SWAP

South West Audit Partnership

Wiltshire Council

Report of Internal Audit Activity

December 2011

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

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Our audit activity is split between:
- **Operational Audit**
- **Governance Audit**
- **Key Control Audit**
- **Special Audit**

Role of Internal Audit

The Internal Audit service for Wiltshire Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors, but also follows the CIPFA code of practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter which is included in Appendix C.
Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness. Primarily the work includes:

- Plan of Operational Audit Reviews
- Cross cutting Governance Audits
- Annual Review of Key Financial System Controls (Key Control Audits)
- Special, Unplanned, Audit Reviews

Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Chief Financial/S151 Officer following consultation with the Wiltshire Management Team and our External Auditors. This year's Audit Plan was reported to this Committee at its meeting on 13th May 2011. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

We rank our recommendations on a scale of 1 to 5, with 1 being Low or administrative concerns to 5 being areas of high concern requiring immediate corrective Action.

Internal Audit Work Programme

The last six months have been somewhat disrupted by changes to the management of the service and the potential transfer to SWAP. This has resulted in a loss of 105 productive days and amendments have therefore been made to the agreed plan to ensure that this Committee is aware of what is still possible to deliver and which audits will have to be deferred or dropped. These changes have been agreed in principal with the Chief Financial/S151Officer.

The schedule provided at Appendix B contains a list of all audits agreed for inclusion in the Annual Audit Plan 2011/12. 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 as agreed.

Each completed assignment includes its respective "assurance opinion" rating together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit "Audit Framework Definitions" as shown in Appendix D.

Where assignments record that recommendations have been made to reflect that some control weaknesses have been identified as a result of audit work, these are considered to represent less than significant potential risk to the Council. In such cases, the Committee can take assurance that improvement actions have ben agreed with management to address these.

Where weaknesses have been identified in service/function reviews that are considered to represent potential significant risks to the Council these have been specifically included in Appendix E. These issues will remain on the schedule, supported by regular management updates, until the necessary action has been taken to mitigate the risk.

Members should be aware that there will be a period of transition between the working methods of the former internal audit service and SWAP, this is time-bound and will be resolved when the audit work for 2012-13 commences. The approach adopted by SWAP is different in that we assess risks at a corporate level and prioritise actions at the service/function level. To assist Members in fully understanding our approach it has been agreed that we will arrange training in the new year but will also discuss our methodology during the presentation of this paper.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

South West Audit Partnership

Completed Audit Assignments in the period with "limited/partial" or "none" assurance.

Operational Audits

Operational audits are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

Since the last report to this Committee, of the 7 audits completed to "final report status" 3 received a "satisfactory/ reasonable" and 4 received either a "limited/partial" or "none" assurance. A summary of the key issues are detailed below. *(NB: The reference number in brackets correlates with the Audit No. in Appendix B.)* In addition to the above audit work completed, schools audits have continued and a further 6 have been completed.

A "limited/partial" or "none" opinion has been given where some or all key risks are not well managed and systems require the introduction and/or improvement of internal controls to ensure the achievement of objectives (see audit opinion definitions in Appendix D). In our notes below we have tried to summarise the key issues that require management attention to address our findings. (*It should be noted that these opinions were given at the time of the audit and the situation may have changed since that time. Please see Appendix E for further details on actions agreed).*

1 (2). Contract Administration – Limited/Partial Assurance

The audit found that Legal Services do not always have sufficient input into contracting and the content of contracts, or providing the necessary Legal advice to those responsible for contracting and procurement. Whilst there are some failings on the part of Legal Services, such as the failure to record on the OSPREY system or Legal database, there are external factors such as issues relating to governance with regards to contracts and contract regulations. These issues will need to be considered in order to improve the various practices used. It is recognised that although at the time of the audit there was no formal Procurement Guide, CPU are actively engaged in mapping the process and work continues apace. It should be noted Legal Services are currently visiting teams across the Council to arrange for Service Level Agreements. Whilst this may be beneficial to Legal Services it could further deter departments from using their services.

Completed Audit Assignments in the period with "limited/partial" or "none" assurance.

Operational Audits continued

2(12). Travellers Services - **No Assurance**.

At both the strategic and operational levels we have found weaknesses in the systems of control examined. At the strategic level there has been delays in implementing the 2010 Gypsy and Travellers strategy approved by cabinet, and a failure to compare with, and adopt, best practice. At the operational level there is a lack of effective and up to date communication with site occupiers, the wider public and across the council about the rules governing sites and signposting how travellers can access available council services. We found the Travellers Service and staff transferred to Housing to be inadequately resourced. There is a need to rewrite policy and procedures for setting and collecting site rents and arrears and to pursue outstanding arrears to a satisfactory conclusion. There have been notable delays in the funding and carrying out of essential repairs. Following our earlier report in 2009, we again found a continuing lack of control in the provision, metering and recovery of utilities costs at the Council's Traveller sites.

3(14). Mobile Telephones – Limited/Partial Assurance

The risks identified and recommendations made in this report indicate that there is a need to update the Mobile Phone Policy, Smartphone Policy and the User Guide for Personal Calls. This should reinforce the requirement for all employees to adhere to the process for paying for their private telephone calls. As there are potential risks to budgets, managers should also be reminded of their obligation to monitor employee usage and confirm that the Council is recouping the cost of these calls. The audit also identified issues where people had left the Council and recurring costs were still being met by the Council. It should be noted that the period of testing for this audit was June to August 2011 and it is understood that work is currently underway to monitor the use and costs of mobile telephony.

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Operational Audits continued

Completed Audit Assignments in the period with "limited/partial" or "none" assurance.

4(16). Fleet Management – Limited/Partial Assurance

Although a great deal of work was carried out as part of the Grey Fleet Pilot Project, due to the pressures of other work, some planned action listed in the Fleet Risk Management Action Plan, has not yet been implemented as agreed. A final version of the Corporate Driving at Work policy is yet to be published and the Drivers Handbook is still not available to all employees. However, this is being addressed as additional resources have been targeted to this area and the Fleet Services Manager is confident that this will take place shortly. The audit recognises that the Fleet Services Team which was formed following the move to Wiltshire Council is now developing well and the links with Central Finance and the Corporate Procurement Unit have improved during the last year. Having said this, there are still some improvements which could be made. Due to the complexities of the business and existing systems, and funding restraints, the Tran-man system is not currently being used to its full potential. Work is also required to raise awareness to ensure that services with responsibility for operational vehicles and plant consider Fleet Services as the specialist unit and focal point for communication and expertise.

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These are risks that we have identified as being high risk and that we believe should be brought to the attention of Audit Committee

Schedule of Significant Risks

The schedule attached at Appendix E also contains an update provided by management on those significant potential risks that were previously reported to the this Committee meeting on 28th September 2011, but at the time agreed actions were not complete.

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SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

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

Future Planned Work

This is detailed in Appendix B and remains under constant review to ensure that internal audit resources can also be targeted at emerging issues. Any changes that are required are agreed with the S151 Officer.

Conclusions

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. WC management respond positively to internal audit suggestions for improvements and corrective action is often taken immediately, wherever this is possible or practical.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

South West Audit Partnership

Audit No	Directorate/Service	Audit Area	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
							High 5	4	3	2	Low 1
FINAL REPORTS ISSUED DURING 2011-12											
1	Chief Executives	Council Tax	April 2011	Final	Substantial - Reasonable	7	0	0	3	0	4
2	Chief Executives	Contract Administration	April 2011	Final	Limited - Partial	9	4	0	5	0	0
3	Children & Education	Trading Services - Braeside	April 2011	Final	Limited - Partial	11	3	0	5	0	3
4	Community Services	Area Boards, Communities	April 2011	Final	Full - Comprehensive	11	0	0	0	0	11
5	ICT	IT Infrastructure	April 2011	Final	Substantial - Reasonable	14	0	0	9	0	5
6	ICT	Revenues and Benefits (IT) - Academy (North)	2010/11	Final	Limited - Partial	26	0	0	15	0	11
7	ICT	Revenues and Benefits (IT) - Academy (West)	2010/11	Final	Limited - Partial	17	0	0	9	0	8
8	ICT	Revenues and Benefits (IT) - Academy (East)	2010/11	Final	Limited - Partial	18	0	0	10	0	8
9	ICT	Revenues and Benefits (IT) - Academy (South)	2010/11	Final	Limited - Partial	20	0	0	8	0	12
10	ICT	Housing Rents (Simdell)	2010/11	Final	Substantial - Reasonable	18	0	0	10	0	8
11	ICT	Cash Management (IT Civica)	2010/11	Final	Substantial - Reasonable	23	0	0	17	0	6
12	Community Services	Traveller Services	April 2011	Final	No	10	6	0	4	0	0
13	Community Services	Court of Protection	April 2011	Final	Limited - Partial	17	2	0	10	0	5
14	ICT	Mobile Phones	April 2011	Final	Limited - Partial	7	2	0	5	0	0
15	Corporate	SAP (IT)	2010/11	Final	Substantial - Reasonable	15	0	0	4	0	11

Audit No	Directorate/Service	Audit Area	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
							High 5	4	3	2	Low 1
16	Neighbourhood & Planning	Fleet Management	2010/11	Final	Limited - Partial	20	2	0	11	0	7
17	Neighbourhood & Planning	Markets	April 2011	Final	Substantial - Reasonable	3	1	0	2	0	0
18	Neighbourhood & Planning	Waste Collection (Corporate Risk CR027)	April 2011	Complete	Review Only	0	0	0	0	0	0
19	Transformation & Resources	Internal Governance	April 2011	Final	Substantial - Reasonable	2	0	0	2	0	0
DRAFT REPORTS 2011-12 PLAN											
20	Transformation & Resources	Pre-Employment Screening - AFC	April 2011	Draft		0	0	0	0	0	0
CURRENT WORK IN PROGRESS											
21	Community Services	Care Placements (Corporate Risk CR003)	April 2011	In Progress		0	0	0	0	0	0
22	Corporate	Grant Payments	April 2011	In Progress		0	0	0	0	0	0
23	Corporate	Income	April 2011	in Progress		0	0	0	0	0	0
24	Corporate	Follow Up Work	All Year	In Progress		0	0	0	0	0	0
25	Chief Executives	Accounts Payable	November 2011	In Progress		0	0	0	0	0	0
26	ICT	New Revenues & Benefits System (Northgate)	April 2011	In Progress		0	0	0	0	0	0
27	ICT	Pensions	April 2011	In Progress		0	0	0	0	0	0
28	ICT	Core Financial Systems - SAP	November 2011	In Progress		0	0	0	0	0	0
29	ICT	Core Financial Systems - Benefit Systems	November 2011	In Progress		0	0	0	0	0	0

Audit No	Directorate/Service	Audit Area	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
							High 5	4	3	2	Low 1
30	ICT	Core Financial Systems - Housing Rents (Simdell)	November 2011	In Progress		0	0	0	0	0	0
31	ICT	Core Financial Systems - Cash Receipting (Civica)	November 2011	In Progress		0	0	0	0	0	0
32	Neighbourhood & Planning	Concessionary Travel	November 2011	In Progress		0	0	0	0	0	0
33	Neighbourhood & Planning	Planning Applications	April 2011	In Progress		0	0	0	0	0	0
34	Children & Education	Safeguarding (Child Protection)	November 2011	In Progress		0	0	0	0	0	0
35	Neighbourhood & Planning	Section 106 Agreements	November 2011	In Progress		0	0	0	0	0	0
36	Neighbourhood & Planning	Waste Management & Landfill Strategy (Corporate Risk CR001)	April 2011	In Progress		0	0	0	0	0	0
37	Neighbourhood & Planning	Housing PFI Scheme (Corporate Risk CR004)	April 2011	Advice		0	0	0	0	0	0
38	Transformation & Resources	Corporate Employment Policies & Procedures	January 2012	In Progress		0	0	0	0	0	0
		ONGOING ADVICE									
39	Corporate	Anti Fraud & Corruption	All Year	Advice		0	0	0	0	0	0
40	Corporate	National Fraud Initiative	All Year	Advice		0	0	0	0	0	0
41	Chief Executives	Risk Management	All Year	Advice		0	0	0	0	0	0
42	Chief Executives	Procurement & Contract Management	November 2011	Advice		0	0	0	0	0	0
43	Chief Executives	Banking (HSBCnet)	April 2011	Advice		0	0	0	0	0	0
44	Neighbourhood & Planning	Carbon Reduction (Corporate Risk CR008)	April 2011	Advice		0	0	0	0	0	0

Audit No	Directorate/Service	Audit Area	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
							High 5	4	3	2	Low 1
45	Corporate	Project Management	November 2011	Advice		0	0	0	0	0	0
				FUTURE PLANNED WORK							
46	Chief Executives	Housing & Council Tax Benefits	January 2012	Not Started		0	0	0	0	0	0
47	Chief Executives	Accounts Receivable	November 2011	Not Started		0	0	0	0	0	0
48	Chief Executives	Cash Investments & Borrowing	November 2011	Not Started		0	0	0	0	0	0
49	Chief Executives	Pensions	November 2011	Not Started		0	0	0	0	0	0
50	Chief Executives	Management Accounting / Budgeting	November 2011	Not Started		0	0	0	0	0	0
51	Chief Executives	Payroll	November 2011	Not Started		0	0	0	0	0	0
52	Children & Education	Child Placements Out of County	November 2011	Not Started		0	0	0	0	0	0
53	Children & Education	Internal Governance	November 2011	Not Started		0	0	0	0	0	0
54	Children & Education	Child Placements Foster Carers	November 2011	Not Started		0	0	0	0	0	0
55	Community Services	DCS Systems Thinking Review Programme	November 2011	Not Started		0	0	0	0	0	0
56	Community Services	Internal Governance	November 2011	Not Started		0	0	0	0	0	0
57	Corporate	Management Restructuring	March 2012	Not Started		0	0	0	0	0	0
58	Corporate	Freedom of Information, Data Protection Act	November 2011	Not Started		0	0	0	0	0	0
59	Neighbourhood & Planning	Car Parking Services	November 2011	Not Started		0	0	0	0	0	0

Audit No	Directorate/Service	Audit Area	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
							High 5	4	3	2	Low 1
60	Neighbourhood & Planning	Leisure Services Management	November 2011	Not Started		0	0	0	0	0	0
61	Neighbourhood & Planning	Traffic & Network Management	November 2011	Not Started		0	0	0	0	0	0
62	Public Health & Public Protection	Internal Governance	November 2011	Not Started		0	0	0	0	0	0
63	Transformation & Resources	Sickness Absence	November 2011	Not Started		0	0	0	0	0	0
64	ICT	IT Asset Database	November 2011	Not Started		0	0	0	0	0	0
65	Transformation & Resources	Temporary Staff / Consultants	November 2011	Not Started		0	0	0	0	0	0
	REMOVED/DEFERRED WORK DUE TO LOSS IN AVAILABLE PRODUCTIVE DAYS										
66	Chief Executives	Capital Accounting	November 2011	Removed			Deferred to 2012-13 as tested by KPMG at year end.				
67	Community Services	Assessments & Reviews (Care & Financial)	April 2011	Removed			Agreed to defer until 2012-13 due to new processes currently being implemented				
68	Transformation & Resources	Information / IT Management	April 2011	Removed			To be included in 2012/13 plan (if still required) due to loss in available productive days. .				
69	ICT	Car Parking / Ringo	November 2011	Removed			To be undertaken within the review of Car Parking services				
70	ICT	CareFirst	November 2011	Removed			To be included in 2012/13 plan (if still required) due to loss in available productive days. .				
71	ICT	Customer Relationship Management System	November 2011	Removed			To be included in 2012/13 plan (if still required) due to loss in available productive days. .				
72	Community Services	Housing Management System (IT)	April 2011	Removed			Agreed to defer until 2012-13 due to new processes currently being implemented				
73	Neighbourhood & Planning	StreetScene	November 2011	Removed			To be included in 2012/13 plan (if still required) due to loss in available productive days. .				
74	Public Health & Public Protection	IT systems	April 2011	Removed			To be included in 2012/13 plan (if still required) due to loss in available productive days. .				

Audit No	Directorate/Service	Audit Area	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
							High 5	4	3	2	Low 1
				ADDITIONAL UNPLANNED WORK							
75	Neighbourhood & Planning	Cash and Cheque Income	N/A	In Progress							
76	Neighbourhood & Planning	Cash Receipts	N/A	Final							
77	Neighbourhood & Planning	Maintenance Contracts	N/A	Final							
78	Chief Executives	Cash and Physical Assets	N/A	Final							
79	Neighbourhood & Planning	Cash and Physical Assets	N/A	Final							
80	Transformation & Resources	Cash and Physical Assets	N/A	Final							
81	Dept for Children & Education	Cash and Physical Assets	N/A	Final							
				SCHOOLS AUDIT							
82	Schools	Themed Review	January 2012	Not Started		0	0	0	0	0	0
83	Schools - Primary (incl First, Infant & Junior)	The Manor Church of England Primary School	September 2011	Complete		6	0	0	1	0	5
84	Schools - Primary (incl First, Infant & Junior)	Churchfields, The Village School	October 2011	Complete		7	0	0	2	0	5
85	Schools - Primary (incl First, Infant & Junior)	Langley Fitzurse Church of England Primary School	October 2011	Complete		3	0	0	2	0	1
86	Schools - Primary (incl First, Infant & Junior)	Brinkworth Earl Danby's Church of England Primary School	October 2011	Complete		5	0	0	0	0	5
87	Schools - Primary (incl First, Infant & Junior)	St Nicholas Church of England (V.C.) Primary School Bromham	October 2011	Complete		14	0	0	8	0	6
88	Schools - Primary (incl First, Infant & Junior)	Semley Church of England Voluntary Aided Primary School	November 2011	In Progress		0	0	0	0	0	0

Audit No	Directorate/Service	Audit Area	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
							High 5	4	3	2	Low 1
89	Schools - Primary (incl First, Infant & Junior)	Easton Royal Community Primary School	November 2011	In Progress		0	0	0	0	0	0
90	Schools - Primary (incl First, Infant & Junior)	Whitesheet Church of England Voluntary Aided Primary School	November 2011	In Progress		0	0	0	0	0	0
91	Schools - Primary (incl First, Infant & Junior)	Wylye Valley School	November 2011	In Progress		0	0	0	0	0	0
92	Schools - Primary (incl First, Infant & Junior)	North Bradley Church of England Primary School	November 2011	In Progress		0	0	0	0	0	0
93	Schools - Primary (incl First, Infant & Junior)	The Minster Church of England Primary School	November 2011	In Progress		0	0	0	0	0	0
94	Schools - Primary (incl First, Infant & Junior)	New Close Community School	November 2011	Not Started		0	0	0	0	0	0
95	Schools - Primary (incl First, Infant & Junior)	Winsley Church of England Voluntary Controlled Primary School	November 2011	Complete		1	0	0	0	0	1
96	Schools - Primary (incl First, Infant & Junior)	Christian Malford Church of England Primary School	November 2011	In Progress		0	0	0	0	0	0
97	Schools - Primary (incl First, Infant & Junior)	Harnham Infant School	November 2011	In Progress		0	0	0	0	0	0
98	Schools - Primary (incl First, Infant & Junior)	Devizes Southbroom Infants School	December 2011	In Progress		0	0	0	0	0	0
99	Schools - Primary (incl First, Infant & Junior)	Southbroom Church of England Junior School	December 2011	In Progress		0	0	0	0	0	0
100	Schools - Primary (incl First, Infant & Junior)	Wardour Catholic Primary School	January 2012	Not Started		0	0	0	0	0	0
101	Schools - Primary (incl First, Infant & Junior)	Monkton Park Community Primary School	January 2012	Not Started		0	0	0	0	0	0
102	Schools - Primary (incl First, Infant & Junior)	The Mead Community Primary School	January 2012	Not Started		0	0	0	0	0	0
103	Schools - Primary (incl First, Infant & Junior)	Whiteparish All Saints Church of England Aided Primary School	January 2012	Not Started		0	0	0	0	0	0
104	Schools - Primary (incl First, Infant & Junior)	St Joseph's Catholic Primary School Malmesbury	January 2012	Not Started		0	0	0	0	0	0

Audit No	Directorate/Service	Audit Area	Planned Quarter	Status	Opinion	No. of recs	Recommendations				
							High 5	4	3	2	Low 1
105	Schools - Primary (incl First, Infant & Junior)	Urchfont C.E. Primary School	January 2012	Not Started		0	0	0	0	0	0
106	Schools - Primary (incl First, Infant & Junior)	Seend Church of England Voluntary Aided Primary School	January 2012	Not Started		0	0	0	0	0	0
107	Schools - Primary (incl First, Infant & Junior)	Sherston Church of England Primary School	January 2012	Not Started		0	0	0	0	0	0
108	Schools - Primary (incl First, Infant & Junior)	Wootton Bassett Infants	January 2012	Not Started		0	0	0	0	0	0
109	Schools - Primary (incl First, Infant & Junior)	Forest & Sandridge Church of England Primary School	January 2012	Not Started		0	0	0	0	0	0
110	Schools - Primary (incl First, Infant & Junior)	Luckington Community School	January 2012	In Progress		0	0	0	0	0	0
111	Schools - Primary (incl First, Infant & Junior)	Holt Voluntary Controlled Primary School	January 2012	Not Started		0	0	0	0	0	0
112	Schools - Primary (incl First, Infant & Junior)	Pembroke Park Primary School	January 2012	Not Started		0	0	0	0	0	0

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 is to be approved by the Audit Committee on 14th December 2011 and Full Council on 7th February 2012 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 (SWAP) on a 3 year 5 month contract expiring on 31 March, 2015. This charter should be read in conjunction with the Trading 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 SWAP Partnership Board. 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 Partnership Board. 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 Chief Finance Officer in consultation with the Head of Internal Audit Partnership.

Role of Internal Audit
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 Head of Paid Service 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. Internal Audit also complies with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

Internal audit is not responsible for any of the activities which it audits. Members of SWAP 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 of 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 Head of Internal Audit Partnership is responsible to the SWAP Management Board and the Partnership Board. The Head of Internal Audit Partnership and the Group Audit Manager also report to the Chief Finance Officer, as Section 151 Officer, and reports to the Audit Committee as set out below.

Appointment or removal of the Head of Internal Audit Partnership is the sole responsibility of the Partnership Board.

Scope and authority of Internal Audit work
There are no restrictions placed upon the scope of internal audit's work. Members of SWAP 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 auditors 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 information, 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 council expect to face in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed with the Chief Finance Officer on a quarterly basis to ensure it remains 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 Director. SWAP will report at least two 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 detailed report will also be copied to the Chief Finance Officer and to other relevant line management.

The Head of Internal Audit 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 Head of Internal Audit Partnership and the Group Audit Manager have the unreserved right to report directly to the Leader of the Council, The Chairman of the Audit Committee, the Head of Paid Service or the External Audit Manager.

Revised October 2011

Audit Framework Definitions

Control Assurance Definitions

Comprehensive (Full)	☆★★★	I am able to offer comprehensive 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.
Reasonable (Substantial)	☆★★☆	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.
Partial (Limited)	☆★★☆	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.
None	★★★★	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.

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.

Audited Activity	Audit Objectives	Audit Opinion	High Risks / Main Issues	Management Actions Proposed
Contracts Administration	• Records of contracts are maintained and up dated accordingly. • Contracting within departments is carried out according to corporate policy and where applicable in conjunction with Legal Services. • Legal Services are consulted according to procurement regulations.	Limited Assurance **4 High Risks** **4 Medium Risks**	• There is a risk of non compliance with contract regulations. The majority of contracts and framework arrangements tested were not on the Legal database. • Contracts Officers are not using the Wiltshire Council Contracts Template where applicable. There is a risk that particular clauses may have been omitted and may have a detrimental effect should there be failings by the provider or the Council. • Agreements may have been negotiated for high value contracts without Legal input. This is a significant corporate risk because there is no appropriate check that the contracts being entered into are legally compliant. It also creates the risk that should a dispute arise over these contracts Legal would not be in a good position to give quick responses or solutions. This could delay	• Legal should be consulted on all contracts unless a template contract is used without amendment. All template contracts should be reviewed annually to ensure they are fit for purpose. • All Contracts Officers should be using the relevant Legal contracting templates. All other arrangements should be put forward to Legal for approval. This will ensure that the Council is using a consistent approach and avoid any discrepancies in the future. Appropriate training of all contracts officers to ensure that they understand the importance of use of legal and template documents. • High value contracts should be considered by both Procurement and Legal Services to ensure that sufficient scrutiny has been demonstrated. Appropriate training of all contracts officers to ensure that they understand the importance of use of legal and template documents.

Audited Activity	Audit Objectives	Audit Opinion	High Risks / Main Issues	Management Actions Proposed
			proceedings and may have other Legal implications.	
			• There is a risk that variations are implemented without notifying Legal Services. There are also issues around the registration with variations on the Legal database. The lack of registration on the Legal database may lead to insufficient evidence that Legal have been involved. As there is no appropriate guidance in the contract regulations changes are being made to contracts both in terms of value, amendment of clauses including service specifications without consulting Legal Services.	• Requirements and procedures regarding contract variations and amendments should be addressed by way of application of contract regulations in the same manner as the original contract. Appropriate training of all contracts officers to ensure that they understand the importance of use of legal and template documents.
Fleet Management	• All vehicles operated by the Council are recorded and monitored in accordance with Council and government regulations • Vehicles, including those operated on behalf of the Council under contract, are maintained correctly and this is documented and monitored.	Limited Assurance **3 Medium Risks**	• A final version of the Corporate Driving at Work (CDAW) policy has not yet been published or signed off by Committee. In the event of an incident, the Council may not be able to prove due diligence and this could expose the Council to the risk of legal action.	• The CDAW policy is currently being re-drafted into a new style/format. Once finalised, the policy will be passed to the Staffing Policy Committee for sign off. Currently planned for Sept/Oct 2011.

Audited Activity	Audit Objectives	Audit Opinion	High Risks / Main Issues	Management Actions Proposed
	• Storage of stocks, including fuel, is monitored and controlled. • The audit will also follow up on the progress of the rollout of Tranman across the County.		• With the ongoing review of fleet services, strategic decisions and resulting movement of fleet and locations, there may be changes which may affect the conditions of the O Licence. There is a risk that if these changes are not communicated to Fleet services in a timely fashion, the Operator Licence will not be updated within the required period, thereby committing an offence under the Goods Vehicles Act. • Fleet are not complying with procedure as in the Guide to Purchasing v1.1 issued by Corporate Procurement. Suppliers are being asked to send their invoices directly to the depots and not to SST. There is a risk that these invoices will be paid late and could incur late payments changes as well as tarnishing Wiltshire Councils' reputation with their suppliers.	• Services operating fleet to be reminded to advise Fleet Services of changes which may affect the conditions of the O Licence. Fleet services have scheduled regular meetings to reconcile authorised vehicles and operating centres to ensure compliance with legislation. • All suppliers used for our individual/specialist orders are requested to send invoices direct to SST, therefore conforms to the procedure. An exception to this is limit orders to our regular suppliers, where the order number will cover the whole financial year. Our regular suppliers invoice us monthly against our limit order numbers. Historically, SST have found it difficult to reconcile the invoices against the relevant limit orders, in some cases paying the invoice against the incorrect goods receipt. If we revert to following procedures we risk returning to the situation where invoices are not

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Audited Activity	Audit Objectives	Audit Opinion	High Risks / Main Issues	Management Actions Proposed
				processed in a timely fashion and therefore resulting in being placed on stop by many of our suppliers. This will severely reduce Fleet Services ability to provide an effective vehicle maintenance service to our frontline operational departments, eg Waste Services and Highways. Fleet Services need to work with SST to ensure invoice processing procedure is fit for purpose and will ensure Fleet suppliers get paid in a timely manner, avoiding accounts going on stop.
Mobile Telephones	- There are clear written policies and procedures covering Mobile Phones and officers' responsibilities are clear and appropriate. - Fees and charges are properly authorised and regularly reviewed. - Accounting and administrative procedures for collection of fees and charges are effective and efficient. - Adequate reporting systems are in place, performance is monitored and any significant issues are highlighted.	Limited Assurance **2 High Risks**	- The telephony budget could become overspent if it is not closely monitored. As well as the financial implication, there is also a reputational implication in the current climate. - The Council is paying for its employees' personal calls and not recouping the costs through payroll due to employees not submitting their call spends on the VCol (Vodafone) site and the Intranet. There is a reputational and financial risk associated with this.	- It has been agreed that during 2010/11 financial year all telephony related budgets will be centralised into the Business Solutions section of Information Services (IS). This has yet to happen but robust budget management will be applied to these funds when they come under IS control. - The use of Corporate mobile phone devices is currently under review by the IS and Transformation Directors. They will recommend a new policy by the end of November 2011. In the meantime procedures are being implemented to encourage managers to more closely monitor the personal call costs of their staff.

Audited Activity	Audit Objectives	Audit Opinion	High Risks / Main Issues	Management Actions Proposed
Traveller Services	• Management of travellers' sites and allocation of permanent and transit plots is adequate and effective. • Arrangements are in place to ensure compliance with recent changes in legislation governing licensing of sites by Local Authorities. • Maintenance of facilities is adequate and facilities provided meet Health and Safety requirements. • Utility charges and rents are set appropriately and there are effective procedures to recover these from site occupiers.	No Assurance **6 High Risks**	• Communicating out of date information to the public is misleading and unhelpful, and damages the council's reputation. • Failure to translate strategic aims into effective delivery of services prohibits acceptable levels of service, service improvements to clients damages the council's reputation for service to the community. • Insufficient management resources to meet the front-line requirements of Travellers risks a	*Please Note - All actions below taken from Action Plan Progress Update provided to Internal Audit in November.* • A leaflet to be produced detailing support available and liaising with other teams re: additional leaflets to be contained in the pack/website/notice boards. Liaise with other areas including Enforcement and Planning to design range of leaflets and possible other media options including CD/DVD. Will consult with residents on preferred methods and ways of meeting their needs. • This is being addressed by the new strategic group that has been formed, to ensure a joining up of all services responsible for aspects of Gypsies and Traveller sites and services. . • Draft JG/JEQ for new Travellers Liaison Officer management post with HR.

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Audited Activity	Audit Objectives	Audit Opinion	High Risks / Main Issues	Management Actions Proposed
			breakdown in communication with a vulnerable minority group and failure to provide for their needs.	
			• Failure to identify and implement best practice misses opportunities for improving operational effectiveness and synergy.	• Performance data from Highways to be reviewed and collated. Best practice in other areas with similar demographics/travelling patterns to be considered. New methods of collecting roadside encampment data from February. Short term solution improved communications with all front line staff to ensure best practice service.
			• Delay in carrying out essential and urgent repairs.	• The Council is prioritising its current repairs and maintenance schedule to address backlog maintenance issues, and will prioritise the work and funding of the travellers accordingly due to the factors raised in this report. The work to be started before the end of the year.
			• Continuing failure to control the supply of utilities and recover their full costs at Traveller sites, risks ongoing incurrence of significant financial losses to the council.	• An independent approach to water/electricity is included in the HCA bid; if this is not successful, need to include in proposal to the Capital Asset Board. Wide range of options being considered and financially evaluated.