

Draft Internal Audit and Counter Fraud Plan 2018/19

Internal Audit & Counter Fraud Plan 2018/19

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Internal Audit & Counter Fraud Plan 2018/19

The Internal Audit Plan represents a summary of the planned audit reviews that the Internal Audit Team will deliver throughout the 2018/19 financial year.

The Audit is based on a risk assessment largely aligned to the Council's four priorities and eight key themes that contribute to the 'Healthy Organisation' model introduced in 2016/17. Other factors that have driven the plan include direction by senior leadership to other risks linked to the new Business Plan, Transformation Streams and an annual assessment of the financial controls and grant requirements.

The audit fee proposed is £513,540. This has increased from 2017/18 but is the first for Wiltshire Council in 7 years.

The audit plan has been drawn up based on an assessment of risk using areas including those highlighted as key corporate risks arising from the Healthy Organisation assessment; reviews specifically requested by Senior Leaders, or areas that SWAP has identified as potential emerging risks for the Council, including cross cutting reviews being carried out across all SWAP partners to share learning.

Following a reorganisation of the Council's fraud arrangements SWAP has taken on additional responsibilities relating to Fraud and Corruption in 2018/19. A separate Plan for this work has been produced to sit alongside the general audit plan. This work will be absorbed within the 2018/19 fee set out in this report.

The SWAP Internal Audit cost will be £513,540 for 2018/19, an increase of 8% from 2017/18 to cover the significant increased employer's pension costs together with the April 2018 pay award. This is the first increase in fees for SWAP since 2007 and was agreed by the SWAP Board, membership of which includes the Director of Finance & Procurement.

The key areas of focus are appended to this plan and are based around the following themes:

- Healthy Organisational Reviews
- Management requested reviews
- Financial Controls
- Grants
- Fraud and Corruption (see separate plan)

Internal Audit activity reports updating findings and performance against the plan, will be presented to the Corporate Leadership Team and Audit Committee once a quarter, with an Annual Report presented to Audit Committee in July.

The Audit Plan is based on a thorough assessment of the risks facing the Council; its mitigation plans and awareness of prior year findings and those at other authorities.

The level of audit work is then based on our assessment of the three lines of defence to assess where the most value can be added, and where management should be addressing actions.

Approach to Audit Planning 2018/19

The Audit Plan for 2018/19 is based on a risk assessment that been derived from a range of sources:

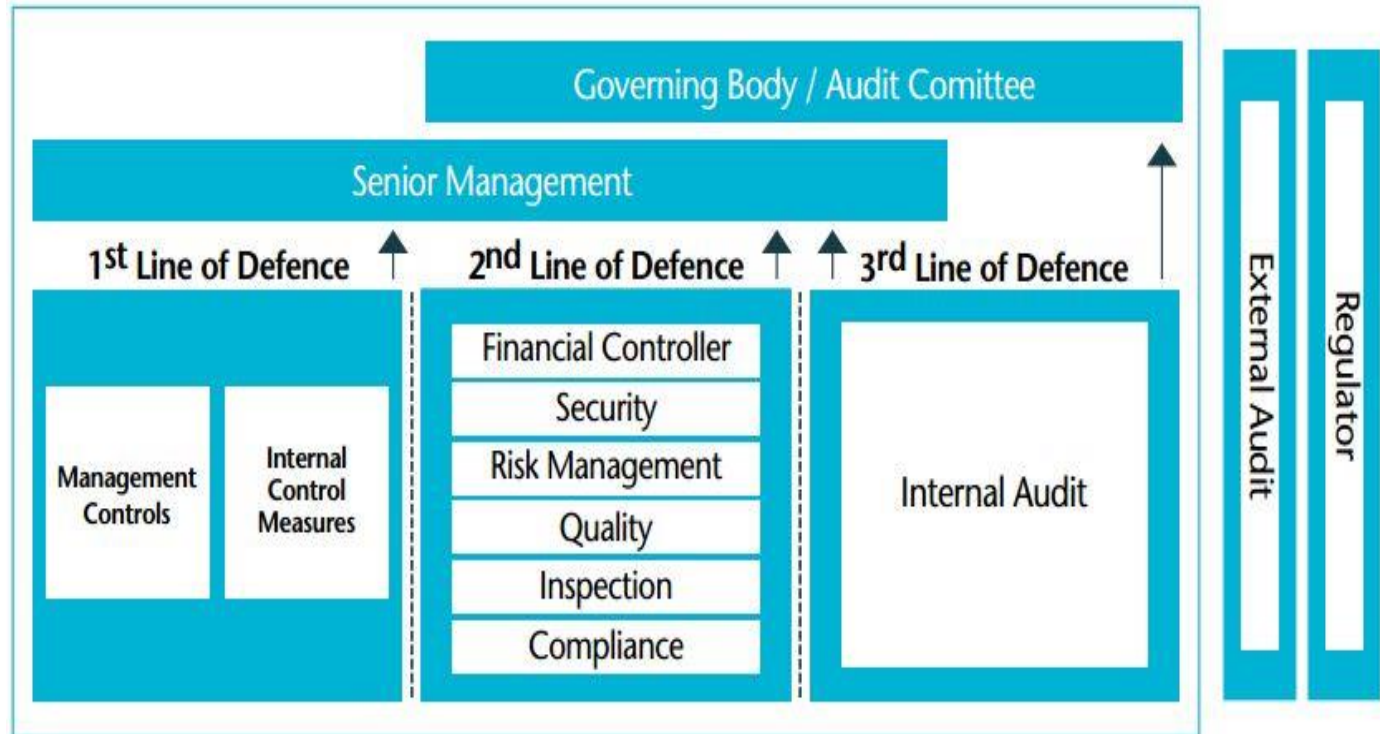
- Extensive consultations with a range of stakeholders including the Council's Corporate Leadership Team and key Heads of Service to ensure views on risks and issues are identified and considered;
- Reference to the Council's risk register;
- Audit work at other SWAP partner sites;
- Prior year audit findings, including External Audit recommendations and peer reviews;
- Council's Business Plan priorities; and
- The 2016/17 Healthy Organisation audit review.

The audit planning then takes into consideration the three lines of defence model to determine the extent of audit coverage and work in order to direct resources appropriately, secure greater management buy-in to the control environment and to ensure Internal Audit is recognised as adding value. This concept is introduced in more detail in the diagram on the following page. Working with this model we intend to identify all streams of assurance whether internal or external that contribute to the Council's overall risk, governance and control framework. Internal Audit resources can then be directed at the areas of highest risk; not only known risks but risks that were previously unknown and subsequently identified.

The model operates in most organisations and shows three lines of defence that should be operating:

- 1st Line of Defence – Functions that own and manage risks
- 2nd Line of Defence – Functions that oversee risk
- 3rd Line of Defence – Functions that provide independent assurance

Three Lines of Defence Model



Internal audit work supports the delivery of the Council's priorities.

The Internal Audit Plan is flexible to respond to emerging and changing risks during the year

Supporting the Council's Priorities

The Council's Business Plan 2017 – 2027 includes four priorities for the Council:

- Growing the Economy;
- Stronger Communities;
- Protecting those who are most vulnerable; and
- An innovative and effective Council.

Our audit work for 2018/19 seeks to support the delivery of these priorities by ensuring an effective control environment and risk management operates. Each audit contained in the Detailed Internal Audit Plan at Appendix 1 is cross referenced to the priority it principally supports.

Counter Fraud

From April 2017/18 SWAP have taken over responsibility for delivering a counter fraud programme for the Council's which is included in this plan. This is principally a proactive and preventative approach to counter fraud, whilst undertaking any reactive fraud work, e.g. investigations.

This will continue to be delivered without any additional resource implications for the counter fraud programme, being absorbed into the agreed direct audit days and cost. It will be delivered by the local team together with specialised fraud resources from across SWAP.

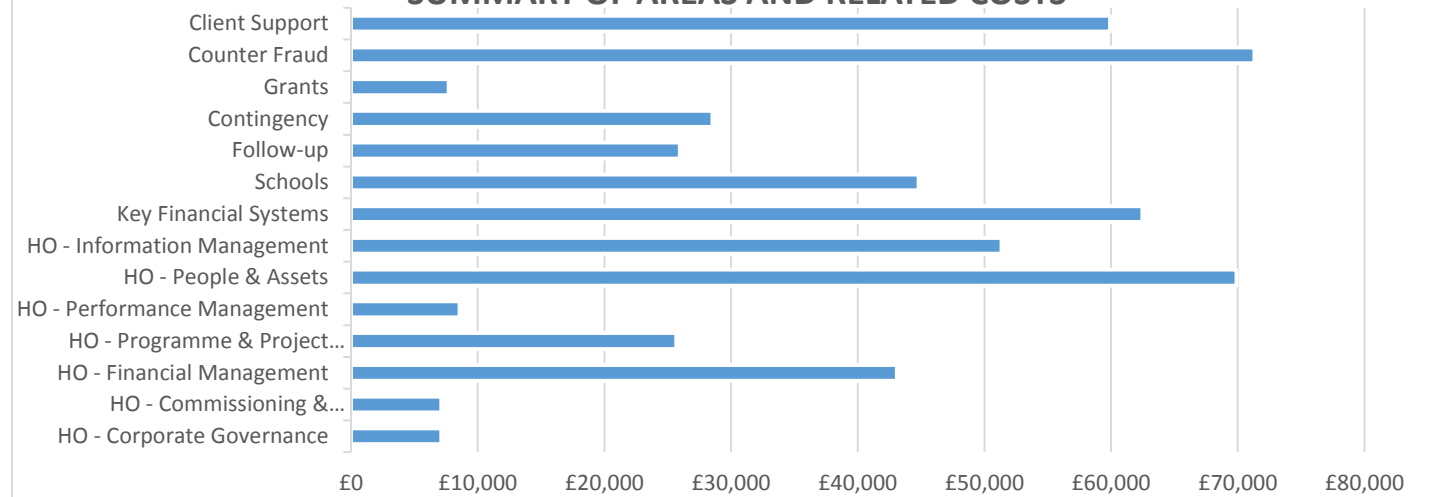
The Detailed Counter Fraud Plan 2018/19 for the Council is shown from page 28.

Summary of Areas and Related Costs

It is recognised that the plan should achieve a balance between clearly setting out the planned work and retaining flexibility to respond to changing risks and priorities throughout the year. The plan therefore contains several themes and detailed work programmes that will be developed when audits commence. Any significant changes to the plan during the year will be agreed with the Statutory Officers, along with CLT and reported to the Audit Committee.

The total cost of Internal Audit for 2018/19 is £513,340, and a summary of the areas included in the Plan and related costs is shown in the following chart:

INTERNAL AUDIT PLAN 2018/19 SUMMARY OF AREAS AND RELATED COSTS



Executive Summary

The professional Internal Audit Team that will deliver the Internal Audit Plan at Wiltshire Council comprises experienced, qualified, or developing with significant experience of audit and the Council.

Updates will be provided to Management and on the Audit Committee on resourcing the Plan.



SWAP Internal Audit Team

Assistant Director: Ian Withers CPFA, CMIIA, QIAL	Ian leads the team and has responsibility for the delivery of the plan. Ian has over 30 years' experience of finance, internal audit and has held senior positions with several large local authorities.
Principal Auditor Paul Crandley	Paul joined the team at Wiltshire in January 2018 and has extensive experience with the SWAP Teams at Somerset County Council and Dorset County Council. With other experience including in programme management.
Senior Auditors: 2 X Vacancies	These two vacancies have recently arisen, and we are in the process of recruiting with suitably experience and skilled auditors.
Senior IT Auditor: Stuart Trubee MAAT	Stuart is a senior auditor and the ICT audit specialist in the team.
Auditors: Andrew Adlam MAAT Pat Jenkins Louise Fearon	Andrew and Pat have extensive local government finance experience with Wiltshire Council. Pat is relatively new to SWAP and currently studying for the CMIIA qualification. Louise has recently joined the team, a qualified teacher and also has owned/managed small businesses. Louise is studying for the CMIIA qualification.
Counter Fraud Specialist: Nick Hammacott GCFS	Nick is a senior auditor based in Taunton and also a counter fraud specialist for across SWAP partner organisations, recently leading the South West Fraud Partnership.
Other SWAP staff will be used from other partner sites as required to help backfill staff vacancies or where specialist or experienced staff are required for specific audit reviews.	
The staff vacancies are being recruited to and regular updates will be provided to Management and the Audit Committee on resourcing the Audit & Counter Fraud Plan.	

The Assistant Director for SWAP reports audit performance on regular basis to the Audit Committee and the SWAP Management Board.



SWAP Performance

The actual performance of SWAP is subject to regular monitoring review by both the Audit Committee and the SWAP Management Board. The performance standards are reviewed regularly across SWAP and for 2018/19 these are in the following table and will be reported to meetings of the Audit Committee.

SWAP Performance Standards 2018/19

Performance Indicators	Performance Target	Expected Performance
Percentage of Internal Audit Plan completed	Audits completed to at least draft report stage.	95%
Timescales (Excluding Schools)	- Draft audit reports issued within 5 working days of completion of fieldwork	95%
	- Draft audit reports issued within 10 working days of completion of fieldwork	100%
	- Final audit reports issued within 10 working days of exit meeting/receipt of management responses	95%
Quality of Audit Work	Feedback from Client Satisfaction Questionnaire within the good to excellent	80%

Detailed Internal Audit Plan 2018/19

Audit Area	Business Plan Priority	Audit Title	Rationale	Indicative Quarter
Healthy Organisation				
<p>Corporate Governance</p> <p>The audits surrounding Governance will focus on key areas of the Council's governance arrangements and supporting the delivery of the Business Plan.</p>	An innovative and Effective Council	Risk Management	Risk management is a key part of the Council's governance arrangements and in the achievement of its priorities. It is important that it is enterprise wide and embedded. This audit will review and assess the control and effectiveness of the process for the identification and management of risks including programme management.	2
<p>Commissioning & Procurement</p> <p>The audits will focus on the overall framework and have a detailed review into a number of major contract areas.</p>	An innovative and effective Council	Waste Management Contract	During 2018/19 this will a move to one integrated contract with a single provider, the value of which will be in excess of £30M per annum.	3
	An innovative and effective Council	Supply Chain Management	Following the financial collapse of a number of key public-sector suppliers the risk to the continued provision of services has been highlighted as a major risk. This audit will review the processes in place to mitigate against supply chain failure including awareness and monitoring of the market the Council is operating in and the high-risk contracts.	1
	An innovative and effective Council	Housing Repairs Contract	Housing Repairs represents a major area of Housing service expenditure, approximately £5.4M per annum (revenue). Changes are likely in 2018/19 to categorisation and priority. This audit will review the effectiveness of management of contractors.	2

Detailed Internal Audit Plan 2018/19

An innovative and effective Council	Highways Contract – Use of Subcontractors	An audit of the Highways Contract was carried out in 2017/18 but the scope did not include the use of subcontractors. This has been highlighted as an area of risk and further review by a recent investigation.	1
An innovative and effective Council	Highways Consultancy Contract	The contract has been extended to 2019 for professional services with annual expenditure of between £4M and £5M. This audit will review the effectiveness of contract management arrangements.	3
An innovative and effective Council	Street Lighting Contract	The street lighting contract is provided by a single supplier and a major area of expenditure. This audit will review the effectiveness of contract management arrangements.	4
An innovative and effective Council	Grounds Maintenance Contract	Grounds maintenance is a major area of expenditure and undergoing a number of changes. This audit will review the effectiveness of contract management arrangements.	4
Protecting those who are most vulnerable	Adult Social Care Contracts	Adults Social Care Contracts are being reviewed under the Council's Transformation Programme and a key strand of the Council's savings plans. Therefore, this audit will support this work and review the effectiveness of commissioning, procurement and monitoring of social care contracts.	4

Detailed Internal Audit Plan 2018/19

Financial Management These audits will review the overall effectiveness of financial governance operating.	An innovative and effective Council	Budget Management	Effective budget management is key to effective financial management and financial planning supporting the sustained delivery of services. In addition to ensuring there are effective controls operating for budget management, the audit will also provide assurance to the Audit Committee and DES Management Committee as part of their responsibilities.	2
	An innovative and effective Council	Financial Regulations and Contract Standing Orders	Financial Regulations and Contract Standing Orders are a key part of financial governance and recently been updated. This audit will examine the effectiveness and the level of compliance by officers and Members.	3
	An innovative and effective Council	Pension Fund Transfer	The pension fund investment management will be transferring to the Brunel Investments Partnership during 2018/19. This audit will assess the readiness and management of the transfer for approximately £2billion of assets.	3
	Protecting those who are most vulnerable	Deferred Payments	The Council has a duty to offer deferred payment agreements, so clients are not forced to sell their houses in their lifetime to pay for care. This audit will assess the effectiveness of procedures in place to ensure debts accrued are effectively accounted for.	2
	An innovative and effective Council	Community Infrastructure Levy	A review to ensure that the Community Infrastructure Levy application and bidding process is operating effectively to maximise the Council's ability to secure funding, including assurance that funds received are used appropriately and that there are appropriate linkages with the Capital Programme.	2

Detailed Internal Audit Plan 2018/19

	An innovative and effective Council	Apprenticeship Levy	The Apprenticeship Levy, introduced in April 2017, changes the way the government funds apprenticeships in England. Funding to the Council is approximately £900k per annum and it is required to have an effective strategy and actions in place. This audit will seek to provide assurance over the arrangements for calculating and accounting for the Apprenticeship Levy and for ensuring the funds for apprenticeship training are spent in a timely manner and in accordance with the Department for Education's Apprenticeship Funding Policy.	3
	An innovative and effective Council	Traded Services with Schools	The Council is developing a traded services model with schools as an alternative to external commercial options. This includes various functions across Children's Services. This requires an effective business process to ensure the trading relation work. This audit will review the controls operating including to set, collect and manage fees and trading account	2

Detailed Internal Audit Plan 2018/19

<p>Programme & Project Management</p> <p>This audit will review the Council's framework and test the application of those procedures by reviewing how a sample of key projects are being managed; and how the Council is building in benefits realisation into its model.</p>	An innovative and effective Council	Digital Transformation Stream	The Transformation Streams are key in supporting the delivery of the Council's Business Plan priorities. This audit will review the programme management of the Transformation Stream to assess the effectiveness of controls, arrangements and mitigation plans.	3
	An innovative and effective Council	Families and Children (FACT) Transformation Stream	The Transformation Streams are key in supporting the delivery of the Council's Business Plan priorities. This audit will review the programme management of the Transformation Stream to assess the effectiveness of controls, arrangements and mitigation plans.	2
	An innovative and effective Council	Commercialisation Transformation Stream	The Transformation Streams are key in supporting the delivery of the Council's Business Plan priorities. This audit will review the programme management of the Transformation Stream to assess the effectiveness of controls, arrangements and mitigation plans.	3
	An innovative and effective Council	Community Engagement Transformation Stream	The Transformation Streams are key in supporting the delivery of the Council's Business Plan priorities. This audit will review the programme management of the Transformation Stream to assess the effectiveness of controls, arrangements and mitigation plans.	4

Detailed Internal Audit Plan 2018/19

<p>Performance Management</p> <p>The Healthy Organisation framework identified this as an area of strong performance and as such this audit will review the framework only for any changes in risks.</p>	<p>An innovative and effective Council</p>	<p>Performance Management Framework</p>	<p>Following the restructure of the Council and introduction of a new framework, this audit will review the operational effectiveness of the Council's performance management in supporting the achievement of its priorities. This audit will include a review of data quality from a number of key performance indicators to ensure performance reporting is based on accurate information allowed robust accountability and decision making.</p>	<p>2</p>
<p>People & Asset Management</p> <p>This area was rated as strong at the last Healthy Organisational review. In 2018/19 the audit focus will thus be on areas identified by senior leaders for review and testing.</p>	<p>An innovative and effective Council</p>	<p>Workforce Panning</p>	<p>A new People Strategy was launched in 2017/18 with the aim of being aligned to the Council's Business Plan. This audit will review the implementation of the action plan, supporting the delivery of the Business Plan and transformation. It will also review the effectiveness of the ownership by service managers and the role of HR.</p>	<p>2</p>
	<p>An innovative and effective Council</p>	<p>Premises Health & Safety</p>	<p>Part of the outcome from the Grenfell Inquiry is for Councils to ensure effective compliance with health and safety requirements for its property estate. This audit will assess the adequacy of arrangements in place to ensure building assets are safe and comply with Building / Health and Safety regulations, where inadequate arrangements could result in fires, accidents, illness and possibly death.</p>	<p>3</p>

Detailed Internal Audit Plan 2018/19

An innovative and effective Council	Property Management - Third Party Income	A large number of the Council's buildings are now shared with its partners, principally NHS and Wiltshire Police. This audit will review the system for recharging the use, charging policy, agreements and recovery of costs.	1
An innovative and effective Council	Disabled Facilities Grants	The Council receives approximately £3M per annum in respect of Disabled Facilities Grants through the Better Care Fund. This audit will examine the financial governance arrangements for this money.	4
An innovative and effective Council	Homelessness Reduction Act	The Homelessness Reduction Act places a new responsibility on the Council. This audit will review the implementation of actions required to meet the Act and level of compliance.	2
An innovative and effective Council	Staff Survey Action Plans	Staff surveys are carried out annually by the Council, but management concern has been expressed over the effectiveness of actions arising for improvement. This audit will review the effectiveness of actions taken to ensure the delivery of a well-managed and motivated workforce.	1
An innovative and effective Council	Employment and Skills (Children's Services)	Employment and Skills moved to Children's & Families Service in 2017/18. The area is discretionary and much of it external grant funded. Management request to know that the area is operating effectively with robust systems and processes.	2

Detailed Internal Audit Plan 2018/19

	Protecting those who are most vulnerable	People with Learning Difficulties	Level of People with Learning Difficulties in residential care in Wiltshire is considered to be high in comparison to other local authorities and with it high cost. There is also a low number of lower cost options such as sheltered housing. This audit will review the processes and controls operating for People with Learning Difficulties,	2
	Protecting those who are most vulnerable	Adoption	A regional adoption agency is due to go live in July 2018 and this audit will examine the Council's relationship and expenditure controls.	4
	Protecting those who are most vulnerable	Direct Payments	The requirement for the Council to provide direct payments represents significant level of expenditure (£11m) together with the risk of client fraud and abuse. This audit will review the controls operating and compliance with statutory requirements of the Health & Social Care Act 2002 and to ensure direct payments not misused by service users. The audit will include the use of data analytics where appropriate to identify any themes or recurrent control weakness.	3
	Protecting those who are most vulnerable	Financial Assessments	To review the controls operating over financial assessments and personal budgets for adult social care to ensure effectively supported by evidence of capital and savings to determine level of contributions.	3

Detailed Internal Audit Plan 2018/19

	Protecting those who are most vulnerable	Early Years Funding	There is a statutory duty imposed on local authorities by the Childcare Act 2016. The Council has a duty to ensure that public money is properly utilised for the purpose it is given. This audit will review the effectiveness of systems and controls to ensure that funding is claimed accounting the funding terms and conditions.	2
Information Management This was an area identified in the Healthy Organisation review 2016/17 and other independent external reviews as needing strengthening.	An innovative and effective Council	General Data Protection Regulations (GDPR) Compliance	The GDPR regulations are effective from May 2018 and there is a risk of nonconformance and regulatory sanction including financial penalties. This review will assess the Council's ongoing compliance including follow-up to the 2018/19 audit.	2
	An innovative and effective Council	Data Breaches	Data breaches are a significant risk to the Council and it must manage them effectively including deciding of criticality and reporting to the ICO. This audit will make comparison of processes across SWAP partners.	2
	An innovative and effective Council	Cloud Computing	In common with many organisations, the Council's strategy is to move key applications to being cloud based. Although significant benefits to the Council, it also has additional risks over the security provided by the provider and the effectiveness of controls. This audit will review the effectiveness of these cloud specific related issues and level of governance.	4

Detailed Internal Audit Plan 2018/19

An innovative and effective Council	Cyber Security	Cyber security represents a major risk to organisations from unauthorised access to for example networks and data. Recent examples of ransomware have highlighted the very real risk to Council. This audit will review the effectiveness of arrangements and cyber controls operating to secure the Council and ensure operation of its services. In particular is readiness and response plans.	4
An innovative and effective Council	ICT Business Continuity	Effective ICT business continuity planning is critical to the continuation of the Council's operations in the event of a disaster.	4
An innovative and effective Council	Network Management	The security and operation of the Council's IT network is critical to its operation and this audit will review the effectiveness of controls and practices operating including compliance with policies and regulations.	3
An innovative and effective Council	Replacement Customer Services Application	During 2018/19 the Council will be moving to a single digital platform for its customer services application. Several key customer services applications will be moving to this platform.	4
An innovative and effective Council	Liquidlogic Case Management Application	This is a major implementation of a replacement case management application in Children's Services and high risk in terms of effectiveness. This audit will review the effectiveness of the application controls operating to mitigate for example risk of data loss.	2

Detailed Internal Audit Plan 2018/19

	An innovative and effective Council	Mobile Computing/Device Management	There has been an increasing use of mobile computing over recent years that brings additional risks over the access and security of data. The scope will focus on the roll out of replacement laptops due for completion in July 2018 and review the effectiveness of controls operating to secure the Council's data.	2
Key Financial Systems				
	An innovative and effective Council	Accounts Payable	All key financial system are subject to a cyclical audits to review key controls as a minimum and to provide assurance on effectiveness of controls and to help inform the work of the Council's External Auditors.	3
	An innovative and effective Council	Accounts Receivable		3-4
	An innovative and effective Council	Council Tax	New External Auditors have been appointed for the Council from 2018/19 (Deloitte) and we will work with them to develop a working protocol for the audit of key financial systems.	3-4
	An innovative and effective Council	Business Rates		3-4
	An innovative and effective Council	Housing Rents	We undertake an assessment of the scope of audit work required based on previous audit coverage and any changes to the control environment.	3
	An innovative and effective Council	Main Accounting		4
	An innovative and effective Council	Treasury Management		3-4

Detailed Internal Audit Plan 2018/19

	An innovative and effective Council	HR/Payroll		3-4
	An innovative and effective Council	Pensions		4
	An innovative and effective Council	Housing and Council Tax Benefits		3-4
Schools				
	An innovative and effective Council	Thematic – Health & Safety of School Premises	Schools have responsibility for ensuring effective health and safety of its premises. Concerns have been expressed nationally over the level of compliance and the risks. A sample of schools will be visited to review effectiveness of Common issues and recommendations to be communicated to all schools and the school's forum.	2
	An innovative and effective Council	Thematic - Schools Financial Management	The number of schools getting into budget deficits is increasing, particularly for the first time. This audit will review the financial management of schools including the roles and relationships between School Business Managers, Head Teachers, Governing Body and the Council. It will include the effectiveness of guidance and training on financial management.	2
	An innovative and effective Council	Schools Financial Value Standard	Local Authority Maintained Schools are required to carry out and submit an annual self-assessment against the Schools Financial Value Standard. This audit will review the process and ensure effective in providing assurance over schools financial governance.	1

Detailed Internal Audit Plan 2018/19

	An innovative and effective Council	Specific Schools (To be decided quarterly)	Twelve schools to be visited as individual reviews of the effectiveness of the governance and financial management operating for the maintained schools. The reviews will provide assurance to both Governing Bodies and the Council including compliance with the Schools' Financial Value Statement.	1-4
Follow-Up				
	An innovative and effective Council	Land Charges	Internal Audit required to follow-up audits carried out in 2017/18 where "partial" assurance has been given to ensure management actions implemented and improvements made.	4
	An innovative and effective Council	ICT Asset Management		3
	An innovative and effective Council	Accounts Receivable		3
	An innovative and effective Council	Follow-Up Contingency	Contingency for follow-up of finalised audits to ensure agreed actions to audit recommendations made are implemented. Also includes contingency for those audits still to be completed for 2017/18, where reports give partial assurance.	
Grants				
	Protecting those who are most vulnerable	Growth Hub	BIS requirement under conditions of the grant for audit of claim submitted by appropriately qualified and independent auditor to provide assurance over the statement of grant expenditure and/or grant claim, in all material respects and in accordance with the grant offer and conditions.	4

Detailed Internal Audit Plan 2018/19

	An innovative and effective Council	Troubled Families	DCLG requirement for audit of claims submitted reviewed a representative sample of families and achievement of outcomes.	4
	Protecting those who are most vulnerable	Local Authority Bus Subsidy	DoT requirement for audit and for the Council's Chief Internal Auditor to sign a declaration on the correct disbursement of the grant.	2
	Protecting those who are most vulnerable	Public Health Grant	To support the S151 Officer's Statement of Assurance to Department of Health over expenditure complying with the conditions.	1
Audit Contingency				
	All	Audit Contingency	A contingency has been included in the Internal Audit Plan 2018/19 for unplanned audits resulting from emerging risks, management concerns including outcomes of the Council's Transformation Streams	1-4
Client Support				
	An innovative and effective Council	Corporate Advice	Providing professional advice as "subject experts" to services on areas such as good governance, internal control, managing risks, financial management, external best practice and use of resources. This will include proactive advice given as part of project and working groups.	1-4
	An innovative and effective Council	Annual Governance Statement	To provide support to the production of the Council's Annual Governance Statement.	4

Detailed Internal Audit Plan 2018/19

An innovative and effective Council	Audit Committee/Members Liaison	Including the preparation, attendance and follow-up actions for the Audit Committee, attendance at other committees, members liaison, support and training.	1-4
An innovative and effective Council	External Audit Liaison	Ongoing liaising with External Audit	1-4
An innovative and effective Council	Planning/Client Liaison	Internal Audit Planning, meetings and liaison with S151 Officer, other statutory officers and key clients.	1-4
An innovative and effective Council	CLT Attendance	Preparation and attendance at CLT as required.	1-4
An innovative and effective Council	Follow Up Contingency	Follow-up of finalised audits to ensure agreed actions to audit recommendations made are implemented.	1-4

Detailed Counter Fraud Plan 2018/19

Title	Rationale	Indicative Quarter
Proactive and Preventative – overall governance arrangements to recognise, deter and prevent:		
Counter Fraud Strategy and Framework	<p>From the latest CIPFA Fraud Tracker report, it is estimated that £325m was detected by local authorities, the largest proportion being in Council Tax and Housing. It is important that that Council has a robust response to the risk of fraud from for example financial and reputational loss. The</p> <p>A review of the Council's Counter Fraud Strategy was carried out in 2017/18 and review will follow-up on the completion and embedding.</p>	2
Fraud Intelligence Hub	<p>In 2016 the CIPFA Counter Fraud Centre, together with BAE developed a Counter Fraud Hub for London using advanced analytical software. This has yielded significant results in the matching of data across London Councils and identifying fraud. They are now looking at expanding outside London and developing pilots. The Council's S151 Officer has already registered interest in the Council being a pilot and for this piece of work and SWAP will take this forward.</p>	1-4

Title	Rationale	Indicative Quarter
Proactive and Preventative – overall governance arrangements to recognise, deter and prevent:		
Data Analytics Exercises	<p>The use of data analytics to examine 100% of data transactions is an effective tool in identifying fraud and error. This work will use IDEA audit data analytical software internally to data match applications, identifying fraud and revenue opportunities.</p> <p>Specific areas will include income, housing tenancies, suppliers and conflicts of interests.</p>	1-4

Detailed Internal Audit Plan 2018/19

Organisational Fraud Awareness	Fraud awareness is key across the Council in responding to fraud and corruption and developing a strong anti-fraud culture and deterrent. This will be by seeking to raise awareness of the risk of fraud and corruption amongst officers, residents and Members to maximise protection of the Council's assets and reputation. SWAP will raise awareness through for example use of the Intranet, e-learning, workshops and alerts to in particular to key groups of officers.	1-4
National Fraud Initiative (NFI) Data Matching Exercise	To co-ordinate data collection / submission, and review the outcomes from NFI including alerts and matches to assess potential areas of fraud risk and where appropriate make recommendations to remove weaknesses that could be exploited to commit fraud. To further ensure the Cabinet Office requirements are achieved.	1-4
Internal Audit Reviews - that will include specific fraud tests		
Off Street Parking	An audit was carried out in 2018/19 which raised issues. In late 2017/18 the contract for the collection and deposit of income was awarded to a new contractor. This audit will review the effectiveness of the new arrangements	1
Management of Blue Badges	The fraudulent abuse of blue badges has recently reported as showing a significant increase nationally and local authorities have been urged to review their processes to ensure robust. This audit will review the management of blue badges.	2

Detailed Internal Audit Plan 2018/19

Reactive:		
Investigations	To undertake ad hoc unplanned investigations as agreed.	1-4

The Internal Audit Charter

Purpose

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

Approval

This Charter was last approved by the Audit Committee on 26th July 2017 and is reviewed each year to confirm it remains accurate and up to date.

Provision of Internal Audit Services

The internal audit service is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled company. This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by the Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the Council's level of contribution to SWAP. This is reviewed each year by the Head of Internal Audit, Chief Financial Officer (as s151 Officer) in consultation with the Chief Executive of SWAP.

Role of Internal Audit

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

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

Responsibilities of Management and of Internal Audit

Management

Management is responsible for determining the scope, except where specified by statute, of internal audit work and for deciding the action to be taken on the outcome of, or findings from, their work. Management is responsible for ensuring SWAP has:

- the support of management and the Council; and
- direct access and freedom to report to senior management, including the Council's Chief Executive and the Audit Committee.

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

Internal Audit

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

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

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. Members of SWAP who have transferred in to the department from other areas in Wiltshire Council will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

Relationship with the External Auditors/Other Regulatory Bodies

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

Status of Internal Audit in the Organisation

The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. The Chief Executive of SWAP and the Assistant Director also report to the Director of Finance & Procurement (as s151 Officer), and the Council's Audit Committee as set out below.

Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

Scope and authority of Internal Audit work

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

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

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the Council and its services;

- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether Wiltshire Council is in compliance;

- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;

- appraising the economy, efficiency and effectiveness with which resources are employed;

- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.

- reviewing the operations of the council in support of the Council's anti-fraud and corruption policy.

- at the specific request of management, internal audit may provide consultancy services provided:
 - the internal auditor's independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management have made proper provision for resources within the annual audit plan
 - management understand that the work being undertaken is not internal audit work.

Planning and Reporting

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

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

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

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

The Chief Executive of SWAP will submit an annual report to the Audit Committee providing an overall opinion of the status of risk and internal control within the council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and the Assistant Director have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit Committee, the Council's Corporate Directors or the appointed External Auditor.

February 2018