Wiltshire Council

Where everybody matters

AGENDA

Meeting:	**Audit Committee**
Place:	**The Kennet Room - County Hall, Trowbridge BA14 8JN**
Date:	**Tuesday 26 September 2017**
Time:	**2.00 pm**

Please direct any enquiries on this Agenda to Becky Holloway, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line (01225) 718063 or email becky.holloway@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225) 713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr Richard Britton (Chairman)
Cllr Tony Deane
Cllr Stewart Dobson (Vice Chairman)
Cllr Mike Hewitt
Cllr Tony Jackson
Cllr Edward Kirk

Cllr Jim Lynch
Cllr Andy Phillips
Cllr Leo Randall
Cllr Ian Thorn
Cllr John Walsh

Substitutes:

Cllr Ian Blair-Pilling
Cllr Anna Cuthbert
Cllr Peter Evans
Cllr Gavin Grant

Cllr Ross Henning
Cllr Ruth Hopkinson
Cllr Jon Hubbard
Cllr Ricky Rogers

Recording and Broadcasting Information

Wiltshire Council may record this meeting for live and/or subsequent broadcast on the Council's website at http://www.wiltshire.public-i.tv. At the start of the meeting, the Chairman will confirm if all or part of the meeting is being recorded. The images and sound recordings may also be used for training purposes within the Council.

By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and/or training purposes.

The meeting may also be recorded by the press or members of the public.

Any person or organisation choosing to film, record or broadcast any meeting of the Council, its Cabinet or committees is responsible for any claims or other liability resulting from them so doing and by choosing to film, record or broadcast proceedings they accept that they are required to indemnify the Council, its members and officers in relation to any such claims or liabilities.

Details of the Council's Guidance on the Recording and Webcasting of Meetings is available on request.

Parking

To find car parks by area follow this link. The three Wiltshire Council Hubs where most meetings will be held are as follows:

County Hall, Trowbridge
Bourne Hill, Salisbury
Monkton Park, Chippenham

County Hall and Monkton Park have some limited visitor parking. Please note for meetings at County Hall you will need to log your car's registration details upon your arrival in reception using the tablet provided. If you may be attending a meeting for more than 2 hours, please provide your registration details to the Democratic Services Officer, who will arrange for your stay to be extended.

Public Participation

Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult Part 4 of the council's constitution.

The full constitution can be found at this link.

For assistance on these and other matters please contact the officer named above for details

AGENDA

Part I

Items to be considered while the meeting is open to the public

1   **Apologies**

To receive any apologies or substitutions for the meeting.

2   **Minutes of the Previous Meeting** *(Pages 5 - 10)*

To confirm and sign the minutes of the meeting held on 26 July 2017

3   **Declarations of Interests**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4   **Chairman's Announcements**

5   **Public Participation**

The Council welcomes contributions from members of the public.

Statements
If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

Questions
To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than **5pm on Tuesday 19 September 2017** in order to be guaranteed of a written response**.** In order to receive a verbal response questions must be submitted no later than **5pm on Thursday 21 September 2017**. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

Part II

Items during whose consideration it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

Page 4

Wiltshire Council
Where everybody matters

AUDIT COMMITTEE

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 26 JULY 2017 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Tony Deane, Cllr Stewart Dobson (Vice Chairman), Cllr Peter Evans (Substitute), Cllr Gavin Grant (Substitute), Cllr Tony Jackson, Cllr Edward Kirk, Cllr Andy Phillips, Cllr Leo Randall and Cllr John Walsh

12   **Apologies**

Apologies were received from Cllr Ian Thorn (who was substituted for by Cllr Gavin Grant), and Cllr Mike Hewett (who was substituted for by Cllr Peter Evans).

13   **Minutes of the Previous Meeting**

The minutes from the meeting held on 24 January 2017 were received and an update was provided on the progress made in following up priority four items in the January internal audit report. A full report on progress would be provided at the next Audit Committee meeting.

Resolved:

To confirm and sign the minutes of the meeting of the Audit Committee held on 24 January 2017.

14   **Declarations of Interests**

There were no declarations of interest made.

15   **Chairman's Announcements**

The Chairman announced that there would be an extraordinary meeting of the Audit Committee at 2pm on 26 September 2017 where the annual reports from the internal auditor would be presented. Arrangements had been put in place o ensure timely receipt of future internal audit reports.

16   **Public Participation**

There were no members of the public in attendance. No questions had been submitted.

17   **Appointment to the Constitution Focus Group**

A representative from the Audit Committee was sought to join the Council's Constitution Focus Group. It was explained that the group operated as a cross-party advisory forum to examine key elements of the constitution for recommendation to the Standards committee.

Cllr Stewart Dobson, seconded by Cllr Leo Randall, moved that Cllr Richard Britton be elected as representative and it was

Resolved:

To appoint Cllr Richard Britton as the Audit Committee's representative on the Constitution Focus Group.

18   **KPMG - Report to those charged with governance**

Matthew Tiller, Chief Accountant, explained that the audit process covered both the council's financial position and their arrangements for financial management. He introduced Darren Gilbert from KPMG, the council's external auditor, who presented the report and highlighted the key information. The audit included an examination of the council's annual accounts and pension fund, and arrangements for achieving value for money. The report gave an unqualified audit opinion of the Statement of Accounts.

During the year 2016/17, there had been temporary vulnerability in the council's IT control environment, leading to the reduced reliability of the data available during the period and a consequent need for a higher level of inspection than usual. The auditor thanked the finance team for their support with undertaking these additional checks and confirmed that the issue had been resolved. In response to a question from the chairman it was clarified that this the issue had been resolved through the removal of system Super-Users and that the problem was not expected to reoccur. It was also confirmed that no evidence had been found of abuses during the period of vulnerability. Members reported their satisfaction that this had been picked up and resolved by the audit process.

An error detected during the PPE audit had been caused by an incorrect re-evaluation of social housing stock. All adjustments were recorded in Appendix 3 of the report. A request was made to update the diagram depicting the council's governance structure in the Annual Governance Statement to reflect the relationship between the Audit Committee and the Pension Board.

The report found that Wiltshire Council had a good understanding of future financial challenges and had appropriate arrangements in place to deal with them. In response to a question, it was confirmed that council assets which had

been transferred to parish and town councils would be removed from future accounts but that these transfers had not taken place during the period under consideration in the audit report.

The auditor reported that the accounts had been well prepared and that the council had good control measures in place. While not covered by the audit process, the Annual Governance Statement had been considered and had not raised any concerns. The auditor explained that their certificate would be issued following the publication of the Pension Fund annual report, due to the need for both reports to be aligned. This would take place later in the year.

The Committee was asked to accept the report on behalf of the council and to consider its conclusions when considering the Statement of Accounts.

The Chairman thanked Darren Gilbert and KPMG for their work and congratulated the team involved in producing the accounts.

Resolved:

To receive the ISA260 report from the external auditors in its receipt of the Council's Statement of Accounts 2016/17.

To delegate authority to the Chairman of the Audit Committee to sign the letter of the management representation.

19   **Annual Governance Statement**

Ian Gibbons, Associate Director of Legal and Finance, presented the Annual Governance Statement (AGS) and explained that it formed part of the Statement of Accounts. The AGS covered the year 2016/17 and the information included had been considered by KPMG and was in line with their findings.

In response to the request made earlier in the meeting, it was confirmed that the diagram depicting the council's governance arrangements would be amended to include the statutory pension body and its relationship with other council committees.

After discussion, members were satisfied that there was no necessity to add the period of vulnerability in the IT control environment as a significant governance issue, as it had been resolved and did not pose a future risk.

Resolved:

To approve the draft AGS for publication with the Annual Statement of Accounts 2016-17.

20   **Statement of Accounts**

Matthew Tiller, Chief Accountant, presented the Statement of Accounts for 2016/17 and explained that the updated format included the addition of a short narrative.

In response to questions it was confirmed: that the final return to reserves from the Housing Revenue Account (HRA) was higher than the total underspend due to savings budgeted for in anticipation of future housing stock maintenance; that the componentisation of asset valuation applied only to property worth more than £2million and that none of the council's housing stock met this criteria; and that efforts were being made to increase the percentage of invoices paid within 30 days of receipt.

Two amendments were made including that the Conservative majority of 37 cited on page 79 of the agenda pack would be corrected to 24; and that the wording of the 'Governance' section of the report would be altered to reflect the role of the Audit Committee in ensuring effective governance.

The committee was asked to delegate to the Chairman the signing of the Statement of Accounts. The Associate Director advised that the Chairman was asked to sign to confirm the account's accuracy based on the advice of the finance team and external auditors, and that responsibility for ensuring the accuracy of the accounts lay with the corporate directors, and the council's auditors.

The Chairman thanked the officer for his report.

21   **Information Governance**

Robin Townsend, Associate Director for Corporate Function, Procurement and the Programme Office, provided a progress update on the information governance improvement programme. In response to a self-referred information governance (IG) inspection, an IG improvement board had been established to oversee a programme of works that had come from the inspector's report. 93% of these actions had now been completed.

The Public Service Network (PSN) compliance certificate had been granted and the SIRO report, providing a review of the work completed, would come to the next meeting of the Audit Committee. Headlines would include the response procedure to Freedom Of Information requests (FOIs); moving to a single contract for record storage and management; and transferring the council's digital information to Sharepoint to make the process of sharing information internally more robust.

It was discussed that data protection regulations were relevant and important for councillors to observe as well as council officers. Members asked that they received a briefing on this, with particular regard to the storing of personal data, and the appropriate handling of case work.

The Chair thanked the Associate Director and his team for their work and the progress that had been made and it was agreed that the Committee be kept up to date with significant current and emerging Information Governance issues and the measures being taken by the Authority to ensure it meets the national and mandatory standards.

22   **Forward Work Programme**

The forward work programme was presented and it was agreed to add the SIRO annual report to the next Audit Committee agenda.

Resolved:

To note the Forward Work Programme with the additions specified above

23   **Date of Next Meeting**

Members were reminded of the extraordinary meeting to be held at 2pm on 26 September, and that the next ordinary meeting of the Audit Committee would be held on 9 November 2017.

24   **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.00 - 11.30 am)

The Officer who has produced these minutes is Becky Holloway of Democratic Services, direct line (01225) 718063, e-mail becky.holloway@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115

This page is intentionally left blank

Wiltshire Council   **Agenda Item No.**

Audit Committee

26th September 2017

Internal Audit Activity and Annual Opinion 2016-17

<u>**Purpose of the Report**</u>

1. The Internal Audit Plan for 2016/17 was noted by the Committee in April 2016.

2. This report provides the Committee with an overview of the internal audit activity and performance for 2016/17. It further provides an overall audit opinion on the Council's internal control environment. In particular it provides:

   - an update on the delivery of the 2016/17 Internal Audit Plan, including outcomes of audits; and

   - the results and outcomes of follow-up reviews carried out during this period, to assess the extent and adequacy of management action taken in response to audit reports from the previous year; and

<u>**Executive Summary**</u>

3. Overall 57 audits have been completed for the 2016/17 year.

4. The report on Internal Audit Activity and Opinion 2016/17 summarises the outcomes of work during the year, including audit opinions and recommendations made throughout the year. It also provides an independent audit opinion on the internal audit control environment for the Council, which is **reasonable assurance**. This opinion helps to inform the Council's Annual Governance Statement.

5. From this work no high significant 'corporate' risks have so far been identified.

Proposal

6. Members are asked to note the Annual Activity Report and Opinion 2016/17.

7. Reason for Proposal

8. To ensure an effective IA function and strong control environment for the Council.

Michael Hudson
Associate Director, Finance, S.151 Officer

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

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

Appendices: A – Internal Audit Activity and Annual Opinion 2016/17

Wiltshire Council

Report of Internal Audit Activity &

Annual Opinion Report 2016/17

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox
Chief Executive
Tel: 01935 385906
gerry.cox@southwestaudit.co.uk

Dave Hill
Director of Planning
Tel: 01935 385 906
david.hill@southwestaudit.co.uk

Ian Withers
Assistant Director
Tel: 01225 763 495
ian.withers@southwestaudit.co.uk

The Assistant Director as "Head of Internal Audit" is required to provide an opinion to support the Annual Governance Statement.

Page 15

Purpose

The Accounts and Audit Regulations (England) 2015 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 risk management systems 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. This report was provided to council officers in May 2017 and Members are asked to note its content.

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.

Page 1

Summary

Background

The Internal Audit Service for Wiltshire Council is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company and Wiltshire Council is a major shareholder. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The Partnership is also 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 through the work based on the Annual Plan agreed by Senior Management and this Committee.

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.

Page 2

The Assistant Director as Head of Internal Audit is required to provide an opinion to support the Annual Governance Statement.

SWAP Ltd, as the Council's internal auditors, have given an overall audit opinion of 'Reasonable' assurance on the adequacy and effective operation of the Council's control environment for 2016/17. This means that 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

Page 17

Annual Opinion

The main role of Internal Audit is to provide an independent and objective opinion on the Council's control environment. Internal Audit has the following additional responsibilities:

- providing support to the Chief Finance Officer in meeting his responsibilities under Section 151 of the Local Government Act 1972, to make arrangements for the proper administration of the Council's financial affairs;

- investigating any allegations of fraud, corruption or impropriety;

- advising on the internal control implications of proposed new systems and procedures.

The Annual Internal Audit Plan is based on an assessment of risk areas, using the most up to date sources of risk information, including the Council's Corporate and Service Risk Registers. In order to improve the effectiveness of the assurance process, the approach for 2016/17 has involved a more comprehensive combined assurance review process to identify the most appropriate focus for Internal Audit Work. The Plan was agreed with Corporate Directors and presented to the Audit Committee for approval. The Audit Committee has received quarterly reports of progress against the plan throughout this year.

As stated in the Annual Governance Statement, the Internal Audit Annual Activity Report and Opinion 2016/17 summarises the results and conclusions of the audit work throughout the year, and provides an independent audit opinion on the internal control environment for the Council as a whole. SWAP Ltd, as the Council's internal auditors, have given an overall audit opinion of **'Reasonable'** assurance on the adequacy and effective operation of the Council's control environment for 2016/17.

Our audit activity is split between:

- **Healthy Organisation**
- **Governance**
- **Operational Audits**
- **Key Financial Systems**
- **Schools**
- **IT Audits**
- **Grant Certification**
- **Follow-up reviews**

Internal Audit Work Programme

Current Position

In total, 74 audits were planned for 2016/17, with 57 now at final report or complete where no report necessary (e.g. grants) and 17 deferred to 2017/18 or removed.

These are summarised in the following table and a full breakdown given at Appendix B.

Area	Final	Deferred/ Removed	Total
Healthy Organisation	3	5	8
Governance	1	5	6
Operational	10	4	14
Key Financial Systems	10	0	10
ICT	7	1	8
Schools	13	2	15
Grant Certification	5	0	5
Follow-up Reviews	2	0	2
Non-Opinion	6	0	6
	57	17	74

A further 9 audits were carried forward from 2015/16 and all have been delivered

Recognising the need to align more closely internal audit effort with risk areas, the 2016/17 Internal Audit Plan included combined assurance assignments (i.e. Healthy Organisation). This approach enabled us to work extensively with officers to identify existing assurance arrangements (three lines of defence) and the outcome of these efforts, in common with the rest of the IA Plan, has been fed back to the Audit Committee as part of the quarterly reports of progress against the IA plan throughout this year.

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.

Page 18

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.

Page 4

Plan Performance 2016/17

Our audit work for 2016/17 has not identified any significant corporate risks for the attention of the Audit Committee.

SWAP Performance - Summary of Audit Work

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition":

- **Substantial**
- **Reasonable**
- **Partial**
- **None**

We have also included other audit activity:

- **Grant Certification**
- **Non-Opinion (includes e.g. school theme work; follow-up reviews)**

Page 20

Summary of Audit Opinion

Control Assurance by Category

Category	Percentage
Grant	9%
Substantial	9%
Non-Opinion	14%
Reasonable	51%
Partial	17%

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.

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Page 6
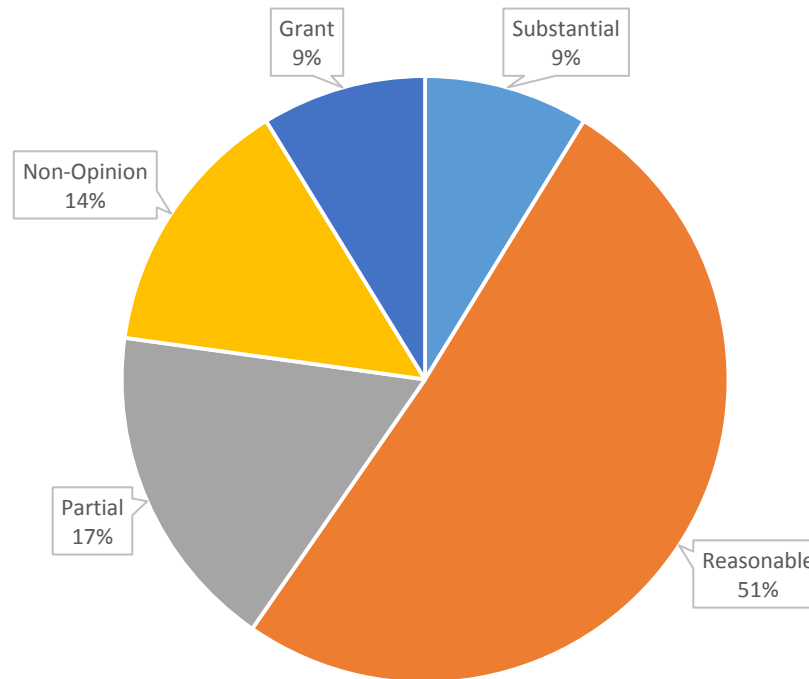
Summary of Audit Work 2016/17

SWAP Performance - Summary of Audit Recommendations by Priority.

We rank recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action.

Analysis:

a) **Of the 146 Priority 3 & 4 Recommendations raised, 144 were agreed & 2 not agreed. Of agreed, 85 so far implemented. Further follow-up work will be carried out during 2017/18 to ensure the remaining 59 are implemented as far as possible.**

b) **7 specific Healthy Organisation recommendations raised.**

Analysis of Recommendations Raised in 2016/17 (Final Reports)

Priority Recommendations Comparison Chart

	Priority 5	Priority 4	Priority 3	Healthy Organisation
Total	0	6	140	7
Implemented	0	4	81	0
Outstanding	0	2	57	7
Not Agreed	0	0	2	0

■ Total ■ Implemented ■ Outstanding ■ Not Agreed

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

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.

Page 7

SWAP are able to provide extra feature(s) of interest (product, service, person etc.) that go beyond the standard expectations and provide added value within the audit fee.

Added Value

The School Financial Healthcheck Programme: The work undertaken this year has informed a themed review On overall compliance that has been communicated to all schools via the Wiltshire Schools Intranet (Wisenet) Further presentations have been made to a recent Schools Head Teachers Conference and to the Wiltshire Schools Forum.

Increased Use of Data Analytics: We started to use of data analytics during 2016/17 on key system applications identifying duplicate payments to suppliers and inconsistencies in standing data. Whilst no fraud or duplicate payments has been identified this has added value in terms of assurance and focused testing of controls.

Cyber Security Awareness: We have shared updates on cyber security issues with management to raise awareness of the risks and actions required.

Benchmarking: There has been a number of audits carried out across SWAP partners where benchmarking has been carried out and information has been provided by the Council and feedback has been received which has assisted comparison to be carried out by management and opportunities for improvement.

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.

Page 8

Audit Plan Performance 2016/17

The Director of Planning for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.

2016/17 has proved difficult in finalising audit reports. This has been raised with senior leaders and the Audit Committee, as well as Schools Forum. This performance will continue to be monitored and addressed with the Corporate Leadership Team.

SWAP Performance

SWAP now provides the Internal Audit service for 24 Partner Organisations and also many subsidiary bodies. SWAP performance is subject to regular monitoring and review by both the Board and the Member Meetings. The respective outturn performance results for Wiltshire Council for the 2016-17 year are as follows;

Performance Target	Average Performance
Audit Plan – Percentage Progress	
Final, Draft and Discussion	100%
Fieldwork Completed (awaiting report)	0%
In progress	0%
Yet to start	0%
Draft Reports	
Issued within 5 working days of closeout	34%
Issued within 10 working days of closeout	71%
Final Reports	
Issued within 10 working days of discussion of draft report	40%
Quality of Audit Work	
Customer Satisfaction Questionnaire	82%

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.

Page 9

The Assistant Director and Director for SWAP reports performance on a regular basis to the SWAP Management Team and Partnership Board.

SWAP Performance

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 and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). SWAP has been independently assessed and found to be in Conformance with the Standards.

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.

A professional, independent and objective internal audit service is a key element in ensuring good governance and providing assurance in the Council.

SWAP External Quality Assessment 2016/17

To ensure the internal audit function remains "adequate and effective" and to ensure conformance to the International Standards for the Professional Practice of Internal Auditing (Standards), an external quality assessment was carried out for 2016/17 on SWAP by the Devon Audit Partnership.

The following is an extract from the outcome report on the external quality assessment:

It is our overall opinion that the internal audit activity generally conforms with the Standards and Code of Ethics. For a detailed list of conformances with individual Standards, please see Attachment A. We have identified some opportunities for further improvement, details of which are provided in this report, but none of these issues represent a failure to meet with the Standards.

The IIA's Quality Assessment Manual suggests a scale of three ratings, "Generally Conforms," "Partially Conforms," and "Does Not Conform." "Generally Conforms" means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards. "Partially Conforms" means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

SWAP is a well-established provider of professional internal audit services to a number of public sector organisations. The internal audit activity meets the Standards and SWAP management regularly look to ways to improve the service they provide (e.g. by developing the "healthy organisation" approach) and add value to all their partners and clients. A well-developed Quality Assurance Improvement Plan is in place that captures areas for development and provides a good record of progress against targets. Consequently, our comments and recommendations are intended to build on an already efficient and effective internal audit provider.

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.

Page 11

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- **Substantial**
- **Reasonable**
- **Partial**
- **None**

Audit Framework Definitions

Control Assurance Definitions

Substantial	▲ ★ ★ ★	I am able to offer substantial 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	▲ ★ ★ ★	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	▲ ★ ★ ★	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.

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

Audit Framework Definitions

- 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.
- HO: Healthy Organisation

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.

Page 27

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.

Page 13

Internal Audit Work Plan 2016/17 — Appendix B

Audit Area	Audit Title	Month Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions					
							No. of Recs	5	4	3	2	1
Audits at Final/Complete (Status Green)												
Healthy Organisation	Adults Safeguarding	April 2016	Final	Substantial	27/07/2016	02/11/2016	0	0	0	0	0	0
Healthy Organisation	Strategic Procurement Hub	October 2016	Final	Reasonable	23/12/2016	05/07/2017	7	0	0	7	0	0
Healthy Organisation	Performance & Risk Management	July 2016	Final	Reasonable	27/12/2016	21/07/2017	6	0	2	4	0	0
Governance, Fraud & Corruption	Human Resources Security	July 2016	Final	Partial	30/05/2017	13/07/2017	9	0	1	8	0	0
Key Financials	Accounts Payable	October 2016	Final	Reasonable	14/03/2017	30/05/2017	4	0	0	2	2	0
Key Financials	Accounts Receivable	October 2016	Final	Reasonable	14/03/2017	30/05/2017	0	0	0	0	0	0
Key Financials	Council Tax	October 2016	Final	Substantial	14/03/2017	30/05/2017	0	0	0	0	0	0
Key Financials	Main Accounting	October 2016	Final	Substantial	14/03/2017	30/05/2017	0	0	0	0	0	0
Key Financials	Housing & Council Tax Benefits	October 2016	Final	Reasonable	14/03/2017	30/05/2017	0	0	0	0	0	0

Note: The Recommendations/Actions header includes "5 = Major" and "1 = Minor".

SWAP — SOUTH WEST AUDIT PARTNERSHIP — Delivering Audit Excellence

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.

Page 14

Audit Plan Performance 2016/17

Audit Area	Audit Title	Month Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions					
							No. of Recs	5	4	3	2	1
Audits at Final/Complete (Status Green)												
Key Financials	Housing Rents	October 2016	Final	Reasonable	14/03/2017	30/05/2017	6	0	0	2	4	0
Key Financial	Business Rates/NDR	October 2016	Final	Reasonable	14/03/2017	30/05/2017	1	0	0	1	0	0
Key Financials	Payroll	October 2016	Final	Reasonable	14/03/2017	30/05/2017	4	0	0	2	2	0
Key financials	Pensions	October 2016	Final	Reasonable	14/03/2017	30/05/2017	3	0	0	2	1	0
Key Financials	Treasury Management	January 2017	Final	Substantial	14/03/2017	30/05/2017	0	0	0	0	0	0
Operational	Corsham Leisure Centre	October 2016	Final	Reasonable	14/12/2016	05/01/2017	1	0	0	0	1	0-
Operational	Adults Social Care – Deferred Payments	October 2016	Final	Reasonable	08/09/2016	09/09/2016	1	0	0	1	0	0
Operational	Direct Payments (Adults Social Care)	October 2016	Final	Partial	11/07/2017	04/09/2017	10	0	1	9	0	0
Operational	Income Management – Building Control	July 2016	Final	Reasonable	0/12/2016	05/01/2017	5	0	0	1	1	3

Audit Plan Performance 2016/17

Audit Area	Audit Title	Month Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions					
							5 = Major		⟷		1 = Minor	
							No. of Recs	5	4	3	2	1
Audits at Final/Complete (Status Green)												
Operational	Income Management & Public Protection	July 2016	Final	Substantial	26/10/2016	17/11/2016	2	0	0	2	0	0
Operational	Leisure Centre Income Management	April 2016	Final	Reasonable	19/10/2016	09/11/2016	9	0	0	9	0	0
Operational	Pensions Administration	April 2016	Final	Reasonable	27/09/2016	09/11/2016	6	0	0	6	0	0
Operational	Right to Buy	July 2016	Final	Reasonable	15/12/2016	12/01/2017	6	0	0	3	3	0
Operational	Vehicle Workshops	April 2016	Final	Partial	22/09/2016	15/03/2017	11	0	0	10	1	0
Operational	Land Charges	July 2016	Final	Partial	21/11/2016	21/07/2017	8	0	1	7	0	0
ICT	ICO Key findings Progress	January 2017	Final	Reasonable	07/04/2017	19/05/2017	3	0	0	3	0	0
ICT	Incident & Problem Management	April 2016	Final	Reasonable	12/07/2016	25/07/2016	7	0	0	7	0	0
ICT	Business Application – XN Leisure Management	January 2017	Final	Reasonable	20/04/2017	09/05/2017	4	0	0	4	0	0

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Audit Plan Performance 2016/17

Audit Area	Audit Title	Month Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions 5 = Major ⟷ 1 = Minor					
							No. of Recs	5	4	3	2	1
Audits at Final/Complete (Status Green)												
ICT	User Access Controls	January 2017	Final	Reasonable	29/06/2017	10/08/2017	2	0	0	2	0	0
ICT	Pharmoutcomes Interface controls with SAP	July 2016	Final	Reasonable	19/01/2017	25/01/2017	2	0	1	1	0	0
ICT	Business Application – Civica Icon	October 2016	Final	Reasonable	13/06/2017	11/07/2017	2	0	0	2	0	0
ICT	Business Continuity and Disaster Recovery	July 2016	Final	Partial	25/06/2017	14/07/2017-	5	0	3	2	0	0
Schools	Schools Liaison and Support Arrangements	January 2017	Final	Reasonable	05/07/2017	31/08/2017	3	0	0	3	0	0
Schools	Schools Thematic Review - Procurement	January 2017	Final	Reasonable	05/07/2017	13/09/2017	3	0	0	3	0	0
Schools	Bishops Cannings CofE (Aided) Primary School	July 2016	Final	Partial	14/09/2016	29/09/2017	17	0	0	13	4	0
Schools	Ivy Lane Primary	January 2017	Final	Reasonable	27/06/2017	11/09/2017	6	0	0	6	0	0
Schools	Box CofE Primary School	October 2016	Final	Reasonable	15/12/2016	31/03/2017	10	0	0	7	3	0

Audit Plan Performance 2016/17

| Audit Area | Audit Title | Month Planned Start | Audit Status | Opinion | Draft Report Issued | Final Report Issued | Recommendations/Actions | | | | | |
| | | | | | | | 5 = Major | | ←→ | | 1 = Minor | |
							No. of Recs	5	4	3	2	1
Audits at Final/Complete (Status Green)												
Schools	Chirton CofE Voluntary Primary School	April 2016	Final	Reasonable	09/09/2016	10/11/2016	11	0	0	9	2	0
Schools	Harnham CofE Junior School	October 2016	Final	Reasonable	28/03/2017	08/05/2017	11	0	0	7	4	0
Schools	Longford CofE Primary School	October 2016	Final	Reasonable	30/03/2017	07/04/2017	12	0	0	8	4	0
Schools	Pitton CofE Primary School	April 2016	Final	Reasonable	09/09/2016	29/09/2016	13	0	1	6	6	0
Schools	St Barnabas CofE School	April 2016	Final	Partial	09/09/2016	13/10/2016	20	0	2	11	6	1
Schools	Staverton CofE Primary School	April 2016	Final	Partial	21/07/2016	24/10/2016	20	0	0	16	4	0
Schools	Luckington Community School	July 2016	Final	Partial	23/09/2016	21/11/2016	20	0	2	12	5	1
Schools	St Andrew's CofE Primary School	July 2016	Final	Partial	14/09/2016	12/09/2017	18	0	0	15	3	0
Non-Opinion	Army Basing Programme	April 2016	Final	-	25/07/2016	02/08/2017	0	0	0	0	0	0

Audit Plan Performance 2016/17

Audit Area	Audit Title	Month Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions					
							5 = Major		←→		1 = Minor	
							No. of Recs	5	4	3	2	1
Audits at Final/Complete (Status Green)												
Non-Opinion	Early Years Funding	April 2016	Final	-	18/08/2016	13/09/2017	0	0	0	0	0	0
Non-Opnion	Housing Repairs	April 2016	Final	-	19/01/2017	13/09/2017	0	0	0	0	0	0
Non-Opinion	Concessionary Fares – Reimbursement Claim	July 2016	Final	-	20/10/2016	08/12/2016	0	0	0	0	0	0
Non-Opinion	ICT Benefits Management Arrangements	April 2016	Final	-	15/07/2016	27/07/2016	0	0	0	0	0	0
Non-Opinion	Schools Overall Report on Compliance	January 2017	Final	-	16/05/2017	16/05/2017	0	0	0	0	0	0
Grant Certification	Arts Council Grant (Salisbury Library)	January 2017	Complete	-	07/03/2016	07/03/2016	0	0	0	0	0	0
Grant Certification	Growth Hub	January 2017	Complete	-	18/05/2017	18/05/2017	0	0	0	0	0	0
Grant Certification	Local Authority Bus Subsidy	July 2016	Complete	-	20/09/2016	21/09/2016	0	0	0	0	0	0
Grant Certification	Public Health Grant	July 2016	Complete	-	20/09/2016	21/09/2016	0	0	0	0	0	0

Audit Plan Performance 2016/17

Audit Area	Audit Title	Month Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions					
							5 = Major				1 = Minor	
							No. of Recs	5	4	3	2	1
Grant Certification	Troubled Families	January 2017	Complete	-	23/01/2017	23/01/2017	0	0	0	0	0	0
Follow-up	Alderbury & West Grimstead CofE Primary School	July 2016	Final	-	26/07/2016	26/07/2016	0	0	0	0	0	0
Follow-Up	Hilperton CofE Voluntary Controlled Primary School	July 2016	Final	-	29/09/2017	29/09/2016	0	0	0	0	0	0

Audit Plan Performance 2016/17

Audit Area	Audit Title	Month Planned Start	Reason
Audits Deferred or Removed (Status Purple)			
Healthy Organisation	Budget Management Arrangements	Removed	Areas of budget management carried out at part of audit of key financial systems (e.g. Main Accounting). Agreed with Associate Director Finance and Chief Accountant that little value in carrying out the audit.
Healthy Organisation	Corporate Feeder Systems	Removed	Due to overlap with work programmes for key financial systems audits and other IT applications, audit removed and covered in Financial Systems work
Healthy Organisation	Decision Making	Removed	Agreed with senior management to remove as no specific risk event raised or triggered to merit further review following healthy organisation in a targeted fashion and thus reliance on first and second lines of defence.
Healthy Organisation	Decision Making – Service Level (Removed agreed with senior management due to no need)	Removed	Agreed with senior management to remove as no specific risk event raised or triggered to merit further review following healthy organisation in a targeted fashion and thus reliance on first and second lines of defence.
Healthy Organisation	Financial Regulations	January 2018	Agreed to carry forward to 2017/18 due to updated Financial Regulations not taking place until late 2016/17 and as audit objective around compliance, greater value if carried out in 2017/18 and once embedded.
Governance	Area Boards	January 2018	Agreed to carry forward to 2017/18 due to local elections
Governance	Corporate Governance Review	January 2018	Agreed to remove due to overlap with other audit reviews and review carried out corporately.
Governance	GROW (Developing Staff Skills)	December 2018	Agreed to remove due to internal review work being undertaken to address the initial concerns and risks raised at the audit planning stage, as such reliance placed on first line of defence and will be evaluated in the Healthy Organisation update in 2017/18.
Governance	Safeguarding Assets & New Homes Bonus (Removed as agreed with senior management that no need).	Remove	Agreed to remove due to change to in funding stream with this being withdrawn.
Governance	Swindon & Wiltshire Local Enterprise Partnership	November 2018	Agreed to carry forward to 2017/18 due to special audit requested 2016 to look at specific controls.

S W A P SOUTH WEST AUDIT PARTNERSHIP Delivering Audit Excellence

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.

Page 21

Audit Plan Performance 2016/17

Audit Area	Audit Title	Month Planned Start	Reason
**Audits Deferred or Removed (Status Purple)**		
Operational	Commissioning and Contract Management	January 2018	Due to staff changes and with the implementation of the Council's Contract Management Framework, agreed to carry forward to 2017/18 quarter 1.
Operational	Housing Revenue Account	Removed	Agreed to remove as risks had changed since planning stage due to internal review work undertaken by Finance (i.e. first and second lines of defence), and other testing duplicated with Financial Controls audits.
Operational	Business Rates Arrangements	Removed	Agreed to merge with key financial systems audit of Business Rates.
Operational	Project Management Arrangements	December 2018	Agreed to carry forward to 2017/18 to allow for greater analysis of projects started and comparison with other sites.
ICT	ICT Threat Management	October 2017	Agreement to carry forward and merge with audit of Cyber Security for 2017/18 due to a large amount of cross over.
Schools	Right Choice	October 2017	Agreed to remove due to Council implementation of traded services for schools.
Schools	St Mary's CofE Infant School	January 2018	School merged so agreed to carry forward to 2017/18

SWAP SOUTH WEST AUDIT PARTNERSHIP Delivering Audit Excellence

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.

Page 22

Wiltshire Council   **Agenda Item No.**

Audit Committee

26th September 2017

Internal Audit Plan 2017/18

> **Purpose of the Report**
>
> 1. This report presents the Committee with the Internal Audit Plan for 2017/18. It particular it provides the background to the plan and an analysis of the agreed audits and other work to be carried out during 2017/18.
>
> **Executive Summary**
>
> 2. Delivery of the Council's services to the residents of Wiltshire and the Council's Business Plan, requires a robust control environment and management of risks.
>
> 3. The delivery of an effective Internal Audit Plan is a key mechanism by which the Council derives assurance over the effective operation of its control environment, systems and processes.
>
> 4. The Accounts and Audit Regulations 2015, requires the Council to have an "adequate and effective system of internal audit in accordance with proper internal audit practices".
>
> 5. In total, there are 70 audits on the plan that includes 12 follow-up reviews where partial assurance was given or there are concerns due to for example changes to service provision.
>
> 6. Recognising the need to continue to align internal audit work with corporate risks, the plan contains a number of combined assurance assignments, i.e. the Healthy Organisation 8 key themes.

> **Proposal(s)**
>
> 7. Members are asked to note the Internal Audit Plan for 2017/18.

Reason for Proposal

8. To ensure an effective IA function, strong control environment and management of risks.

Michael Hudson
Associate Director, Finance, S.151 Officer

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

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

Appendices: A – Internal Audit Plan 2017/18

Wiltshire Council
Where everybody matters

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Internal Audit Plan 2017/18

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

The key contacts at SWAP in connection with this report are:

Gerry Cox
Chief Executive
Tel: 01935 385906
gerry.cox@southwestaudit.co.uk

Dave Hill
Executive Director
Tel: 07595 711087
David.Hill@southwestaudit.co.uk

Ian Withers
Assistant Director
Tel: 07720 312463
Ian.withers@southwestaudit.co.uk

.

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.

Page 1

The Internal Audit Plan represents a summary of the planned audit reviews that the Internal Audit Team will deliver throughout the 2017/18 financial year.

The Audit is based on a risk assessment largely aligned to the eight key themes that contribute to a 'Healthy Organisation' model introduced in 2016/17. Other factors that have driven the plan include direction by senior leadership to other risks linked to the new Business Plan, an annual assessment of the financial controls and grant requirements.

The audit will cost £475,500 which is the same fee as for 2016/17, but will include greater focus on Fraud and Corruption within this cost. Thus, the fee represents a real saving to the Council.

The audit plan has been drawn up based on an assessment of risk using areas including those highlighted as key corporate risks arising from the Healthy Organisation assessment; reviews specifically requested by Senior Leaders, or areas that SWAP has identified as potential emerging risks for the Council, including cross cutting reviews being carried out across all SWAP partners to share learning.

Following a reorganisation of the Council's fraud arrangements SWAP has taken on additional responsibilities relating to Fraud and Corruption in 2017/18. A separate Plan for this work has been produced to sit alongside the general audit plan. This work will be absorbed within the 2017/18 fee set out in this report.

The SWAP Internal Audit cost will be £475,500 for 2017/18, that is the same fee as 2016/17 and includes additional responsibilities around counter fraud and corruption. This means SWAP are absorbing all other cost pressures. Performance targets are set out and remain in line with 2016/17. As such the fee represents a real financial saving to the Council.

The key areas of focus are appended to this plan and are based around the following themes:
- Healthy Organisational Reviews
- Management requested reviews
- Financial Controls
- Grants
- Fraud and Corruption

Internal Audit activity reports updating findings and performance against the plan, will be presented to the Corporate Leadership Team and Audit Committee once a quarter, with an Annual Report presented to Audit Committee in June 2018.

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.

Page 2

Executive Summary

The Audit Plan is based on a thorough assessment of the risks facing the Council; its mitigation plans and awareness of prior year findings and those at other authorities.

The level of audit work is then based on our assessment of the three lines of defence to assess where the most value can be added, and where management should be addressing actions.

Approach to Audit Planning 2017/18

The Audit Plan for 2017/18 is based on a risk assessment that been derived from a range of sources:

- Extensive consultations with the Council's Corporate Leadership Team and key Heads of Service.
- Reference to the Council's risk register.
- Audit work at other SWAP partner sites.
- Prior year audit findings, including External Audit recommendations and peer reviews.
- The 2016/17 Healthy Organisation audit review.

The audit planning then takes into consideration the three lines of defence model to determine the extent of audit coverage and work in order to direct resources appropriately, secure greater management buy-in to the control environment and to ensure Internal Audit is recognised as adding value. This concept is introduced in more detail in the diagram on the following page. Working with this model we intend to identify all streams of assurance whether internal or external that contribute to the Council's overall risk, governance and control framework. Internal Audit resources can then be directed at the areas of highest risk; not only known risks but risks that were previously unknown and subsequently identified.

The model operates in most organisations and shows three lines of defence that should be operating:

- 1st Line of Defence – Functions that own and manage risks
- 2nd Line of Defence – Functions that oversee risk
- 3rd Line of Defence – Functions that provide independent assurance

Supporting the Council's Priorities

The Council's Business Plan 2017 – 2027 includes four priorities for the Council:

- Growing the Economy;
- Stronger Communities;
- Protecting those who are most vulnerable; and
- An innovative and effective Council.

Our audit work for 2017/18 seeks to support the delivery of these priorities by ensuring an effective control environment and risk management operates. Each audit contained in the Detailed Internal Audit Plan at Appendix 1 is cross referenced to the priority it principally supports.

Internal audit work supports the delivery of the Council's priorities.

Summary of Areas and Related Costs

The Internal Audit Plan is flexible to respond to emerging and changing risks during the year

It is recognised that the plan should achieve a balance between clearly setting out the planned work and retaining flexibility to respond to changing risks and priorities throughout the year. The plan therefore contains a number of themes and detailed work programmes that will be developed when audits commence. Any significant changes to the plan during the year will be agreed with the Statutory Officers, along with CLT and reported to the Audit Committee to note.

The total cost of Internal Audit for 2017/18 is £475,500 the same as 2016/17, and a summary of the areas included in the Plan and related costs is shown in the following chart:

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.

Page 4

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Page 44

INTERNAL AUDIT PLAN 2017/18
SUMMARY OF AREAS AND RELATED COSTS

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

Framework of the Institute of Internal Auditors

Page 5

The Internal Audit Team that will deliver the Internal Audit Plan at Wiltshire Council are qualified with significant experience of audit and the Council.

SWAP Internal Audit Team

Assistant Director: Ian Withers CPFA, CMIIA, QIAL	Ian leads the team and has responsibility for the delivery of the plan. Ian has over 30 years' experience of finance, internal audit and has held senior positions with a number of large local authorities.
Senior Auditors: Joanna Dixon CMIIA Kerry Chisholm MAAT	Jo and Kerry are lead auditors responsible for delivery of individual audit reviews. They have extensive experience in local and central government.
Senior IT Auditor: Stuart Trubee MAAT	Stuart is a senior auditor and also the ICT audit specialist in the team.
Auditors: Andrew Adlam MAAT Pat Jenkins	Andrew and Pat have extensive local government finance experience with Wiltshire Council. Pat is relatively new to SWAP and currently studying for the MIIA qualification.
Counter Fraud Specialist: Nick Hammacott GCFS	Nick is a senior auditor based in Taunton and also a counter fraud specialist for across SWAP partner organisations, recently leading the South West Fraud Partnership.
Other SWAP staff will be used from other partner sites as required to help backfill staff vacancies or where specialist or experienced staff are required for specific audit reviews.	

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.

Page 6

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

The Assistant Director for SWAP reports audit performance on regular basis to the Audit Committee and the SWAP Management Board.

SWAP Performance

The actual performance of SWAP is subject to regular monitoring review by both the Audit Committee and the SWAP Management Board. The performance standards are reviewed regularly across SWAP and for 2017/18 theses are in the following table and will be reported on a quarterly basis to the Audit Committee.

SWAP Performance Standards 2017/18

Performance Indicators	Performance Target	Expected Performance
Percentage of Internal Audit Plan completed	Audits completed to at least draft report stage.	95%
Timescales (Excluding Schools)	- Draft audit reports issued within 5 working days of completion of fieldwork	95%
	- Draft audit reports issued within 10 working days of completion of fieldwork	100%
	- Final audit reports issued within 10 working days of exit meeting/receipt of management responses	95%
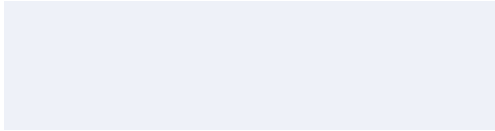
	Quality of Audit Work	Feedback from Client Satisfaction Questionnaire within the good to excellent	80%

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

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

Framework of the Institute of Internal Auditors

Page 8

Detailed Internal Audit Plan 2017/18

Audit Area	Business Plan Priority	Audit Title	Rationale	Indicative Quarter
Healthy Organisation				
Corporate Governance The audits surrounding Governance will focus on the Healthy Organisation update, including a cross SWAP audit looking at how culture and behaviours are managed. There will be fuller reviews of key areas of potential risk to test the operation of the framework. These will include Area Board Grants; Gifts and hospitalities; Complaints; and the LEP.	An innovative and effective Council	Officers Declarations of Interests, Gifts and Hospitality	Ensuring high level of ethical standards, public confidence and preventing potential fraud has always been a key focus for local government. This audit will review the effectiveness of Wiltshire's arrangements and controls to provide assurance that the Council's policy, procedures and guidance are operating effectively across the Council, as well as are in line with comparative organisations.	2
	An innovative and effective Council	Healthy Organisation Update	A full Healthy Organisation review was carried out in 2015/16 with follow up work in 2016/17 on progressing actions. This review will provide an update of the latest position and revisit some of the themes to ensure the scoring remains appropriate. The audit will add further value by making appropriate comparison with other SWAP partner organisations and inform audit plan changes in 2017/18, the risk assessment to inform the 2018/19 Audit Plan and the Annual Governance Statement for 2017/18.	3
	Stronger Communities	Area Boards	Area Boards are community focussed including delivery of local priorities and working with local people. The budget for 2017/18 is £1.75m devolved to 18 Area Boards. This audit will review the control over grant awards, control of budgets and the achievement of objectives.	2
	An innovative and effective Council	Corporate Complaints	A robust corporate complaints process and policy ensures the Council has a consistent approach to the treatment of complaints and ensure all are treated seriously and sympathetically resolved in a timely manner. This audit will seek to provide assurance and deep dive into planning, an area considered to be high risk if complaints are not treated effectively to assess the effectiveness and identify any opportunity for continuous improvement.	2

3		An innovative and effective Council	Council's Culture and Ethics	SWAP are carrying out a cross cutting review at all of its partners/clients to assess areas for learning and improvement in cultural and ethical controls and behaviours frameworks. The first stage will include a common questionnaire to focus on areas of best practice and opportunities for learning from others. This audit will provide assurance and provide confidence over a strong commitment being translated into everyday behaviours. The scope will include the relationship with the new Business Plan of the Council.	3
		Growing the Economy	Swindon and Wiltshire Local Enterprise Partnership (LEP)	As the Accountable Body for the LEP Wiltshire Council need to ensure sound financial controls are operating that ensure financial accuracy and safeguard public funds. These controls should safe guard not only the public purse but also the reputation of the scheme. Over the last year there have been a number of national concerns raised over these funds, and whilst no questions have been raised over Wiltshire's arrangements and indeed earlier audits have found good controls this audit will maintain a focus and watching brief to ensure and provide assurances this situation is maintained. The audit will review the governance framework operating for the LEP to provide assurance and recommend areas for improvement and/or value for money to the Council as well as assure DCLG of the standard of the Partnership operations.	2

Page 49

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

Page 10

Page 50

Commissioning & Procurement				
Commissioning & Procurement The audits will focus on the overall framework and have a deeper dive into two areas of the business that incur large expenditure: Domiciliary Care; Highways; and Passenger Transport to test the controls and framework in detail.	An innovative and effective Council	Contract Management Framework	Contracted services represent a high area of expenditure for the Council. A revised Contract Management Framework was being developed by the Council during 2016/17. This audit will review the effectiveness of the framework at the operational phase in terms of strategy, structures/resources, development and delivery. The audit will also test the process for award, taking a sample of recently awarded contracts. To provide assurance and identify recommendations for any improvements, comparison will be made where applicable to best practice in the public sector and with SWAP partners.	2
	An innovative and effective Council	Highways Maintenance Contract	The value of the Highways Maintenance Contract is approximately £15m per annum and was last awarded in 2016 for a five-year period. This audit will review the contract management arrangements to provide assurance that it is managed appropriately, so that deliverables required are received and payments being made are in accordance with contract conditions.	2
	An innovative and effective Council	Passenger Transport	The total budget for passenger transport is £24m per annum and generally a area of high risk from fraud and abuse to local authorities. This audit will test payments and authorisations to provide assurance or recommend areas for improvement or greater value for money opportunities that enable effective commissioning, contract management, payments and management information are operating in respect of client transport.	2

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

Page 11

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

	An innovative and effective Council	ICT Traded Services with Wiltshire Police	To review arrangements for the client monitoring of the contract.	2
Financial Management These audits will review the overall effectiveness of the financial governance in place to ensure sound payments, receipting and contracts are made. There will be detailed testing, supported by fraud tests set out in the Fraud Plan, in the following areas to then test the application of those rules to ensure there is awareness and compliance: • Better Care Fund; • Special Educational Needs; and • Corporate Debt recovery • Use of Consultants and IR35	An innovative and effective Council	Financial and Contract Regulations Compliance	Financial Regulations are a key part in ensuring financial controls operate across the Council and the use of resources. They were updated during 2016/17, apply to both Members and employees and a key part of the effective financial governance of the Council. This audit will examine the level of compliance, awareness and how embedded in the financial governance of the Council.	3
	Protecting those who are most vulnerable	Better Care Fund	To review effectiveness of governance arrangements including financial management and performance management arrangements to ensure the BCF meets it objectives in the medium term.	4
	Protecting those who are most vulnerable	Special Educational Needs	To review the robustness of controls over the assessment and funding of special educational needs including eligibility and accuracy of payments.	2
	An innovative and effective Council	Corporate Debt Recovery	A new Debt Recovery Strategy was introduced in late 2016/17. This audit will review the compliance and effectiveness of the strategy together with the process and consider any actions for effective and economic recovery.	3

Page 51

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

Page 12

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Page 52

1	An innovative and effective Council	Use of Consultants and IR35	The use of consultants is a significant area of expenditure for the Council. This audit will review the process for the procurement ensuring effectively controlled and achieves value for money. It will further review the Council's response to IR 35 effective from April 2017, to ensure effective in identifying workers provided through intermediaries and that appropriate PAYE and NI is deducted. The risk is that if in scope and the Council does not deduct it could be liable itself for the deductions plus substantial financial penalties. The review of the response will be carried out across all SWAP partners and bets practice will be shared where appropriate.	1
Programme & Project Management This audit will review the Council's framework and test the application of those procedures by reviewing how a sample of key projects are being managed; and how the Council is building in benefits realisation into its model.	An innovative and effective Council	Project Management Framework	An effective project management framework is essential to control the delivery of the Council's projects for service improvement and transformation. The risks are non-delivery of project aims as defined at project initiation stage and poor use of limited resources to support delivery. This audit will compare the framework against international standards to assess the effectiveness of how Wiltshire are applying standard tools and techniques to ensure risks are mitigated and success factors achieved. The audit will also include the assessment fo projevct outcomes and realisation of benefits.l	2

Performance Management The Healthy Organisation framework identified this as an area of strong performance and as such this audit will review the framework only for any changes in risks.	An innovative and effective Council	Performance Management Framework	Review the Council's performance management framework to ensure fit for purposes. This will include a review data quality for a number of key performance indicators to ensure performance reporting is based on accurate information allowed robust accountability and decision making.	3
People & Asset Management This area was rated as strong at the last Healthy Organisational review. In 2017/18 the audit focus will thus be on areas identified by senior leaders for testing.	An innovative and effective Council	Maintenance of Council Property	The Council has a significant property portfolio with high maintenance costs. This audit will review the effectiveness of control over the maintenance to ensure value for money is achieved.	4
	Protecting those who are most vulnerable	Housing Needs	This audit will review the Council's process for assessing housing needs and investigating homelessness to ensuring entitlement to housing or temporary accommodation. This audit has also been requested by the responsible Associate Director.	3

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

Framework of the Institute of Internal Auditors

Page 14

Information Management This was an area identified in the Healthy Organisation review 2016/17 and other independent external reviews as needing strengthening. Allot of work has been done in the last 12 months and our audit work will focus on testing the new controls introduced as well as areas of known high potential risk from that HO review and the experiences of other public and private sector bodies.	An innovative and effective Council	Data Sharing Protocols with Partners	The Council is increasingly working in partnership with other organisations and as such sharing data that brings with it with significant risks in terms of data quality, controlling and data protection. This audit will review the data being shared and effectiveness of protocols operating.	4
	An innovative and effective Council	Cyber Security	Cyber security represents a major risk to organisations from unauthorised access to for example networks and data. Recent examples of ransomware have highlighted the very real risk to Council. This audit will review the effectiveness of arrangements and controls operating to secure the Council and ensure operation of its services.	2
	An innovative and effective Council	Cloud Computing	In common with many organisations, the Council's strategy is to move key applications to being cloud based. Although significant benefits to the Council, it also has additional risks over the security provided by the provider and the effectiveness of controls. This audit will review the effectiveness of these cloud specific related issues and level of governance.	4
	An innovative and effective Council	ICT Asset Management	ICT hardware and software represents a significant asset to the Council and critical to its operation. This audit will review the effectiveness of controls operating.	1
	An innovative and effective Council	Network Management	The security and operation of the Council's IT network is critical to its operation and this audit will review the effectiveness of controls and practices operating including compliance with policies and regulations.	4

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

Framework of the Institute of Internal Auditors

Page 15

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

	An innovative and effective Council	General Data Protection Regulations (GDPR) Readiness	The GDPR are due to go live in May 2018 and changes to the requirements around processing of data, data sharing, burden of proof, children's data, reporting and increased fines for noncompliance of up to 20m Euros represent significant risks to the Council. This audit will review the Council's understanding and readiness for compliance and identify any gaps.	1
	An innovative and effective Council	Mobile Computing/Devise Management	There has been an increasing use of mobile computing over recent years that brings additional risks over the access and security of data. This audit will review the effectiveness of controls operating to secure the Council's data.	3
Requested by Management				
	Growing the Economy	European Funding	Council responsible for the oversight of expenditure with in excess of £40M of match funding over a period. Risk if arrangements not sufficiently robust then Central Government will seek recovery of funding. The audit will provide assurance over the Council's role in the oversight of expenditure including arrangements with partner organisations.	3
	An innovative and effective Council	Wiltshire History Centre	To review business operation of the centre, income contract and assets (artifacts).	2
Key Financial Systems				

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

Page 16

S W A P
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

	An innovative and effective Council	Accounts Payable	Review of key financial system to provide assurance on effectiveness of controls and to help inform the work of the External Auditors. The audits will also include full review of IT application controls. Our work is not directed by the External Auditors but there is an agreed protocol operating that covers key financial systems work. Internal Audit undertakes an assessment of the audit work required based on previous audit coverage and any changes to the control environment.	3
	An innovative and effective Council	Accounts Receivable		3
	An innovative and effective Council	Council Tax		4
	An innovative and effective Council	Business Rates		4
	An innovative and effective Council	Housing Rents		4
	An innovative and effective Council	Main Accounting		4
	An innovative and effective Council	Treasury Management		3
	An innovative and effective Council	HR/Payroll		3
	An innovative and effective Council	Pensions		4
	An innovative and effective Council	Capital Accounting		3

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

Framework of the Institute of Internal Auditors

Page 17

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

	An innovative and effective Council	Housing and Council Tax Benefits		4
Schools				
	An innovative and effective Council	Thematic - ICT Security	Sample of schools to be visited to review effectiveness of ICT security. Common issues and recommendations to be communicated to all schools and the schools forum.	2
	An innovative and effective Council	Thematic - Banking Arrangements	Sample of schools to be visited to review effectiveness of banking arrangements. Common issues and recommendations to be communicated to all schools and the school's forum.	2
	An innovative and effective Council	Thematic - HR/Payroll	Sample of schools to be visited to review effectiveness of HR/Payroll arrangements. Common issues and recommendations to be communicated to all schools and the school's forum.	4
	An innovative and effective Council	Specific Schools (To be decided quarterly)	Twelve schools to be visited as individual reviews of the effectiveness of the governance and financial management operating for the maintained schools. The reviews will provide assurance to both Governing Bodies and the Council including compliance with the Schools' Financial Value Statement.	1-4
Follow-Up				
	An innovative and effective Council	Land Charges	Internal Audit required to follow-up audits carried out in 2016/17 where "partial" assurance has been given to	

	An innovative and effective Council	Safeguarding	ensure management actions implemented and improvements made.	3
	An innovative and effective Council	Early Years Funding	.	2
	An innovative and effective Council	Concessionary Fares		3
	An innovative and effective Council	Right to Buy		4
	An innovative and effective Council	Housing Repairs		3
	An innovative and effective Council	Vehicle Workshops		2
	An innovative and effective Council	Bishops Cannings Primary School		2
	An innovative and effective Council	St Barnabas CofE Primary School		2
	An innovative and effective Council	Staverton CofE Primary School		2
	An innovative and effective Council	Luckington Community School		2

Page 58

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.

Page 19

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

	An innovative and effective Council	St Andrews CofE Primary		3
Grants				
	An innovative and effective Council	Growth Hub	BIS requirement under conditions of the grant for audit of claim submitted by appropriately qualified and independent auditor to provide assurance over the statement of grant expenditure and/or grant claim, in all material respects and in accordance with the grant offer and conditions.	4
	Protecting those who are most vulnerable	Troubled Families	DCLG requirement for audit of claims submitted reviewed a representative sample of families and achievement of outcomes.	4
	An innovative and effective Council	Local Authority Bus Subsidy	DoT requirement for audit and for the Council's Chief Internal Auditor to sign a declaration on the correct disbursement of the grant.	2
	Protecting those who are most vulnerable	Public Health Grant	To support the S151 Officer's Statement of Assurance to Department of Health over expenditure complying with the conditions.	1
Client Support				
	An innovative and effective Council	Corporate Advice	Providing professional advice as "subject experts" to services on areas such as good governance, internal control, managing risks, financial management, external best practice and use of resources. This will include proactive advice given as part of project and working groups.	1-4

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

	An innovative and effective Council	Annual Governance Statement	To provide support to the production of the Council's Annual Governance Statement.	4
	An innovative and effective Council	Audit Committee/Members Liaison	Including the preparation, attendance and follow-up actions for the Audit Committee, attendance at other committees, members liaison, support and training.	1-4
	An innovative and effective Council	External Audit Liaison	Ongoing liaising with External Audit	1-4
	An innovative and effective Council	Planning/Client Liaison	Internal Audit Planning, meetings and liaison with S151 Officer, other statutory officers and key clients.	1-4
	An innovative and effective Council	CLT Attendance	Preparation and attendance at CLT as required.	1-4
	An innovative and effective Council	Follow Up Contingency	Follow-up of finalised audits to ensure agreed actions to audit recommendations made are implemented.	1-4

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

Page 21

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

The 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 reviewed each year to confirm it remains accurate and up to date. It was last approved by the Audit Committee on the 26th April 2016.

Provision of Internal Audit Services
The internal audit service is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled company. This charter should be read in conjunction with the Service 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 Members Meeting. 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 Members Meeting. 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 Associate Director Finance (S151 Officer) in consultation with the Chief Executive of SWAP.

Role of Internal Audit
The Accounts and Audit (England) Regulations 2015, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

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[1]
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 Council's Corporate Directors, Leader 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 and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS); SWAP has been independently assessed and found to be in conformance with the Standards.

---

[1] In this instance Management refers to the Corporate Leadership Team

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. SWAP staff who have previously worked for the Council will not 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 Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. The Chief Executive and Assistant Director of SWAP also report to the Associate Director Finance (S151 Officer) and to the Audit Committee as set out below.

Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

Scope and authority of Internal Audit work
There are no restrictions placed upon the scope of internal audit's work. SWAP staff 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 its Anti-fraud and Corruption Policy.

- at the specific request of management, internal audit may provide consultancy services provided:

  ➢ the internal auditor's 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 approval, 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 organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, 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 Associate Director. SWAP will report at least four 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 may also be copied to the Associate Director Finance (S151 Officer) and to other relevant line management.

The Chief Executive of SWAP 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 Chief Executive, Directors and the Assistant Director of SWAP, have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit Committee, the Council's Corporate Directors or the External Audit Manager.

April 2017

This page is intentionally left blank

Wiltshire Council   **Agenda Item No.**

Audit Committee

26th September 2017

Counter Fraud Plan 2017/18

<u>**Purpose of the Report**</u>

1. This report presents the Committee with the Counter Fraud Plan for 2017/18. It particular it provides the background to the plan and an analysis of the counter fraud work to be carried out during 2017/18.

<u>**Executive Summary**</u>

2. Following a service re-organisation in late 2016/17, SWAP have taken over responsibility for delivering a counter fraud programme for the Council. This is therefore the first Counter Fraud Plan from SWAP.

3. Fraud continues to be a major issue for local authorities, particularly in an era of cybercrime and increased data sharing.

4. This plan is split between:

   - proactive and preventative;

   - audit reviews (11); and

   - reactive.

Proposal(s)

5. Members are asked to note the Counter Fraud Plan for 2017/18.

Reason for Proposal

6. To ensure robust counter fraud arrangements are in place.

Michael Hudson
Associate Director, Finance, S.151 Officer

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

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

Appendices: A – SWAP Counter Fraud Plan 2017/18

Wiltshire Council
Where everybody matters

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Counter Fraud Plan
2017/18

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

The key contacts at SWAP in connection with this report are:

Gerry Cox
Chief Executive
Tel: 01935 385906
gerry.cox@southwestaudit.co.uk

Dave Hill
Executive Director
Tel: 07595 711087
David.Hill@southwestaudit.co.uk

Ian Withers
Assistant Director
Tel: 07720 312463
Ian.withers@southwestaudit.co.uk

.

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.

Page 1

Executive Summary

Fraud continues to be a major issue for local authorities, particularly in an era of cybercrime and increased data sharing.

The Audit will focus mainly on risk and identification of potential areas to strengthen using data analytics and targeted reviews.

There will be no additional audit fee for this work.

A detailed plan is set out from page 4 of this plan.

Approach to Counter Fraud

Following a service re-organisation in late 2016/17, SWAP have taken over responsibility for delivering a counter fraud programme for the Council which is set out in this plan. This is principally a proactive and preventative approach to counter fraud, whilst undertaking any reactive fraud work, e.g. investigations.

Fraud continues to be a major issue for local authorities, particularly in an era of cybercrime and increased data sharing.

The plan has been derived from a risk assessment using the general Healthy Organisation approach set out in our main Audit Plan, as well as focus on areas raised by management, use of data analytics and a focus on cash raising service areas.

The Counter Fraud Plan is split into three sections:

- Proactive and Preventative;
- Reactive; and
- Internal Audit Reviews (9)– that will include specific fraud tests

The inclusion of internal audit reviews is not indicative of suspected or known fraud in the areas but operational areas of high fraud to the Council.

SWAP has assessed the resource requirements and confirmed that the additional counter fraud plan set out can and will be absorbed within the current audit fee set out in the main audit plan. The cost of the counter fraud plan is £71,852 and is included in the full analysis of costs, contained in the Internal Audit Plan 2017/18.

It will be delivered by the local team together with specialised fraud resources from across SWAP.

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.

Page 2

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

The Audit Team

SWAP will use a highly qualified Audit Team to deliver the Counter Fraud Plan at Wiltshire Council.

➡ SWAP Internal Audit Team

Assistant Director: Ian Withers CPFA, CMIIA, QIAL	Ian leads the team and has responsibility for the delivery of the plan. Ian has over 30 years' experience of finance, internal audit and has held senior positions with a number of large local authorities.
Senior Auditors: Joanna Dixon CMIIA Kerry Chisholm MAAT	Jo and Kerry are lead auditors responsible for delivery of individual audit reviews. They have extensive experience in local and central government.
Senior IT Auditor: Stuart Trubee MAAT	Stuart is a senior auditor and the ICT audit specialist in the team.
Auditors: Andrew Adlam MAAT Pat Jenkins	Andrew and Pat have extensive local government finance experience with Wiltshire Council. Pat is relatively new to SWAP and currently studying for the MIIA qualification.
Counter Fraud Specialist: Nick Hammacott GCFS	Nick is a senior auditor based in Taunton and also a counter fraud specialist for across SWAP partner organisations, recently leading the South West Fraud Partnership.
Other SWAP counter fraud specialists will be used from other partner sites as required.	

S W A P
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

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.

Page 3

Title	Rationale	Indicative Quarter
Proactive and Preventative – overall governance arrangements to recognise, deter and prevent:		
Counter Fraud Strategy and Framework	From the latest CIPFA Fraud Tracker report (2016), it is estimated that £325m was detected by local authorities, the largest proportion being in Council Tax and Housing. It is important that that Council has a robust response to the risk of fraud from for example financial and reputational loss. This review will examine the effectiveness of the strategy and framework operating.	2
Whistleblowing Arrangements	As an early warning system, whistleblowing arrangements can alert the Council to various elements of risk that could threaten its employees, Members, public or reputation. These could be from suspected misconduct, illegal acts (e.g. fraud and corruption) or failures to act (e.g. safeguarding). It has been a number of years since a review was carried out of the whistleblowing arrangements, and thus to ensure the effectiveness of arrangements operating this audit will review these. The audit will look at how current policies (e.g. complaints, grievances and whistleblowing) fit alongside each other and how they support the effective running of the council's business; how aware the organisation is of these policies and how they are communicated; how action is taken; and compliance with the national Code of Practice.	3
Fraud Intelligence Hub	In 2016 the CIPFA Counter Fraud Centre, together with BAE developed a Counter Fraud Hub for London using advanced analytical software. This has yielded significant results in the matching of data across London Councils and identifying fraud. They are now looking at expanding outside London and developing pilots. The Council's S151 Officer has already registered interest in the Council being a pilot and for this piece of work and SWAP will take this forward.	2-4

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.

Page 4

S W A P
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Page 72

Title	Rationale	Indicative Quarter
Proactive and Preventative – overall governance arrangements to recognise, deter and prevent:		
Data Analytics Exercises	The use of data analytics to examine 100% of data transactions is an effective tool in identifying fraud and error. This work will use IDEA audit data analytical software internally to data match applications, identifying fraud and revenue opportunities.	1-4
Organisation Fraud Awareness	Fraud awareness is key across the Council in responding to fraud and corruption. SWAP will review how aware the council's staff are of the risk of fraud and corruption, as well as seeking to raise awareness through for example use of the Intranet, e-learning, workshops and alerts.	1-4
National Fraud Initiative (NFI) Data Matching Exercise	To co-ordinate data collection / submission, and review the outcomes from NFI including alerts and matches to assess potential areas of fraud risk and where appropriate make recommendations to remove weaknesses that could be exploited to commit fraud. To further ensure the Cabinet Office requirements are achieved.	1-2
Fraud Referral Process	Allegations and intelligence for fraud and corruption can be made through various communication channels with the Council. It is key to the Council's response that allegations are captured and risk assessed before any action considered. This would have been carried out by the previous Counter Fraud Team and case managed. With this function re-assigned in early 2017, there is a fraud risk to the Council of responses to allegation and intelligence not being actioned. This audit will review the process and ensure effective including effective response.	2

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

Framework of the Institute of Internal Auditors

Page 5

S W A P
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Page 73

Title	Rationale	Indicative Quarter
Internal Audit Reviews - that will include specific fraud tests		
Direct Payments	The requirement for the Council to provide direct payments represents significant level of expenditure (£11m) together with the risk of client fraud and abuse. This audit will review the controls operating and compliance with statutory requirements of the Health & Social Care Act 2002 and to ensure direct payments are not misused by service users. The audit will include the use of data analytics where appropriate to identify any themes or recurrent control weakness.	4
Financial Assessments	To review the controls operating over financial assessments and personal budgets for adult social care to ensure effectively supported by evidence of capital and savings to determine level of contributions.	3
Staff Travel and Expenses	Staff travel and expenses represents a high are of expenditure for the Council, with associated risk of fraud, abuse and poor value for money. This audit will review the effectiveness of the controls operating, in particular the use of SAP and adequate support for expenditure items claimed.	2
Off Street Parking	The Council's income for parking income is approximately £7.5 per annum. Risks include loss of income from poor collection and theft. There have been some significantly losses incurred recently by other local authorities through poor system processes. This audit will review the controls over the collection, reconciliation and accounting for income.	2

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.

Page 6

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Page 74

Title	Rationale	Indicative Quarter
Internal Audit Reviews - that will include specific fraud tests:		
Registration Service	This audit will focus on service income for which the Council received approximately £1.04m from various statutory activities. The audit will also include the control over key documentation and records to comply with the requirements of the Government Records Office (GRO) and opportunities for increasing income.	1
City Hall Salisbury	City Hall is a major entertainment venue managed and operated directly by the Council with an approximate annual turnover of £1.6m and net income to the Council of £480k. . The centre is also part of the development of a cultural quarter in Salisbury. This audit will review the operational arrangements for the centre including control over events and other trading income.	1
Licensing (Taxi and Private Hire)	To review controls over the issue of licences and that arrangements sufficiently address safeguarding risks. Further use of data analytics to compare licences data with business premises.	1
Housing Tenancy Management	A major area of risk is the process around the allocation of housing. This audit will review the effectiveness of controls operating over allocation by Homes 4 Wiltshire (Choice Based Lettings) and the management of tenancies	4

Pupil Premium	The Pupil Premium is a significant funding stream for schools based on disadvantaged pupils from families on low income. It relies on declarations from the pupil's parents that has been found by other local authorities not to always occurs. The families will often also be claiming housing benefits and this audit will use data analytics to match data between the housing benefits application and pupil premium data to identify where further funding can be claimed.	1
Market Trading	There are eighteen weekly markets operating with an annual income of approximately £400k. This audit will review the operation of market trading across Wiltshire and control over pitches and income. Although income comparatively low, there is a risk of income not being accounted for and received by the Council. Recent frauds have occurred at other local authorities.	3
Schools Admissions and Places Planning	To provide assurance that the admissions process is fair and equitable, appropriate evidence based decisions are made and appeals process operates in accordance with statutory requirements. The audit will also review the planning arrangements for school places including decision process.	3
Title	**Rationale**	**Indicative Quarter**
Reactive:		
Investigations	To undertake ad hoc unplanned investigations as agreed.	1-4

Page 75

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Wiltshire Council   **Agenda Item No.**

Audit Committee

26th September 2017

Internal Audit Activity Update – September 2017

Purpose of the Report

1. This progress report presents the Committee with an update on the work and performance of Internal Audit (IA) for 2017/18, at September. In particular, it provides a summary of:

   - An update on the delivery of the 2017/18 Internal Audit and Counter Fraud Plans, including audits completed, in-progress that are planned to be reported to the next Committee meeting;

   - The outcomes of follow-up reviews to assess the extent and adequacy of management action taken in response to audit reports from the previous two years.

Executive Summary

2. Currently 36 audits have commenced for 2017/18 of which 3 completed to final report stage with a 4 at draft report stage. A number of the remaining audits are in progress., close to draft report and will be reported to the next Audit Committee meeting. In addition, 2 further pieces of counter fraud work have commenced and in progress.

3. From this work no high significant 'corporate' risks have so far been identified.

4. There are currently no deferred, removed or additional ad hoc audits to report for the agreed Internal Audit Plan 2017/18 as this item is coming to this meeting.

Proposal(s)

5. Members are asked to note the Internal Audit Activity for 2017/18 and the outcomes of audit and counter fraud work completed to date.

Reason for Proposal

6. To ensure effective Internal Audit and Counter Fraud functions are operating and a strong control environment. .

Michael Hudson
Associate Director, Finance, S.151 Officer

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

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

Appendix: A – Report on Internal Audit Activity 2017/18 September Update

Wiltshire Council

Report of Internal Audit and Counter Fraud Activity 2017/18

September Update

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox
Chief Executive
Tel: 01935 385906
gerry.cox@southwestaudit.co.uk

David Hill
Executive Director
Tel: 01935 385906
david.hill@southwestaudit.co.uk

Ian Withers
Assistant Director
Tel: 01225 763495
ian.withers@southwestaudit.co.uk

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 and the CIPFA Code of Practice for Internal Audit in England and Wales.

Summary

The Chief Executive of SWAP is required to provide an opinion to support the Annual Governance Statement.

"risks are generally well managed and the systems of internal control are working effectively"

Audit Opinion

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. Management generally respond positively to Internal Audit recommendations for improvements and corrective action is often taken quickly, wherever this is possible or practical.

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 and the CIPFA Code of Practice for Internal Audit in England and Wales.

Page 1

SWAP now has 24 partners, including 18 local authorities and are proud to be a growing partnership.

Our audit and counter fraud activity is broadly split between:

- **Healthy Organisation**
  - **Corporate Governance**
  - **Commissioning & Procurement**
  - **Financial Management**
  - **Programme & Project Management**
  - **Performance Management**
  - **People and Asset Management**
  - **Information Management**
- **Requested by Management**
- **Key Financial Systems**
- **Schools**
- **Follow-up**
- **Grants**
- **Client Support**
- **Proactive and Reactive Counter Fraud**
-

Role of Internal Audit and Audit Work Quarter Summary

The Internal Audit service for Wiltshire Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The Partnership is also guided by the Internal Audit Charter approved by this Committee.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness. Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Associate Director, Finance (Section 151 Officer), following consultation with the Corporate Leadership Team, the Audit Committee and External Auditors. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, risk and control. This audit assignment activity is broken down into various categories of work as outlined in the bullet points shown in the column on the left of this page.

For the 2017/18 Audit Plan we have so far initiated 36 audits and reviews, of which 3 have been completed to final and 4 to draft report stages. In addition, 2 further pieces of counter fraud work are in progress. All audits have been completed for 20161/7 and included in the Internal Audit Activity and Annual Opinion 2016/17 report.

To improve the completion of audits, we are currently applying an improved process that will including alerting the Associate Director of Finance through monthly performance reporting and greater engagement with members of the Corporate Leadership Team to assist in resolving any issues and to finalise, ensuring control improvements are achieved.

Outturn to Date:

We rank our recommendations on a scale of 1 to 5: with priority 1 being very minor or administrative concerns that are not formally captured but the client is informally advised during the audit instead, through to priority 5 being areas of major concern that would require immediate remedial action by senior management.

Healthy Organisation recommendations are rated high; medium and low according to the opinion.

38 audits and reviews have commenced in quarter 1.   A total of 32 priority 3 recommendations have been made so far for 2017/18 audits.

No audit reports have so far been issued giving no or partial assurance for 2017/18

Internal Audit and Counter Fraud Work Programme

The table at Appendix 1, shows all audits as per the Internal Audit and Counter Fraud Plans 2017/18. 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 Annual Audit Plan.   Explanations for any delays or action taken to agree and finalise audit reports is given in the comments column.

Each completed audit to final or draft report, includes its respective "assurance opinion" rating together with the number and relative ranking of recommendations that have been raised and agreed with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management. The assurance opinion ratings have been determined in accordance with the Internal Audit "Audit Framework Definitions" as detailed from page 12 of this document.

In circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, these would be included in this activity report. We are pleased to report that there are no significant risks for this quarter.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings would be included in this activity report. To date there are zero audits for 2017/18 that have resulted in a "No" or "Partial Assurance Opinion" being given.

SWAP SOUTH WEST AUDIT PARTNERSHIP *Delivering Audit Excellence*

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.

Page 3

Summary

Outturn to date:

Efficiencies and 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.

"Audits have added value through recommending improvements that will deliver more efficient processes."

Efficiencies and Added Value

Members requested that we provide them with examples of where we have "added value" to a particular service or function under review. In response to this we have changed our approach and internal processes and will now formally capture at the end of each audit where we have "added value". The SWAP definition of "added value" is "it refers to 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". As we complete our operational audit reviews and through our governance audit programmes across SWAP, we seek to bring information and best practice to managers to help support their systems of risk management and control.

Use of Data Analytics and IDEA Software Tool We are continuing to increase the use of IDEA and other data analytics tools, as part of our normal audits.

Healthy Organisation:

We are continuing to integrate the Healthy Organisation into our audit approach, in particular our planning and identifying areas of risk to audit and maximise value.

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 and the CIPFA Code of Practice for Internal Audit in England and Wales.

Page 4

➡ Assurance by Category

Internal Audit Assurance by Category
2017/18 at Draft or Final

SWAP SOUTH WEST AUDIT PARTNERSHIP Delivering Audit Excellence

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 and the CIPFA Code of Practice for Internal Audit in England and Wales.

Page 5

Summary of Internal Work to Date (at final or draft report stage)

Note: Data included in chart in respect of recommendations arising from 2015/16 onwards.

Analysis of Recommendations by Priority and Status
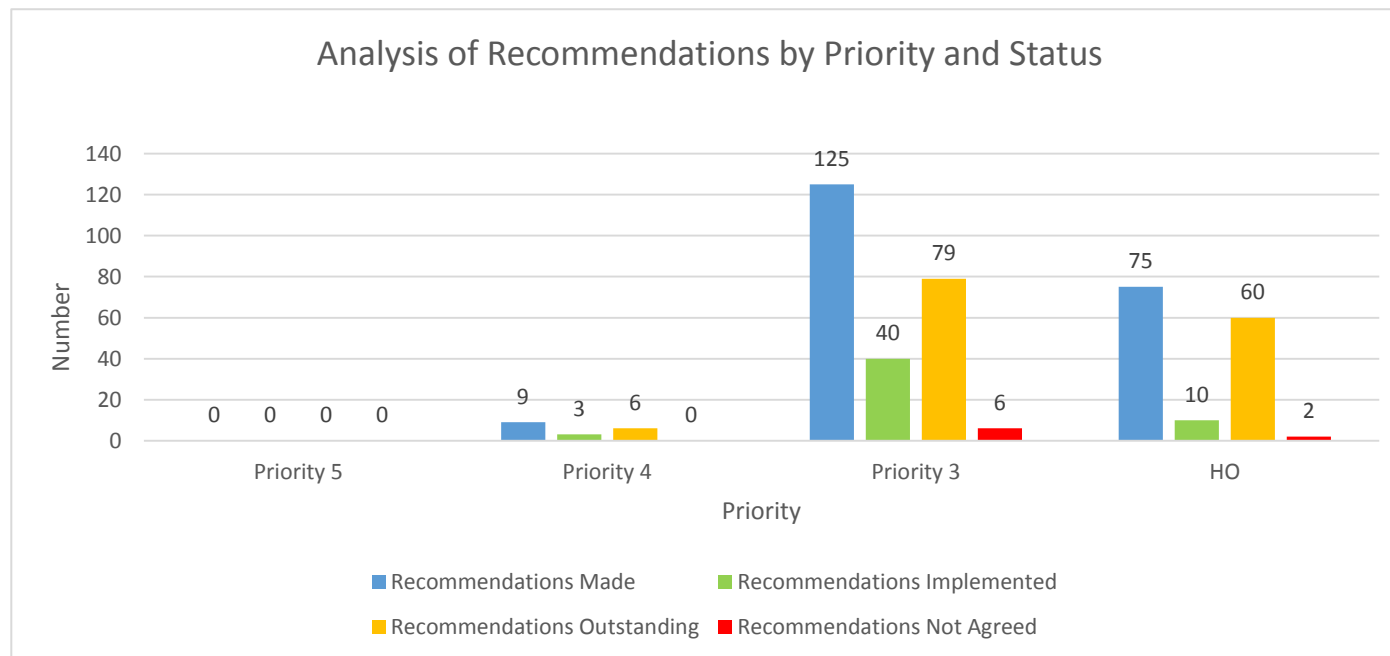
It is important that the organisation understands the position of agreed internal audit recommendations to ensure that they are implemented in a timely manner. The current position shows recommendations outstanding as 145.

Further analysis shows that 60 are from the Healthy Organisation reviews and these are currently being followed up and a separate report will be brought to this committee.

Of the remainder, it is important to focus on those that are still outstanding after the "target implementation date", table 2. This shows 50 priority 3 recommendations and 1` priority 4 recommendation outstanding.

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.

Page 6

Page 86

Summary

The priority 4 recommendation was due for implementation on the 31st July 2017, we are currently chasing progress and will provide a verbal update at committee.

The priority 3 recommendations are currently being followed up either through the manager or by the way of planned follow up audits.

Table 1 - Aged Recommendation Analysis by "Recommendation Created"

Priority	<30 days	< 60 days	< 90 days	< 120 days	120+ days	Totals
4			1		5	6
3		3	16	1	59	79
HO					60	60
Totals		3	17	1	124	145

Table 2 - Aged Recommendation Analysis by "Target Implementation Date"

Priority	<30 days	< 60 days	< 90 days	< 120 days	120+ days	Totals
4		1	0		0	1
3	5	8	5	5	27	50
HO					60	60
Totals	5	9	5	5	87	111

6y

Summary

The Chief Executive of SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance for 2017/18 (at 1st September)

SWAP performance is subject to regular monitoring review by both the Board and the Members Meeting. The respective performance results for Wiltshire Council for the 2017/18 year so far are as follows:

Performance Target	Average Performance
Audit Plan – Percentage Progress (Audits)	
16/17 completion (to final)	100%
17/18 Final/Draft	9%
17/18 In Progress	45%
17/18 Yet to Start	46%
Draft Reports 2017/18	
Issued within 5 working days of closeout	67%
Issued within 10 working days of closeout	100%
Final Reports 2017/18	
Issued within 10 working days of discussion of draft report.	100%
Quality of Audit Work	
Customer Satisfaction Questionnaire	81%

The number of audits at draft/final is lower than 20% plus, normally be expected for this time of the year, however staff vacancies and sickness have impacted on the first quarter's work.   Further audits are also approaching draft report stage and a verbal update will be provided at the committee meeting. Additional staff resources have been brought in from other SWAP partner sites and we are also in the process of recruiting.

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 and the CIPFA Code of Practice for Internal Audit in England and Wales.

Page 8

he Chief Executive of SWAP reports performance on a regular basis to the SWAP Management and Boards.

SWAP Performance

At the end of each audit review, a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 80% is set where 75% would represent a 'good' score. There have only been a small number of questionnaires requested for 2017/18 corresponding to the low number of final reports.

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.

Page 9

Summary

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

Approved Amendments to Annual Audit Plan 2017/18

Planned audit work is detailed in Appendix 1. Our work remains under constant review to ensure that, if necessary, internal audit resources can also be targeted at emerging issues in a timely manner. Any changes that are required are agreed with the Associate Director Finance (Section 151) and are reported to the Committee.

There has not been any additional audit work requested so far, this year although our approach is to be flexible and respond to changes in risks and needs of the Council.

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- **Substantial**
- **Reasonable**
- **Partial**
- **None**

Audit Framework Definitions

Control Assurance Definitions

Substantial	▲★★★	I am able to offer substantial 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	▲★★★	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	▲★★★	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.

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 and the CIPFA Code of Practice for Internal Audit in England and Wales.

Page 11

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

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

Audit Framework Definitions

- 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.

Page 92

S W A P
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

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 and the CIPFA Code of Practice for Internal Audit in England and Wales.

Page 12

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
							5 = Major			1 = Minor			
							No. of Recs	5	4	3	2	1	
2017/18 Audits at Final/Complete (Status Green)													
Schools	Fynamore Primary School	1	Final	Reasonable	12/07/2017	14/07/2017	4	0	0	4	0	0	
Schools	Wilton and Barford Primary School	1	Final	Reasonable	12/07/2017	18/07/2017	3	0	0	3	0	0	
Counter Fraud – Internal Audit Reviews	Registration Service	1	Final	Reasonable	07/07/2017	12/07/2017	3	0	0	3	3	0	
2017/18 Audits at Draft (Amber Status)													
Healthy Organisation – Financial Management	Use of Consultants and IR35	1	Draft Report	Reasonable	11/08/2017	-	6	0	0	6	0	0	Client response delayed due to leave absence.
Healthy Organisation – Commissioning & Procurement	Highways Maintenance Contract	2	Draft Report	Reasonable	15/09/2017		2	0	0	2	0	0	
Counter Fraud – Internal Audit Reviews	Licensing (Taxi and Private Hire)	1	Draft Report	Reasonable	07/09/2017	-	7	0	0	7	0	0	.
Counter Fraud – Internal Audit Reviews	City Hall Salisbury	1	Draft Report	Reasonable	13/09/2017		7	0	0	7	0	0	Audit delays due to change of lead auditor.

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
							5 = Major		↔		1 = Minor		
							No. of Recs	5	4	3	2	1	
**2017/18 Audits in Progress (Amber Status)**											
Healthy Organisation – Corporate Governance	Officers Declarations of Interests, Gifts and Hospitality	1	Fieldwork										1st draft audit report completed but carrying out further comparison work with other swap partners.
Healthy Organisation – Corporate Governance	Council's Culture and Ethics	1	Planning & Initiation										Deferred to quarter 3 to coincide with timing of similar reviews across SWAP partners.
Healthy Organisation – Corporate Governance	Corporate Complaints	2	Planning & Initiation										
Healthy Organisation – Commissioning & Procurement	Contract Management Framework	1	Fieldwork										Linking to other contract audit reviews and comparison across SWAP partners.
Healthy Organisation – Commissioning & Procurement	Client Passenger Transport	1	Fieldwork										Audit start delayed due to lead auditor on sick leave and unable to reallocate.
Healthy Organisation – Commissioning & Procurement	ICT Traded Services with Wiltshire Police	2	Fieldwork										Approaching draft but awaiting information from client.
Healthy Organisation – Financial Management	Special Educational Needs	2	Fieldwork										
Healthy Organisation – Corporate Governance	Corporate Complaints	2	Planning & Initiation										

SWAP SOUTH WEST AUDIT PARTNERSHIP Delivering Audit Excellence

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.

Page 95

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
							5 = Major				1 = Minor		
							No. of Recs	5	4	3	2	1	
Healthy Organisation – Programme & Project Management	Project Management Framework	2	Planning & Initiation										
Healthy Organisation- Information Management	ICT Asset Management	1	Fieldwork										Approaching draft.
Healthy Organisation – Information Management	General Data Protection Regulations (GDPR) Readiness	1	Fieldwork										Audit delayed due to work being carried out in area by service management.
Healthy Organisation – Information Management	Cyber Security	1	Fieldwork										Audit start delayed due to looking at cross SWAP themed work on cyber security to increased valued added.
Healthy Organisation – People & Asset Management	Housing Needs	2	Fieldwork										
Requested by Management	Wiltshire History Centre	2	Fieldwork										Approaching draft
Schools	Thematic - Banking Arrangements	2	Fieldwork										
Schools	Broad Chalk Primary School	2	Planning & Initiation										
Schools	Hindon Primary School	2	Planning & Initiation										

SWAP SOUTH WEST AUDIT PARTNERSHIP Delivering Audit Excellence

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.   **Page 15**

Internal Audit and Counter Fraud Work Plans 2017/18 — Appendix 1

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions 5 = Major ←→ 1 = Minor						Comments
							No. of Recs	5	4	3	2	1	
Schools	Bitham Primary School	2	Planning & Initiation										
Schools	The Stonehenge School	2	Planning & Initiation										
Grants	Troubled Families	4	Fieldwork										
Grants	Local Authority Bus Subsidy	1	Fieldwork										.
Follow-Up	Concessionary Fares	3	Fieldwork										
Follow-Up	Bishops Cannings Primary School	2	Planning & Initiation										
Follow-Up	St Barnbabas CofE Primary School	1	Planning & Initiation										Start delayed due to staff resource constraints.
Follow-Up	Staverton CofE Primary School	1	Planning & Initiation										Start delayed due to staff resource constraints.
Follow-Up	Luckington Community School	1	Planning & Initiation										Start delayed due to staff resource constraints.

| Internal Audit and Counter Fraud Work Plans 2017/18 | | | | | | | | | | | | | Appendix 1 |

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
							5 = Major				1 = Minor		
							No. of Recs	5	4	3	2	1	
Counter Fraud – Proactive & Preventative	Counter Fraud Strategy & Framework	2	Planning & Initiation										
Counter Fraud – Proactive & Preventative	National Fraud Initiative (NFI)	1-3	Fieldwork										
Counter Fraud – Internal Audit Reviews	Housing Tenancy Management	2	Planning & Initiation										
Counter Fraud – Internal Audit Reviews	Staff Travel and Expenses	2	Fieldwork										Approaching draft report
Counter Fraud – Internal Audit Reviews	Off Street Parking	1	Fieldwork										Approaching draft report
2017/18 Audits Planned but not Commenced (Status Green)													
Healthy Organisation – Corporate Governance	Healthy Organisation Update	3	Not Commenced										
Healthy Organisation – Corporate Governance	Area Boards	2	Not Commenced										
Healthy Organisation – Corporate Governance	Swindon and Wiltshire Local Enterprise Partnership (LEP)	2	Not Commenced										
Healthy Organisation – Financial Management	Financial Regulations Compliance	3	Not Commenced										

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
							5 = Major				1 = Minor		
							No. of Recs	5	4	3	2	1	
Healthy Organisation – Financial Management	Better Care Fund	4	Not Commenced										
Healthy Organisation – Financial Management	Corporate Debt Recovery	3	Not Commenced										
Healthy Organisation – Performance Management	Performance Management Framework	2	Not Commenced										
Healthy Organisation – People & Asset Management	Maintenance of Council Property	4	Not Commenced										
Healthy Organisation – Information Management	Data Sharing Protocols with Partners	4	Not Commenced										
Healthy Organisation – Information Management	Cloud Based Computing	4	Not Commenced										
Healthy Organisation – Information Management	Network Management	4	Not Commenced										
Healthy Organisation – Information Management	Mobile Computing/Devise Management	3	Not Commenced										
Requested by Management	European Funding	3	Not Commenced										

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
							5 = Major				1 = Minor		
							No. of Recs	5	4	3	2	1	
Key Financial Systems	Accounts Payable	3	Not Commenced										
Key Financial Systems	Accounts Receivable	3	Not Commenced										
Key Financial Systems	Council Tax	4	Not Commenced										
Key Financial Systems	Business Rates	4	Not Commenced										
Key Financial Systems	Housing Rents	4	Not Commenced										
Key Financial Systems	Main Accounting	4	Not Commenced										
Key Financial Systems	Treasury Management	3	Not Commenced										
Key Financial Systems	HR/Payroll	3	Not Commenced										
Key Financial Systems	Pensions	4	Not Commenced										

SWAP SOUTH WEST AUDIT PARTNERSHIP *Delivering Audit Excellence*

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.

Page 19

Page 100

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
							No. of Recs	5	4	3	2	1	
Key Financial Systems	Capital Accounting	3	Not Commenced										
Key Financial Systems	Housing and Council Tax Benefits	2	Not Commenced										
Schools	Thematic - ICT Security	1	Not Commenced										Agreed with management to defer to quarter 3.
Schools	Thematic - HR/Payroll	3	Not Commenced										
Schools	Specific Schools (To be decided quarterly 5 remaining)	1-4	Not Commenced										
Follow-Up	Land Charges	3	Not Commenced										
Follow-Up	Safeguarding	3	Not Commenced										
Follow-Up	Early Years Funding	4	Not Commenced										Draft report from 2016/17 still to be agreed.
Follow-Up	Right to Buy	3	Not Commenced										

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions 5 = Major ⟷ 1 = Minor						Comments
							No. of Recs	5	4	3	2	1	
Follow-Up	Housing Repairs	3	Not Commenced										
Follow-Up	Vehicle Workshops	3	Not Commenced										
Follow-Up	St Andrews CofE Primary	3	Not Commenced										
Grants	Growth Hub	4	Not Commenced										
Grants	Public Health Grant	1	Not Commenced										Awaiting grant papers for audit.
Counter Fraud – Proactive and Preventative	Whistleblowing Arrangements	1	Not Commenced										Awaiting meeting with Associate Directors to discuss programme.
Counter Fraud – Proactive and Preventative	Fraud Intelligence Hub	1-4	Not Commenced										Liaising with CIPFA over potential pilot.
Counter Fraud – Proactive and Preventative	Data Analytics Exercises	1-4	Not Commenced										Specific areas being considered for the use of data analytics.
Counter Fraud – Proactive and Preventative	Organisation Fraud Awareness	1-4	Not Commenced										Awaiting meeting with Associate Directors to discuss programme.

Page 102

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
							5 = Major				1 = Minor		
							No. of Recs	5	4	3	2	1	
Counter Fraud - Reactive	Fraud Referral Process	1	Not Commenced										Awaiting meeting with Associate Directors to discuss programme.
Counter Fraud – Internal Audit Reviews	Direct Payments (Children)	4	Not Commenced										
Counter Fraud – Internal Audit Reviews	Financial Assessments	3	Not Commenced										
Counter Fraud – Internal Audit Reviews	Market Trading	3	Not Commenced										
Counter Fraud – Internal Audit Reviews	Schools Admissions and Places Planning	3	Not Commenced										
Counter Fraud - Reactive	Ad-hoc Investigations	1-4	Not Commenced										No specific investigations undertaken so far for 2017/18.

Audit Plan Area	Audit Title	Quarter Planned Start	Audit Status	Opinion	Draft Report Issued	Final Report Issued	Recommendations/Actions						Comments
							5 = Major			↔		1 = Minor	
							No. of Recs	5	4	3	2	1	
Client Support (Status Green)													
Client Support	Corporate Advice	1-4	Ongoing through year										
Client Support	Annual Governance Statement	1-4	Ongoing through year										
Client Support	Audit Committee/Members Liaison	1-4	Ongoing through year										
Client Support	External Audit Liaison	1-4	Ongoing through year										
Client Support	Planning/Client Liaison	1-4	Ongoing through year										
Client Support	CLT Attendance and Reporting	1-4	Ongoing through year										
Client Support	Follow Up Contingency	1-4	Ongoing through year										

This page is intentionally left blank

INFORMATION GOVERNANCE
SENIOR INFORMATION RISK OWNER ANNUAL REPORT
APRIL 2016 – MARCH 2017

1. PURPOSE

This report provides an overview of current Information Governance status including compliance with key standards and a report on incidents. It ensures that CLT and Cabinet are advised of the most significant current and emerging Information Governance issues and the measures being taken by the Authority to ensure it meets the national and mandatory standards.

Specifically, this report will:

- Document organisational compliance with the legislative and regulatory requirements relating to the handling of information and provide assurance of ongoing improvement in relation to managing risks to information. This includes:
  - ► the Data Protection Act (1998)
  - ► the Freedom of Information Act (2000)
  - ► the Information Security Standard ISO/IEC 27002:2007
  - ► the Information Governance toolkit

- Detail any Serious Incidents Requiring Investigation (SIRI) within the preceding twelve months, relating to any losses of personal data or breaches of confidentiality.

- Report on the key achievements of the information governance improvement plan in 2016/2017 and to outline the next steps for 2017/2018.

2. BACKGROUND

An information governance improvement programme was developed to address the recommendations in the ICO's report issued in March 2015. The programme has been supported by the programme office under the overall direction of Dr Carlton Brand as the Senior Information Risk Owner (SIRO).

Significant progress has been made in the areas for improvement identified in the ICO's report, with 93% of the recommendations / actions now completed. An updated action plan was sent to the Information Commissioner's Office in March 2016 and notice was received in April 2016 that the audit engagement is now complete. Actions have been identified and are in accordance with the requirements of the Information Governance Toolkit.

The current status of the programme is as follows:

Scope area	Number of recommendations in each scope area from the original audit report	Number of actions complete, partially complete and not implemented. Last report 15/16	Number of actions complete, partially complete and not implemented. Current Status
Records Management	31	6 Completed 25 in progress	30 Completed 1 in progress
Subject Access Requests	27	16 Completed 11in progress	27 Completed
Data Sharing	16	0 Completed 16 in progress	12 Completed 4 in progress
TOTAL **TOTAL COMPLETE** **TOTAL IN PROGRESS**	**74** **69 (93%)** **5 (7%)**		

2.1 Physical Records Storage

Records that were held across the County in a number of storage depots were purged and catalogued as per the requirement of moving them to the new storage facility administered by Iron Mountain. The contract with Iron Mountain was signed on 31st August 2016. There were a total of 33,245 boxes relocated and the IG team co-ordinated this project to ensure that the deadline of March 2017 was achieved. As a result, we were able to release a storage facility in Devizes back to the Landlord, together with space across the County which has been utilised by the Council's Facilities Management.

An action plan is being developed to rationalise and improve the Council's physical records storage arrangements and to consider the options for electronic storage for the future. This will include working with service teams to ensure they update the retention schedule and to encourage them to catalogue their boxes. By doing this both the team and the organisation have a clearer understanding of the information they hold. It is important to do this for two reasons. Firstly, the less we store, the less space we take up and the less requests we have to make to the external provider.

Secondly we must have a better understanding of what information we hold. To become an organisation which promotes an open and transparent approach to the way it takes decisions and conducts business, we must be robust about what information we actually need. This applies to both the physical records as well as the digital records we keep.

2.2 Information Governance Policies

A comprehensive suite of information governance policies has now been written and approved by the IG Board and the Corporate Leadership Team and published on the Intranet on a dedicated information governance site. Version control is managed strictly through the Information Governance Assurance Group. These include:

- Information Governance Framework
- Information Governance
- Privacy Impact Assessment
- Data Protection and Subject Access
- Freedom of Information and Environmental Information Regulations
- Records Management
- Information Security
- Mobile Working
- Network Security
- Information Asset Change
- IG Communication and Engagement Strategy
- IG Training Strategy

2.4 Communications and Training Programme

The success of the improvement programme is dependent on changing the culture of the organisation so that staff have a clear understanding of the importance of good information governance, their responsibilities within their areas of operation and across the Council as a whole, together with the need to discharge these diligently as an integral part of their day to day work.

If this cultural change is to take place it is key that Corporate and Associate Directors, Caldicott Guardians and Heads of Service engage with and play a key role in ensuring that staff understand their responsibility for good Information Governance.

The IG Communication plan, which was taken to the IG Board in early 2017 and approved, outlines the ways in which the IG team will engage across the organisation. This will range from newsletters to attending team meetings, to offering targeted training and having a workspace on GROW which people can access to find out more about Information Governance

3. ASSURANCE FRAMEWORK

Information Governance (IG) Board and Information Governance Assurance Group (IGAS)

The above two groups have been established and terms of reference drawn up to ensure robust monitoring of the effectiveness of the Council's information governance arrangements. The IG Board is currently chaired by the SIRO (Dr Carlton Brand) and includes the Caldicott Guardians for Childrens' Services, Adult Care and Public Health, the Monitoring Officer, Associate Director for Corporate Function, Procurement and Programme Office (Deputy SIRO) and the Head of Partnerships and Governance (Deputy SIRO). It is responsible for the overall monitoring and decision making relating to IG. The IGAS includes the new IG leads for data protection; FOI; information security and records management. The IGAS is responsible for reviewing practices across the council to ensure they are relevant and fit for purpose.

As the original purpose for the IG Board was to ensure the recommendations from the ICO Audit were actioned, a review of both the Terms of Reference and purpose will be discussed to decide the future role of the board and to outline the IG roadmap going forward.

4. STATUS OF ORGANISATIONAL COMPLIANCE

Information Governance Toolkit

The Information Governance Toolkit is a performance tool produced by the Department of Health. It draws together legal rules plus central guidance and presents them in one place as a set of information governance requirements. The Council carries out self-assessments of its compliance through completion of the Information Governance Statement of Compliance (IGSoC) so that it can be assured of reaching required standards. Scoring is from 0 to 3, with 0 indicating no measures or plans in place and 3 which is good. Level 2 is satisfactory and the minimum level for processing patient identifiable NHS health data.

Assessment is against the following initiatives:
- Information Governance Management
- Confidentiality and Data Protection Assurance
- Information Security Assurance
- Secondary Uses Assurance
- Corporate Information Assurance.

The Council completed and submitted its annual return for 2016/2017 in March and is awaiting the results.

These were the IG toolkit requirements we met when we self-assessed at the highest level, Level 3.

REF NO.	ITEM
13-144	There is an adequate Information Governance Management Framework to support the current and evolving Information Governance agenda
13-145	There are approved and comprehensive Information Governance Policies with associated strategies and/or improvement plans
13-373	There are documented information security incident / event reporting and management procedures that are accessible to all staff
13-376	Business continuity plans are up to date and tested for all critical information assets (e.g. data processing facilities, communications services and data) and service - specific measures are in place
13-378	Information Assets with computer components are capable of the rapid detection, isolation and removal of malicious code and unauthorised mobile code
13-380	Policy and procedures ensure that mobile computing and teleworking are secure
13-441	The Information Governance agenda is supported by adequate information quality and records management skills, knowledge and experience

One requirement was reduced from Level 3 to level 2. This is due to additional requirements which are only applicable when level 3 was attained in the previous year, redesign of and ICT restructuring. It is anticipated that level 3 will regained in the next submission

13-379	Policy and procedures are in place to ensure that Information Communication Technology (ICT) networks operate securely.

No requirements have been scored at less than level 2. However, attainment of this is based on implementation of the IG Improvement plan in the following areas:

Ref No.	Item	Proposed Completion Date	Revised Date	Comment
13-146	Contracts have adequate information Governance clauses. Survey required and modification of any inadequate contracts.	*Dec 2016*	April 2018	This action has become a core work stream in the GDPR project and has been allocated to Procurement to take forward, but this will require input from other services
13-148	Delivery of IG training to all staff and inclusion in induction processes for new starters (including contractors).	*Dec 2016*	Ongoing	HR/OD are currently in a procurement process that will provide access to a number of e-learning modules that IG will be able to use. This will also be used as the basis for the Corporate Induction Programme.
13-252	Additional service specific data protection and data sharing training in required areas	*Dec 2016*	Ongoing	A new GDPR presentation has been developed and is being delivered. The Information Risk survey will highlight further service specific training requirements
13-254	Provision of privacy notices and mechanisms for obtaining and recording consent for all services where personal data is collected.	*March 2017*	April 2018	Again this action, now falls in the requirements for GDPR. Privacy notices have been rewritten and work is in progress to expand individual notices. NHS national GDPR guidance and the new version of the IG toolkit is currently awaited to provide further direction
13-255	Review of data sharing agreements and creation of agreements.	*Sept 2016*	April 18	This has become part of the GDPR project. However, this is also an ongoing piece of work in collaboration with the Information Asset Owners (IAO's) to ensure that where information is being shared that it is done with an appropriate sharing agreement.
13-372	Formal process for information security risk assessment of information assets. Completion of Information asset register. Risk reviews by IAOs. Implementation of an asset change notification process.	*Sept 2016*	Ongoing	A significant part of this action has been achieved. The IG team continue to work with IAO's to ensure a clear understanding of assets and information sharing understood. Progress has not been as quick as the IG team would have liked but this is very much a task reliant on responses predominantly from Heads of Service and other priorities take over.
13-375	Data flow mapping. (*Links with 13-255*).	*Sept 2016*	April 2018	This has become part of the GDPR project. The Information risk survey will identify higher risk data flows and they will be logged as part of the GDPR requirements for Records of Processing Activity (ROPAs)

Ref No.	Item	Proposed Completion Date	Revised Date	Comment
13-382	Information asset register completion.	*Sept 2016*	Ongoing	Much is completed and now depends on the review of responses from IAO's
13-383	Central oversight and review regarding psuedonymisation of personal information used for secondary purposes.	*March 2017*	Ongoing	This is an action that is constantly rolling forward. The Caldicott Guardians have a responsibility due to the cross service sharing of NHS information. This will come through the IGASG for review.
13-443	Central oversight and review regarding the data quality of care records.	*March 2017*	Ongoing	As above

The IG improvement plan and GDPR Project fully aligns the Council's IG arrangements with the toolkit with the exception of items 13-383 and13-443 above.

5. PSN

The Council is also accredited under the Public Services Network Code of Compliance (PSN CoCo), which is based on ISO27001 requirements

In 2014/2015, the Council scored 69% and was assessed at level 2 compliance (satisfactory), once improvement actions were provided for evidence. Assessment for 2015/2016 remains at level 2, with a score of 70%. For 2016/2017, the target was 80% but due to the GDPR and the NHS National Data Guardians Review, there may be some changes to the requirements for the next version of the IG toolkit when it is published. At the time of writing this report, the final score was still awaited.

Overall levels of compliance for all Local Authorities that are subject to the IGSoC are published on the IG toolkit site.

6. SERIOUS INCIDENT REPORT INVESTIGATIONS

There was one ICO reportable data protection incident for the period 1st April 2016 to 31st March 2017. The Council has not received any enforcement actions or monetary penalties for this period.

With regard to the incident reported to the ICO, the Council wrote to the Commissioner's office on 10th February providing further details, following information from West Midlands Police of suspected illegal access to one of the Council's training websites. Investigation showed that no personal details were disclosed. The ICO made some recommendations which have been incorporated into the Information Governance Programme plan.

Data Incidents

With regard to data incidents, the table below shows the data breaches that have occurred in 2016/2017.

DATE	NO. OF INCIDENTS	TYPE	NO. REPORTABLE TO ICO
2016	6	Failure to follow procedure	0
2016	15	Inappropriate Disclosure	0
2016	27	Loss or Theft	0
2016	4	Near Miss	0
2016	5	Other	0
2017	4	Inappropriate Disclosure	0
2017	8	Loss or Theft	0
2017	1	Other	0
2016/2017 TOTAL	**70**		0

Whilst there is a slight rise in data incidents from 2015/2016, it is not significant and attention should be given in particular to the reduction of incidents involving Loss or Theft. A rise to 35 for 2016/2017 from 19 in the previous year.

DATE	NO. OF INCIDENTS	TYPE	NO. REPORTABLE TO ICO
2015	1	Cyber incident	0
2015	3	Loss / theft	0
2015	11	Inappropriate disclosure - paper	0
2015	12	Inappropriate disclosure - digital	0
2016	16	Loss / theft	0
2016	6	Inappropriate disclosure - paper	0
2016	14	Inappropriate disclosure - digital	0
2015/2016 TOTAL	**63**		0

RISK MANAGEMENT & ASSURANCE

The Council also has an overarching risk management strategy, which refers to but is not specifically aimed at the management of information risks (Risk Management Strategy).

Priority has been given to the practical identification and detection of information risks. Information asset owners are currently completing an information risk survey in the areas of data protection compliance, IG awareness, information handling and future business changes. From the responses, potential risks will be identified by the IG team and followed up to find resolutions. Open risks will be added to the corporate risk register by the IG team or services registers by IAOs as applicable.

The IG team are working collaboratively with IT to identify a new set of metrics which will monitor potential Information security risks. The measures will be based on the National Cyber Security Centre's 10 Steps to Cyber Security but also take account of the nature of technological change (cloud computing) and the increasing mobility of devices, people and information

7. REQUESTS UNDER FREEDOM OF INFORMATION AND ENVIRONMENTAL INFORMATION REGULATIONS

The table below shows the number of FOI and EIR requests received by the Council for 2016/2017. In comparison to last year, the total has raised slightly from 1,460 for 2015/2016.

FOI and EIR requests 2016/17	Requests	Late response	Full response	Partial response	Refused	Reviews	ICO complaints
Apr	119	14	88	19	9	3	0
May	119	15	91	19	4	2	0
Jun	111	15	86	8	12	0	0
Jul	125	23	88	4	18	4	5
Aug	130	25	102	2	8	2	0
Sep	119	22	74	5	12	2	0
Oct	134	26	98	5	8	2	0
Nov	148	8	98	8	13	3	0
Dec	110	11	76	9	11	4	0
Jan	147	14	102	11	6	2	0
Feb	128	6	88	18	4	3	0
Mar	142	9	80	16	12	2	0
Total	**1532**	**188**	**1071**	**124**	**117**	**29**	**5**

Of the total 1,532 requests received, 87.5% were responded to within the legal compliance date of 20 working days, 8% of the total requests responded to had exemptions applied to the request. Out of the 1532, 7.6% were refused a response and 8% of total responses were subject to review following a complaint from the requesters.

A further breakdown is provided below:

8.1 Exemptions and Exceptions

FOI exemptions applied	
8. invalid format	2
12. Exemption where cost of compliance exceeds appropriate limit	48
21. Information accessible to applicant by other means	49
22. Information intended for future publication	5
31. Law enforcement	7
38. Health and safety	2
40(1). Personal information of applicant	2
40(2). Personal information of another person	36
40(5). Personal information neither confirm nor deny	8
41. Information provided in confidence	2
42. Legal privileged	1
43. Commercial interests	5
TOTAL FOI EXEMPTIONS	**167**

EIR exceptions applied	
6(1)(b) the information is already publicly available and easily accessible to the applicant in another form or format	17
12(3) the information requested includes personal data of which the applicant is not the data subject, the personal data shall not be disclosed otherwise than in accordance with regulation 13.	26
12(4)(a) the authority does not hold that information when an applicant's request is received	3
12(4)(b) the request for information is manifestly unreasonable;	17
12(4)(c) the request for information is formulated in too general a manner and the public authority has complied with regulation 9;	2
12(4)(d) the request relates to material which is still in the course of completion, to unfinished documents or to incomplete data; or	6
12(4)(e) the request involves the disclosure of internal communications.	2
12(5)(a) international relations, defence, national security or public safety	1
12(5)(b)the course of justice, the ability of a person to receive a fair trial or the ability of a public authority to conduct an inquiry of a criminal or disciplinary nature;	3
12(5)(d) the confidentiality of the proceedings of that or any other public authority where such confidentiality is provided by law;	4
12(5)(e)the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest	10
12(5)(f) the interests of the person who provided the information	9
TOTAL EIR EXEMPTIONS	**100**

8.2   Reviews and ICO Complaints

The two tables on the next page outline the number of reviews and ICO complaints that were received in this reporting year. Reviews are considered by members of the IG Team who have had no direct involvement in the original request, to ensure independence. Complaints are received from the Information Commissioner's Office.

Result of Reviews	
Disclose all	2
Maintain position	18
Supply more information	9
TOTAL	**29**

Result of FOI/EIR complaints to ICO	
Complaint upheld	4
Complaint not upheld	1
TOTAL	**5**

10. DATA PROTECTION / SUBJECT ACCESS REQUESTS

The table below shows the number of Subject Access Requests received by the Council for 2016/2017.

	Total	Late Responses
Subject Access Requests	178	32
Police/CPA/LA protocol	140	n/a
Other lawful disclosure	24	n/a
ICO complaints	6	n/a

These are the figures for 2015/2016

	Total	Late Responses
Subject Access Requests	154	73
Police/CPA/LA protocol	137	n/a
Other lawful disclosure	24	n/a
ICO complaints	5	

The structure of the team has been reviewed to provide adequate future resource to significantly reduce the number of late responses.

A further review will be carried out on existing processes for dealing with FOIs/EIRs and SARs to look at how and if this can be simplified. It will also consider the requirements under the new EU Data protection regulations, which come into effect in May 2018.

11. FUTURE DEVELOPMENT PLANS

The Council is aware of the activities that need to be undertaken to complete and implement the remaining actions and these have also been included in the recent IGSoC return.

A summary of key activities is provided below:

ITEM / SUBSIDIARY PROJECT	PROPOSED DELIVERY TIMESCALE
Information Asset Register completed	September 2017
Survey to review continued paper records needs of the organisation	September 2017
New Retention Schedule	June 2017
Gap Analysis Project to establish what we must publish under FOI	December 2017
GDPR Project	April 2018

ITEM / SUBSIDIARY PROJECT	PROPOSED DELIVERY TIMESCALE
Review of risk management to include improved monitoring and reporting	December 2017
New Policy for Acceptable use	September 2017
New Policy for Sharing Personal Information	September 2017
New Classification Policy	August 2017
Revised process for reporting Data Breaches	September 2017
E-learning training	September/October 2017
Development of IG workspace on GROW	August 2017
Completion of ICO Recommendations	December 2017
Plan IG Toolkit responsibility for 17/18 assessment	March 2018

There are several existing Council programmes that link with and will have significant impact on Information Governance – Single View of the Customer, Business Continuity, the new Procurement programme and strategy, ICT hardware refresh etc. The relevant Heads of Service will work together to ensure consistency of approach and that consideration is given to the relevant, cross cutting areas.

12. SUMMARY AND RECOMMENDATIONS

This report highlights the achievements made by the Council within the IG programme for 2016-2017. It should be acknowledged that the IG team, who have only worked together as a team since September 2016, have worked extremely hard to ensure that they have kept up with the pace of demands of the Information Governance improvement agenda in addition to the day to day operational aspects of IG.

There has been a significant increase in information security breaches of personal information in both the national and international arena. We cannot therefore be complacent or have a casual approach with our own information governance and security processes. If our aim is to operate in a more digital environment, we must be robust in our management of sensitive information, understand who we are sharing that with, have the right processes in place to monitor the correct use and ensure our staff understand their role in keeping information safe.

The IG framework is a large and complex agenda and the IG team are front and centre in delivering that. There are significant challenges ahead, only heightened by the interest of the public following the reporting of adverse events through the media.

The priority for the Council is to inculcate a cultural change for both staff and Members in its approach to Information Governance and that it continues to develop and progress to ensure statutory compliance with current and emerging legislation.

Dr Carlton Brand, Corporate Director and SIRO

Date: 1st August 2017

Report Author:

Sarah Butler, Information Governance Manager

Email: sarah.butler@wiltshire.gov.uk Tel: 01225 718446

This page is intentionally left blank

Wiltshire Council
Where everybody matters

AUDIT FORWARD PLAN

PROPOSED WORK PROGRAMME FOR THE AUDIT COMMITTEE - 2017/18

Meeting Date and Time	Name of Report	Report Author	Deadline for submission of reports	Legal publication date
Thursday 30 November 2017 10am	Q2 IA report and Healthy Organisations	SWAP	24/10/17	01/11/17
	Annual audit letter	KPMG	24/10/17	01/11/17
	KPMG Audit Fee Letter	KPMG	24/10/17	01/11/17
	KPMG External Audit Plan	KPMG	24/10/17	01/11/17
Wednesday 14 February 2018 10am	Q3 IA report and Healthy Organisations	SWAP	27/01/18	06/02/18
	Grant Certification Report 2016/17	KPMG	27/01/18	06/02/18

PROPOSED WORK PROGRAMME FOR THE AUDIT COMMITTEE - 2017/18

AUDIT CONTACTS

Finance: Michael Hudson – Assoc. Director- Finance, Matthew Tiller – Chief Accountant
Legal: Ian Gibbons – Associate Director, Legal & Governance
Corporate Office: Robin Townsend – Associate Director, Corporate Function, Procurement and Programme Office

SWAP:

Ian Withers
Assistant Director
SWAP Internal Audit Services
01225 763495 (Trowbridge Office)
ian.withers@southwestaudit.co.uk

Nicky Mudd
PA to Chief Executive
South West Audit Partnership Ltd
01935 385906
nicky.mudd@southwestaudit.co.uk

David Hill CMIIA QIAL CIA   .
Director of Planning, South West Audit Partnership Ltd
01935 385906 (Head Office)
07595 711087;
david.hill@southwestaudit.co.uk

KPMG:

Adam Bunting, LLB (Hons) LLM ACA
Manager, Public Sector Audit
KPMG LLP
100 Temple Street
Bristol, BS1 6AG
T: +44 (0)117 905 4470
M: +44 (0)787 613 7589
adam.bunting@kpmg.co.uk

Darren Gilbert – Director, KPMG
Darren.Gilbert@KPMG.co.uk
Rob Andrews Rob.Andrews@KPMG.co.uk