p> <p>Nov 16</p> <p>Oct 16</p>

	<p>&amp; social value for commissioning and procurement.</p> <ul style="list-style-type: none"> <li>• Supplier management.</li> </ul>	<p>Contract categorisation has been developed and all contracts above £800k have been assessed and developing clear contract management strategy for top 20 contracts</p> <p>Social Value statement being developed (council participated in a regional workshop to capture learning)</p>			Nov 16
Commissioning & Procurement	Determine transparency & compliance with regulation for commissioning arrangements undertaken on behalf of Wiltshire Council by its partners.	Procurement and IG team working together to review current compliance with TO requirements and develop a report with recommendations for the CP&CB to consider	CB/RT		Nov 16
Commissioning & Procurement	Review sub schemes of delegation at service level to ensure that procurement decisions & authorisation below current quotation thresholds are transparent & subject to scrutiny.	<p>Procurement and Contract Regulations have been revised to ensure compliance with EU rules and reflect current organisational need and approved by Full Council</p> <p>Exemption process is in the process of being streamlined with wider council decisions and strategies in place to minimise numbers; 3 year pipeline developed which is improving procurement planning</p> <p>Sub schemes of delegation are reviewed on an annual basis by AD's</p>	CB/RT/IG		<p>Complete</p> <p>Nov 16</p>

<p>Commissioning &amp; Procurement</p>	<p>Review interim specialist brokerage practices remaining under Service area management to ensure compliance with regulation and achievement of efficiencies.</p>	<p>As above. SWAP will assess as part of ongoing service based Health Organisation Audits</p>	<p>CB/RT</p>		<p>Ongoing</p>
<p>Programme &amp; Project Management</p>	<p>Review of the consistency of methodology across the authority.</p>	<p>IN the process of developing a revised process to govern all strategic programmes through CLT and a sub-group of Associate Directors and support service leads.</p> <p>Agreed that CLT will determine and commission the Council’s strategic programmes and agree the criteria for when the Programme Office should be involved - a criteria approval matrix for new work has been developed.</p> <p>Programme Office to provide bite sized courses (as part of the GROW platform) to support services and teams that undertake small-scale BAU projects. – programme being developed</p> <p>Revised process and documentation have been developed and are on the intranet for access by teams to use as a stand-alone resource for small-scale work.</p> <p>A light touch monitoring approach for strategic programmes outside the PO has been developed and reference to / updates are contained in the monthly Uber report.</p>	<p>CB/RT</p>	<p>IA</p>	<p>December 16</p>

		Review the use of SharePoint as the Corporate tool for programme management. - <a href="#">SharePoint as a PM tool has been reviewed and a number of improvements made.</a>			
Information Management	Compliance with IG requirements as detailed in the ICO audit report	<p>IG programme and action plan established and implemented to include:</p> <ul style="list-style-type: none"> <li>• IG Board and steering group set up for monitoring and decision making</li> <li>• Key responsible roles allocated – Caldicott Guardian for Health now appointed, all Heads of Service allocated Information Asset Owner responsibility.</li> <li>• IG responsibilities included in all job profiles for <u>each</u> job within the organisation as standard statement</li> <li>• Revised structure in place</li> <li>• New policies published and procedures and guidance being written to underpin</li> <li>• Engagement, training and development across the organisation: <ul style="list-style-type: none"> <li>○ All CDs, ADs and Heads of Service trained</li> <li>○ Key members trained</li> <li>○ Specification for tender for an eLearning package for the rest of the organisation being drawn up</li> </ul> </li> <li>• SIRO trained. Deputy SIRO and advanced Caldicott Guardian training in progress</li> <li>• New records management strategy.</li> </ul>	CB/RT		Two year programme ending 17/18
Information Management	Data security arrangements require ongoing annual assurance to ensure Council's continued level of preparedness.	Annual review of data security breach arrangements in response to ever changing threat posed by cyber criminals completed and action plan being developed for both technological and physical elements.	CB/RT		Actioned

Information Management	Council's BCP current arrangements are being reviewed and as such have not been properly reflected (& tested) in the Council's Disaster Recovery Plan.	. The current Business Continuity Plan for IT does refer and says it should be read in conjunction with the Disaster Recovery Plan. Detail on this to be strengthened, e.g. include a hyperlink to the DRP and the most pertinent DRP information such as estimated times for recommence of service. The Emergency Planning Team are working through a programme of review and update of all service BC plans, so this will be picked up at the scheduled review of the IT BC Plan.	CG/FC		31/03/17
Information Management	The Council does not have a formally approved ICT strategy and as such it is in danger of making technical decisions that do not properly support its corporate aims or whose implementation could undermine the Council's technical infrastructure.	<p>On completion of the ICT Healthcheck (ICT Strategy, Governance &amp; supporting Project Portfolio) Initiate the following recommendations:</p> <ul style="list-style-type: none"> <li>• The creation and management of an ICT Commissioning Board</li> <li>• Adoption by the council of the ICT Strategy and ensure that the ICT strategy aligns to the Council's Business Plan</li> <li>• Ensure that any inappropriate commissioning of IT services are identified and managed to ensure that the service complies to the ICT strategy</li> </ul>	CB/BP		March 17

<p>Information Management</p>	<p>The Council's Secondary Data Centre (SDC) has not been subject to an independent review since its significance took on a greater importance to provide greater resilience to the Primary Data Centre (PDC). How these data centres interact has also not been reviewed.</p>	<p>Following the review of the Primary Data Centre (PDC) and the Secondary Data Centre (SDC) there have been some minor amendments to ensure full compliance to the recommendations of the report.</p> <p>The two main points of the report; the suitability of Monkton Park as the site for the SDC and the interaction between the SDC and the PDC is being addressed</p> <ol style="list-style-type: none"> <li>1. in the long term by migrating those services hosted in the SDC to a cloud provision.</li> <li>2. Following the Network Upgrade ICT will now put in place the planned work to automate the failover between the sites (that action is currently a manual activity, managed remotely)</li> </ol>	<p>CB/BP</p>		<p>Actioned</p>
<p>People &amp; Asset Management</p>	<p>People's and other assets supporting strategies need updating to better support the Council's new delivery model and to accurately reflect what assets the Council has at its disposal.</p>	<p>As part of service level (health check) review ensure:</p> <ul style="list-style-type: none"> <li>• Existing / revised people &amp; asset strategies effectively support the new Delivery Model.</li> <li>• Capital asset inventories are accurate and complete; revised asset management system and processes currently being implemented.</li> <li>• Compliance with HR and organisation development policies including, for example, the Workforce Strategy.</li> </ul>	<p>CB/BP</p>		<p>November 16 (new people strategy)</p> <p>January 2017 – Asset Management Strategy</p>
<p>People &amp; Asset Management</p>	<p>The delivery model to ensure effective alignment between asset investment and council objectives is new and is in the process of bedding in.</p>	<p>Finalise, and seek approval for, the Asset Management Strategy document to align asset investment and council objectives; clarifying the distinction between Operational and Investment portfolios.</p>	<p>CB/BP</p>		<p>January 2017 – Asset Management Strategy</p>