



Appendix A

Wiltshire Council

Annual Report and Opinion 2013-14

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Annual Opinion:

The Director of SWAP is required to provide an annual opinion report to support the Annual Governance Statement.

“generally risks are generally well managed”

Director of SWAP Opinion

Over the year SWAP have found Senior Management of Wiltshire Council to be supportive of SWAP findings and responsive to the recommendations made. In addition there is a good relationship with Management whereby they feel they can approach SWAP openly into areas where they perceive potential problems and again welcome the opportunity to take on board recommendations for improvement. The follow up work confirms the responsive nature of management at Wiltshire Council in implementing agreed recommendations to mitigate any exposure to risk.

I have considered the balance of audit work and outcomes against this environment and am able to offer reasonable assurance in respect of the areas reviewed during the year, as most were found to be adequately controlled. Generally risks are well managed but some areas require the introduction or improvement of internal controls to ensure the achievement of objectives. Whilst I have limited concerns regarding some aspects of the control environment, I do not consider there to be any areas of significant corporate concern.

Internal Audit Service

The Internal Audit Service for Wiltshire Council is provided by South West Audit Partnership (SWAP).

Purpose of Report

The Accounts and Audit Regulations (England) 2011 requires public authorities to publish an Annual Governance Statement (AGS). The Statement is an annual review of the Systems of Internal Control and gathers assurance from various sources to support it. One such source is Internal Audit. The Head of Internal Audit should provide a written annual report to those charged with governance to support the AGS. This report should include the following:

- an opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment
- disclose any qualifications to that opinion, together with the reasons for the qualification
- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies
- draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement
- compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria
- comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

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

Annual Opinion:

The Director of Planning is required to provide an annual opinion report to support the Annual Governance Statement.

Background

The Internal Audit service for Wiltshire Council is provided by the South West Audit Partnership (SWAP). SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS. The work of the partnership is guided by the Internal Audit Charter which is reviewed annually. Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work of the service is based on the Annual Plan agreed by Senior Management and this Committee. This report summarises the activity of SWAP for the year April 2013 to March 2014.

Summary of Work 2013/14

The agreed Annual Audit Plan covers the following key areas of Activity:

- Operational Audit
- Key Control Audit
- Governance Audit
- Schools Audit
- ICT Audit
- Grants
- Follow Up
- Other Reviews

Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits agreed for inclusion in the Annual Audit Plan 2013/14 and the final outturn for the financial year (included audits carried forward from 2012-13). In total, 110 audit reviews have been undertaken during the year. Members will note that the audit plan should always remain flexible and for 2013-14 there were many changes. These have been reflected in Appendix B.

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.

A breakdown of these 110 audit assignments is as follows:

Operational Audits	78	Unplanned Work	6
Certification Work	3	Follow Up Work	16
Other Reviews	7		

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”.

Completed Audit Assignments 2013/14

The Annual Audit Report and Opinion covers the following key areas of Activity:

- OPERATIONAL AUDITS
- SPECIAL PROJECTS
- CERTIFICATION WORK
- FOLLOW UP WORK

Audits Completed

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.

78 Operational Audits (including ICT) were undertaken by SWAP for the period April 2013 to March 2014. 11 audits are at "draft report status"/"discussion stage", 14 are "in progress" or "review stage" and 53 have now been completed to "final report status". Of the 53 reports that have been issued to final stage 12 received "partial assurance" rating, with only one review receiving "no" assurance. Of the 53 reports that were issued to final report status, some 281 actions for improvement were agreed with Management.

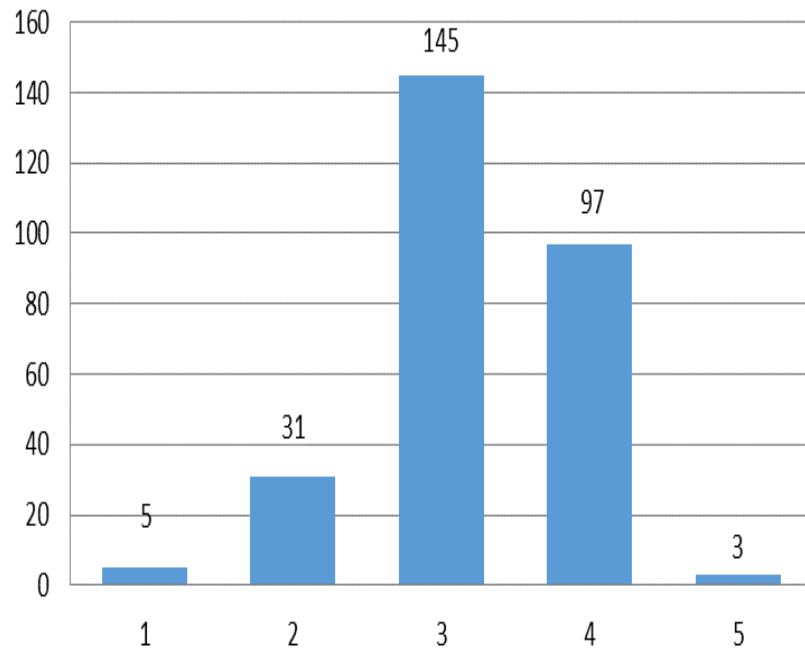
Special Projects - Occasionally when Management identify a potential area for specific attention or an unexpected problem arises in a service area, Internal Audit are requested to undertake a review to provide advice and, if appropriate, recommendations for improvement. In some cases it may be necessary to defer planned reviews in order to complete these special reviews, but where ever possible the impact on the delivery of the plan has been minimised. 6 additional unplanned audits were undertaken during the period April 2013 to March 2014 all of which have been completed.

Certification Work – during the year audit reviews took place which led to the certification of 3 sets of accounts.

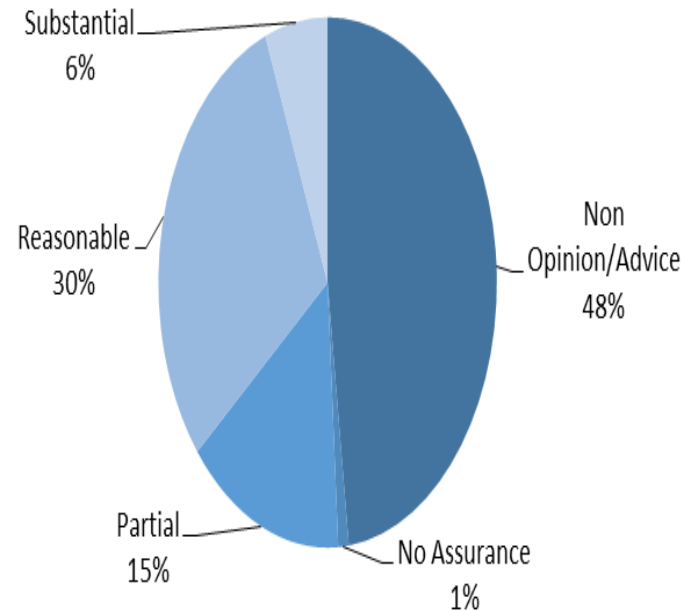
Follow Up Work – are carried out to confirm that any recommendations from the original audit, where a "partial" or "none" opinion was afforded, have been completed as agreed. 16 Follow Up Audits were undertaken during the period April 2013 to March 2014 and it is pleasing to note that all high priority actions have been subject to the agreed follow up procedure.

Summary of Control Assurance and Recommendations

Audit Recommendations by Priority



Control Assurance % by Category



Performance:

The Chief Executive of the Partnership reports performance on a regular basis.

SWAP Performance

SWAP now provides the Internal Audit service for 12 Councils and additionally many subsidiary bodies.

Performance Target	Average Performance
<p><u>Audit Plan</u> Percentage Completion 90% or more</p>	<p>100% (2012/13 – 100%)</p>
<p><u>Draft Report</u> Reports Issued within 5 working days (Average 8 Working Days) Reports issued within 10 working days (Average 8 Working Days)</p>	<p>55% (2012/13– 67%) 69% (2012/13 – 81%)</p>
<p><u>Quality of Audit Work</u> Individual Audit Assignment Feedback - ‘Customer Satisfaction Questions’</p>	<p>82% (2012/13 – 81%)</p>

Performance:

The Chief Executive of the Partnership reports performance on a regular basis.

SWAP Performance

With regards to the 2013/14 Annual Plan for Wiltshire Council, for those reviews still showing as 'In Progress', testing in most cases has been completed and these are targeted to be finalised before the end of June 2014.

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the service manager of nominated officer. The aim of the questionnaires is to gauge satisfaction against timeliness, quality and professionalism. As part of the Balanced Scorecard presented to the SWAP Board, a target of 85% is set where 75% would represent good. The latest Scorecard across the Partnership shows the current average feedback score to be 78%. For Wiltshire Council the average feedback score was 82%.

SWAP have not been able to undertake any accurate Benchmarking work as there are very few Partnerships of its size or structure. It is also not possible to obtain information on Private Sector costs from which to draw comparisons although we do know that some larger firms charge well in excess of £300 per day and even more for IT Audit. However, we have managed to capture the following anecdotal evidence that demonstrates that SWAP day rates are highly competitive in the market.

Somerset County Council (SCC) completed the CIPFA Benchmarking exercise, comparing the service they receive from SWAP with others. Comparing day rates, SWAP came out the second lowest for the family group to which SCC belong for comparative purposes. The average day rate was £319 against the rate charged by SWAP of £265; £54 per day more expensive. Based on Wiltshire Council's Annual plan days of 2,250 this represents a reduced charge of £121,500 per annum against the family group average.