

# Wiltshire Council

## Report of Internal Audit Activity

Plan Progress 2021/22 – September 2021



## Executive Summary

The Assistant Director is required to provide an annual opinion to support the Annual Governance Statement.

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

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

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### Audit Opinion and Summary of Significant Risks

**COVID-19 SWAP Staff Redeployment Update:**

Since our last update in April, the remaining SWAP redeployment within the business grants team has now concluded. One member of the SWAP Team is however still undertaking some post payment checks. This work is due to be completed shortly.

**Introduction:**

This is our second quarterly update for the 2021/22 financial year. Members will recall we are no longer planning on an annual basis. Instead, we have implemented a quarterly planning process producing a 'rolling wave plan' place-marking key areas of audit coverage.

**Audit Opinion:**

This is our second quarterly update for 2021/22. Reviews completed to date highlight that, in the majority of areas, risks are reasonably well managed with the systems of internal control working effectively.



# Internal Audit Plan Progress 2021/2022

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

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



## SWAP Internal Audit Plan Coverage and a move to Assurance Mapping

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

Additionally, we are currently working with the Council to develop a more holistic Assurance Map, which will identify and capture other streams of assurance over key risks across the Council. From this and our own coverage assessment we will be able to visually highlight key assurance gaps, but also build a better picture of assurance outcomes to help direct focus and oversight.

Corporate Risk	Audit Coverage	Assurance Assessment
CRR.01 – Safeguarding Children	In Progress	Limited
CRR.02 – Safeguarding Adults	In Progress	
CRR.03 – Salisbury’s Economy		Advisory
CRR.04 – Interest Rates Changes	In Progress	
CRR.05 – Cyber Resilience	In Progress	
CRR.06 – Staff Capacity	In Progress	
CRR.07 – Budget Management	In Progress	Reasonable
CRR.08 – Contract Management	In Progress	
CRR.09 – Income Collection	In Progress	Reasonable
CRR.10 – Corporate Health, Safety & Wellbeing	In Progress	
CRR.11 – Information Governance	In Progress	

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

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

\*Assurance assessment based on completed audit work.



# Internal Audit Plan Progress 2021/2022

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

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

## SWAP Performance

SWAP performance is subject to regular review by both the Directors and Owners meetings. The respective outturn performance results for Wiltshire Council for the 2021/22 year (as of 26<sup>th</sup> August 2021) are as follows:

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



# Internal Audit Plan Progress 2021/2022

## Significant Corporate Risks:

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



### Summary of Work Completed – Significant Corporate Risks

We provide a definition of the three Risk Levels applied within audit reports within **Appendix A**.

#### **Third Party Spend – Purchase to Pay**

To provide assurance that the Councils tendering process is effective at procuring goods and services.

The areas covered in this audit included a sample of contracts and business cases / sourcing plans across the values used by the Council. The contracts were placed within the previous 12 months, and where possible this year. Discussions were also held with Category Managers and staff working within the Strategic Procurement Hub. The current Procurement Strategy and Procurement Manual were also used in the review of the contracts.

We excluded the following from our review due to information not being returned during the audit:

- Strategic Category Management Plans
- List of requisitioners and authorisers
- Benefits / savings reports
- Routine contract spend reports.

The following two risks were review as part of this audit and assessment made of the residual risk.

Risks Reviewed	Assessment
1. The Council's procurement policy and procedure suite are not up to date with legislation, contract requirements and best practices and do not promote achieving value for money.	<b>High</b>
2. Contract procurement is not completed or reviewed effectively in accordance with the Council's policy, procedures and processes for contract management, economic benefit and appropriate governance, leading to challenge, reputational damage and financial losses.	<b>Medium</b>



# Internal Audit Plan Progress 2021/2022

## Completed Assignments:

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

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



## Summary of Work Completed – Limited and No Assurance Opinions

### Third Party Spend – Purchase to Pay – Limited Assurance

#### Assurance Opinion



Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

#### Key Findings



Business cases and sourcing plans varied in detail and quality; reviews are not going to be effective if the data is not of sufficient quality to enable sound decisions.



The Procurement Strategy has not been reviewed since 2019, this should be undertaken annually, the review should include confirmation that it complies with current Government legislation.



Collaborative arrangements have the potential to offer good value as a larger customer. Services have entered into shared contractual arrangements which the Strategic Procurement Hub were not familiar with and could not confirm they were aligned to the Council's business plan.



Large contracts examined mentioned savings, but we could not evidence how they were being monitored and reported.



Social Value is not currently supported by a Social Value Policy or reference to Social Value in the procurement rules.

Eight actions have been agreed with the Head of Strategic Procurement and management. All actions are due to be implemented by 29th October 2021.



# Internal Audit Plan Progress 2021/2022

## Completed Assignments:


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





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



## Summary of Work Completed – Limited and No Assurance Opinions

### Council Oversight of Maintained Schools – Limited Interim Assurance

Interim Assurance Opinion	Prospects for Improvement
	<p>There is an awareness by Council employees that there is not a sufficient governance framework in place for the oversight of Health and Safety and Building Compliance within maintained schools.</p> <p>The implementation of an adequate governance framework accounting for Health and Safety and Building compliance will provide an effective building block in ensuring adequate oversight of maintained schools.</p>

Key Findings	
	<p>There is not an adequate governance framework in place for the oversight of Health and Safety and Building Compliance in maintained schools. The responsibilities of both the Council and schools should be clearly documented for each party, and consideration should be given to the distinction between employer and landlord.</p>
	<p>The Council will ultimately be held accountable for Health and Safety and Building Compliance incidents in schools. Other Local Authorities have been subject to substantial fines in recent cases, and the Council is at higher risk of this without a considered governance framework in place.</p>
	<p>Building Compliance training is not being sufficiently accounted for by Health and Safety in the training provided to schools, or within the self-assessment audits undertaken.</p>
	<p>Concerns raised by employees do not appear to have been adequately considered or actioned by the Council. The Directorate Discussion Papers written by the Asset Manager Asset Condition &amp; Business Management in 2019 outline a variety of issues facing the Council should they neglect to implement a sufficient governance framework, including the risk of prosecution under Health and Safety legislation.</p>



There is an outstanding action from 2019 regarding the implementation of a governance framework. This framework would be a significant aspect of the control framework looked at during this audit. Therefore, we have provided an interim assessment at this stage and propose to revisit the audit once the action is complete. Safeguarding was due to be reviewed as part of this audit, however, the focus of this interim assessment is Health and Safety and Building Compliance.

We have assessed the interim assurance as Limited, with a Medium risk assessment. However, this interim assessment will need to be set in the context of the overriding risk appetite of the service. This assessment does not replicate a full audit and we propose to revisit this area once an adequate governance framework is in place.





## Internal Audit Plan Progress 2021/2022

### Added Value

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



### Added Value

#### **Benchmarking:**

We have undertaken a range of benchmarking exercises since our last report. We use our own SWAP partner councils for benchmarking, but also utilise a wider national group of the Chief Auditor's Network which has delivered some useful benchmarking data. The exercises undertaken since our last report are:

- Insurance – how Wiltshire compares to other Councils in terms of self-insurance and in-house handling of claims.
- Duplicate Payments – whether other Councils use bespoke software to identify duplicates in the payment process and if so, how successful this has been.
- Schools Forum – the make-up and constitution of other Council's Forums.
- Disclosure and Barring Checks – the approach taken by other Councils to ensure that volunteers are DBS checked where appropriate.

#### **COVID Grant Certification Work:**

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

#### **COVID Business Grants – Data Matching:**

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

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



## Internal Audit Plan Progress 2021/2022

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



### Summary of Actions

#### Outstanding Audit Actions by Priority Non Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
<b>3</b>	5	3	6	0	31	<b>45</b>
<b>2</b>	1	1	1	0	8	<b>11</b>
<b>1</b>	0	0	0	0	0	<b>0</b>
<b>Totals</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>39</b>	<b>56</b>

#### Outstanding Audit Actions by Priority Schools

	< 30 Days	< 60 Days	< 90 Days	< 120 Days	120+ Days	Totals
<b>3</b>	0	8	1	3	15	<b>27</b>
<b>2</b>	0	5	0	3	12	<b>20</b>
<b>1</b>	0	0	0	0	0	<b>0</b>
<b>Totals</b>	<b>0</b>	<b>13</b>	<b>1</b>	<b>6</b>	<b>27</b>	<b>47</b>

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



## Internal Audit Plan Progress 2021/2022

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



### Changes to the Audit Plan

We will regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems, and controls. Full details of our current on-going work are detailed in Appendix B. Unplanned work, special reviews or projects carried out on a responsive basis are requested through the Corporate Director Resources (Section 151 Officer). As new and emerging risks are identified, any changes to the plan will be subject to the agreement of this Committee and the Corporate Director Resources (Section 151 Officer).

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



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

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

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

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



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

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

In addition to the corporate risk assessment, it is important that management know how important the action is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the action. Actions are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level. Each action has been given a priority rating at service level with the following definitions:

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

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

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

Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor		
					Action		
					1	2	3
<b>2021/22 Plan Progress</b>							
<b>Complete</b>							
Grant Certification	EU Transition Readiness Growth Hub Grant	Completed	Certification	N/A			
Grant Certification	Growth Hub	Completed	Certification	N/A			
Grant Certification	Supplemental Growth Hub Funding	Completed	Certification	N/A			
Grant Certification	Building Digital UK Grant	Completed	Certification	N/A			
Grant Certification	Supporting Families May Claim	Completed	Certification	N/A			
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q1	Completed	Medium Substantial	1			1
Assurance	Accounts Receivable Continuous Audit Q1	Completed	Medium Reasonable	3		1	2
Assurance	Accounts Payable Continuous Audit Q1	Completed	High Reasonable	2			2
Assurance	Payroll Continuous Audit Q1	Completed	Low Substantial	4			4
Assurance	Housing Rents Continuous Audit Q1	Completed	Medium Substantial	2			2
Assurance	Treasury Management Continuous Audit Q1	Completed	High Substantial	1			1
Assurance	Main Accounting Continuous Audit Q1	Completed	Medium Reasonable	4		2	2
Assurance	Council Oversight of Maintained Schools – Interim Assessment	Completed	High Limited	N/A			



Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor		
					Action		
					1	2	3
Advisory	Service Level Fraud Risk Self-Assessments	Completed	Advisory	N/A			
Grant Certification	Supporting Families August Claim	Completed	Certification	N/A			
Grant Certification	Peer Networks Certification	Completed	Certification	N/A			
<b>Reporting</b>							
Assurance	Adult Payment to Providers	Draft					
<b>In Progress</b>							
Assurance	Assurance Mapping	Fieldwork					
Assurance	Adults, Childrens and Public Protection Procurement	Fieldwork					
Grant Certification	COVID-19 Additional Dedicated Home to School and College Grant	Fieldwork					
Assurance	Workforce Planning and Capacity & Mental Health and Wellbeing	Fieldwork					
ICT	ICT Incident Management Process	Fieldwork					
Grant Certification	Public Health Grant	Fieldwork					
Grant Certification	Local Transport Capital Grants	Fieldwork					
Assurance	Good Lives Alliance	Fieldwork					
Assurance	Pension Fund Investment Transfer and Cost Savings	Fieldwork					
Assurance	Procurement Exemptions	Fieldwork					



Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor		
					Action		
					1	2	3
Advisory	Risk Maturity Assessment	Fieldwork					
Grant Certification	Local Authority Bus Service Operators Grant (BSOG)	Fieldwork					
ICT	IT Access Controls – Root Cause Analysis	Initiation					
Assurance	Care Home Alliance	Fieldwork					
Advisory	New Procurement Process Maps	Ongoing Support					
Advisory	National Fraud Initiative	Ongoing Support					
Advisory	External Audit Liaison	Ongoing Support					
Advisory	Anti-Fraud and Corruption Advice	Ongoing Support					
Advisory	CIFAS	Ongoing Support					
Advisory	COVID-19 Advice	Ongoing Support					
<b>Yet to Commence</b>							
Grant Certification	COVID-19 Bus Services Support Grant (CBSSG) Restart						
Assurance	Main Accounting Q2						
Assurance	Accounts Payable Continuous Audit Q2						
Assurance	Accounts Receivable Continuous Audit Q2						





Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major 2 = Moderate 3 = Minor		
					Action		
					1	2	3
Assurance	Council Tax and Business Rates Continuous Audit Q2						
Assurance	Housing Benefit and Council Tax Support Continuous Audit Q2						
Assurance	Payroll Continuous Audit Q2						
Assurance	Housing Rents Continuous Audit Q2						
Assurance	Treasury Management Continuous Audit Q2						
Assurance	Education, Health and Care Plans	Deferred to Q3 due to strain cause by the Pandemic					
Assurance	Designated Officer for Allegations (DOFA)						
Assurance	Multi-Agency Safeguarding Hub - Adults (MASH)	Deferred to Q3 due to staffing changes					
Assurance	Waste Collection Service						
Assurance	Climate Change Strategy	Deferred to Q4 to enable strategy to be finalised					

