WILTSHIRE COUNCIL   **AGENDA ITEM NO.**

AUDIT COMMITTEE

26 April 2016

INTERNAL AUDIT 2015/16 April FINAL QUARTER UPDATE REPORT

Purpose of the Report

1. This progress report presents the Committee with an update on the performance of the Internal Audit (IA) Section for the final quarter of 2015/16. In particular, it provides a summary of:

    •   the outcomes of audits completed during the period,

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

    •   an update on the delivery of the 2015/16 IA Plan, including audits in-progress which should be finalised and reported to the next Committee meeting and any deferred audits.

Executive Summary

2. All 14 audits carried forward from 2014/15 are complete. A further 46 audits from the 2015-16 plan have commenced, of which 19 are complete, 19 have been reported to final, 3 are at draft report stage and 5 are in progress.

3. Overall IA concluded as per its assurance definitions at page 12 of the SWAP report at Appendix A of this report that the majority of its findings were of reasonable assurance.

4. From this work no potential very high significant 'corporate' risks have been identified.

5. Since the last update report in January 2016, there have been 5 audit reviews that afforded partial assurance, further detail is provided in Appendix D.

6. Overall, 277 recommendations have been made by IA. This includes 36 medium assurance Healthy Organisation recommendations. The remaining 241 recommendations have been broken down by priority in the following table:

Year	Priority 5	Priority 4	Priority 3	Priority 2	Priority 1	Total reported
2014/15 audits	0	15	55	5	0	**75**
2015/16 audits	0	33	108	25	0	**166**
Percentage	0%	20%	68%	12%	0%	**241**

7. Appendix B shows audits grouped by current status and highlighted as Red, Amber or Green.

8. Overall the performance of SWAP is on track with the partnership performance measures.

Proposal

9. Members are asked to note the findings from IA audits to date.

Reasons for Proposals

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

Michael Hudson
Associate Director, Finance, S.151 Officer

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Unpublished documents relied upon in the preparation of this Report: None.

Appendices:
    A.   Internal Audit Final Progress Report 2015/16
    B.   Internal Audit detailed Audit Plan and monitoring statement 2015/16
    C.   Significant Corporate Risks
    D.   Summary of audits deemed 'Partial / No' assurance
    E.   Recommendations Outstanding
    F.   Recommendations Not Agreed

Wiltshire Council

Report of Internal Audit Activity

Quarter 4 Update – 2015/16

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

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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 suggestions for improvements and corrective action is often taken quickly, wherever this is possible or practical.

However, the implementation of agreed suggestions for improvement could be still further improved and through the challenge of this Audit Committee, both the process and reporting have been enhanced. This has been fully supported by the Corporate Leadership Team (CLT) who recognise the need to ensure improvements and enhancement to the risk, governance and control framework are adopted.

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Our audit activity is split between:

- **Operational Audits**
- **Key Control Audits**
- **Governance, Fraud & Corruption Audits**
- **IT Audits**
- **Special Reviews**

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.

Financial Key Control Audits are undertaken in quarters three and four of each year to support the work of Council's External Auditor in their assessment of the Council's financial control environment. All nine reviews have been completed and the consolidated report summarising findings and recommendations has also been finalised. The school financial health check programme has been completed this quarter and the significant findings are reported within these papers.

As part of the Healthy Organisation Programme, we have received feedback from senior officers regarding our assessment of the Council against eight key lines of enquiry (or themes) that included: Corporate Governance; Financial Management; Risk Management; Performance Management; Commissioning and Procurement; Programme & Project Management; Information Management; and finally, People and Asset Management. The report supporting this work was submitted to the CLT on 11th April 2016 where the findings and Improvement Plan arising was agreed. Please see Appendix G. This work has informed part of the 2016/17 Audit Plan which has also been agreed by the CLT on 11th April, 2016. The Healthy Organisation programme continues with pilot audit work currently underway including Safeguarding Children & Young Adults, Highways and finally, Economic Development. The first two of these audits are at draft stage and their outcome will be fed back to the next Committee meeting. The other is a work in progress.

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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.

"There have been 277 recommendations raised during the 2015/16 period with 83% being lower priority 3 & 2."

"There have been no non-assurance opinions issued"

Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2015/16 and any remaining work from the 2014/15 plan. 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.

Each completed assignment includes its respective "assurance opinion" rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. 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, due to their importance, these issues are separately summarised in Appendix C. We are pleased to note that there are no significant risks to report 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 that have resulted in them receiving a 'Partial Assurance Opinion' have been summarised in Appendix D. There have been five school audits reported this quarter that have been so assessed.

Appendix E includes any recommendations made and agreed but which are still outstanding three months after the final report has been issued. Please note action may be outstanding if implementation dates are not yet due. Appendix F includes recommendations made which were not agreed by management, there are none to report.

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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."
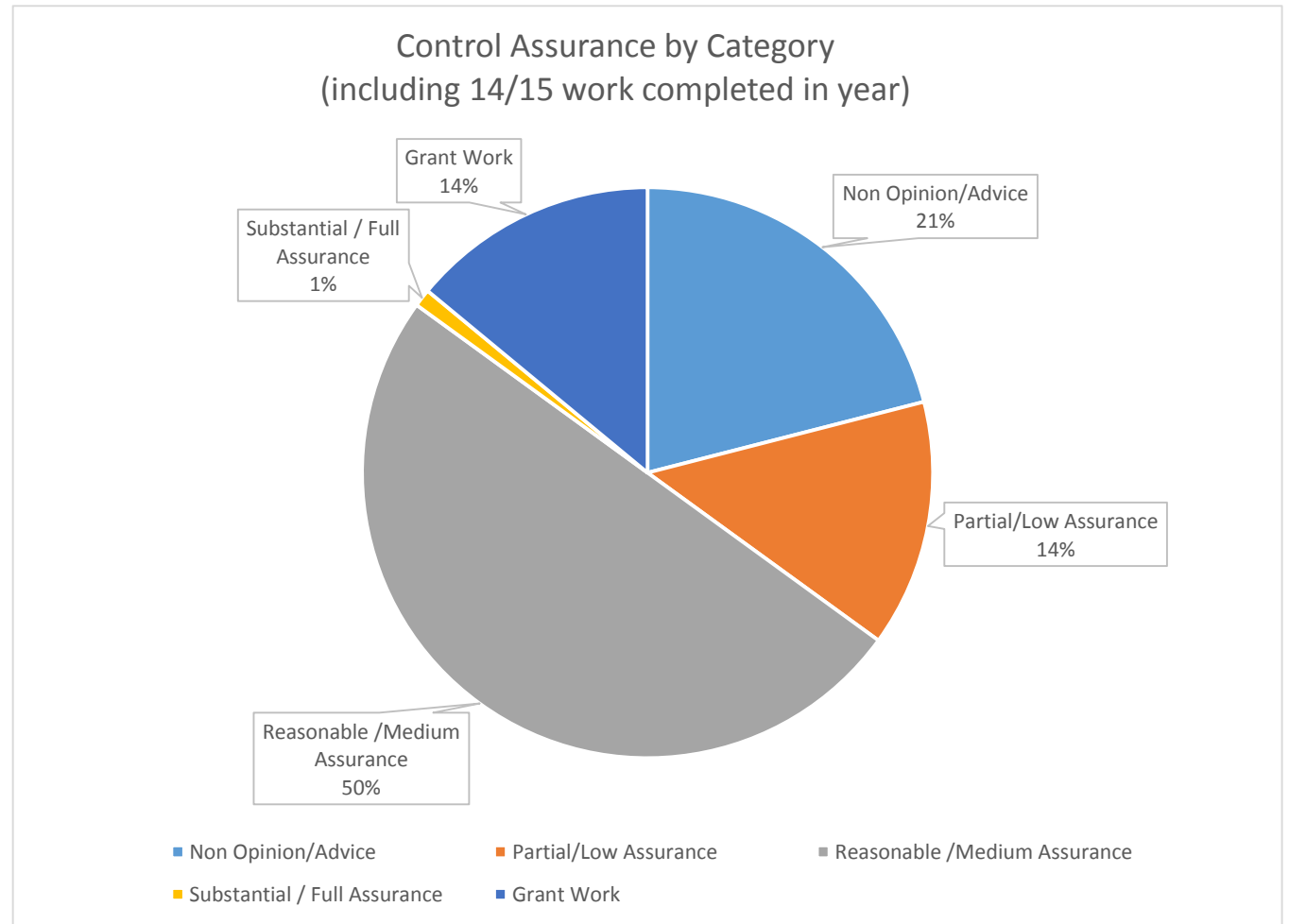
Efficiencies and Added Value

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.

This past quarter, SWAP staff have been heavily engaged in completing the Key Control audit programme that has involved nine separate reviews. We have also completed the school financial health check programme. This work has often given rise to informal priority 1 minor procedural recommendations that are discussed with officers during the course of the reviews. Presently, these recommendations are not formally captured. However, with effect from 1st April 2016, all value added recommendations will be captured formally by each team throughout SWAP so that examples of good practice can be shared with all clients and Committees alike throughout the partnership.

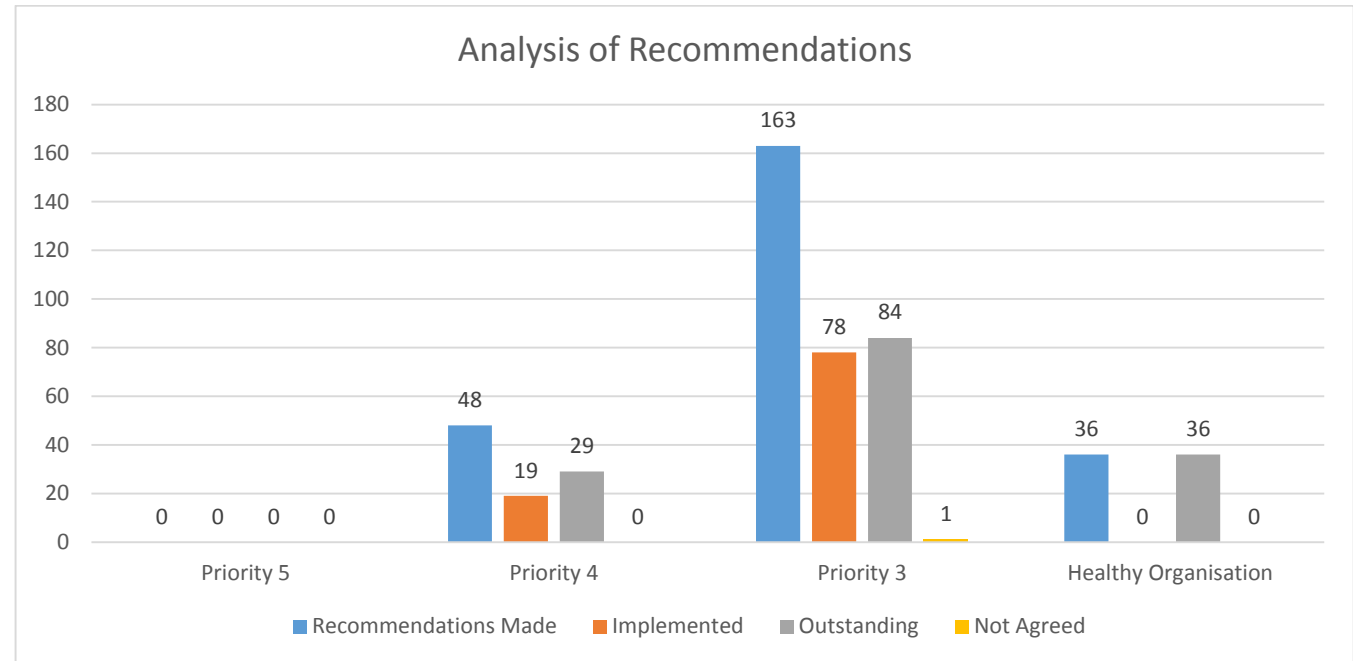SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

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Control Assurance by Category

Governance, Fraud and Corruption

Control Assurance by Category
(including 14/15 work completed in year)

- Non Opinion/Advice
- Partial/Low Assurance
- Reasonable /Medium Assurance
- Substantial / Full Assurance
- Grant Work

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Analysis of Recommendation by Priority

Governance, Fraud and Corruption

Analysis of Recommendations

	Priority 5	Priority 4	Priority 3	Healthy Organisation
Recommendations Made	0	48	163	36
Implemented	0	19	78	0
Outstanding	0	29	84	36
Not Agreed	0	0	1	0

Summary of Internal Audit Work to date

Fifty two assignments from the 2015/16 Internal Audit (IA) Plan as well as work carried forward from the IA 2014/15 Plan have been completed. An analysis of assurances given and recommendations made is provided in the bar charts above. Please note recommendations may be 'outstanding' if agreed implementation dates are not yet due such as those arising from recent schools and key control work for example. Those recommendations that are outstanding by greater than 3 months are detailed in Appendix E. Three audit assignments from the 2015/16 IA Plan are currently at draft report status with a further five in progress.

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Recommendation aged analysis by period outstanding

➡ Governance, Fraud and Corruption

Priority 5 - Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	> 120 Days	TOTAL
TOTALS	**0**	**0**	**0**	**0**	**0**	**0**

Priority 4 - Important findings that need to be resolved by management.

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	> 120 Days	TOTAL
TOTALS	**6**	**6**	**0**	**4**	**8**	**24**

Priority 3 - The accuracy of records is at risk and requires attention.

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	> 120 Days	TOTAL
TOTALS	**23**	**20**	**0**	**15**	**11**	**69**

Please note: all recommendations that exceed 90 days (12 priority 4 recommendations & 26 priority 3 recommendations) are detailed in Appendix E.

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

"More work is needed to improve the timeliness of issuing final reports"

SWAP Performance

SWAP now provides the Internal Audit service for 14 Councils and also many subsidiary bodies.

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 2015/16 year so far are as follows;

Performance Target	Average Performance
Audit Plan – Percentage Progress 15/16 Percentage completion	87%
Draft Reports Issued within 5 working days Issued within 10 working days	53% 61%
Final Reports Issued within 10 working days of discussion of draft report.	28%
Quality of Audit Work Customer Satisfaction Questionnaire	74%

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The 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 85% is set where 75% would represent a 'good' score.

The current accumulative feedback over the 2015/16 period for Wiltshire Council is 74% which is an improvement on the previous quarter figure of 66%. We thought it would be useful to provide Members with our latest feedback received on reviews undertaken this quarter which demonstrates a continuing improvement trend:

Accounts Payable	94%
Accounts Receivable	80%
Council Tax	78%
GL and Financial Accounting	83%
Housing and Council Tax Benefits	80%
Housing Rents	85%
Treasury Management	83%
Troubled Families (Grant)	90%

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

Approved Amendments to Annual Audit Plan 2015/16

Planned audit work is detailed in Appendix B. Audit 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.

Over the past year, specific requests for Internal Audit support has resulted in a requirement to complete additional audit work. At present these additions are covered from the agreed contingency allowance or from deferred or removed audits. The additional work agreed so far for the 2015/16 year covers review activity in the following areas:

- Repair & Renew Grant Certification;
- Growth Hub Scheme (Phase 6 & 7) Certification;
- Extended Growth Hub – BIS Grant;
- Local Authority Bus Subsidy Ring Fence Scheme Certification;
- Carbon Reduction Commitment (CRC) Grant Scheme;
- Potholes Fund Certification;
- Ring Fenced Public Health Grant Certification;
- Homes Community Agency (HCA) Grant Compliance;
- Troubled Families PBR Grant Certification;
- MTMC Payments (Special Investigation);
- 2 Imprest Account Spot Checks;
- Insurance Coverage Review (e.g. H&S proactive monitoring remote sites);
- Business Continuity Plan (BCP).

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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.

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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.

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Line No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	5	4	3	2	HO	Recommendation Unique Nos: Priority 3,4,5.
				AUDITS AT FINAL/COMPLETED DURING 2015-16 (STATUS GREEN)														
1	*Council property	Maintenance of council property	Special Investigation	Investigation into Contract Payments	April 2015	Complete	Non Opinion	15/06/2015	09/06/2015	29/06/2015	10/06/2015	0	0	0	0	0	0	
2	*Council property	Maintenance of council property	Special Investigation	Investigation into Contract Payments - Continuation	July 2015	Complete	Non Opinion	14/09/2015	28/09/2015	28/09/2015	19/10/2015	5	0	5	0	0	0	
3	*Council property	Property and land management	Grant Certification	CRC Scheme Certification	April 2015	Complete	Grant	10/07/2015	10/07/2015	24/07/2015	04/08/2015	0	0	0	0	0	0	
4	*Economic development	Growth Hub	Grant Certification	Growth Hub Grant - Claim 6 & 7	April 2015	Complete	Grant	24/08/2015	20/08/2015	07/09/2015	20/08/2015	0	0	0	0	0	0	
5	*Finance	Accounts and audit	Grant Certification	HCA Compliance	April 2015	Complete	Non Opinion	N/A	N/A	22/11/2015	22/11/2015	0	0	0	0	0	0	
6	*Finance	Accounts Payable	Key Control	Accounts Payable	July 2015	Final	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	5	0	0	3	2	0	31595, 31425, 31426.
7	*Finance	Accounts Receivable	Key Control	Accounts Receivable	July 2015	Final	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	4	0	1	0	3	0	31437
8	*Finance	Financial transactions management	Operational	Imprest Monitoring (Salisbury)	Oct-15	Complete	Non Opinion	21/10/2015	21/10/2015	23/10/2015	23/10/2015	0	0	0	0	0	0	
9	*Finance	General Ledger / Main Accounting	Key Control	GL and Financial Accounting	July 2015	Final	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	0	0	0	0	0	0	None
10	*Finance	Housing Rents	Key Control	Housing Rents	July 2015	Final	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	5	0	0	3	2	0	31442, 31803, 31805.
11	*Finance	Local taxation	Key Control	Council Tax	July 2015	Final	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	3	0	0	3	0	0	31699, 31810, 31820.
12	*Finance	Local taxation	Key Control	Housing and Council Tax Benefits	July 2015	Final	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	4	0	0	4	0	0	31255, 31256, 31257, 31254.
13	*Finance	Payroll and pensions	Key Control	Payroll	July 2015	Final	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	2	0	0	1	1	0	31421
14	*Finance	Payroll and pensions	Key Control	Pensions	October 2015	Final	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	2	0	0	2	0	0	31646, 31752.
15	*Finance	Treasury Management	Key Control	Treasury Management	July 2015	Final	Reasonable	10/02/2016	31/03/2016	24/02/2016	13/04/2016	0	0	0	0	0	0	None
16	*Health and safety	Monitoring	Operational	Proactive Monitoring for Health & Safety Hazards	July 2015	Complete	Non Opinion	10/11/2015	11/12/2015	24/11/2015	16/02/2016	0	0	0	0	0	0	
17	*Healthy Organisation	Audit Area	Healthy Organisation	Commissioning and Procurement	April 2015	Final	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	5	0	0	0	0	5	30045, 30167, 30177, 32241 , 32242
18	*Healthy Organisation	Audit Area	Healthy Organisation	Corporate Governance	April 2015	Final	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	4	0	0	0	0	4	32224, 32225, 32226, 32227
19	*Healthy Organisation	Audit Area	Healthy Organisation	Financial Management	April 2015	Final	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	8	0	0	0	0	8	32228, 32229, 32230, 30057, 30059, 30060, 30061, 30062,
20	*Healthy Organisation	Audit Area	Healthy Organisation	Information Management	April 2015	Final	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	5	0	0	0	0	5	29949, 30063, 30068, 30069, 30070
21	*Healthy Organisation	Audit Area	Healthy Organisation	People and Asset Management	April 2015	Final	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	2	0	0	0	0	2	30402, 32243
22	*Healthy Organisation	Audit Area	Healthy Organisation	Performance Management	April 2015	Final	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	5	0	0	0	0	5	29997, 29998, 30126, 30127, 32238
23	*Healthy Organisation	Audit Area	Healthy Organisation	Programme and Project Management	April 2015	Final	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	1	0	0	0	0	1	30167
24	*Healthy Organisation	Audit Area	Healthy Organisation	Risk Management	April 2015	Final	Medium/Reasonable Assurance	31/09/2015	01/10/2015	01/11/2015	11/04/2016	3	0	0	0	0	3	32231, 30075, 32232
25	*Public Health	Public Health	Healthy Organisation	Public Health - Combined Assurance - Healthy Organisation	April 2015	Final	Medium/Reasonable Assurance	07/07/2015	13/01/2016	21/07/2015	12/04/2016	3	0	0	0	0	3	32212, 32213, 32214
26	*Public Health	Public Health	Grant Certification	Ringfenced Public Health Grant	August 2015	Complete	Grant	14/09/2015	29/09/2015	28/09/2015	29/09/2015	0	0	0	0	0	0	
27	*Transport and infrastructure	Highway development control	Grant Certification	Repair & Renew Grant Certification	July 2015	Complete	Grant	07/08/2015	07/08/2015	10/08/2015	10/08/2015	0	0	0	0	0	0	
28	*Transport and infrastructure	Public transport	Grant Certification	Local Authority Bus Subsidy	August 2015	Complete	Grant	14/09/2015	23/09/2015	28/09/2015	29/09/2015	0	0	0	0	0	0	
29	*Transport and infrastructure	Public transport	Grant Certification	Local Transport Settlement	July 2015	Complete	Grant	14/09/2015	14/09/2015	28/09/2015	29/09/2015	0	0	0	0	0	0	
30	*Transport and infrastructure	Road maintenance	Grant Certification	Pothole Fund	July 2015	Complete	Grant	14/09/2015	17/09/2015	27/09/2015	29/09/2015	0	0	0	0	0	0	
31	Children's Commissioning & Performance	Safeguarding (Child Protection)	Operational	Safeguarding	2014/15	Complete	Partial	31/03/2015	12/05/2015	14/04/2015	07/07/2015	6	0	2	4	0	0	28149 (I), 28420 (I), 28421I), 28422 (I), 28424 (I), 28425 (I).
32	Children's Commissioning & Performance	Troubled Families	Grant Certification	Troubled Families Phase 1 14/15	2014/15	Complete	Non Opinion	25/03/2015	30/04/2015	07/04/2015	30/06/2015	0	0	0	0	0	0	
33	Core Cross-Cutting	Corporate Governance	Governance, Fraud & Corruption	Risk and Performance Management	2014/15	Complete	Reasonable	23/12/2014	29/05/2015	11/06/2015	18/06/2015	8	0	1	7	0	0	Superseded by HO Review
34	Economic Development & Planning	Development Control	Operational	S.106 monies/Community Infrastructure Levy (CIL)	2014/15	Complete	Substantial	23/09/2014	27/05/2015	11/06/2015	09/07/2015	2	0	0	1	1	0	28996(I)
35	Finance	Imprests	Operational	Unannounced imprest sites visits	2014/15	Complete	Non Opinion	19/06/2015	04/06/2015	30/06/2015	01/07/2015	0	0	0	0	0	0	
36	Finance	Key Financial Controls	Key Control	Key Financial Controls	2014/15	Complete	Reasonable	04/02/2015	20/01/2015	18/02/2015	12/06/2015	26	0	5	17	4	0	28501(I),28502(I),28503(I),28512(I), 28517(I), 28347(I), 28348(I), 28349(I), 28350(I), 28383(I), 28382(I),28030(I),27983(I),27984(I),27985(I), 27986(I),28297(I),28323(I), 28336(I), 28380(I), 28381(I), 28387(I)
37	Finance	Trust Funds	Operational	Trust Funds Administration	2014/15	Complete	Reasonable	16/06/2015	07/07/2015	28/06/2015	07/07/2015	0	0	0	0	0	0	
38	Finance	VAT	Operational	Payment & recovery of VAT	2014/15	Complete	Reasonable	06/06/2015	06/07/2015	20/06/2015	10/08/2015	12	0	1	11	0	0	28690(I),28691(I),28981(I),28982(I),29266(I), 29317(I), 29319(I), 29320(I),29399(I), 29403(I),29404(I), 29407(I)
39	Information Services	IT Infrastructure	ICT	WUC_Corporate ICT Processes	2014/15	Complete	Reasonable	25/05/2015	16/07/2015	08/06/2015	04/08/2015	4	0	0	4	0	0	Now falls within scope of KPMG's ICT key control work .
40	People & Business Services	Economic Development	Special Investigation	LEP	2014/15	Complete	Partial	14/04/2015	30/06/2015	28/04/2015	03/08/2015	17	0	6	11	0	0	29426,29427,29428(I),28984,28985(I),28986, 28987, 28998, 28999, 29000, 29008, 29009, 29010 , 29011(I), 29012, 29142(I), 29143
41	Schools - Primary (incl First, Infant & Junior)	Alderbury & West Grimstead	School	Alderbury & West Grimstead	October 2015	Complete	Partial	30/12/2015	14/01/2016	13/01/2016	02/02/2016	18	0	6	10	2	0	31168,31169,31170,31171,31172,31173,31174, 31175, 31176,31178,31180(I), 31224,31225,31226,31285,31286
42	Schools - Primary (incl First, Infant & Junior)	Dinton CofE Primary School	School	Dinton CofE Primary School	October 2015	Complete	Reasonable	17/11/2015	16/11/2015	01/12/2015	14/12/2015	10	0	0	10	0	0	30622,30623(I),30636,30637(I),30638,30653(I), 30654(I), 30658(I),30660,30686(I).
43	Schools - Primary (incl First, Infant & Junior)	Grove Primary School	School	Grove Primary School	October 2015	Complete	Partial	17/12/2015	18/12/2015	31/12/2015	14/03/2016	27	0	3	23	1	0	31051,31052,31053,31054(I),31055,31056, 31057,31058,31059,31060(I),31061,31062, 31063, 31064, 31065, 31067, 31068, 31069, 31070, 31071, 31072, 31073, 31074, 31075(I), 31076, 31084

Line No.	Directorate / Service	Audit Area	Audit Type	Audit Name	Quarter	Status	Opinion	Proposed Draft Report	Draft Issued	Proposed Final	Final Issued	No. of recs	Recommendations					Recommendation Unique Nos: Priority 3,4,5.
													5	4	3	2	HO	
44	Schools - Primary (incl First, Infant & Junior)	Hilperton CofE Voluntary Controlled Primary School	School	Hilperton CofE Voluntary Controlled Primary School	October 2015	Complete	Partial	20/10/2015	30/10/2015	03/11/2015	14/12/2015	16	0	5	11	0	0	30417,30419,30420,30422,30423, 30425, 30426, 30428, 30429, 30430, 30432, 30433, 30434(I), 30435, 30436, 30437
45	Schools - Primary (incl First, Infant & Junior)	Hindon CofE Voluntary Aided Primary School - St Mary's & St John's	School	Hindon CofE Voluntary Aided Primary School, St Mary's & St John's	October 2015	Complete	Reasonable	03/11/2015	10/11/2015	17/11/2015	14/12/2015	11	0	0	11	0	0	30511(I), 30513(I), 30514(I), 30516(I), 30517(I), 30518(I), 30519(I), 30520(I), 30538(I), 30543(I), 30544(I)
46	Schools - Primary (incl First, Infant & Junior)	Lacock CofE Primary School	School	Lacock CofE Primary School	October 2015	Complete	Reasonable	24/12/2015	14/01/2016	07/01/2016	03/02/2016	16	0	0	11	5	0	31111,31112,31113,31114, 31116,31117,31118,31119,31143,31144,31145.
47	Schools - Secondary (incl Upper)	Abbeyfield School	School	Abbeyfield School	October 2015	Complete	Partial	15/10/2015	23/10/2015	29/10/2015	16/03/2016	10	0	4	3	3	0	30251(I),30253,30254,30257,30261, 30522, 30523
48	Schools - Primary (incl First, Infant & Junior)	St Nicholas CofE Primary School, Porton	School	St Nicholas CofE Primary School, Porton	October 2015	Final	Partial	30/10/2015	17/12/2015	13/11/2015	13/04/2016	28	0	9	13	6	0	30449 (I), 30704(I), 30703(I), 30450, 30455(I), 30954(I), 30452(I), 30730(I), 30458(I), 30460(I), 30459(I), 30461(I), 30462(I), 30474, 30471, 30472(I), 30475(I), 30480, 30705(I), 30741(I), 30470(I), 30957(I)
49	Schools & Learning	Themed Reviews (Contingency)	Non Opinion	Business Continuity Arrangements	2014/15	Complete	Non Opinion	29/06/2015	16/07/2015	17/07/2015	16/07/2015	0	0	0	0	0	0	
50	Schools & Learning	Themed Reviews (Contingency)	Non Opinion	Prevention of Fraud	2014/15	Complete	Non Opinion	17/07/2015	17/07/2015	31/07/2015	24/07/2015	0	0	0	0	0	0	
51	Transformation	Programme Office	Advice	SIBS Project	2014/15	Complete	Advice	N/A	N/A	N/A	N/A	0	0	0	0	0	0	
52	Transformation	Programme Office	Non Opinion	Wilts on line project	2014/15	Complete	Non Opinion	14/06/2015	14/07/2015	28/06/2015	14/07/2015	0	0	0	0	0	0	
				TOTAL RECOMMENDATIONS MADE								277	0	48	163	30	36	
				2015/16 AUDITS AT DRAFT (STATUS GREEN)														
53	*Children and families services	Child protection	Healthy Organisation	Combined Assurance - Childrens Safeguarding	April 2015	Draft		30/11/2015	01/04/2016	14/12/2015		0	0	0	0	0	0	
54	*Transport and infrastructure	Healthy Organisation	Healthy Organisation	Highways Healthy Organisation Review	Nov-15	Draft		26/01/2016	03/03/2016	09/02/2016		0	0	0	0	0	0	
55	Schools - Primary (incl First, Infant & Junior)	Westwood with Iford School	School	Westwood with Iford School	Mar-16	Draft		15/03/2016	01/04/2016	29/03/2016		0	0	0	0	0	0	
				2015/16 PROJECTS CURRENTLY IN PROGRESS - NO ISSUES TO REPORT (STATUS GREEN)														
56	*Economic development	Healthy Organisation - Economic Development and Development Control	Healthy Organisation	Economic Development Healthy Organisation Review	Jan-16	In Progress		08/03/2016		22/03/2016								
57	*Information and communication technology	Strategy and Governance	Governance, Fraud & Corruption	ICT Healthcheck	July 2015	In Progress		06/05/2016		20/05/2016								
58	*Adult Care Services	Supporting Adults	Follow Up	Court of Protection	January 2016	In Progress		10/05/2016		24/05/2016								
59	*Economic development	Growth Hub	Grant Certification	Extended Growth Hub - BIS Grant	January 2016	In Progress		06/05/2016		20/05/2016								
60	*Children and families services	School Themed Reviews (Contingency)	School	Governors Minutes	January 2016	In Progress		10/05/2016		24/05/2016								
				2015/16 AUDITS AT DEFERRED OR REMOVED (STATUS GREEN)														
61	Schools - Primary (incl First, Infant & Junior)	Purton St Mary's CofE Primary School	School	Purton St Mary's CofE Primary School	October 2015	Deferred						School visit deferred at request of client until 2016/2017.						
62	ICT Infrastructure	Information and Communication Technology	Operational	Datacentres	October 2015	Deferred						Audit deferred until 2016/17						
63	Schools - Primary (incl First, Infant & Junior)	Durrington CofE Voluntary Controlled Infants School	Deferred/Removed	Durrington All Saints CofE Voluntary Controlled Infants School	October 2015	Removed						School became an academy in November 2015 and audit cancelled by the school.						
64	Wiltshire Council	Transformation	Non Opinon	Programme Office - SIBS Project	July 2015	Removed						Work was initially requested by the client but subsequently cancelled when client did not respond.						
65	*Finance	Imprest Account	Operational	Imprest Account	July 2015	Removed						Audit removed - duplication of work completed above.						
66	*Finance	CIVICA Cash Receipting	Key Control	CIVICA Cash Receipting	October 2015	Removed						This audit is being undertaken by KPMG to avoid unnecessary duplication of audit work. *Reported at last Committee .*						
67	*Finance	Capital Accounting/ Asset Management	Key Control	Capital Accounting/ Asset Management	October 2015	Removed						Key Control review *(not in KPMG scope this year)* .						
68	*Finance	Budgetary Control	Key Control	Budgetary Control	October 2015	Removed						Key Control review *(not in KPMG scope this year)* .						
				2015/16 CLIENT SUPPORT														
69	*Healthy Organisation	Audit Area	Healthy Organisation	Assurance Mapping	April 2015	Completed				ALL YEAR								
70	Client Support	Committee Reporting & Attendance	Advice	Committee reporting & Attendance	April 2015	Completed				ALL YEAR								
71	Client Support	Corporate Advice	Advice	Corporate Advice	April 2015	Completed				ALL YEAR								
72	Client Support	External Audit	Advice	External Audit	April 2015	Completed				ALL YEAR								
73	Client Support	Planning/Client Liaison	Advice	Planning/Client Liaison	April 2015	Completed				ALL YEAR								
75	*Children and families services	School Support & Advice	School	Schools Support & Advice	April 2015	Completed				ALL YEAR								
75	ICT Infrastructure	Information and Communication Technology	Operational	Business Continuity Planning (BCP) & Disaster Recovery - *ongoing assurance of BCP under development.*	October 2015	Completed				ALL YEAR								
76	*Information and communication technology	ICT Key Controls	ICT	SAP Data Integrity Checks - *development of data analysis routines to support Council audits (key controls, operational reviews, special investigations)*	July 2015	Completed				ALL YEAR								
77	*Children and families services	School Support & Advice	School	SFVS Compliance (Quarterly reporting)	April 2015	Completed				ALL YEAR								

APPENDIX C

Schedule of Potential Significant Risks Identified from Internal Audit Work

NEW RISKS IDENTIFIED DURING THE PERIOD 1st January 2016 TO 31st March 2016
There were no significant risks identified from internal audit during this period.

Schools
Summary of Key Points Relating to "Partial Assurance" Reviews

AUDIT TITLE	SIGNIFICANT AUDIT FINDINGS	KEY ACTIONS AGREED BY SERVICE	DATES OF AGREED IMPLEMENTATION	DATE OF PROGRAMMED FOLLOW UP AUDIT
School Financial Health Check – **Abbeyfield School**	The partial audit opinion given reflected the significant, long term deficit budget position and resultant cash flow difficulties faced by the School. In addition, its Deficit Recovery Plan submitted to the Section 151 Officer had not been agreed because of the materiality of the forecast (£3 million deficit in Year 5) and the Local Authority's concerns that the plan needed greater focus. We strongly recommended that the School liaised closely with the Accounting Budget Support Team to update its Deficit Recovery Plan and provide assurance that all spending within its control has been appropriately targeted, and that it sought a mutually agreeable position and to achieve future sustainability. A number of higher priority recommendations were made to address these issues and to focus improvement in the consistency of budget reporting and evidence of Governors' tracking of the recovery process.	The school will continue to work closely with WCC's finance team and remained keen that a manageable deficit reduction plan is agreed as soon as possible. A consistent approach to financial reporting and the recording of the overall financial position. Governors challenges will reflected in minutes to demonstrate robust and consistent challenge.	Ongoing	June 2016

Schools
Summary of Key Points Relating to "Partial Assurance" Reviews

AUDIT TITLE	SIGNIFICANT AUDIT FINDINGS	KEY ACTIONS AGREED BY SERVICE	DATES OF AGREED IMPLEMENTATION	DATE OF PROGRAMMED FOLLOW UP AUDIT
	On a positive note, internal controls operated over administrative systems by the School were found to be generally sound. For this reason, only lower priority recommendations have been made in respect of the Scheme of Delegation, Whistleblowing Policy, evidencing approval of contractors, purchase orders, and lettings invoices.			
School Financial Health Check – **Alderbury & West Grinstead Primary School**	A partial opinion was given as weaknesses were found across most of the areas reviewed, however the majority of these issues were easy to remedy. The significant findings detected were:- • No up to date and readily available Whistleblowing Policy • No evidence of independent approval of bank reconciliation reports • Absence of some bank cheques was not explained • No separation of duties over the processing of income, and no oversight of sums received and reconciliation to sums deposited at the bank • Weaknesses in a number of areas that put at risk the accuracy of records.	Up-to-date whistle blowing policy as of Jan 2016, to be adopted by FGB 26/01/16. Implementation of a new procedure where Head Teacher always countersigns and dates the bank reconciliation reports to demonstrate a separation of duties. A review and update of cheque history with any cancellation at the bank as necessary. Updated procedures for goods receipting and invoice checking to maintain a separation of duties.	March 2016	May 2016

Schools
Summary of Key Points Relating to "Partial Assurance" Reviews

AUDIT TITLE	SIGNIFICANT AUDIT FINDINGS	KEY ACTIONS AGREED BY SERVICE	DATES OF AGREED IMPLEMENTATION	DATE OF PROGRAMMED FOLLOW UP AUDIT
		The finance committee will construct a 'Record of Financial Responsibility' in which limits for quotations and expenditure, debt write-off and other controls are stipulated. Improved procedures to record keeping related to governors' minutes, scheme of delegation procurement actions.		

Schools
Summary of Key Points Relating to "Partial Assurance" Reviews

AUDIT TITLE	SIGNIFICANT AUDIT FINDINGS	KEY ACTIONS AGREED BY SERVICE	DATES OF AGREED IMPLEMENTATION	DATE OF PROGRAMMED FOLLOW UP AUDIT
School Financial Health Check – **Grove Primary School**	A partial opinion was given as weaknesses were found across most of the areas reviewed. In particular, significant findings detected were:- • The Scheme of Delegation did not provide for the Governors to maintain oversight of the School's budget throughout the year. • There was a lack of evidence to demonstrate regular and timely budget monitoring. • An absence of some records for cancelled cheques. • There were weaknesses that risked the accuracy of records in areas of: governance; Whistleblowing Policy; budget approval; benchmarking; procurement; purchasing; adherence to tax regulations; and, accounting for income. It was recognised that the School had experienced a significant period of change of leadership as well as staff absence and that the current Head Teacher only started in post from 1 September 2015.	Update Scheme of Delegation that includes the Governors responsibility to monitor the School's budget throughout the year Update procedures for recording Budget monitoring discussions to ensure they are reflected in minutes. Review of missing cheques and actions to cancel if necessary. Update of procedures related to procurement and accounting for income.	March 2016	June 2016

Schools
Summary of Key Points Relating to "Partial Assurance" Reviews

AUDIT TITLE	SIGNIFICANT AUDIT FINDINGS	KEY ACTIONS AGREED BY SERVICE	DATES OF AGREED IMPLEMENTATION	DATE OF PROGRAMMED FOLLOW UP AUDIT
School Financial Health Check – **Hilperton Primary School**	A partial opinion was given as weaknesses were found across most of the areas reviewed. In particular, the significant findings detected were:- • Limited verification that cheque numbers are in sequence between the bank and financial management system to ensure all cheques can be accounted for. • Lack of evidence of the budget monitoring process reported in Governors' minutes. • Issues with separation of duties that ensure payments or benefits are not received by the same member of staff also signing to authorise payment. • Limited oversight of income received and reconciliation to income deposited at the bank. • Weaknesses that risk the accuracy of records. These were within the areas of governance, benchmarking, procurement, purchasing and adherence to tax regulations. It was acknowledged that the School Business Manager was absent between October 2014 and April 2015 and we recognised that the absence of someone in this pivotal role will affect controls.	SBM will verify the correlation of cheque numbers in SIMS FMS to bank statements to ensure consistent records and ensure all cheques can be accounted for. Updated procedures so that budget monitoring reports are cross-referenced in Governors' minutes. Formal acceptance, or otherwise, of the reports will also be minuted. Updated procedures so there is always evidence of payment authorisation and certification of checks to demonstrate an independent and adequate separation of duties. When either signatory benefits from the payment a third person will replace them as the certifying or authorising officer as appropriate.	December 2015	March 2016 – Currently underway

Schools
Summary of Key Points Relating to "Partial Assurance" Reviews

AUDIT TITLE	SIGNIFICANT AUDIT FINDINGS	KEY ACTIONS AGREED BY SERVICE	DATES OF AGREED IMPLEMENTATION	DATE OF PROGRAMMED FOLLOW UP AUDIT
		The Head Teacher will evidence that school's income collected has been carried out and reconciled against bank deposits by signing and dating the appropriate income document.		
School Financial Health Check – **St Nicholas Primary School, Porton**.	A partial opinion was given as weaknesses were found across all areas reviewed. In particular, significant findings were:- • The lack of formal minutes at Governor meetings that would evidence that Governors are effective in providing challenge and oversight on financial management arrangements. • Lack of evidence that would demonstrate adequate accounting for all official fund cheques. • Inadequate segregation of duties for creditor payments and the processing of income. • The need to more clearly define responsibilities and accountability for financial management and oversight of the fund cost centre for the After School Club. We welcome the prompt efforts of the Head Teacher to act upon control weaknesses revealed in relation to the ASC. However, prior to this action, the School was exposed to an increased risk of fraud, financial loss as well as reputational damage. Furthermore, the weaknesses reported in the	The Chair and Clerk will ensure that all meetings are minuted accurately and the records maintained and have done since being in post. All future budget monitoring by Governors will be accurately recorded noting significant variances. Minutes will be maintained. Verification of cheques was implemented immediately following the audit visit. AO to supply FMS info on cheques used, with bank statement reconciliation. Separation of duties was implemented immediately following the audit. The FGB are	30 June 2016	July 2016

Schools
Summary of Key Points Relating to "Partial Assurance" Reviews

AUDIT TITLE	SIGNIFICANT AUDIT FINDINGS	KEY ACTIONS AGREED BY SERVICE	DATES OF AGREED IMPLEMENTATION	DATE OF PROGRAMMED FOLLOW UP AUDIT
	detailed findings that follow regarding general financial management may have contributed to the problems experienced by the ASC.	now formally responsible for the monitoring of finances relating to the ASC.		

Recommendations Outstanding after 3 Months from Final Audit Report

Service Reviews

Assigned To	Final Report Issue Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
Car Parking Services							
WUC Head of Local Highway & Street Scene	02-Oct-14	>120	I recommend that a tolerance level for the subscription of permits per zone be documented with proactive plans put in place both to prevent these levels being breached and in the event of a breach.	3	26400	30-Sep-15	Response from Interim Head of Service: 'In progress'.
Court of Protection							
WUC Head of Service	15-Dec-14	>120	I recommend that all COP forms should be reviewed to ensure that they have been appropriately completed to avoid delays to obtain court orders.	3	26021	31-Dec-14	Follow up review scheduled for quarter 1 2016-17. Initial meeting to be held 25th April 2016.
WUC Head of Service	15-Dec-14	>120	I recommend that further legal advice should be sought before the procedures have gone through the formal approval stages.	4	26160	15-Dec-14	Follow up review scheduled for quarter 1 2016-17. Initial meeting to be held 25th April 2016.
WUC Associate Director – Adult Care Commissioning & Housing	15-Dec-14	>120	I recommend that all evidence regarding client's assets including deceased clients should be appropriately evidenced and documented on all the various systems used by the Court of Protection Team.	4	26162	01-Mar-15	Follow up review scheduled for quarter 1 2016-17. Initial meeting to be held 25th April 2016.
Economic Development							
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03-Aug-15	>120	I recommend that the Board's delegation to the Chair, Vice Chair and Director to enter into contracts exceeding the £10,000 stipulated relating for specialist consultants and support contractors should be explicitly evidenced in the minutes.	4	28984	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03-Aug-15	>120	I recommend that the Principal Accountant also attends Secretariat meetings to provide independent support and confirmation of the financial position of spending prior to Board meetings.	3	28986	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03-Aug-15	>120	I recommend that the formal approval of bi-monthly budget reporting and thus the overall financial position is clearly evidenced.	4	28987	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03-Aug-15	>120	I recommend, where exceptions to procurement regulations need be applied, the authorisation of the Board should be sought and clearly evidenced in the minutes along with the basis for the decision made.	4	28998	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03-Aug-15	>120	I recommend that the Board should reviewing existing arrangements for extended contracts to gain assurance that economy and effectiveness continues to be sought from suppliers.	3	28999	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03-Aug-15	>120	I recommend that all documents supporting the procurement of consultants and administrative services should be retained on the Wiltshire shared server in the area designated for the Partnership.	4	29000	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Associate Director – Corporate Function & Procurement	03-Aug-15	>120	I recommend that a formal procedure should also be adopted for the authorisation of extensions of and variations to contract.	4	29008	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Associate Director – Corporate Function & Procurement	03-Aug-15	>120	Official Purchase orders should be raised at the point contractual terms are agreed with suppliers.	3	29009	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Associate Director – Corporate Function & Procurement	03-Aug-15	>120	Purchase Orders should be clearly linked to the specification of service and make clear the project and programme to which they relate.	3	29010	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03-Aug-15	>120	I recommend that explicit evidence of the authorisation of creditor payments on behalf of the Partnership Board should be retained on the shared area.	3	29012	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Head of Governance	03-Aug-15	>120	I recommend, in addition to liaising with the Wiltshire Council Democratic Services team, that the Information Assurance Team should also be consulted to provide clear guidance to the Partnership on the nature, reporting and retention of information that is deemed commercially sensitive.	3	29143	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Associate Director – Corporate Function & Procurement	03-Aug-15	>120	I recommend that a formal procedure be adopted when entering into procurement arrangements with suppliers of specialist consultancy and support services. Templates should be developed for use by the Partnership for this purpose. Advice should also be sought on this matter from the Wiltshire Council Corporate Procurement team.	4	29426	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
WUC Corporate Director - Statutory role of Returning Officer and Electoral Registration Officer	03-Aug-15	>120	I recommend reporting is provided to the Board of spending against individual contractors and also the lifetime spend against agreed price.	3	29427	31-Dec-15	The Corporate Director has confirmed acceptance of all recommendations made in the SWAP report; any outstanding issues will be prioritised and addressed following appointment of the new SWLEP director (11th April 2016).
Pensions							
WUC Associate Director - Finance (Section 151 Officer)	01-Apr-15	>120	I recommend that the workflow processes should be further supported by procedure notes to explain the processes for GMP to officers and ensure consistent application.	3	28298	30-Sep-15	Management Response outstanding. Pensions Administration Audit agreed for inclusion on 2016/17 Internal Audit Plan by CLT (11/4/2016). Follow up review is also scheduled for Q2 of 2016-17.
WUC Associate Director - Finance (Section 151 Officer)	01-Apr-15	>120	I recommend that the WPF develops an updated set of performance measures and publishes the results on a regular basis.	3	28306	30-Sep-15	Management Response outstanding. Pensions Administration Audit agreed for inclusion on 2016/17 Internal Audit Plan by CLT (11/4/2016). Follow up review is also scheduled for Q2 of 2016-17.

Priority 3	11
Priority 4	8
Total Outstanding Services 12.04.16	19

Recommendations Outstanding after 3 Months from Final Audit Report

Schools

Assigned To	Final Report Issue Date	3 Months after Start Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
Dinton CofE Primary School								
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend the School retains the Business Register on site to ensure that Governors, staff or parents are able to exercise their right to inspect it.	3	30622	01-Jan-16	In progress. School Business Manager. New Target Implementation Date 30 April 2016.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend that the Headteacher reconciles monthly the sums collected in School to the sums deposited at the bank. This check should be evidenced by signing and dating an appropriate income document.	3	30636	31-Jan-16	In progress. Headteacher. New Target Implementation Date 30 April 2016.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend the School includes the pre-determined limits set by the Governors for obtaining at least three quotations and seeking formal tenders in the Scheme of Delegation.	3	30638	13-Jan-16	In progress. Clerk to Governors. New Target Implementation Date 30 April 2016.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend the School Business Manager ensures that the correct VAT code is applied for sports lettings income. Reference should be made to the WC Schools VAT Manual when deciding the appropriate VAT code.	3	30660	14-Dec-15	In progress. School Business Manager. New Target Implementation Date 30 April 2016.
Hilperton CofE Voluntary Controlled Primary School								
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend the Governing Body ensures that the School's Scheme of Delegation is reviewed annually and updated with any authorised changes.	3	30417	15-Dec-15	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend that the Governors ensure their formal approval of the school budget template is recorded more clearly in the minutes in accordance with the Governor's terms of reference included in the School's Scheme of Delegation.	3	30419	15-Dec-15	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend the School ensures that budget monitoring reports are retained and cross referenced in the Governors' minutes and the School Business Managers notes. Formal acceptance, or otherwise, of the reports and the financial position of the School should also be minuted.	4	30420	15-Dec-15	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend that, when the School next reviews the benchmarking comparators, the Governors should ensure their discussion and any actions arising are recorded in the minutes.	3	30422	30-Apr-16	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend the School Business Manager verifies the correlation of cheque numbers in SIMS FMS to those on bank statements to ensure cheque payments recorded in the Financial Management System match to actual cheques produced and all cheques can be accounted for.	4	30423	30-Apr-16	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend that an official order should be raised through the SIMS financial management system to support all payments other than rents, utilities and staff remuneration.	3	30425	30-Apr-16	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend that Governors set a limit above which at least three quotes are sought to ensure best value is achieved. This threshold and the tender threshold should be stated in the Scheme of Delegation or Purchasing Policy formally approved and adopted by Governors.	3	30426	15-Dec-15	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend the School should ensure that Governors' minutes are made readily available for inspection to ensure transparency of decisions and to evidence all necessary business has been undertaken.	3	30428	15-Dec-15	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend the Governors set a diary of meeting dates at the start of the year to ensure necessary school business is undertaken within required timescales.	3	30429	15-Dec-15	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	The Headteacher should reconcile monthly the sums collected in school to the sums deposited at the bank and evidence the check has been carried out by signing and dating an appropriate income document.	4	30430	15-Dec-15	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend the School ensures that authorisation to make a payment is retained as evidence alongside the certification of all checks made in order to demonstrate an independent and adequate separation of duties.

When either of the signatories receive or benefit from the payment, a third person should replace them as the certifying or authorising officer as is appropriate. | 4 | 30432 | 15-Dec-15 | Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again. |
| WUC Associate Director - Finance (Section 151 Officer) | 14-Dec-15 | Y | <120 | I recommend the School maintains a record of all charge card payments with a running total to indicate when the accumulated spend nears the monthly spending limit. This should also provide an accurate record to reconcile against the monthly charge card statement. | 3 | 30433 | 15-Dec-15 | Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again. |
| WUC Associate Director - Finance (Section 151 Officer) | 14-Dec-15 | Y | <120 | I recommend the Headteacher ensures that evidence is sought from individuals claiming to be self-employed confirming their employment status before they are paid directly as creditors.
Evidence of such checks should be retained. If there are any concerns, such individuals should be paid through payroll so the School meets its obligations under HMRC tax and employment regulations. | 3 | 30435 | 31-Dec-15 | Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again. |

Assigned To	Final Report Issue Date	3 Months after Start Date	Age Analysis	Description	Priority	Unique Reference	Target Implementation Date	Current Position
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend before reclaiming the VAT using the Wiltshire Council VAT registration, the School should ensure that a valid VAT document is obtained. Where VAT requirements are not satisfied the Council could be fined by HMRC. Thus, the School should reverse any VAT claims made in respect of unsupported payments unless a valid VAT document is requested and obtained from the supplier.	3	30436	15-Dec-15	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.
WUC Associate Director - Finance (Section 151 Officer)	14-Dec-15	Y	<120	I recommend that the School's Whilstleblowing Policy is updated to include named, internal and external contacts to whom concerns can be reported.	3	30437	15-Dec-15	Updated management response is still outstanding. School incorrectly provided a further copy of the draft report and not an updated position (12 April 2016). An updated response has been requested again.

Priority 3   15
Priority 4   4
Total Outstanding Schools 12.04.16   **19**

Recommendations not Agreed (since last reported to Committee)

Assigned To	Final Report Issue Date	Description	Priority	Unique Reference	Target Implementation Date	Management Responses	Current Position
There were no recommendations that have been made and not agreed during this period.							

**Executive Summary –
Corporate (Final)**

Wiltshire Council
Combined Assurance - Healthy
Organisation

Working in partnership with

Date of Report: 13th April 2016

Issued by: David Hill
Executive Director SWAP

1.0 Introduction

The purpose of combined assurance is to provide an insight to Senior Management and the Audit Committee on assurance across all critical activities and key risks of the Council, and identify areas that we believe assurance or process could be improved. Working closely with Management and using the Healthy Organisation eight Key Lines of Enquiry (or themes), we have looked for gaps in assurance to help us identify potential areas for improvement. This undertaking has involved gathering and analysing assurance information within the Council's control environment that:

- encourages accountability with those responsible for managing their services (see Figure 1 below); and
- has involved review of relevant evidence as well as discussion with Senior Management.

The outcome is presented as a series of joint reports culminating in an agreed Improvement Plan which may result in further internal audit work or action taken by management itself.

The Institute of Internal Auditors issued a report entitled "the three lines of defence in effective risk management and control". This provides a helpful model for clarifying response at both an operational and strategic level. Within this model, management control is seen as the first line of defence, the various risk control and compliance over-sight functions established by management act as the second line of defence (for instance, risk registers), whilst the third is provided by independent assurance through internal audit work. Senior management and elected members sit above the model, with a key role and accountability for setting and aligning the culture through the behaviours framework, organisational objectives, defining strategies, policy and procedures and at the same time providing active scrutiny and challenge to achieve assurance. Please see Figure 1 below.
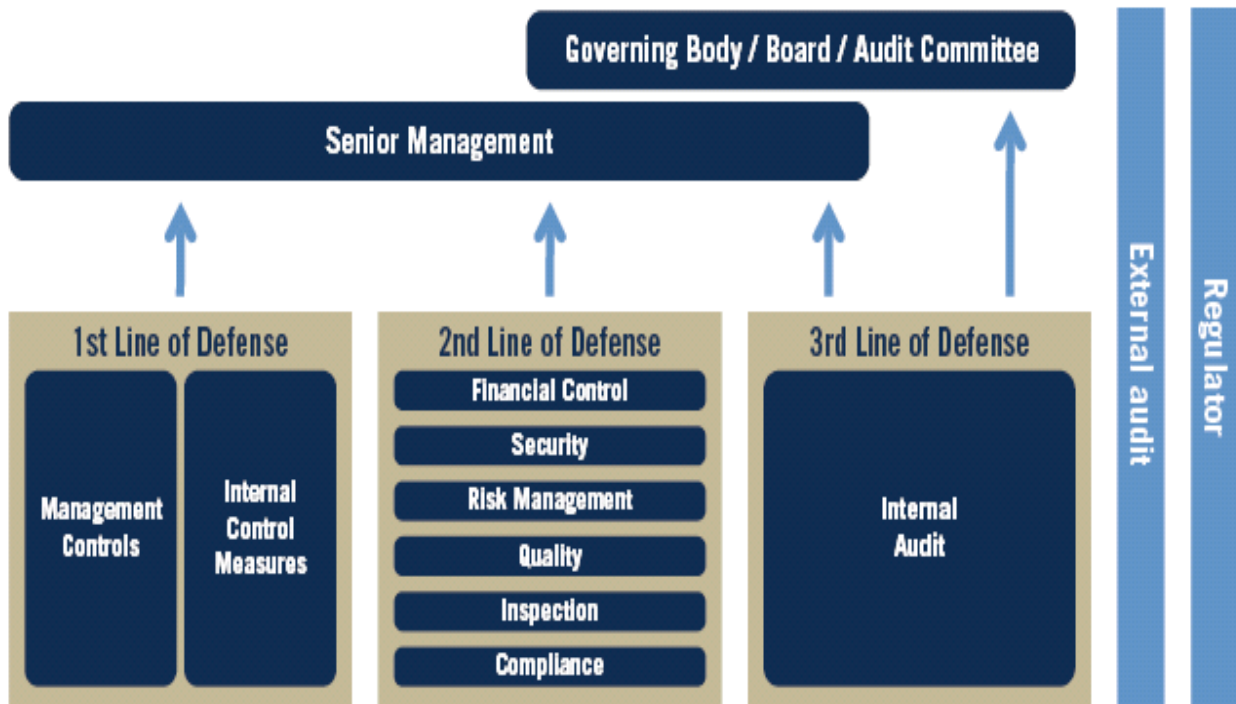
2.0 Background

Wiltshire Council serves a community of approximately 474,300 people and employs around 4,800 officers, not including those staff employed in schools. Each year it is responsible for providing over 350 services to the community which are funded by a gross annual revenue, housing, capital and schools budget of approximately £900 million. The Council was constituted in 2009 from the former County Council and four district councils and, as a unitary body, it has been able to rationalise the combined estate into three administrative hubs and consolidate its services. This reorganisation supports the delivery of the Council's Business Plan (2013-17) which identified the need for budget cuts of £120 million over the same period.

The organisation is led by a leadership model that replaced the Chief Executive role with a team of 3 Corporate Directors, who comprise the Corporate Leadership Team (CLT). They are supported by 13 Associate Directors. The Council sets the budget and policy framework and within this framework, policy development is the responsibility of the Leader of the Council and the Cabinet whilst the CLT is responsible for advising and delivering this policy. This approach ensures that the dividing line between the officer and political roles does not blur.

The Council's vision is clearly articulated in its Business Plan (2013-17) as '*to create stronger and more resilient communities*' which is supported by three corporate objectives:
- To protect those who are most vulnerable.
- To boost the local economy thereby creating and safeguarding jobs.
- To support and empower communities to do more for themselves.

The organisation's view is that resilient communities are less dependent upon public services. For this reason, there has been considerable activity towards engaging with the community to enable the Council to devolve some services and decision making to those in receipt of these services. To this end, it has established 18 Area Boards comprising representatives from the community, Local Councillors, officers as well as local bodies including the Police and the local NHS. In turn, these boards will be served via a network of campuses and at this time, campuses are being established in Corsham, Melksham, Tisbury, Pewsey, Calne, Cricklade and Salisbury.

The challenge for the organisation's services is to demonstrate how their decisions support the Council's vision and objectives as specified in its Business Plan, which is currently subject to review.

3.0 Executive Summary

Assurance Themes

The concept of a Healthy Organisation review is to arrive at an objective assessment of the relative 'health' of an organisation. The review framework looks to specifically assess against eight key themes; Corporate Governance; Financial Management; Risk Management; Performance Management; Commissioning and Procurement; Information Management; Programme & Project Management; and finally, People and Asset Management. These eight themes have contributed towards our overall assessment and understanding of the Council as a 'Healthy Organisation'. Each of these themes have been reviewed and a Red, Amber and Green (RAG) rating has been applied.

To stay 'healthy' however, the Council, like all organisations, must undergo periods of change to remain current, otherwise it may become static and set in its ways. But such change does introduce uncertainty and not just to people. The existing control framework itself is also challenged by the new demands brought about by the very change needed to move the Council forward. At the start of this change, this framework is in part unproven. Consequently, all healthy organisations must move between periods of green and amber as they set new priorities which are then subsequently reflected in their governance and service structures. This lifecycle is an ongoing, iterative process.

As specified in its Business Plan, the Council recognises the need to realign services over the next three years to deliver priorities in response to the £120m reduction in funding. This will demand sound business decisions that are open to public scrutiny. To prepare for this, the Council's strategies, policies and procedures must be fit for purpose and be consistently applied. The Council has taken steps to strengthen financial control by tightening the approval and control of its expenditure which is hoped to reduce expenditure by up to 20%. Improvements to its budget monitoring process are also being deployed whilst other initiatives involve the drive to reduce agency costs by hiring permanent employees. However pressures remain and the Council continues to monitor its financial position closely since its reserves are nearing the minimum levels recommended by the Section 151 Officer. This review has detected a number of areas that require improvement, the more significant are summarised below:

- A review was undertaken in 2014/15 to examine the Council's decision making protocols and to reduce the number of governance boards. However, this was not fully actioned and additional boards have been set up since. For example, there are boards considering decisions on assets and IT, as well as those that overlap other areas of policy development such as transport, housing and care.

- The need to strengthen further the links between the Service Delivery Plans, Medium Term Financial Strategy and the new risk management framework was also detected.

- The Financial Strategy did not effectively tie into planning strategies such as those supporting resources including people, ICT etc. Whilst we welcome the initiative to encourage services to take greater responsibility for their finances, these procedures are new and their effectiveness unproven at a service level.

- Some services were not capturing and reporting their performance in a consistent way which could undermine strategic officer efforts to understand the organisation's efficiency and effectiveness.

- Finally, we also noted potential issues with activities that fall outside of central control such as the management of procurement of lower value items and projects that are managed outside of the Programme Office control. This could mean that such activities are not subject to appropriate scrutiny and lead to financial loss (projects failing to deliver on time or to budget, fraud etc.) and lead to reputational harm.

4.0 Healthy Organisation Theme Review

Assurance Opinion

The assurance for each of the eight themes referred to above have been reviewed and depicted in the following chart. This indicates a **Medium Assurance** opinion. On the whole, assurance arrangements were working effectively, management are aware of their streams of assurance and this was supported by corporate and third party evidence. However, as outlined above, change is inflicting stresses upon the existing control framework which has led to the conclusion and a plan for future work over the next 12 months. This opinion is wider than our annual audit opinion, as it also reflects management's own assessment of their portfolio and control framework.

Theme overall assurance graph (Figure 2)
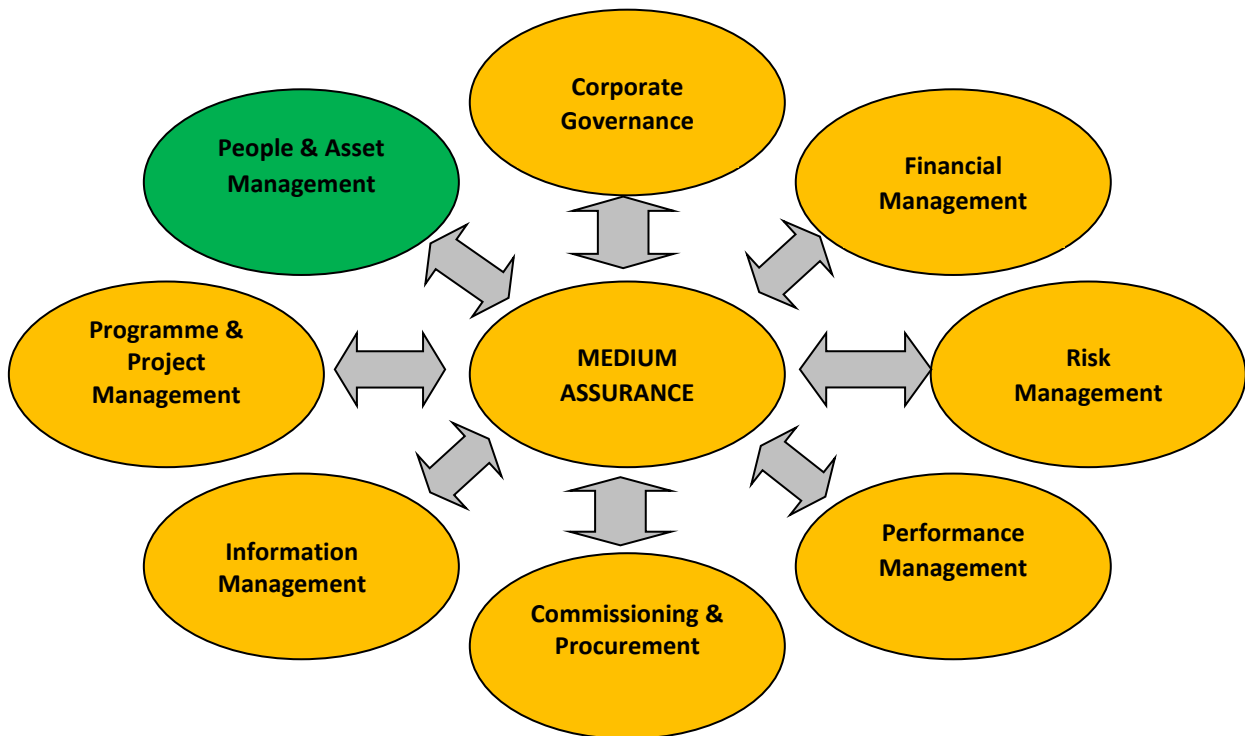
R/A/G Rating Key:
RED   (Low Assurance / High Risk)
AMBER   (Medium Assurance /Medium Risk)
GREEN   (High Assurance / Low Risk)

This section outlines the strengths in each of the above themes and also those areas that warrant further review. Finally, the Improvement Plan outlining a proposed programme of audits to examine these areas in more depth is detailed in Section 5.0.

4.1 Corporate Governance	

Good corporate governance facilitates effective management thereby supporting the Council's performance and success. It refers to the Strategic (rather than operational) management practices, values and beliefs by which the Council operates. It provides the framework for achieving goals including service delivery objectives, preservation of reputation and accountability, together with the values and culture in which services are delivered. Many of the elements of a good corporate framework should be replicated in structures and processes within service levels.

Conclusion

Our conclusion is whilst the Council has good governance practice, further review and rationalisation of governance groups would help focus attention and strengthen the strategic oversight of all such activity.

The Assurance Wheel (figure 3) below provides a diagrammatic representation of strengths and weaknesses*.*

Corporate Governance (Figure 3)

- ■ Service Leadership
- ■ Corporate Plan
- ■ Constitution
- ■ Effective working relationships
- ■ Codes of conduct
- ■ Openness and transparency
- ■ Complaints procedure
- ■ Decision making
- ■ Overview and scrutiny
- ■ Staff induction
- ■ Officer development
- ■ Communications strategy
- ■ Stakeholder consultation
- ■ Effectiveness review
- ■ Governance certification
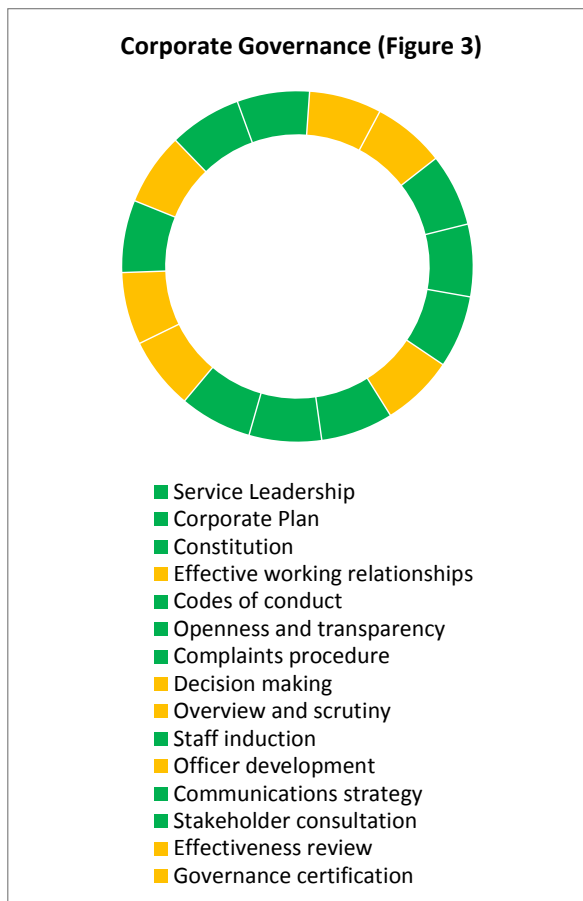
Areas of strength:

- Sound Constitution with defined roles and responsibilities for Members & Officers.

- Active encouragement of Peer reviews.

- Internal Audit Plan is regularly reported.

- Business and planning framework in place.

- Strategic Risk Register in place.

- There are Performance, people, IT & financial frameworks.

- There is an established project management process.

- There is an established complaints process.

- Schemes of Delegation have been recently approved and sub schemes are subject to on-going review.

Key Areas for further review:
We have identified a number of areas for senior leaders to consider, some of which are in the process of already being addressed and to which we will add value by informing the extent to which these changes are embedded in the organisation:

- There is an overlap in Boards and/or governance groups. Where this exists, attendance can suffer if officers feel that they are just repeating themselves. This could raise the risk of opportunities and 'buy in' to ideas being lost. There is also the duplication of effort. Furthermore, it raises the possibility that the escalation/feedback process is also not as efficient as it should be. It would be useful therefore to examine how the performance of these various groups is being measured and to determine whether strategic officers feel that they have sufficient oversight of all this activity.

- It was noted that the preparation of the Annual Governance Statement (submitted for review and approval by the Cabinet, the Standards Committee and the Audit Committee) involved some duplication of effort and resources.

- The Council has detected inconsistency of practices between services with delegations at different levels of the business in different services. If left, this could increases the risk of poor financial control. Consequently, this is being addressed with the link between financial authorisation limits and officer schemes of delegation being reviewed as part of the new Financial Regulations. This will need to be supported by improvement to existing control framework as well as training to deploy any new working practices and procedures.

- The People's Strategy has not been updated to reflect recent financial forecasts and future saving targets. As the level of savings will require more redeployment and fewer staff, there is a need to recognise this in services approach to workforce planning and development.

- We were also informed of a lack of awareness and inconsistency in application of income and expenditure policies. Whilst corporate policies do exist for fees and charges, write off, procurement, expenses, etc. these are not always followed with some departments developing their own.

- The points above reflect that there is still a risk of silo working which could lead to inconsistent decision making. On a positive note, if this is addressed, this could help identify new ways of working in communities, out of campuses etc, with IT and digital opportunities supporting many possibilities. However, this would have to be supported by an ICT Strategy that effectively linked business objectives to supporting technologies. See 4.7.
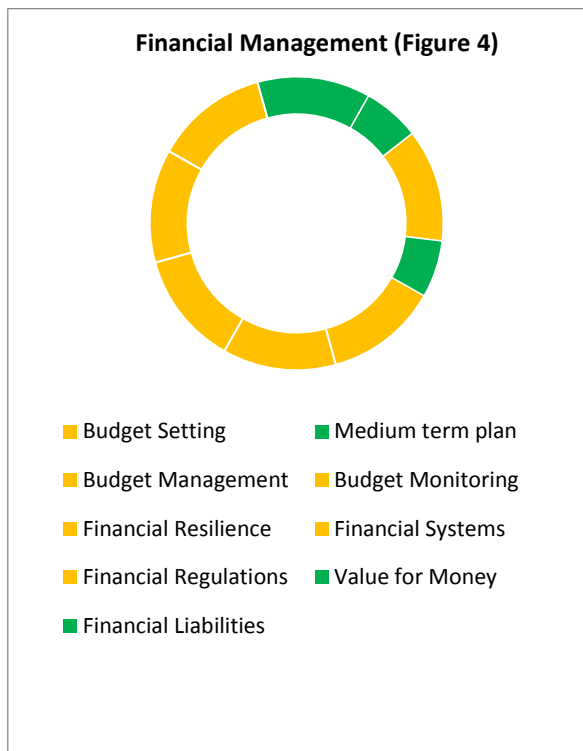
4.2 Financial Management	

Assessing the Council's approach and delivery of this theme goes to the heart of effective management, and work effectively with Cabinet/Executive and Scrutiny functions. It also requires an approach at both Corporate and Service levels to ensure it involves, engages and challenges those who are accountable. This depends upon effective links to the corporate and service planning frameworks and key elements to consider include: strategic financial planning; financial governance; financial control and key indicators of financial performance.

Conclusion

Our overall conclusion is that the Council has effective financial management and has taken proactive steps to control its costs and reduce expenditure further in response to continuing public sector austerity. However, changes to budget related activities and revision to financial regulations are ongoing and have yet to be embedded.

The Assurance Wheel (Figure 4) below provides a diagrammatic representation of strengths and weaknesses.

Financial Management (Figure 4)

- Budget Setting
- Budget Management
- Financial Resilience
- Financial Regulations
- Financial Liabilities
- Medium term plan
- Budget Monitoring
- Financial Systems
- Value for Money

Areas of strength:

- Set and delivered annual budgets.

- Unqualified opinion received each year.

- Regular receipt of financial reports & aware of its short & long term financial position.

- Financial liabilities are identified and managed proactively.

- Previous years' audits have identified a sound financial control environment. This is supported by external audit conclusions.

- The Council has taken steps to strengthen financial control by tightening the approval and control of its expenditure which is hoped to reduce expenditure by up to 20%.

- Improvements to its budget monitoring process are also being deployed.

- Initiatives to reduce agency costs by hiring permanent employees have been introduced.

- From 2016/17, templates that support Service Plans and goals have been revised to provide a link to financial data which enables the pre-population of financial related fields.

Key Areas for further review:
We have identified a number of areas for senior leaders to consider, some of which are in the process of already being addressed and to which we will add value by informing the extent to which these changes are embedded in the organisation:

- The level of reserves are low compared to similar other bodies. Whilst this is assessed alongside the setting and monitoring of the budget, it needs to be continually assessed alongside all significant business decisions.

- Finances for the services are managed through the Council's Financial Plan and the Medium Term Financial Strategy (MTFS). However, this strategy and decision making would be strengthened if it was clearly tied into other planning strategies such as those directing resources such as IT, People and Procurement; and those Service specific such as Older People. This should also include decision making flowing from Boards as discussed in the section on Governance.

- The linking of Service plans and performance goals to the resources available in both the revenue and capital budgets via templates is new and as such as yet to be fully embedded at the Council. This will need to be supported by the monitoring service plans to ensure that they can maintain performance, including the delivery of savings.

- Business decisions must reflect the long term implication on the financial plan and identify the options to fund and address future financial constraints. The MTFS should be updated before and after each Cabinet or delegated decision that significantly affects future years.

- The adequacy of the Cabinet Monitoring Report should be reviewed. It needs to include more actions to support/challenge officers when addressing forecast overspends.

- Performance and financial reporting do not always effectively link activity to cost, demonstrate VFM & inform decision making.

- Financial Regulations are not well understood and are being redrafted. There is a need to focus on priority areas of spend and grant and increase the competence of managers. Furthermore, the failure to follow these regulations could give rise to inappropriate decisions (e.g. write off, purchasing (schemes of delegation), please see Section 4.5.

- The Financial Ledger needs improvement. Feeder system inefficiencies have led to an over reliance upon spreadsheets to support financial decision making. This raises the risk of information being inappropriately secured, duplicated and so on. Issues with the Council's information management governance practices have already been reviewed by the Information Commissioner's Office (ICO), please see Section 4.7.

4.3 Risk Management	

Risk Management is a key aspect of assurance and governance. It is one of the '2nd Lines of Defence' alongside; Financial Control; Security; Inspection; Compliance etc. Organisations that demonstrate and operate under a structured and active risk management approach are more likely to be able to focus upon their key priorities and outcomes and, in doing so, take informed decisions. As such, the Council's 'maturity' in terms of its risk management arrangements, is fundamental in determining the degree of reliance that can be placed upon its risk management's arrangements.

Overall Conclusion
Our overall conclusion is that the Council's Strategic Risk Register is regularly reviewed by the Council and supporting risk management activities have been approved and communicated to the organisation for use. However, whilst we have reviewed the revised framework in our 2014/15 audit plan, we have not yet assessed whether all Services and Area Boards are consistently adhering to this.

The Assurance Wheel (Figure 5) below provides a diagrammatic representation of strengths and weaknesses.

Risk Management (figure 5)

- ■ Risk mgt. Strategy
- ■ Risk assessments
- ■ Risk registers
- ■ Decision making
- ■ Risk appetite
- ■ Transparency
- ■ Project risk mgt.

Areas of strength:

- The Council has overhauled its Risk methodology to ensure that risk remains an integral part of corporate governance. This has been well received by the Cabinet, the Overview & Scrutiny Committee and CLT.

- A governance framework has been implemented to support these arrangements.

- The Strategic Risk Register has been revised and has since been reviewed and approved by Cabinet on a regular quarterly basis since June 2015. The most recent was held in February 2016.

- Both the Overview and Scrutiny Committee and Internal Audit assessed these arrangements in June 2015.

- Both Members and liaison officers (from the Council) do attend Area Board meetings to offer support and facilitate consistency with policy adherence where appropriate (including revised risk management policies) by the Area Boards.

- Service Plans have been revised to include more detail in support of the Annual Governance Statement.

- In recognition of the need to promote greater transparency surrounding key decisions, the Council intends to publish more information on its public website to enable the public to appreciate the factors considered as part of this process (including risk).

Key Areas for further review:
We have identified a number of areas for senior leaders to consider, some of which are in the process of already being addressed and to which we will add value by informing the extent to which these changes are embedded in the organisation:

- Senior Management has confirmed that all risks are being reviewed in service as part of the service planning process for 2016/17. This review includes a sense check and overview monitoring from the corporate risk team. There have been reviews of, and improvements made to, the risk management process over the past 12 months delivered through the Operational Performance and Risk Management Group. Changes include the process for defining risks. It is planned that a further review will take place during 2016/17 which will require updating the strategy.

- Senior Management also confirms planned implementation of this change into service, composite and the strategic risk registers for risk management in quarter 1 of 2016/17.

- The degree of support required by the Area Boards will be reviewed to ensure that attendees receive the information and training they need to evaluate risk as part of their decision making responsibilities.
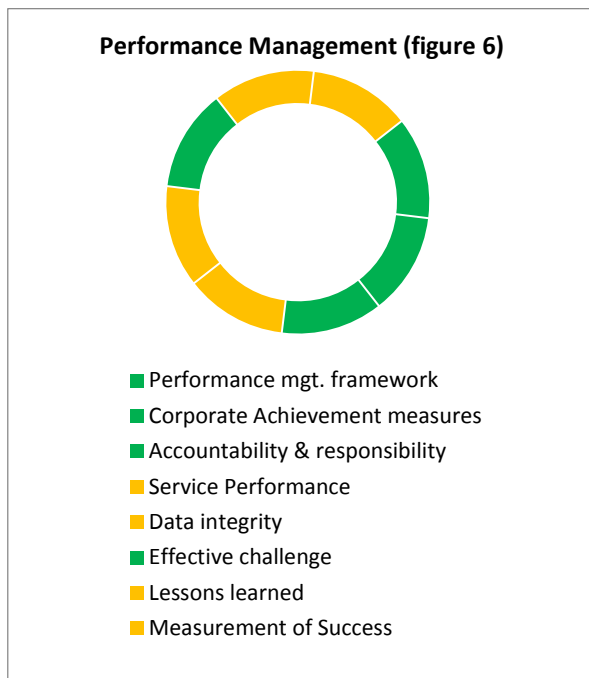
| 4.4 Performance Management | |

Performance management is an essential element of the governance framework which provides a transparent platform upon which the Council is accountable to its citizens and service users for the effectiveness of its service provision and delivery of its published objectives. To be effective, the performance management framework needs to provide accurate and timely information to facilitate informed and transparent decision making and prompt corrective actions where service delivery strategies appear not to be achieving their intended outcomes.

Performance Management (figure 6)

- Performance mgt. framework
- Corporate Achievement measures
- Accountability & responsibility
- Service Performance
- Data integrity
- Effective challenge
- Lessons learned
- Measurement of Success

Conclusion

Our overall conclusion is the Council has an established performance management framework in place but that the lack of a single consistent approach to capture and communicate performance information by services could complicate efforts of strategic officers and Members to compare performance and efficiency across the whole organisation.

The Assurance Wheel below (Figure 6) provides a diagrammatic representation of strengths and weaknesses.

Areas of strength:

- Use of Citizen's Dashboard and Performance Management Website to communicate corporate acceptance of the Business Plan's outcomes along with key published measures.

- Corporate priority performance measures have been captured and the framework appropriately measures performance of these against key elements of the Service Plans.

- The revised framework of measures and reporting has been well received by Cabinet and CLT. It has provided performance information for 2014/15 (Q4) and Q1 & Q2 2015/16.

- Responsibilities for monitoring and signing off performance outturn reporting have been identified to support the new framework. This will support transparency and future accountability.

Key Areas for further review
We have identified a number of areas for senior leaders to consider, some of which are in the process of already being addressed and to which we will add value by informing the extent to which these changes are embedded in the organisation:

- To enhance corporate oversight of Performance the council could consider establishing a single repository for performance information.

- It is recognised that service managers will have responsibility for the performance of their respective services and that this may be integrated with requirements from central Government. It will therefore be important that consideration is given to how officers capture this data in a consistent way to ensure effective decision making.

- SWAP's Health Organisation KLOE will test the adequacy of links between the Services (i.e. Service Delivery Plans); Corporate Support (via performance and the new risk management framework); the Programme Office (activity) and financial services to support organisational change.

- Area Boards are provided with a range of information and data related to their individual communities to support development of local strategies, funding applications or assisting local decision making. SWAP will ascertain how well this has been embedded and effectively used.

- Benefits realisation management arrangements need to identify whether efficiencies driving forward projects are subsequently owned, measured and reported back following implementation.

- SWAP will regularly review the effectiveness of the measures and reporting framework described above to provide assurance to senior officers on compliance.

| 4.5 Procurement | |

Assessing the Council's procurement & Commissioning activity is a critical determinant in establishing its effectiveness in delivering benefit for its community and maximising VFM for its taxpayers. It is important that the Council understands user needs & designs services that take into account the effectiveness of its internal provision against the market & to ensure that taxpayers get the best VFM and the local economy is supported. The activity is therefore complex and risky. Consequently, clear strategies, policies and plans are required which can be measured with appropriate targets to provide assurance.

Conclusion

Our overall conclusion is that there is a good direction of travel given development of the new Strategic Procurement Hub, the appointment of a new Head of Service and the introduction of new Procurement Strategy.

Please note, our assessment incorporates only those arrangements for corporate procurement and a further review of service level measures will be necessary. This is particularly important because commissioning arrangements are undertaken mostly at service level.

The Assurance Wheel below (Figure 7) provides a diagrammatic representation of strengths and weaknesses.

Commissioning & Procurement (Figure 7)

- Procurement strategy
- Medium Term Planning
- Procurement Expertise
- Governance
- Rules, policies, procedures
- Benefits & savings
- VFM
- Transparency
- Category plan
- Understanding of suppliers
- Social value

Areas of strength:

- A new Procurement Strategy based upon best practice (LGA National Procurement Strategy) has been developed for approval.

- The Strategy will centralise procurement processes (Strategic Procurement Hub) to promote consistency and efficiency whilst recognising there will be necessary specialist commissioning arrangements linked with service provision (for example for children's safeguarding and adult care).

- The need to gain social value for commissioning and procurement arrangements has been appropriately reflected in the new Strategy

- A new Head of Service provides leadership and is restructuring procurement across the authority to ensure corporate focus.

- New procurement competencies framework to support officer skills and development are underway.

- An analysis of SAP catalogue expenditure and Vendor data has been undertaken to help rationalise suppliers and contractors for each supply type. Data cleansing and rationalisation work undertaken by officers over the past year.

- New, centralised arrangements incorporate planning for improved category management.

- Steps have been taken by the authority to strengthen financial control.

- Improvements in centralising category management should help ensure more efficiencies from corporate measures.

- All requests for quotes (RFQ) and tender opportunities are published on the website. There is also guidance for suppliers via '*How to do business with Wiltshire Council*' as well as clear registration instructions.

- The Corporate Procurement Board is responsible for oversight and governance of procurement and commissioning across the authority.

Key Areas for further review:
We have identified a number of areas for senior leaders to consider, some of which are in the process of already being addressed and to which we will add value by informing the extent to which these changes are embedded in the organisation:

- The Framework is relatively new and the Council needs to effectively embed all supporting policies and procedures to ensure adherence across the organisation. Until completely adopted, there may be inconsistencies in procurement and

category management.

- Sub schemes of delegation. As part of work undertaken to rationalise category spending, it has been noted by officers that procurement decisions & authorisation below current quotation thresholds lack transparency & scrutiny. This is a matter of concern given the opportunity this weakness presents to defraud the Council. Previous audit work, including investigations resulting from Whistleblowing, has also reported the risk of procurement and finance procedures being circumvented.

- Previous audit reviews have concluded the absence of an effective audit trail between existing contracts and spending on SAP and overspending on contracts. Whilst transactions are individually regarded as 'small' value procurement, these mount up collectively.

- Recent audit review of governance arrangements supporting by the Swindon & Wiltshire LEP recommended the need for greater transparency.

- Benefits Realisation and Management is a recognised weakness across the authority.

4.6 Programme & Project Management	

Effective Programme and Project Management forms a key aspect of assurance and governance for any organisation. Those that can demonstrate and operate under a structured and active approach are more likely to be able to focus their efforts and successfully achieve the delivery of anticipated outcomes and their associated benefits. It is important that programmes and projects are clearly defined and resourced. Equally they need to demonstrate a clear link to the delivery of corporate aims and objectives and be adequately governed.

Conclusion

Our overall conclusion is there are robust arrangements in place in respect of corporate 'major' projects led by the Programme Office. However, medium assurances are reported because of our overall high level assessment of **non-corporate/ service area project management only.**

Our overall conclusion is depicted in the Assurance Wheel (Figure 8) below with areas of strength and weaknesses are summarised as follows.

Programme & Project Management (Figure 8)

- ■ Project methodology
- ■ Business Case Approval
- ■ Governance and Reporting
- ■ Capacity & Skills
- ■ Risk Management
- ■ Responsibility & accountability
- ■ Project success
- ■ Delivering objectives
- ■ Supporting change

Areas of strength:

The Programme Office manages large, corporate led projects in accordance with best practice and if we were reviewing these alone, the wheel would be entirely green because:

- There is a recognised, approved project management approach in place which is published on the Council's intranet. The Programme Office also provides specific guidance on PRINCE 2.

- Highlight reporting to CLT has been adapted to include all major projects in progress across the Council which provides performance transparency.

- CLT are currently reviewing and rationalising arrangements for programme governance to improve efficiency.

- Review of Capital Spend Outturn for 2014/15 confirmed there had been notable success stories including the SAP Insourcing Project.

- Systems Thinking Team has been established to support significant, cultural change across the Council and provide greater strategic and operational oversight of projects.

Key Areas for further review

We have identified a number of areas for senior leaders to consider, some of which are in the process of already being addressed and to which we will add value by informing the extent to which these changes are embedded in the organisation:

- We have been unable to confirm at this stage the robustness of the project management arrangements outside the Programme Office. The failure to adhere to central good practice could manifest itself in poor business cases that do not adequately support the Council's corporate objectives, poor planning and unexpected higher costs. For these reasons, we plan to review the adequacy of these arrangements as part of the Internal Audit Plan 2016/17.
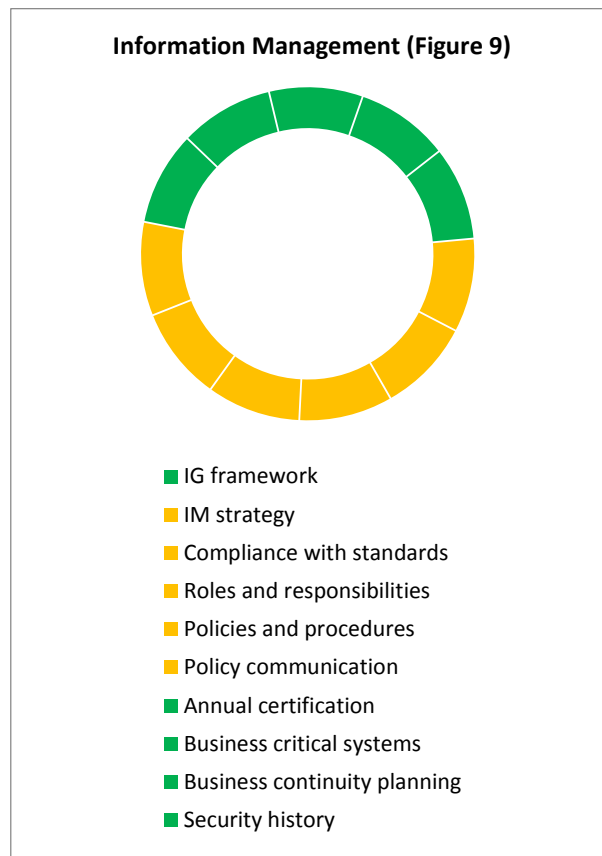
4.7 Information Management	

Effective Information Management is an important aspect of governance for any organisation. Effective Information Management will facilitate and support effective working, better decision-making, improved customer service and business transformation. A key component of information management is effective information governance, including the security. Although policies and processes should allow for information to be open and transparent to meet customer needs they must also ensure compliance with relevant legislation.

Overall Conclusion

Our overall conclusion is the Council has taken proactive steps to strengthen its information management arrangements and that this is a work in progress following the Information Commissioner's Office (ICO) audit last year. Details of the Information Governance Framework are now available on line and it has practically completed its Business Continuity Plan (BCP). Furthermore, it has also kept control of its ICT resources and has identified and realised efficiencies from the better use of technology (SAP insourcing Project). However, the ICT Strategy is yet to be finalised and the lack of a formal and agreed link between the Council's corporate objectives and the technology required to support them could result in technical investment decisions that are inappropriate, costly and fail to realise anticipated efficiencies.

The Assurance Wheel (Figure 9) below provides a diagrammatic representation of strengths and weaknesses.

Information Management (Figure 9)

- IG framework
- IM strategy
- Compliance with standards
- Roles and responsibilities
- Policies and procedures
- Policy communication
- Annual certification
- Business critical systems
- Business continuity planning
- Security history

Areas of strength:

- There is a Senior Information Risk Officer (SIRO). This individual is a Corporate Director and a member of the CLT. There are also two Caldicott Guardians.

- An Information Commissioners Office (ICO) audit was conducted in 2015 to assess key elements of the Council's information management arrangements. From this an Improvement Programme was developed to tackle the areas identified for attention and a task group set up to implementing it. This Programme is based on the NHS Statement of Compliance (SoC) Toolkit and progress will be fed back to the ICO.

- An Information Governance Improvement Board chaired by the SIRO has been set up to implement the improvements. Progress is fed back to Cabinet, CLT and Members (Audit & Scrutiny Committee).

- The Council retains ownership of its ICT resources and has its own ICT Service Team located at County Hall, Trowbridge.

- There are two data centres; a primary data centre (located at County Hall, Trowbridge) and a secondary data centre located at Monkton Park offices Chippenham. This arrangement provides the Council with resilience in the event of system failure.

- The Council also provide ICT support to Wiltshire Police with whom they share premises.

- Training has been targeted at staff in higher risk (sensitive) activities whilst a training programme is being developed for all relevant staff as part of the ICO improvement programme.

- The annual Public Sector Network (PSN) submission was successfully undertaken in 2015.

- The Business Continuity Plan (BCP) is nearing completion. This process will complete in April 2016. This has involved identifying all business critical systems.

- The Council has revised its Information governance framework following the ICO review and this has been approved and is now available online. The Information Management Strategy is currently being reviewed.

Key Areas for further review:
We have identified a number of areas for senior leaders to consider, some of which are in the process of already being addressed and to which we will add value by informing the extent to which these changes are embedded in the organisation:

- The Council's task group is working through the Improvement Programme. Notable

entries include the Information Management (IM) Strategy and the Information Asset Register (IAR) which are in progress. With regards to the latter, the Council does not have oversight of the information it has, where it is located, who owns it, to whom it is disclosed, processed or disposed of. For sensitive data, this may have significant Data Protection legislation implications.

- The ICT Strategy is at draft stage and is awaiting final approval by the CLT. Once it has been approved, it will be important to ensure that it is properly enforced so that all ICT related decisions properly align with the Council's Business Plan.

- Governance to tie ICT and the services is also weak. There are two managers that are responsible for ICT as well as considerable other duties. This is potentially confusing to officers located within services in terms of who to approach about what.

- When the BCP is complete and approved, the ICT Team will need to examine the adequacy of the Council's Disaster Recovery (DR) arrangements to ensure that these effectively support system recovery. This will need to be demonstrated with tests involving services as necessary.
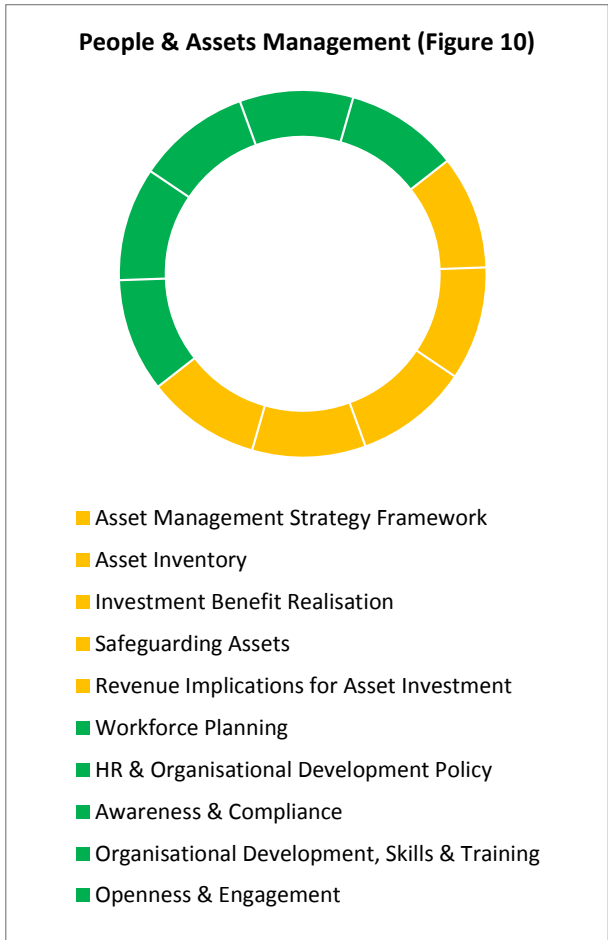
4.8 People & Assets Management	

Effective Asset Management forms a key aspect of assurance and governance. Organisations which can demonstrate and operate under a structured and active approach to asset management are enabled to focus investment against key priorities and deliver improved outcomes. Asset Management decisions must be financially and operationally sound and recognise the interdependencies between capital expenditure and future revenue implications.

Conclusion

Our overall conclusion is the Council has effective policies and procedures in place to manage its staff, its most important asset, and that these are enforced. However, there is not a single overarching asset management strategy in place and the lack of a single business plan for capital asset investment does imply that there is not a consistent means of capturing the value achieved through investment or monitoring benefits realisation.

The Assurance Wheel (Figure 10) below provides a diagrammatic representation of strengths and weaknesses.

People & Assets Management (Figure 10)

- Asset Management Strategy Framework
- Asset Inventory
- Investment Benefit Realisation
- Safeguarding Assets
- Revenue Implications for Asset Investment
- Workforce Planning
- HR & Organisational Development Policy
- Awareness & Compliance
- Organisational Development, Skills & Training
- Openness & Engagement

Areas of strength

We identified that the Council has good practices and demonstrated transparency in its dealings, including:

- Dashboard reporting on strategic property management is reported to CLT each week (including current portfolio breakdown, movement in capital receipts and disposals, and delivery of capital build projects).

- Capital asset investment is subject to scrutiny and authorisation by CLT & Cabinet Capital Asset Committee.

- The People Strategy and Strategic Resourcing Plan developed and support the Council's strategic aims (Business Plan).

- The HR & Organisational Development Policy framework is subject to regular review by a dedicated HR (team) resource. All policies are available on the HR Direct Website.

- There is a formal approval process of policies including: consultation with trade unions, approval of final drafts by the Joint Consultative Committee, approval of financial implications by CLT, and final approval and adoption sought through the Staffing Policy Committee.

- Training is available to management via the Manager Wire and Electric Wire. HR also offered training through manager briefings and attendance at manager forums. The HR Direct Website provides a resource on policy and guidance for all staff. Introduction of the 'Grow' System and redevelopment of 'e-learning' opportunities and Captivate videos to support staff.

- The case tracker maintained by the HR Advisory team relating to grievances as well as supporting reports to CLT and the Staff Policy Committee also seeks to provide transparency of non-compliance.

Key Areas for further review:
We have identified a number of areas for senior leaders to consider, some of which are in the process of already being addressed and to which we will add value by informing the extent to which these changes are embedded in the organisation.

- The People's Strategy (Action Plan) has not been updated to reflect financial forecasts and the £1m savings target. *See earlier recommendation for strengthening the link between the MTFS and the People Strategy.*

- Although there are a number of separate measures in place to safeguard the Council's assets (e.g. security contracts, servicing & maintenance, facilities management etc.)

there is not a single overarching Asset Management Strategy in place and more than one Board working on this area as identified in the Governance section of this report. Such a document could detail all the overall arrangements to safeguard the council's assets against operational obsolescence, misuse or misappropriation.

- The delivery model for the repair, improvement and maintenance of Council owned assets has not been reviewed to ensure alignment with Council's objectives.

- There is no recognised business plan format adopted corporately for capital asset investment. Consequently there is no basis for a consistent means of capturing the value achieved through investment or monitoring benefits realisation. Nor is it clear whether there is consideration of the lifetime, revenue cost and thus impact on future budgets for such investments.

- Given pressures placed on service resources due to austerity measures, there is a particularly difficult challenge for services to maintain requirements for CPD and staff development. Thus this may warrant more detailed service level review.

- At this stage of healthy organisation review, it is unclear whether there are measures are in place to ensure feedback received from staff through the corporate staff survey and also from leaver's exit interview actively inform forward planning.

- Workforce Planning Strategy is also in development and needs to reflect the significant savings to be found and the potential transformation requirements in the coming years.

5.0 Improvement Plan

AREA	Details	Proposed Action	Owner	IA	Date for Action
Corporate Governance	Lack of synergy between Governance Frameworks across the Authority	Review Governance Framework to: • Map governance groups & for sample whether these are supported by ToR, effective membership, defined performance criteria and how these groups inform strategic oversight. • Ensure alignment of the schemes of delegation to ensure synergy between finance and decision making. *Final stage of implementation of decision making project.*	MR/Robin CG/IG	✓	
Corporate Governance	People's Strategy is not up to date.	Review People's Strategy to ensure that it is fit for purpose.	CB/BP	✓	
Corporate Governance	Key service strategies (Budget, People, ICT, Asset, Procurement & performance) have not been independently assessed to determine whether they support the Council's corporate aims.	Determine whether key service strategies (Budget, People, ICT, Asset, Procurement & performance) effectively align with the new Business Plan	CD/RT	✓	

Corporate Governance	Key policies not always consistently applied across organisation	Examine sample of critical activities (and supporting policies and procedures) to see how consistently services comply with corporate direction.	CD/RT	✓	
Finance Management	Templates supporting links between key service strategies to resources available in both Council revenue & capital budgets are new and have not been assessed.	Assess through sampling whether key service strategies link to resources available in both Council revenue & capital budgets.	CD/RT	✓	
Finance Management	Adequacy of business decisions to support long term financial plan *including impact upon Council's reserves* has not been assessed.	Determine whether business decisions (by service & Member) support long term financial plan.	CG/MH		
Finance Management	Budget management arrangements are relatively new and their adequacy / adherence has not been tested.	Review how effectively Services adhere to budget management guidance.	CG/MH	IA	
Finance Management	The Council does not have an effective benefits realisation process to adequately monitor expected efficiencies arising from investment.	Review the Council's benefits realisation arrangements to monitor efficiencies.	CG/MH	IA	
Finance Management	Performance & Financial reporting to support officer & Member decision making has not been independently assessed.	Review Performance & Financial reporting to support decision making (determine whether this adequately links activity to Cost, VFM, & Council's reserves).	CG/MH	IA	

Finance Management	Financial Regulations are being updated and as such their usefulness, deployment and understanding by the organisation have not been assessed.	Review revised Financial Regulations and effectiveness of measures to support deployment.	CG/MH		
Finance Management	As a unitary body, the Council's corporate systems support multiple feeder systems that have not been reviewed to ensure data accuracy / information security. Weaknesses may undermine corporate financial systems.	Identify & review of feeder systems surrounding key financial applications.	CG/MH	IA	
Finance Management	Management reports / monitoring reports provided to Cabinet have not been independently reviewed to ensure adequacy & timeliness for decision making purposes.	Review adequacy of the Cabinet Monitoring Report to enable decision makers to identify issues with forecasts (overspends).	MR/RT		
Risk Management	Risk management system has not been reviewed in operation since the framework was assessed by internal audit.	Assess risk management framework in operation to support organisational change and treatment of risk.	MR/RT		
Risk Management	The link between services (Service delivery plans), Corporate Support (via performance & risk management) and Programme Office are not clear and have not been assessed.	Review the adequacy of links between services (Service delivery plans), Corporate Support (via performance & risk management) and Programme Office.	MR/RT		
Risk Management	Area Boards treatment of risk (and understanding of Council's risk appetite) has not been examined.	Assess how effectively Area Boards have adopted Council's	MR/LB		

		risk management arrangements.			
Performance Management	The Council does not have a single defined way of capturing and reviewing service level performance. This could hamper strategic oversight.	Examine how performance information is captured at individual service level & fed back to strategic decision makers. *Look for consistency in approach via service health checks & consider the benefits of a single repository*.	MR/RT		
Performance Management	It is not clear that performance information is used in a consistent way to inform future policy, strategy and key service delivery initiatives.	Examine arrangements in place to ensure that performance information does inform strategy & key service delivery initiatives.	MR/RT		
Performance Management	Usefulness of corporate performance measurements to provide a meaningful indication of success against the Council's Business Plan have not been independently reviewed.	Corporate performance measurements in providing a true indication of success against the Council's Business Plan.	MR/RT		
Performance Management	Usefulness of information provided to CAB's has not been considered and assessed to see how well it has been embedded to support their function.	Consider how well the data being provided to CAB's has been embedded at a local level and how it is used to support delivery of services locally.	MR/RT		
Performance Management	The link between services (Service delivery plans), Corporate Support (via performance & risk management) and	Review the adequacy of links between services (Service delivery plans), Corporate	MR/RT		

	Programme Office are not clear and have not been assessed.	Support (via performance & risk management) and Programme Office.			
Commissioning & Procurement	To assess compliance and consistency of procurement across the Council via: • New Category management, planning arrangements and benefits realisation. • Assess the robustness of the council's approach to contract management. • Arrangements in place to seek value for money & social value for commissioning and procurement. • Supplier management.		MR/RT		
Commissioning & Procurement	Determine transparency & compliance with regulation for commissioning arrangements undertaken on behalf of Wiltshire Council by its partners.		MR/RT		
Commissioning & Procurement	Review sub schemes of delegation at service level to ensure that procurement decisions & authorisation below current quotation thresholds are transparent & subject to scrutiny.		MR/RT/IG		
Commissioning & Procurement	Review interim specialist brokerage practices remaining under Service area management to ensure compliance with regulation and		MR/RT		

	achievement of efficiencies.				
Programme & Project Management	Review of the consistency of methodology across the authority.	To ensure there is Corporate oversite of all programmes and to develop a plan to review for consistency of methodology.	MR/RT	IA	
Information Management	Compliance with IG requirements as detailed in the ICO audit report	IG programme and action plan established and implemented to include: • IG Board and working group set up for monitoring and decision making • Key responsible roles allocated • Revised structure • New policies and procedures • Engagement, training and development across the organisation.	CB/RT		
Information Management	Data security arrangements require ongoing annual assurance to ensure Council's continued level of preparedness.	Annual review of data security breach arrangements in response to ever changing threat posed by cyber criminals.	CB/RT	IA	
Information Management	Council's BCP current arrangements are being reviewed and as such have not been properly reflected (& tested) in the Council's Disaster Recovery Plan.	Review adequacy of Council's Business Continuity Plan (BCP) and ensure that the technical solution to support this (Disaster Recovery	MR/FC		

		(DR) Plan) is adequate.			
Information Management	The Council does not have a formally approved ICT strategy and as such it is in danger of making technical decisions that do not properly support its corporate aims or whose implementation could undermine the Council's technical infrastructure.	Undertake ICT Healthcheck (ICT Strategy, Governance & supporting Project Portfolio). Look for link to Business Plan, service adherence to ICT strategy (efficiencies) and adequacy of resources (Department structure to support ICT Strategy).	CB/BP		
Information Management	The Councils Secondary Data Centre (SDC) has not been subject to an independent review since it its significance took on a greater importance to provide greater resilience to the Primary Data Centre (PDC). How these data centres interact has also not been reviewed.	Review technical environment adequacy of PDC (County Hall) & SDC (Monkton Park). Identify key business applications supported at the PDC & SDC and adequacy of back-up arrangements.	CB/BP		
People & Asset Management	People's and other assets supporting strategies need updating to better support the Council's new delivery model and to accurately reflect what assets the Council has at its disposal.	As part of service level (health check) review ensure: • Existing / revised people & asset strategies effectively support the new Delivery Model. • Capital asset inventories are accurate and complete.	CB/BP		

		• Compliance with HR and organisation development policies including, for example, the Workforce Strategy.			
People & Asset Management	The delivery model to ensure effective alignment between asset investment and council objectives is new and is in the process of bedding in.	Undertake a review of the delivery model for the repair, improvement and maintenance of Council owned assets to ensure alignment with Council's objectives.	CB/BP		

SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Wiltshire Council

Internal Audit Plan 2016/17

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Content

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Our audit activity is split between:

- **Corporate Risk Areas**
- **Operational Reviews (following Healthy Organisation Assessment)**
- **Key Control Audits**
- **Governance, Fraud & Advisory Work**
- **ICT Audits**

Role of Internal Audit and Audit Work

The Internal Audit service for Wiltshire Council is provided by South West Audit Partnership (SWAP) Ltd. 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. In order to achieve this, the audit activity is split across the review categories listed to the left.

Background

It is recommended by the Public Sector Internal Audit Standards that organisations nominate a 'Board' to oversee (monitor and scrutinise) the work of Internal Audit. As such, in addition to senior management oversight, this Council has determined that, the Audit Committee will undertake this function. The plan is presented on pages 6-10 of this report and represents the internal audit activity for the 2016/17 financial year.

It should be noted that plan days are only indicative for planning our resources. At the start of each audit an initial meeting is held to agree the terms of reference for the audit which includes the objective and scope for the review. Any changes to individual plan items, in terms of days, are managed within the annual payment made by the Council. The plan is pulled together with a view to providing assurance to both officers and Members that current and imminent risks faced by the Authority are adequately controlled and managed. As with previous years the plan will have to remain flexible as new and emerging risks are identified. Any changes to the agreed plan will only be made through a formal process involving the Associate Director Finance (Section 151 Officer).

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS.

The Annual Plan

History of Annual Audit Planning

In recent years the annual plan has been arrived at by a risk assessment of the audit universe, discussions with management about their service risks and key financial control audits to support the opinion of the External Auditor.

Whilst this approach has worked in the past, the environment for both local authorities and an internal audit service that adds value has changed. Austerity measures have led to an unprecedented transformational change agenda that has picked up pace and as a result services are changing rapidly. This in turn means that organisational risks, as well as being identified, have to be managed within an increasing risk appetite so that decisions on effective service delivery are based on informed risk management.

Approach to Annual Audit Planning 2016/17

Due to the rapid pace of change, the approach to planning requires fundamental change. Discussions with the Associate Director Finance and Corporate Directors have led us to agree that audit planning should take into consideration the three lines of defence model. This concept is introduced in more detail below, but 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 resource can then be directed at the areas of highest risk; not only known risks but risks that were previously unknown and subsequently identified.

Ultimately the work undertaken by the Internal Audit Service is to enable it to provide an independent opinion on the governance, risk and control framework of the Council.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS.

The Annual Plan

Three Lines of Defence

This model operates within most organisations and shows the 3 lines of defence that should be operating:

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

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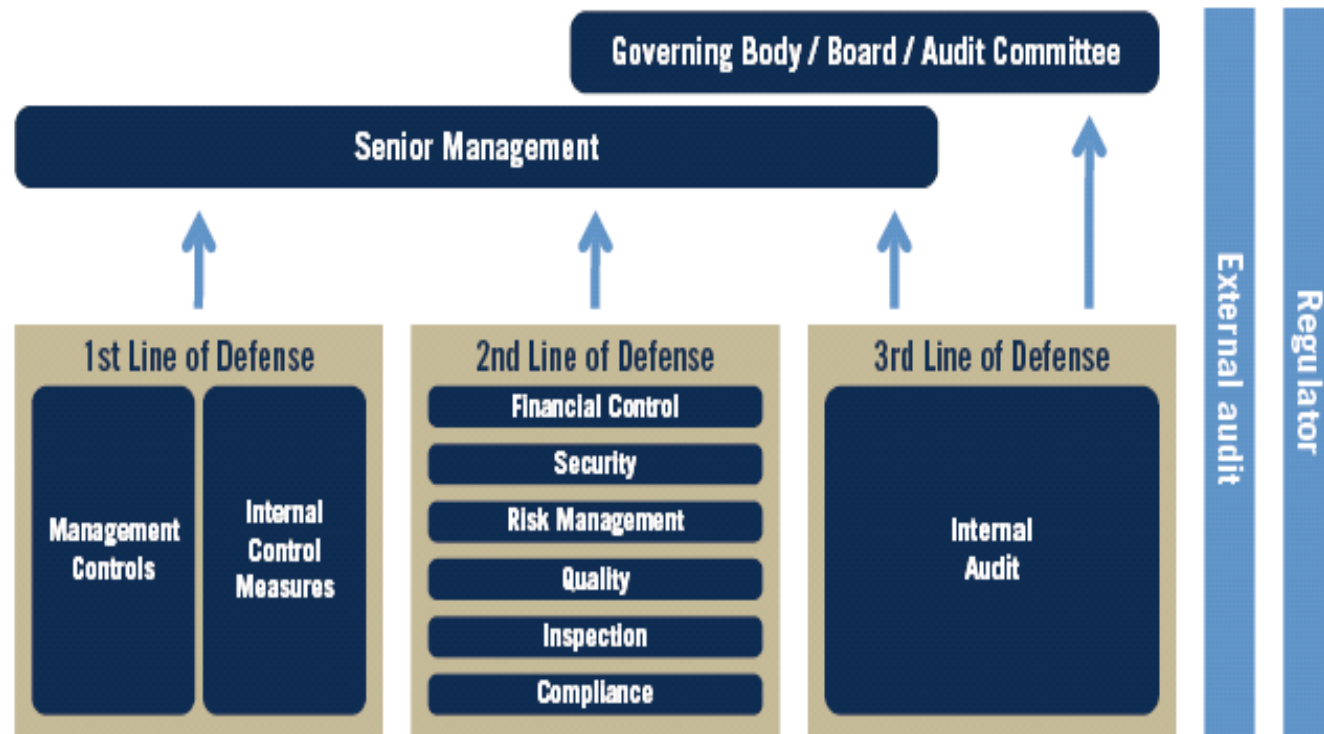
Healthy Organisation

The overall assurance for the eight key themes reviews indicated a 'Medium' Assurance opinion.

The Committee can take assurance from the review that the organisation has received a 'Medium' level of assurance.

Areas where we have identified actions and/or areas for further review have been fed into our 2016/17 audit plan below.
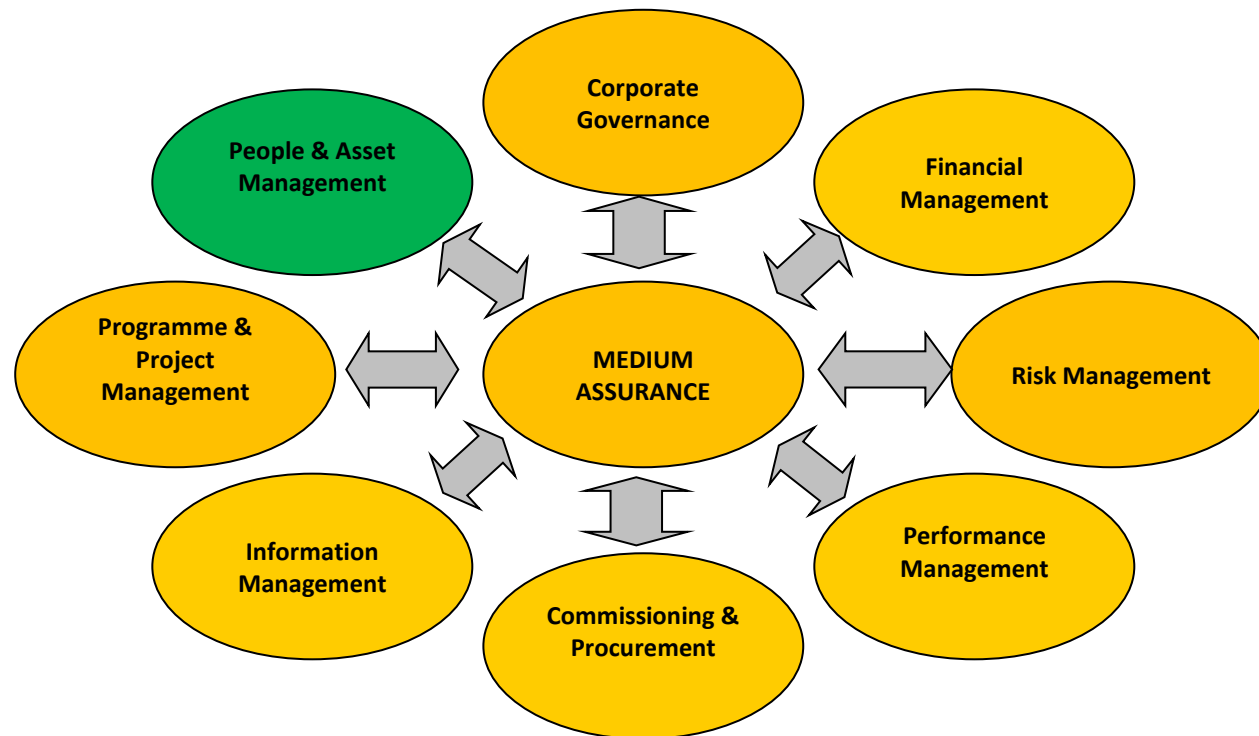
Healthy Organisation – Outcomes from 2015/16 work

We have recently concluded our Healthy Organisation work for 2015/16. This sought to provide a picture of the relative 'health' of the organisation by reviewing the following eight key themes: Corporate Governance; Financial Management; Risk Management; Performance Management; Commissioning and Procurement; Information Management; Programme & Project Management; and People and Asset Management. Each of these themes was reviewed and a Red, Amber and Green (RAG) rating has been applied.

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.

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Other Key Areas in Compiling the Plan

Other Key Factors

Other key factors within the 2016/17 annual planning process that should not be overlooked include:

Healthy Organisation (outcomes from 2015/16 work outlined on page above)

Following our 2015/16 work across the eight key themes of assurance contained in the "Healthy Organisation Model", we have built up an objective assessment of the relative 'health' of the organisation. Areas where we have identified actions and/ or areas for further review have fed into our 2016/17 audit planning process. We aim to carry out a number of audit reviews within 2016/17 to support the continuous improvement of the council's activities. This will enable further areas to move towards a 'High' (Green) level of assurance.

Risk Assessment of Audit Universe

A complete risk assessment of the audit universe has been undertaken using the Local Government Classification scheme. This will in part help address concerns about unidentified risk areas.

Key Financial Control Work

Whilst the External Auditors, KPMG, do not direct the work undertaken by Internal Audit, they do still place reliance on the work that has been undertaken. There is an agreed working protocol in place that covers key financial control work but it is for Internal Audit to undertaken an assessment of what work is to be carried out. This is done by reviewing previous findings from audit work and also considering any changes to the control environment e.g. changes to systems or key personnel.

Follow up work

Internal Audit are required to follow up "partial" opinion audits and also to ensure that agreed management actions are implemented. Regular reports are brought to the Audit Committee to update members on progress.

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.

Other Key Areas in Compiling the Plan	Other Key Factors
	Grant Work
	More demand is now being placed on Internal Audit to undertake audits and certification of a greater number of grants claims. Whilst we have planned for this, Internal Audit also need to be responsive, and have been during 2015/16, to ensure that no grant deadlines are missed which could ultimately result in loss of funding for the Council.
	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.

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.

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Area of Audit	Areas of Coverage/Outcomes	Total Costs
Key Financial Controls	Review of Financial Key Controls to provide assurance for the statement of accounts: • Accounts Payable (AP) • Accounts Receivable (AR) • Council Tax (CTAX) • Housing Rents • Housing and CTAX Benefits • General Ledger & Financial Accounting • Non Domestic Rates (NDR) • Payroll • Pensions • Treasury Management	£60,000:00
ICT	Review and coverage of high risk ICT areas throughout the year, to include: • ICO Report *(follow up of progress on key areas)* • ICT Healthcheck *(ICT Strategy, Project Portfolio & Governance)* • Threat Management Arrangements *(Virus detection, network monitoring etc)* • Incident & Problem Management *(Help desk arrangements)* • Physical and Environmental Controls (primary & secondary data centres) • ICT Benefits Realisation Management • Business Application Review *(general ICT controls)* • User Access Controls *(Active Directory)* • Security Back-ups & Disaster Recovery (DR) Plan *(link to BCP)*	£47,700:00

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.

Area of audit	Scope of work	Total Costs
Assurance Mapping	Updating the Assurance Map of the Authority in line with Service Areas and Risk Registers to identify Assurance Gaps and Risk Exposures	£5,300:00
Reviews following 2015/16 Healthy Organisation Assessment	Reviews resulting from outcomes of 2015/16 Healthy Organisation work: • Procurement (New Strategic Hub & non strategic arrangements) • Governance Framework Review *(& support of AGS)* • Business Decision Making *(compliance with corporate objectives, policies & procedures)* • Performance & Risk Management Review • Area Boards *(adherence to corporate policies, risk & also support)* • Staff skills & development *(e.g. GROW)* • Project Management Arrangements (*outside Programme Office*) • Financial Regulations *(compliance across Services)* • Budget Monitoring & Management Arrangements • Service Delivery Plans *(linkage across: Risk & Performance Management; Medium Term Financial Strategy; Budgets)* • Information Commissioner Office (ICO) – *ICO Action Plan Progress* • Corporate Feeder Systems – *including PharmOutcomes* • Asset Management (Investment Strategy, safeguarding assets)	£92,750:00

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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.

Area of audit	Scope of work	Total Costs
Corporate Risk Areas	Area identified as high risk reviews determined following risk assessment of audit universe, local government publicatons of emerging threats or requested audit reviews: • Pensions Administration • Benefits Processing *(e.g. application of discounts)* • Income Collection *(Direct Payments)* • Creditor Payments and Compliance with CPR/ Schedule of Rates • Income Management & Public Protection *(e.g. Licensing; Building Control; Planning & Section 106)* • NNDR *(Planning, administration, discounts)* • Housing Repairs • Right to Buy *(e.g. Eligibility, Affordability Checks etc.)* • Vehicle Workshops *(e.g. Stocks & Stores)* • Land Charges • Commissioning Arrangements • Contract Management Arrangements • LEP Governance Arrangements • Early Years Funding • Adult Care *(Deferred Payments - Care Cost Recovery)* • Adult Care *('Help To Live At Home' Governance Arrangements)* • Adults Safeguarding *(Placements)* • Better Care Fund	£172,250:00

Area of audit	Total Costs	Total Costs
Corporate Risk Areas *(continued)*	• Corporate School Liaison & Support Arrangements Review • 7 Leisure Centre Establishment Reviews *(e.g. Cash Collection Procedures)* • Car Parking *(Payment Processing)* • HR – Key Processes involving employees & agency staff *(Recruitment - Security Clearance & Vetting etc; and exit meetings)* • Authority-wide Grant Certifications (as required) • BDUK *(Milestone to Cash Payments)*	
Schools	10 Individual School Health Check Visits and Themed School Reviews (SFVS Compliance; Procurement)	£39,750:00
Advice	Audit Advice, External Audit Liaison, Contingency and Audit Committee reporting	£42,400:00
Follow Up Reviews	Follow up Partial Assurance Reports (LEP, Safeguarding & 5 schools)	£15,900:00
		£476,050:00

Performance:

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

Other Key Factors

SWAP now provides the Internal Audit service for 14 Councils and also many subsidiary bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The performance standards for 2016/17 which are to be reported each quarter are as follows;

Performance Target	Performance
Audit Plan – Percentage Progress Audit plan completion to draft report stage at year end	95%
Draft Reports Issued within 5 working days Issued within 10 working days	95% 100%
Final Reports Issued within 10 working days of discussion of draft report.	95%
Quality of Audit Work Customer Satisfaction Questionnaire	85%

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.

Audit Area	Audit Type and Area	Q1	Q2	Q3	Q4	Further Details	Reason in Plan	Healthy Organisation	Risk (Financial)	Risk Strategic Priorities & Opportunities	Risk Health & safety	Risk (Reputational)	Risk (Criticality of Service)
Key Control Audits													
Finance	Accounts Payable			Y	Y	Annual compliance checks of corporate financial systems.	Financial key control review.		✓	✓		✓	✓
Finance	Accounts Receivable			Y	Y	Annual compliance checks of corporate financial systems.	Financial key control review.		✓	✓		✓	✓
Finance	Council Tax			Y	Y	Annual compliance checks of corporate financial systems.	Financial key control review.		✓	✓		✓	✓
Finance	Housing Rents			Y	Y	Annual compliance checks of corporate financial systems.	Financial key control review.		✓	✓		✓	✓
Finance	Housing & CTAX Benefits			Y	Y	Annual compliance checks of corporate financial systems.	Financial key control review.		✓	✓		✓	✓
Finance	General Ledger & Financial Accounting				Y	Annual compliance checks of corporate financial systems.	Financial key control review.		✓	✓		✓	✓
Finance	NNDR			Y	Y	Annual compliance checks of corporate financial systems.	Financial key control review.		✓	✓		✓	✓
Finance	Payrroll			Y	Y	Annual compliance checks of corporate financial systems.	Financial key control review.		✓	✓		✓	✓
Finance	Pensions			Y	Y	Annual compliance checks of corporate financial systems.	Financial key control review.		✓	✓		✓	✓
Finance	Treasury Management				Y	Annual compliance checks of corporate financial systems.	Financial key control review.		✓	✓		✓	✓
IT Audits (up to 10% plan)													
Information Management	Information Commissioner Office Report		Y	Y		ICO Key elements to follow up (e.g. Information sharing agreements and compliance. Information governance issue - IAR - share NHS etc)	ICO	✓	✓	✓		✓	✓
ICT	ICT Healthcheck	Y	Y			ICT Strategy & Governance	Audit Universe			✓		✓	✓
ICT	Threat Management		Y	Y		Ongoing threat management arrangements (cyber security)	High profile/public interest		✓	✓		✓	✓
ICT	Incident & Problem Management	Y	Y			Adequacy of arrangements to support Council & Police	Audit Universe		✓	✓		✓	
ICT	Physical and Environmental Controls / Data Centre (SDC & PDC)	Y				Physical and environmental controls to protect the Data and Communication Centre from natural disasters, environmental failures, and malicious or unintentional damage.	Healthy Organisation			✓	✓	✓	✓
ICT	User Access Controls		Y	Y		Business & technical user access (including Active Directory)	Audit Universe						
ICT	Benefits Management arrangements	Y	Y			Provide assurance on efficiencies being identified and measured during technology/system life. HO raised as issue - improvement Plan cross reference number.	Healthy Organisation	✓	✓	✓			
ICT	Business Applications			Y	Y	Acquisition, implementation & management of key system to ensure ICT strategy adhered to and good system management practices in place in service areas.	Audit universe			✓			
ICT	Business Continuity Plan (BCP) & Disaster Recovery (DR) Plan.		Y	Y		BCP nearly complete - ability of DR to support Council recovery time objectives.	Assurance Group & Healthy Organisation		✓	✓		✓	
Governance Audits													
Procurement	Strategic Procurement Hub (Category management)		Y	Y		Compliance audit - review adequacy & adoption of new Strategic Procurement Hub arrangements	Healthy Organisation	✓	✓	✓	✓	✓	✓
All	Service area specialist commissioning				Y	Compliance audit - review adequacy of arrangements in light of revised procedures/new legislation.	Compliance with new EU procurement directives, 2015 legislation and WC regulations(eg.sub schemes of delegation), and brokerage arrangements.		✓	✓	✓	✓	✓
Procurement	Commissioning & Contract Management		Y	Y		Financial viability of major contractors (supplier failure).	Audit universe - high profile & Public Interest		✓	✓	✓	✓	✓
All	Governance framework Review	Y	Y			Map governance groups, undertake sample review to ensure consistency with corporate policies: e.g. alignment to Business Plan, schemes of delegation etc.	Healthy Organisation	✓	✓	✓	✓	✓	✓

Audit Area	Audit Type and Area	Q1	Q2	Q3	Q4	Further Details	Reason in Plan	Healthy Organisation	Risk (Financial)	Risk Strategic Priorities & Opportunities	Risk Health & safety	Risk (Reputational)	Risk (Criticality of Service)
All	Application of key policies & decision making		Y	Y		Select sample of critical policies (e.g. write off, people strategy) and check how well applied across organisation	Healthy Organisation	✓	✓	✓	✓	✓	✓
All	Performance & Risk Management		Y	Y		Assess adequacy of links between service delivery plans, corporate support (via risk & performance management) & programme office to support decision making.	Healthy Organisation	✓	✓	✓	✓	✓	✓
Democracy	Area Boards		Y	Y		Assess how effectively Area Boards have adopted Council's risk / governance management arrangements	Healthy Organisation	✓		✓			✓
HR	Human Resources Security	Y	Y			Security clearance and vetting for employees, agency staff, security training, security policy acceptance.	Home Office Priority (and issues detected in latest Key Control Work	✓		✓	✓	✓	✓
FM/Housing	Asset Management		Y	Y		Safeguarding of Assets & investment Strategy including new homes.	Healthy Organisation / New Homes Bonus	✓	✓	✓		✓	
HR	GROW (Ensuring staff skills are developed to meet WuC needs).	Y	Y			GROW system - staff performance	Healthy Organisation	✓		✓			✓
All	Project Management arrangements	Y	Y			Non strategic project management arrangements	Healthy Organisation	✓	✓			✓	✓
All	Fraud Contingency	Y	Y	Y	Y		For investigations as they arise during the year.	✓	✓	✓	✓	✓	✓
Economic Development	BDUK	Y		Y		MTTC & success of project	High profile/public interest project		✓	✓		✓	
Economic Development	LEP Governance Arrangements			Y	Y	Review of governance and project management arrangements	High profile/public interest project		✓	✓		✓	
	Operational Audits												
Finance/Service Areas	Business Decision Making		Y	Y		Review new templates introduced by Council to better support links between key service strategies & budget. Examine sample of service areas to provide compliance assurance.	Healthy Organisation	✓	✓	✓		✓	✓
Finance	Pensions Administration	Y				Compliance / Best Practice Audit of Wiltshire Pension Fund (WPF) administration.	Requested by David Anthony (legislation LGPS 2014 & single tier changes coming into effect)		✓	✓		✓	✓
Finance	Financial Regulations			Y	YY	Compliance Audit - Review revised WuC financial regulations and their adoption by service areas (Service healthcheck - Use of audit interrogation tool IDEA)	Healthy Organisation	✓	✓	✓		✓	✓
Finance/IT	Corporate Feeder Systems			Y	YY	Identify all interfaces & assess efficiency (any duplication) & security (ability to tamper with files etc).	Audit Universe	✓	✓			✓	✓
Finance	Benefits Processing			Y	YY	Sufficiency & accuracy of assessment process	External Audit		✓			✓	✓
Finance	CTAX Benefits				YY	Single person discounts & student discounts (IDEA)* Corporate Fraud Team	Audit Universe		✓			✓	✓
Finance	NNDR (Business rates)				YY	Planning, administration (discounts/debt collection) of business rates.	Localism Act 2011, Enterprise Bill 2015 & planned legislation to empower LA control of local finances (phase out Revenue Support Grant).		✓	✓		✓	✓
Finance	Budget Management			Y	Y	Compliance audit - assess adoption of revised procedures and how support financial decision making in particular by officers and	Healthy Organisation	✓	✓	✓	✓	✓	✓
Public Health	Income Management & Public Protection (food safety, caravan sites, taxis e.g.)	Y	Y			Licensing	Audit Universe		✓			✓	
Transport	Vehicle Workshops	Y				Invoicing arrangements & stocks & stores	Audit Universe		✓		✓	✓	✓
Housing	Housing Repairs	Y	Y			Efficiency and effectiveness of Housing Repair Service	Audit Universe		✓		✓	✓	✓
Housing	Right to buy	Y	Y			Counter Fraud arrangements, accounting for and use of right-to-buy receipts	Protecting the Public Purse & legislation.		✓			✓	
Housing	Housing Revenue Account (HRA)				Y	Management of HRA - budget monitoring / debt management.	Audit Universe - High Profile /Public Interest		✓			✓	✓

Audit Area	Audit Type and Area	Q1	Q2	Q3	Q4	Further Details	Reason in Plan	Healthy Organisation	Risk (Financial)	Risk Strategic Priorities & Opportunities	Risk Health & safety	Risk (Reputational)	Risk (Criticality of Service)
Planning	Income Management - building control & planning	Y				Adequacy of income collection arrangements	Audit Universe - High Profile /Public Interest		✓			✓	
Planning	Land charges	Y				General review of service provision	Audit Universe - High Profile /Public Interest		✓			✓	✓
Children's Services	Early Years Funding	Y	Y			Review of Financial Management Arrangements	Risk highlighted in Key Control Review 2015/16		✓	✓	✓	✓	✓
Adult Services	Adults - Safeguarding	Y				Healthy Organisation style review	Healthy Organisation / Assurance Mapping	✓	✓	✓	✓	✓	✓
Adult Services	Direct Payments -			Y	Y	Review of annual assessment procedures	CARE ACT 2014		✓	✓		✓	
Adult Services	Better Care Fund				Y	Review of: annual returns & sign off; S75 pooled budget arrangements, data collection & monitoring.	Audit Universe - High Profile /Public Interest		✓	✓		✓	✓
Adult Services	Adult care - deferred payments	Y				Recovery of care costs from estate.- requirements of Care Act 2014	CARE ACT 2014		✓			✓	
Leisure & Culture	Leisure centre income management	Y				Establishment visits (all 7) - cash collection & admin procedures.	Audit Universe		✓		✓	✓	
Leisure & Culture	Corsham Leisure Centre	Y				Establishment Visit	Audit Universe - New Campus		✓		✓	✓	
Public Health	Pharmoutcomes & SAP		Y			Feeder (externally hosted)	Healthy Organisation	✓	✓	✓		✓	✓
Schools and Early Years													
Schools	School Theme - SFVS Compliance Review	Y	Y		Y	Check compliance (returns) - Q1 and follow up those that are non compliant through the year 10 visits @ 6 days (non compliance)	Audit Universe		✓			✓	
Schools	Overall report on compliance		Y				Issues revealed during IA visits		✓			✓	
Schools	Right Choice	Y	Y				Audit Universe - High Profile /Public Interest					✓	✓
Schools	School Theme - Procurement		Y				Issues revealed during IA visits		✓			✓	
Schools	School Contingency	Y	Y	Y	Y	Contingency for requested visits during the year			✓			✓	
Schools	School liaison & Support Arrangements Review	Y	Y			How/when identify failing schools & support arranements etc.	Julia Cramp & Steve Parker: Academy Plans announced by Central Govt.		✓	✓		✓	✓
Follow Up Audits													
	LEP			Y			Audit Requirement		✓	✓		✓	
	Safeguarding				Y		Audit Requirement			✓	✓	✓	✓
	Schools		Y	Y		5 schools having partial opinion - Abbeyfield, St Nicholas, Grove, Hilperton, Alderbury & West Grimstead	Audit Requirement		✓			✓	
	Follow Up Reviews - Contingency		Y	Y	Y	Contingency to follow up audits on Partial Assurance finalised after plan approved, as agreed by Audit Committee.	Audit Requirement						
Non-Opinion													
	Contingency	Y	Y	Y	Y								
Grants and Support Activities													
All	Review of Grants as they arise through the year	Y	Y	Y	Y	Contingency for grant claims	Contingency for grant claims		✓	✓	✓	✓	
Economic Development	Growth Hub	Y				WuC is the accountable body, claim needs to be signed by qualified accountant, deadline 26/05.	Grant Certification		✓	✓		✓	
Economic Development	CRC Scheme Certification	Y					Grant Certification		✓			✓	✓
Children's Services	Troubled Families PBR Certification				Y		Grant Certification		✓			✓	✓

Audit Area	Audit Type and Area	Q1	Q2	Q3	Q4	Further Details	Reason in Plan	Healthy Organisation	Risk (Financial)	Risk Strategic Priorities & Opportunities	Risk Health & safety	Risk (Reputational)	Risk (Criticality of Service)
Transport	Local Authority Bus Subsidy		Y			Confirm with M Tiller	Grant Certification		✓			✓	✓
Transport	Local Transport Settlement		Y			Confirm with M Tiller	Grant Certification		✓			✓	
Transport	Chippenham Station Hub Grant		Y				Grant Certification		✓			✓	
Housing	HCA			Y			Grant Certification		✓			✓	✓
Public Health	Public Health Grant		Y			Confirm with M Tiller	Grant Certification		✓			✓	
	Corporate Advice	Y	Y	Y	Y				✓			✓	✓
	Audit Committee /Member Liaison	Y	Y	Y	Y	Includes Audit Committee attendance and preparation of papers			✓	✓	✓	✓	✓
	Liaison with External Auditors	Y	Y	Y	Y	Liaison meetings with KPMG	Liaison meetings with KPMG		✓	✓	✓	✓	
	Special Investigations contingency	Y	Y	Y	Y				✓	✓	✓	✓	✓
	Corporate Fraud Team liaison	Y	Y	Y	Y				✓	✓	✓	✓	
	Assurance Map update	Y	Y	Y	Y			✓	✓	✓	✓	✓	✓
	Assurance Group attendance	Y	Y	Y	Y				✓	✓	✓	✓	
	Client Liaison/ Planning	Y	Y	Y	Y	Support of services / planning/added value work			✓	✓	✓	✓	✓
	CLT	Y	Y	Y	Y	Attendance & support			✓	✓	✓	✓	✓
	Advice and School Support	Y	Y	Y	Y				✓	✓	✓	✓	✓
	Attendance at ext. groups	Y	Y	Y	Y	People (children, adults & procurement, fraud, WOECIA)			✓	✓	✓	✓	✓

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 was approved by the Audit Committee on 10th March 2015 and is reviewed each year to confirm it remains accurate and up to date.

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 Wiltshire 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 Associate Director, Finance as S151 Officer in consultation with the Chief Executive of SWAP.

Role of Internal Audit
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 Chief Executive/Leader and the Audit Committee.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Council. 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

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[1] In this instance Management refers to the [Insert appropriate Senior Management Team name].

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

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 Wiltshire Council will not be asked to 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 of SWAP and the SWAP Director also report to the Associate Director, Finance and Section 151 Officer, and reports 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 the Council's anti-fraud and corruption policy;

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

➢ the internal auditors 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 Corporate 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 will also be copied to the Associate Director, Finance as 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 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.

Revised April 2016