

Wiltshire Council

Report of Internal Audit Activity

Progress Report 2023/24- July 2023

Executive Summary

As part of our update reports, we will provide an ongoing opinion to support our end of year annual opinion.

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

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SWAP is an Internal audit partnership covering 25 organisations. Wiltshire Council is a part-owner of SWAP, and we provide the internal audit service to the Council.

For further details see:
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Audit Opinion, Significant Risks and Audit Follow Up Work

Audit Opinion

This is our first update report for 2023/24 financial year. On the basis of the outcomes of recent reviews completed, we recognise that generally risks are well managed. We have identified some gaps, weaknesses and areas of non-compliance within our work however with implementation of the agreed audit actions, we are able to offer an ongoing **reasonable opinion**.

Since our last report in February, we have issued **one Limited** assurance opinion on the areas and activities we have been auditing. In Appendix A, on page 6, we have provided the one-page audit report for the Limited assurance opinion work, to offer the Committee further insight. The limited opinion was issued following the review of Section 106 Financial Controls; an agreed action plan is in place to improve internal control around this key area of income.

Significant Corporate Risk

There are three, previously reported, unmitigated significant corporate risks. The first being the Pension Fund Key Controls. We have received an update from the Pension Team that is indicating good progress is being made in implementing the agreed actions with all actions currently in progress or complete. There is regular reporting on the audit action plan to the Pension Fund Committee. We will programme in a detailed follow up audit of this area and will report the outcomes to this Committee in due course.

Similarly, we reported the ICT Network Boundary Defences as a significant corporate risk. An exempt report was brought to the April committee meeting by the ICT Director. This report indicated that appropriate progress was being made but that the full mitigation of this risk would be a longer-term ambition. In liaison with the ICT Director, SWAP will programme a series of follow up pieces in order to keep the Committee updated on progress.

Additionally, in our November update we reported on a further significant corporate risk around the Pension Payroll Reconciliation Project where SWAP identified a number of key issues around the delivery of this project. The project has now been outsourced and SWAP is currently liaising with the Pension Team to determine the optimum timing for our follow up work.

Internal Audit Plan 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

The table below, captures our audit coverage, mapped against the Authority’s strategic risks. Furthermore, we have then overlaid the audit assurance outcomes of those risk areas that we have reviewed. Whilst we have increased the number of strategic risks with some audit coverage, there are still some gaps where Internal Audit are looking to focus some work. We have been working with the Corporate Directors and Directors to ensure that we provide a more comprehensive coverage of the Council’s key risks going forward. Members and Senior Officers of the Council are able to view our live rolling plan document, at any time, through SWAP’s audit management software; AuditBoard.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits
WC R01 - Unable to meet demand for special educational needs or disability (SEND) school provision	None	
WC R02 - Lack of capacity in the social care market	Some	Non Opinion Audits
WC R03 - Failure to manage housing developing	None	
WC R04 - Increasing vulnerability to climate impacts	None	
WC R05 - Uncontrolled cost of social care (predominately adults)	In Progress	
WC R06 - Cyber Resilience	Some	Limited
WC R07 - Impact of negative media/social coverage on the Council	Some	Reasonable
WC R08 - Failure in Safeguarding Children	Some	Reasonable
WC R09 - Information Governance	Some	Reasonable
WC R10 - Income Collection	Adequate	Reasonable
WC R11 - Corporate Health, Safety and Wellbeing	Some	Reasonable
WC R12 - Hospital discharges resulting in high cost and highly restrictive packages of care	None	
WC R13 - Budget Management	Adequate	Reasonable
WC R14 - Not on track for the Council to be carbon neutral by 2030	None	

Coverage	Description
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In Progress	Some aspects of audit coverage in progress
None	No audit coverage to date

Assurance	Description
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

Internal Audit Plan Update

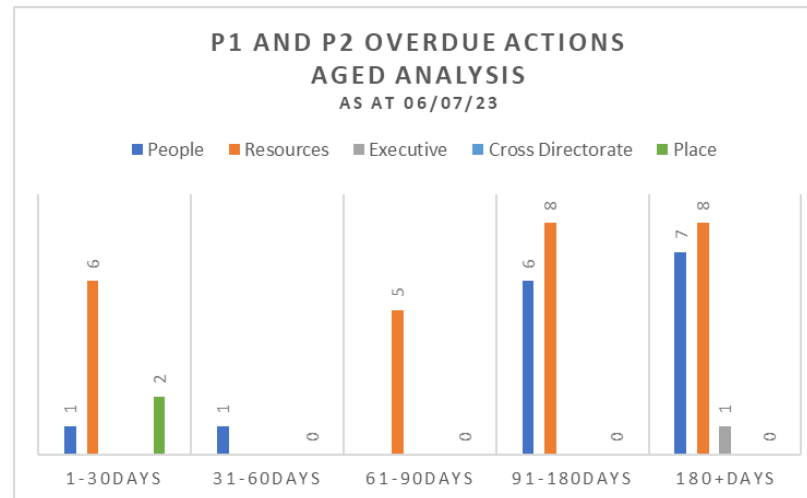
We review our performance to ensure that our work meets our clients' expectations and that we are delivering value to the organisation.

SWAP Performance Measures

Performance Measure	Performance
<p>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></p>	75%
<p>Value to the Organisation <i>(Client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	100%

Implementation of Audit Actions

The graph below indicates the number of long overdue priority 1 and 2 actions. Over the next few months SWAP will be working with directorates in order to confirm these actions have been appropriately implemented and we hope to see an improvement in these figures when we report to the Committee in November.



Internal Audit Plan Update

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

Cifas

The roll out of Cifas is continuing with the Insurance team now set up and ready to start using the database to match against insurance claimants. We are progressing with Human Resources, but this involves a different database which comes at an additional cost. We have also been working with the Revenues and Benefits team with the aim to roll out the use of Cifas for Council Tax.

We will continue to work with the Council to identify and support services where use of Cifas could bring benefits.

Sharing of Best Practice

Following completion of a number of school audits we have compiled a report of common issues and best practices observed during our work. We have provided this report to the Council's Accounting and Budget Support Team so that they are able to share this across all Wiltshire maintained schools.

We sourced, reviewed and provided guidance on a Finance Policy for the Accounting and Budget Support team to utilise as the basis for a template that can be rolled out to all maintained schools in Wiltshire.

Newsletters and updates

SWAP regularly produces a newsletter and other relevant updates for partners such as fraud bulletins, which provide information on topical issues of interest.

Internal Audit Plan Update

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 provides an assurance opinion. The four opinion ratings are 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.

In addition to the assurance definitions above, we also provide an ‘assurance dial’ which indicates a high medium or low range within the assurance level.



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 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.

Section 106 Financial Control – Final Report – April 2023



Audit Objective To provide assurance that monies due under Section 106 are being effectively collected and managed.

Assurance Opinion		Number of Actions		Risks Reviewed	Assessment
	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.	Priority	Number	The contributions due under a Section 106 Agreement are not received, resulting in failure to deliver much-needed infrastructure in Wiltshire, financial loss and reputational damage.	Medium
		Priority 1	2		
		Priority 2	4		
		Priority 3	7		
		Total	13		

Key Findings

- The Capital Finance team send regular SAP reports to the service areas to help them monitor their contributions, and there is regular communication between the S106 Monitoring Officer, the Capital Finance team and the service areas. Since the conclusion of audit fieldwork, management have begun to proactively address the findings within this report.
- The Arcus software system has the capability to track the receipt, movement, spend and correspondence related to S106 agreements but is not being used to its full potential, with errors and omissions noted. There is no method for Capital Finance and service areas to independently verify that a payment trigger has been met. Responsibility for the management and spend of S106 contributions is not clear within each service area.
- Wiltshire Council S106 Policy and guidance within service areas is significantly out of date; it is not reflective of the latest version of the National Planning Policy Framework nor the current structure of Wiltshire Council.
- Several inaccuracies, errors and omissions were noted within the sample of planning applications tested, including ~£125k not being raised due to an oversight, a contribution being coded to an incorrect journal and contributions not being spent due to lack of communication about triggers.
- Tracking of S106 contributions currently takes place across multiple formats, one of which is no longer supported, and training is required to ensure permissions around data management are appropriate. Evidence of spend is not currently uploaded to the Arcus system.

Audit Scope

We reviewed the risks and controls in place in relation to Section 106 (S106) payments. This included a review of the following:

- Evaluation of the guidance that defines how and when S106 agreements should be applied.
- Evaluation of the recording of S106 agreements in the new Arcus planning system.
- Evaluation of the monitoring of financial triggers and how funding is received, including the timely application of indexations to contributions, and
- Evaluation of the reporting produced for management and Members.

Community Infrastructure Levy (CIL) payments were not included in this review due to the capacity of the Spatial Planning team.

Relevant Information

Wiltshire Council is currently managing ~£107 million in S106 contributions. A sample of seven planning applications was used during the testing phase of this fieldwork. They contain 33 separate elements across nine areas, totalling over £3,450,000. At the time of the audit, the contributions had been collected in full for 22 out of 33 elements (67%); this is mostly due to the triggers for payment not having been met within the development, which would be expected as the sample was chosen from the most recent planning applications.