

**WILTSHIRE COUNCIL  
AUDIT COMMITTEE**

**20<sup>th</sup> March 2013**

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**INTERNAL AUDIT 2012/13 THIRD UPDATE REPORT**

**Purpose of the Report**

1. This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section. In particular, it provides a summary of:
  - the outcomes of audits completed during the period,
  - the results and outcomes of follow-up reviews carried out during the period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year
  - an update on the delivery of the 2012/13 IA Plan, including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits.

**Executive Summary**

2. The attached quarterly update (Appendix A) summarises the main findings by IA. In summary, the Service has started 118 audits, 17 carried forward from 2011/12 (15 now complete and 2 deferred), and a further 66 completed or at final report stage of the audits started in 2012/13.
3. Overall IA concluded as per its assurance definitions at page 8 of the SWAP report at Appendix A of this report, that the majority of its findings were that there is reasonable or substantial assurance.

<b>Assurance (per definitions at Appendix A)</b>	Percentage – Update 1	Percentage – Update 2	Percentage – Update 3
Substantial	6%	5%	8%
Reasonable	57%	62%	60%
Partial	14%	18%	17%
None	0%	1%	1%
Advice/Follow Up Audits	23%	14%	14%

4. From this work 2 potential significant 'corporate' risks have been identified (reported to the Audit Committee on the 19<sup>th</sup> December 2012), with reviews resulting in a partial assurance (definition at page 8/9 of SWAP summary report at Appendix A of this report). Only 1 of the 14 partial/no assurance reviews relate to audits completed this quarter and are reported on in this report (the other 13 have previously been reported to this Committee). Further to this there was 1 audit area that received "No Assurance" (previously reported to this Committee).
5. The 1 partial assurance finding to update members on this quarter is related to the review of Fees and Charges, the details are shown in Appendix D.
6. Overall therefore the 395 recommendations have been made by IA to date (86 this quarter, 165 in the second quarter and 137 in the first quarter), broken down as follows:

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	Total reported Update 2	Total reported Update 1
2011/12 carry forward audits – Accumulative Update 1	7	0	19	0	40	/	66
2011/12 carry forward audits – Accumulative Update 2	7	2	24	2	41		76
2012/13 audits – Accumulative Update 1	0	1	42	8	20	/	71
2012/13 audits – Accumulative Update 2	3	56	124	26	24		233
2012/13 audits – Accumulative Update 3	3	73	165	49	30		319
<b>Total year to date</b>	10	75	189	51	71		<b>395</b>
<b>Percentage</b>	3%	19%	48%	13%	21%		

7. Appendix B identifies the 2012/13 audits, included in that are those that have been deferred to later in the financial year or until 2013/14. Below are a list of audits that have been deferred since the last report to this committee, and the reasons for the deferral.
8. These have been agreed with the business and S151 Officer. Corporate Directors, Service Directors and Service Managers have provided summaries of reasons for deferrals and these are shown below:

- Adoption

Progress relating to Adoption and Child Protection is being overseen by an Improvement Board, independently chaired, and there is also a safeguarding scrutiny task group in place. The Service is also planning a follow up adoption diagnostic by an external agency around July 2013. The audit work will need to be after this to assess potential improvement following the implementation of the improvement plan.

- Child Protection Plans

Children's services are currently being very closely monitored and audited, so questionable how much value internal audit could add at this stage, possible internal audit early 2014.

- Troubled Families

The troubled families work is overseen by a high level steering board attended by senior representatives of partner agencies. An audit in Autumn 2013 will allow for further implementation of the programme.

- Communications

This work was planned for Spring 2013 but due to a service restructure this will be deferred by a few months.

- Assessment and Reviews

The Internal Audit Plan 2012/13 outlined the intention to audit Adult Care's Assessment and Review Process. However, this did not take place as a request was made to delay this audit as a new service, Helped to Live At Home (HTL@H), was in the process of being introduced and it radically changed both the assessment and review processes.

- Helped to Live at Home (HTL@H)

HTL@H services have now been operating for 9 months and the processes are currently being reviewed. It is anticipated that the review will be completed and any changes to the process made by June 2013. It is therefore appropriate that an internal audit be carried out in the last quarter of the financial year 2013/14. This will allow for the revised processes to embed and give a truer picture of the robustness of the processes.

- Child/Adult Transition

The disabled children and adults review has continued to progress over the past two years. The vision for a more integrated service for young people with Special Educational Needs and Disabilities (SEND) is beginning to come together and phase 1 will be delivered in April 2013.

Phase 1 will create an extended children's social care service for SEND that will bring together a range of DCE colleagues and resources transferred from adult social care services into a new service that will provide continuity for young people from birth to stability. (0 – 25 years). The necessary HR work and staff consultations are underway at this time. The new service is actively recruiting staff.

Phase 2 will consider how best to ensure that schools and learning and health will contribute to the new 0-25 single Education, Health and Care (EHC) assessment, that will become a statutory requirement from April 2014 onwards. As a DfE pathfinder, Wiltshire is already piloting the EHC single assessment.

Deferring the audit at a time of substantial change creates the opportunity for a far more effective audit later in 2013 that will be able to report on the proof of concept stage and the initial impact of phase 1.

- Continuing Health Care (CHC)

This audit has been delayed for several reasons:

CHC was the subject of a joint Health & Social Care scrutiny task group in 2012. The action plan from this task group was agreed in May 2012 and progress will be reported back to Health Select Committee in March 2013. Audit of delivery will be more helpful after the action plan is fully implemented.

The Council and the new Clinical Commissioning Group (CCG) are developing a protocol for meeting and funding health needs to simplify arrangements for people who are not eligible for CHC but who have health needs that can be safely delivered by social care providers. It would be helpful for audit to consider the implementation of this protocol.

More recently (February 2013) it has been decided that CHC delivery will be one work stream within the Community Services Transformation Review, which is a joint programme of work between the CCG and Great Western Hospital community health services.

- Orders of St John Care Homes

It was agreed to delay as the previous audit had only just been completed. The audit identified areas which needed improvement. A new finance monitoring system has been implemented and it is felt that an audit would need to wait until after implementation.

9. Internal Audit have undertaken other additional work and this is detailed below:

- Registration

Service Requested by client to include a review of the processes within the service.

- Migration of Benefits

The Benefits system was replaced in 2011. This additional work was required by the external auditor to provide assurance that data migrated to the new system was accurate and complete.

- Express Payroll

Software identified during the audit of Electoral Services. It was considered appropriate to carry out a review to ensure appropriate and controlled access to personal and sensitive information.

- Grant Certification

Some grants awarded to the Council from external organisations require a level of audit and checks by Internal Audit. As these grants were not known at the time of planning the work was not part of the agreed audit plan.

- External Audit High Risks Assurance

This work was required to provide additional assurance that the actions proposed in the action plan had taken place or was in progress.

- Adult Services Contracts

Internal audit were asked to deliver training to the contracts team so that they could carry out visits to care homes as part of their contract monitoring and as agreed following an audit review the previous year.

- Access Passes

Due to the unprecedented levels of change taking place across Wiltshire it was felt appropriate to include a piece of work to assess the level of control regarding access passes to Council sites.

- SAP Access Controls

Similar to the Access Passes above, but directly relating to access to SAP. The audit commenced but was agreed to defer further work to allow the SAP Support Team to conclude a piece of work relating to roles and access.

- SCL Project

A project is underway to review Staff Changes and Leavers. Audit have been involved in this review and providing independent input to the project team.

- Traffic and Network Management

This work was initially agreed as part of the audit plan but on discussion with the business, it was agreed that two separate audits would be required, one for co-ordination and one for inspection.

10. Overall the performance of SWAP is on track with the partnership performance measures. Members will note that 75% of reports have been issued (a slight drop from the previously reported 76%) within the agreed timescales, however, as identified at Appendix B a review of the dates requested by Audit Committee and now included shows that in some cases there have continued to be delays between the dates reports (draft and final) were expected to be issued and when they were. Discussions with IA have identified this is due to.

- Delays in clearing reports by Wiltshire in certain cases due to;
  - Absences
  - Wide circulation for clearance
  - Differing Opinions as to the Final Content

11. By removing the schools audit work there has been an improvement in this figure from 24% to 70% (with schools, 29%) but clearly there is still work to be done. This item will continue to be reported to Committee until we are satisfied that the improvement required is sought and sustained. This will include being informed by the Audit Committee's Task Group.

12. These issues are not due to internal audit and in relation to the first issue a new protocol has been agreed with IA for improving the timeliness and resolution of reports. As such no issues are raised regarding performance to date.

### **Proposal**

13. Members are asked to note the findings from IA audits to date and confirm the changes to the audit plan set out at paragraph 6 of this report relating to deferral of certain audits.

### **Reasons for Proposals**

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

**Michael Hudson**  
**Director of Finance, S.151 Officer**

**Report author: Michael Hudson**  
01225 713601  
michael.hudson@wiltshire.gov.uk

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

Appendices: A – IA Second Progress Report 2012/13  
B – IA detailed Audit Plan and monitoring statement 2012/13  
C – Significant Corporate Risks  
D – Summary of audits deemed 'Partial / No' assurance