

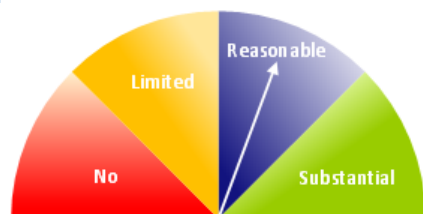
Wiltshire Council

Internal Audit Update Report 2021-22

November 2021

Internal Audit Update – 2021/22: ‘At a Glance’ November 2021

Rolling Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

The Headlines (Since our last update)

	<p>1 No Assurance Opinion assigned 1 Limited Opinion assigned 3 Priority 1 Actions</p>
	<p>10 reviews delivered as part of the 2021/22 Internal Audit Plan Includes 9 assurance reviews (including grant certifications), and 1 advisory piece.</p>
	<p>Internal Audit activity supporting the COVID-19 response A number of required certification reviews for specific COVID-19 support grants (e.g. home to school transport, bus subsidy etc) are underway.</p>
	<p>Improvements from the implementation of agreed actions (2021/22) Follow up activity is underway, and a data dashboard is being built to support management overview. COVID-19 has impacted some delivery and follow up timelines which are currently under review.</p>
	<p>Range of innovations and enhancements made to our internal audit process throughout the year Data analytics continues to drive/support reviews; ongoing assurance mapping work supports assurance planning; comparative benchmarking exercises offer useful insight and suggested practices.</p>

Internal Audit Assurance Opinions 2021/22

	This Period	YTD
Substantial	3	7
Reasonable	1	4
Limited	0	1
No Assurance	1	1
Grant Certification	4	11
Advisory	1	2
Total	10	26

Internal Audit Agreed Actions 2021/22

	This Period	YTD
Priority 1	3	3
Priority 2	5	8
Priority 3	10	24
Total	18	35

Summary

As part of our rolling plan reports, we will provide an ongoing opinion to support the end of year annual opinion, detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

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Rolling Opinion and Summary of Significant Risks

Introduction

This is the November 2021 update for the 2021/22 financial year and reports against the quarterly plans agreed by this Committee. Our planning process involves quarterly reviews with senior managers to ensure internal audit activity remains appropriate in scope and timing with the opportunity for risk-based flex.

Rolling Opinion

The Rolling Opinion is based on information obtained from multiple engagements and sources, the results of which, when viewed together, provide an understanding of the organisation's governance arrangements, risk management processes and internal control environment and facilitate an assessment of overall adequacy and effectiveness. These sources include:

- Completed reviews (for 2021/22) which evaluate risk exposures relating to the organisation's governance, operations, risk and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations;
- Observations from consultancy/advisory support;
- Follow up of previous audit activity, including agreed actions;
- Notable changes to the organisation's strategy, objectives, processes or IT infrastructure; and
- Other assurances (1st and 2nd line) and from other providers, including third parties, regulators etc.

Based upon our completed work to date, which covers various assurance and advisory pieces and a range of grant certifications, our rolling opinion is **'Reasonable'**. Appendix B summarises internal activity completed, in progress and due to commence for the period covered by this report. This, along with the cumulative summary position is provided above in the 'At a Glance' section.

Internal Audit Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.

SWAP Internal Audit Plan Coverage

Recent internal audit coverage and outcomes are reflected in the chart below. Audit coverage by corporate risk is just one measure of the extent of audit coverage. In addition, we also monitor coverage by ‘Corporate Plan Objectives’, ‘Core Areas of Recommended Coverage’, and also by ‘SWAP Top 10 Risk Themes’.

Corporate Risk	Audit Coverage	Assurance Assessment
CRR.01 – Safeguarding Children	In Progress	Limited
CRR.02 – Safeguarding Adults	In Progress	
CRR.03 – Salisbury’s Economy		Advisory
CRR.04 – Interest Rates Changes	In Progress	Substantial
CRR.05 – Cyber Resilience	In Progress	
CRR.06 – Staff Capacity	In Progress	
CRR.07 – Budget Management	In Progress	Reasonable
CRR.08 – Contract Management	In Progress	No Assurance
CRR.09 – Income Collection	In Progress	Reasonable
CRR.10 – Corporate Health, Safety & Wellbeing	In Progress	
CRR.11 – Information Governance	In Progress	

Coverage Key	
■	Good coverage
■	Adequate coverage
■	Some aspects of coverage
■	No coverage to date

Assurance Key	
■ Substantial	Sound system of governance, risk management and controls exist.
■ Reasonable	Generally sound system of governance risk management and control in place.
■ Limited	Significant gaps, weaknesses or non-compliance were identified.
■ No Assurance	Fundamental gaps, weaknesses or non-compliance identified.

*Assurance assessment based on completed audit work.

Significant Corporate Risks:

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.

Summary of Work Completed – Significant Corporate Risks

We provide a definition of the three Risk Levels for Corporate risk applied within audit reports within **Appendix A**. For those audits which have reached report stage through the year, we will report risks we have assessed as 'High'.

Care Home Alliance – Interim Report

An interim review of the new platform to provide residential and nursing care home bed services in Wiltshire to assess the readiness to re-tender.

As part of this audit we initially planned to look at the following areas:

- Planning for the procurement exercise is thorough and takes on board lessons learned;
- Providers and the Council work in partnership;
- Due diligence checks are undertaken before engaging with new suppliers;
- Management is working to reduce the number of off framework placements.

However, after discussions with key officers it was determined that the scope would be reduced as fundamental issues were found with the planning and progress made towards the re-tender. We therefore did not look at due diligence or whether management are actively working to reduce off framework placements.

We were also provided with further information following the issue of the draft report. This has been considered and conclusions updated to reflect the newly shared information.

The following risk was reviewed as part of this audit and an assessment made of the residual risk.

Risk Reviewed	Assessment
1. Poor planning results in the procurement exercise not delivering the required outcomes. Potential failure of second tendering exercise.	High

Internal Audit Update

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit and Governance Committee.

All audits awarded a Limited or No Assurance rating will be followed up to provide assurance to the Corporate Director, Senior Managers and the Audit and Governance Committee, that the agreed actions to mitigate risk exposure have been implemented.

Summary of Work Completed – Limited and No Assurance Opinions

Care Home Alliance – Interim Report

Assurance Opinion



Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

There are good prospects for improvement if the current project governance is strengthened to ensure it is effective.

Key Findings



The project governance for the Care Home Alliance is not effective. Without good oversight there is no effective challenge or monitoring to ensure the project remains on track to deliver the expected outcomes.



Relationships between the services involved with the Care Home Alliance are not working effectively. Services have been asked to complete critical steps in the tender process with insufficient time to complete the tasks or review the information.



Provider engagement and feedback has not been appropriately utilised to inform the upcoming re-tender.



There is a lack of confidence in the data held in LAS / Controcc. It is essential that the Council has a single and accurate point of reference for data such as block bed usage to enable accurate information to be utilised and presented to inform decision making.



Lessons learned from the previous exercise have been considered but we have not been able to confirm that a Market Position Statement or Demand Planning has been completed and as such the timescales for completion remain short.



There are concerns over the ability to complete a cost of care exercise and whether the alternative methods proposed by the Council will be effective or attractive to providers. In addition, there is a limited timeframe for Legal to provide the necessary amendments to the terms and conditions prior to the re-tender go live date.

Six actions have been agreed with the Director of Commissioning, all due to be implemented by 31st December 2021 prior to the tender go-live date of 10th January 2022.

Added Value

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

Changes to the Audit Plan

We will regularly re-visit and adjust our rolling programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems, and controls. Details of our current work areas are provided in **Appendix B**.

Unplanned work, special reviews or projects carried out on a responsive basis which are requested as a result of new and emerging risk areas, and which result in significant changes to the agreed plan will be reported to CLT and the Audit and Governance Committee. The agreed plan provides for flexibility in coverage and scope and includes some provision for responsive activity.

The following table highlights some notable changes to the plan.

Assignment	Amendment	Reason
Council Tax and Business Rates Continuous Audit Q1	Removed	The actions agreed within the 2020/21 review are not due to be implemented until September 2021. As these actions are key to the monitoring of this area, this continuous audit will not be undertaken in Q1.
Building Digital UK Grant	Addition	Update to guidance requiring Internal Audit certification in addition to the usual S151 Officer certification.
Mental Health and Wellbeing	Merger	This audit has now been included within the scope of the Workforce Planning and Capacity audit.
Adults, Childrens and Public Protection Procurement	Addition	The scope of this audit has now been increased to also include Housing, Waste and ICT.
New Procurement Process Maps	Addition	Request to provide advice and act as a 'critical friend' for the new Procurement Process Maps.
Council Oversight of Maintained Schools	Focus Change	This audit has been amended to an interim assurance assessment due to work currently in progress in this area. We propose to revisit this area once further improvement has been made to the governance framework.
Main Accounting Continuous Audit Q2	Removed	This continuous audit will not be undertaken for Q2 to enable the newly appointed Chief Accountant to settle in.

Performance

Treasury Management Continuous Audit Q2	Removed	Due to the High Substantial received for Q1 as well as the nature of the area meaning no change will have occurred to the risk environment during this period, this audit has been removed for Q2.
Horningsham Primary School	Deferred	Due to staffing challenges as a result of the Pandemic this audit is being deferred to 2022/23.
Downlands Special School	Deferred	Due to staffing challenges as a result of the Pandemic this audit is being deferred to 2022/23.
Planning Development	Merger	This audit will be included in the scope of the Planning Policy review.

Performance

Aged Analysis of Audit Actions Exceeding the Originally Agreed Target Implementation Date

Summary of Actions

Outstanding Audit Actions by Priority Non Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	2	0	1	2	15	20
2	6	0	0	0	6	12
1	0	0	0	0	0	0
Totals	8	0	1	2	21	32

Outstanding Audit Actions by Priority Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
3	0	0	0	0	21	21
2	0	0	0	0	16	16
1	0	0	0	0	0	0
Totals	0	0	0	0	37	37

Appendix C provides a summary of any outstanding Priority 1 and 2 non-schools actions.

Performance

Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.

Added Value

SWAP strives to add value wherever possible, and this can be demonstrated in a number of ways ranging from how we deliver your assurance requirements to how we optimise our reach across our partner base and the wider profession to deliver information, reflection and learning.

Benchmarking

- Information on topical issues and good practice is gathered and appropriately shared across SWAP and sector partners. The following cross comparison reports have been shared across the Partnership:
 - Point of Practice – PayPal
 - Point of Practice – Direct Payments
 - Approved Mental Health Professionals – Terms and Conditions
 - Point of Practice – Declaration of Interest
 - Schools Forum Governance

COVID Grant Certification Work:

Due to the COVID-19 pandemic, numerous grants have been issued by Central Government. We have therefore undertaken a number of COVID related grant certifications across the last quarter.

COVID Business Grants – Data Matching:

SWAP has been able to support the Council by matching data from the latest round of COVID business grants with the Credit Industry Fraud Avoidance System (CIFAS) in order to identify cases of potential fraud.

SWAP has also paid an annual subscription of £12,600 for 2021/22 to enable Wiltshire Council to continue to be part of CIFAS and utilise the data matching service.

Performance

The Chief Executive Officer for SWAP reports performance on a regular basis to the SWAP Directors and Owner Bords.

We will build our audit plan as the year progresses to ensure that we are auditing the right things at the right time.

SWAP Performance

SWAP performance is subject to regular review by both the Directors and Owners meetings. The respective outturn performance results for 2021/22 year (as of 1st November 2021) are as follows:

Performance Measure	Performance
<u>Quality of Audit Work</u>	
Overall Client Satisfaction <i>(Did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i>	100%
Value to the Organisation <i>(Client view of whether our audit work met or exceeded expectations in terms of value to their area)</i>	100%

Performance

The role of SWAP as the internal auditors for Wiltshire Council is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. In order for senior management and members to be able to appreciate the implications of the assurance provided within an audit report, SWAP provide an assurance opinion. We have four opinion ratings defined as follows:

Assurance Definitions	
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Advisory – As well as our opinion-based work we will provide consultancy services. The advice offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

In addition to the assurance definitions above we have also introduced an ‘assurance dial’ which indicates on a range of high medium or low where within the range of that assurance a particular audit assurance sits.



As can be seen in this example the assurance provided is low limited as the dial is sitting on the lower end of the limited scale. It could equally have been a medium limited assurance where the dial sits midway or high limited when it is sitting at the upper end close to the reasonable assurance.

We provide the Committee with details of the overall assurance opinion for all completed audits, and they can be seen in the plan progress table in Appendix B below.

In addition to the corporate risk assessment, it is important that management know how important the action 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 action. Actions are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level. Each action has been given a priority rating at service level with the following definitions:

Categorisation of Actions	
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

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

Summary of Internal Audit Work 2021/22

APPENDIX B

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔ Action	3 = Medium
					1		2
					Complete		
Grant Certification	EU Transition Readiness Growth Hub Grant	Completed	Certification	N/A			
Grant Certification	Growth Hub	Completed	Certification	N/A			
Grant Certification	Supplemental Growth Hub Funding	Completed	Certification	N/A			
Grant Certification	Building Digital UK Grant	Completed	Certification	N/A			
Grant Certification	Supporting Families May Claim	Completed	Certification	N/A			
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q1	Completed	Medium Substantial	1			1
Assurance	Accounts Receivable Continuous Audit Q1	Completed	Medium Reasonable	3		1	2
Assurance	Accounts Payable Continuous Audit Q1	Completed	High Reasonable	2			2
Assurance	Payroll Continuous Audit Q1	Completed	Low Substantial	4			4
Assurance	Housing Rents Continuous Audit Q1	Completed	Medium Substantial	2			2
Assurance	Treasury Management Continuous Audit Q1	Completed	High Substantial	1			1
Assurance	Main Accounting Continuous Audit Q1	Completed	Medium Reasonable	4		2	2
Assurance	Council Oversight of Maintained Schools – Interim Assessment	Completed	High Limited	N/A			
Advisory	Service Level Fraud Risk Self-Assessments	Completed	Advisory	N/A			

Internal Audit Definitions

APPENDIX A

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Grant Certification	Supporting Families August Claim	Completed	Certification	N/A			
Grant Certification	Peer Networks Certification	Completed	Certification	N/A			
Grant Certification	Public Health Grant	Completed	Certification	N/A			
Grant Certification	Local Transport Capital Grants	Completed	Certification	N/A			
Grant Certification	Local Authority Bus Service Operators Grant (BSOG)	Completed	Certification	N/A			
Advisory	New Procurement Process Maps	Completed	Advisory	N/A			
Assurance	Hullavington Primary and Nursery School	Completed	Medium Substantial	3			3
Assurance	Marlborough St Mary's CEVC Primary School	Completed	Medium Substantial	3			3
Assurance	Pension Fund Investment Transfer and Cost Savings	Completed	High Substantial	1			1
Assurance	Care Home Alliance	Completed	High No Assurance	6	3	3	
Grant Certification	COVID-19 Additional Dedicated Home to School and College Grant	Completed	Certification	N/A			
ICT	ICT Incident Management Process	Completed	Medium Reasonable	5		2	3
Assurance	Langley Fitzurse Church of England Primary School	Completed	Medium Substantial	2			2
Reporting							
Assurance	Adult Payment to Providers	Draft					

Internal Audit Definitions

APPENDIX A

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Assurance	Adults, Childrens and Public Protection Procurement	Draft					
Assurance	Procurement Exemptions	Draft					
Assurance	Old Sarum Primary School	Draft					
Assurance	Newtown Community Primary School	Draft					
In Progress							
Assurance	Assurance Mapping	Fieldwork					
Assurance	Workforce Planning and Capacity & Mental Health and Wellbeing	Fieldwork					
Assurance	Good Lives Alliance	Fieldwork					
Grant Certification	COVID-19 Bus Services Support Grant (CBSSG) Restart	Fieldwork					
Assurance	Accounts Payable Continuous Audit Q2	Fieldwork					
Assurance	Accounts Receivable Continuous Audit Q2	Fieldwork					
Assurance	Council Tax and Business Rates Continuous Audit Q2	Fieldwork					
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q2	Fieldwork					
Assurance	Payroll Continuous Audit Q2	Fieldwork					
Assurance	Education, Health and Care Plans	Fieldwork					
Assurance	Wardour Catholic Primary School	Fieldwork					

Internal Audit Definitions

APPENDIX A

Audit Type	Audit Area	Status	Opinion	No of Actions	1 =	↔	3 =
					Major		Action
					1	2	3
Assurance	Matravers Secondary School	Fieldwork					
Assurance	Abbeyfield Secondary School	Fieldwork					
Assurance	St Joseph's Catholic School (Secondary)	Fieldwork					
Assurance	Harnham Church of England Controlled Junior School	Fieldwork					
Assurance	Westbury Leigh C of E Primary School	Fieldwork					
Assurance	Designated Officer for Allegations (DOFA)	Initiating					
Assurance	Waste Collection Service	Initiating					
Advisory	National Fraud Initiative	Ongoing Support					
Advisory	External Audit Liaison	Ongoing Support					
Advisory	Anti-Fraud and Corruption Advice	Ongoing Support					
Advisory	CIFAS	Ongoing Support					
Advisory	COVID-19 Advice	Ongoing Support					
To Commence							
Advisory	Risk Maturity Assessment	Deferred to Q4 to enable further progress to be made in this area to ensure this audit is of value					
Assurance	Housing Rents Continuous Audit Q2						
Assurance	Multi-Agency Safeguarding Hub - Adults (MASH)	Deferred to Q3 due to staffing changes					

Audit Type	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Assurance	Climate Change Strategy		Deferred to Q4 to enable strategy to be finalised				
Assurance	Main Accounting Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Accounts Payable Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Accounts Receivable Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Payroll Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Council Tax and Business Rates Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Housing Rents Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Treasury Management Continuous Audit Q3		Not due to be undertaken until January 2022				
Assurance	Decision Making Processes						
Assurance	Complaint Handling						
Assurance	Fostering Excellence						
Grant Certification	Supporting Families December Claim						
Assurance	Housing Private Finance Initiative Contracts						
Assurance	Planning Policy and Development						