

## Wiltshire Council

Report of Internal Audit Activity

Progress Report 2024/25 – October 2024

## Executive Summary

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

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

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

For further details see:  
<https://www.swapaudit.co.uk/>



### Audit Opinion, Significant Risks and Audit Follow Up Work

#### Audit Opinion

Based on the outcomes of recent reviews completed, we recognise that generally risks are well managed. However, following the implementation of Oracle we have identified significant gaps, weaknesses and areas of non-compliance within our work. We are able to offer a **Limited opinion** for this period for the Key Financial Controls within Main Accounting, Accounts Payable and Accounts Receivable with an overall **Reasonable opinion** for the remainder of the Council's control framework.

We are working with the Director of Finance and Procurement (S151 Officer) and will be undertaking full follow up reviews of the Key Financial Controls listed above to ensure that actions are completed. If agreed actions are not completed in a timely manner, this may impact our end of year annual opinion which helps to inform the Council's Annual Governance Statement.

Since our last update report, we have issued a total of **five limited assurance** opinions, including the three listed above, further details of which can be found in Appendix A on pages 8-12 of this report. One of these areas is a potential high risk to the Council and further details on this can be found below.

#### Significant Corporate Risks

Following the **Landlord Compliance Fire Safety – General Fund Assets** review, we consider our findings to be a potential high corporate risk as the Council is not fulfilling its legal obligations under Health and Safety legislation which could result in harm to officers, contractors or the general public. Management actions have been agreed to ensure that premises responsible officers are established at all locations and a single record source is maintained on Concerto. We will follow up this area in line with our usual process and we will report the results of follow up work to this Committee in due course.

We continue to monitor progress against the actions agreed for **ICT Network Boundary Defences** and will report any relevant information to this Committee until the project is completed.

## Internal Audit Plan Progress 2024/2025

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

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



### SWAP Internal Audit Plan Coverage

The table below, captures internal audit coverage, mapped against the Authority's strategic risks since January 2023. Furthermore, we have then overlaid the audit assurance outcomes of those risk areas that we have reviewed. The Council's Strategic Risk Register is reported to Cabinet and should be considered alongside this table.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits
WC EN02 - Not on track for the Council to be carbon neutral by 2030	Some	Reasonable
WC EN03 - Increasing vulnerability to climate impacts	None	
WC ES02 - Unable to meet demand for special educational needs or disability (SEND) school provision	None	
WC FI06 - Budget Management	Good	Reasonable
WC FI12 - Income Collection	Adequate	Reasonable
WC IT03 - Cyber Resilience	Some	Reasonable
WC LG08 - Information Governance	Some	Reasonable
WC LG22 - Impact of negative media/social coverage on the Council	Some	Reasonable
WC PC01 - Limited capacity in the social care market	Some	Reasonable
WC PC02 - Increasing cost of social care	Some	Substantial
WC PH01 - Corporate Health, Safety and Wellbeing	Some	Reasonable
WC PL02 - Failure to manage housing developing	Some	Reasonable
WC R08 - Failure in Safeguarding Children	Some	Reasonable

Whilst we are reporting a gap in coverage against the strategic risk for **SEND (ES02)** there are other sources of assurance and scrutiny as part of the Safety Valve Agreement. We continue to liaise with the S151 Officer and the Director Education and Skills on a regular basis to determine when we need to provide additional independent oversight of this area.

The identified gap for the strategic risk relating to **climate impact (EN03)** does not currently have any internal audit work programmed against it. The Climate Adaptation Plan is under review and will identify what work is required to prepare the Council and the County for these climate impacts. We continue to liaise with the Environment service following on from our Climate Change review and will continue to assess whether any work in this area is required and valuable to the Council. An update on the Council's response to Climate Emergency was presented to Cabinet on 17<sup>th</sup> September.

There is work being undertaken by the Strategic Risk Working Group within the Council which is likely to result in some further key changes to the strategic risk register. A set of draft risks was presented to Cabinet for information at the meeting on 17<sup>th</sup> September with a full confirmed list to be reported at a future meeting.

We continue to work with the Corporate Directors and Directors to ensure that we provide comprehensive coverage of the Council's risks, and that our work aligns to the Council's Business Plan objectives. As always Members and Senior Officers of the Council are able to view our live rolling plan dashboard through SWAP's audit management software, **AuditBoard**, at any time.

If you choose to view our rolling plan dashboard in AuditBoard, you will be able to view our coverage split in ways other than just the strategic risks of the Council including by Corporate Priority. There is also the facility to drill through (right click within the coverage boxes) to view the audits that have contributed to that coverage and average opinion.



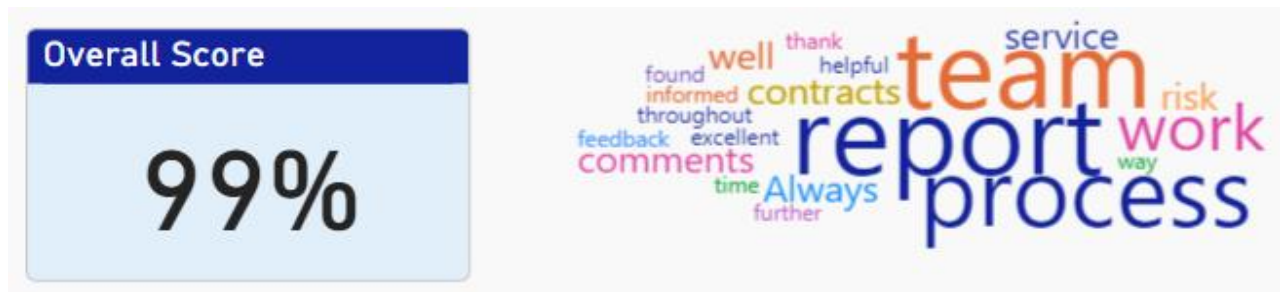
# Internal Audit Plan Progress 2024/2025

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



## SWAP Performance Measures

Performance Measure	Performance
<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>	99%
<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>	100%



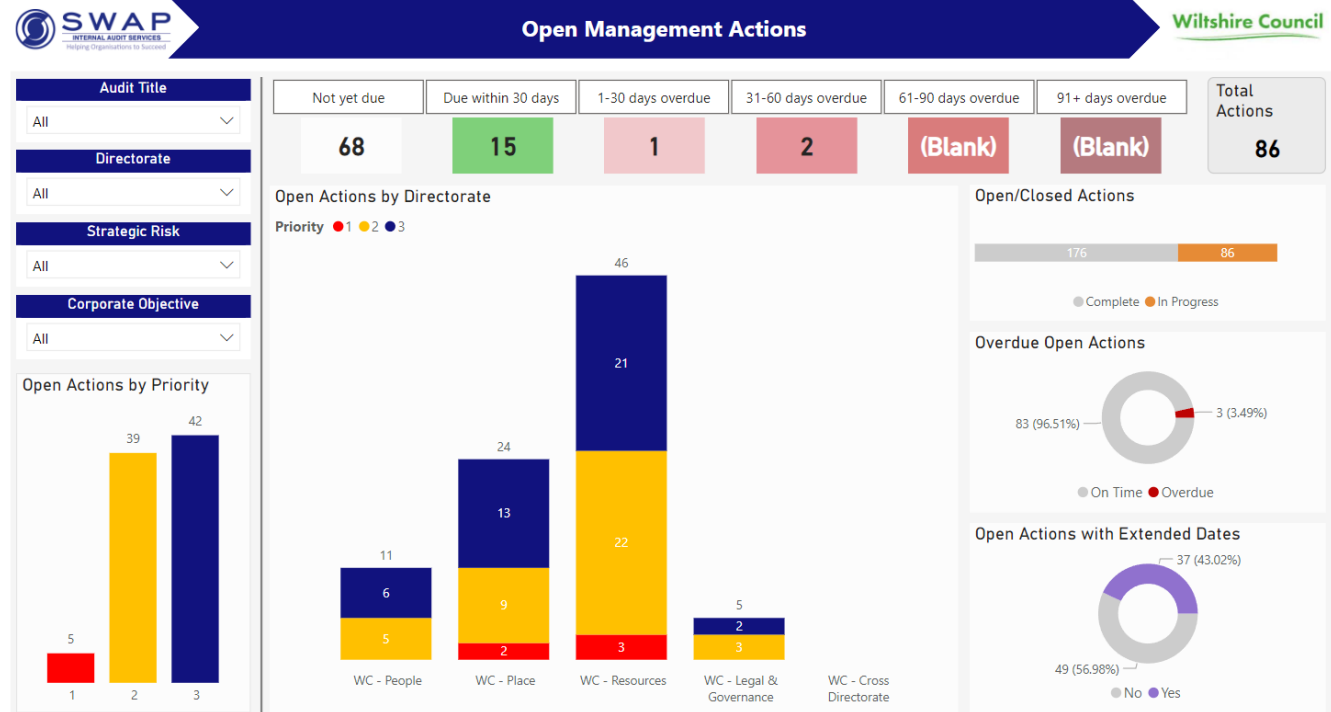
Scope	Professionalism and Conduct	Communication, Timeliness and Findings	Value	Demonstrating our Values
100%	98%	98%	100%	100%

# Internal Audit Plan Progress 2024/2025

We monitor the Council's performance on implementation of agreed actions.



Implementation of Audit Actions (as at 26<sup>th</sup> September 2024)



Since the last update the **overdue actions** have decreased from nine priority 1 and 2 actions to three actions across all three priority ratings. We are now in the position to be able to report all priority actions to this Committee and to proactively chase updates in the month before they become overdue. Engagement from officers remains good. Actions with extended dates are subject to assessment and agreement by Management and Internal Audit.

A table of definitions for each action priority category is included on page 7 of this report.

## Internal Audit Plan Progress 2024/2025

### Added Value

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



### Added Value

#### Cifas

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

Since the last report to this Committee, we have:

- Continued to work with the Procurement service to implement Cifas alongside the new Procurement Act.
- Explored the use of the Insider Threat Protect database with HR&OD, with a demonstration from Cifas booked.
- Worked with the Housing and Homelessness services who are in the early stages of introducing Cifas into their business-as-usual processes.
- Begun exploring the use of Cifas within Economy and Regeneration for Business Grants.

#### Added Value Activities

- Data analytics was carried out to identify potential duplicate records within Homes4Wiltshire which have been shared with the service.
- Data analytics was carried out on User Access to the new Oracle system. A report of results has been shared with the Finance Operations Delivery Manager for further investigation.
- SWAP wide risk management benchmarking and provision of contacts in other local authorities to the Corporate Support Manager.

#### Newsletters and updates

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

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. The four opinion ratings are defined as follows:

Assurance Definitions	
<b>No Assurance</b>	The review identified fundamental gaps, weaknesses or non-compliance, which require immediate action. 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>	The review identified significant gaps, weaknesses or non-compliance. The system of governance, risk management and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.
<b>Reasonable</b>	The review highlighted a generally sound system of governance, risk management and control in place. We identified 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>	The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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



Categorisation of Actions	
Each action has been given a priority rating with the following definitions:	
<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.



Landlord Compliance Fire Safety - General Fund Assets – Final Report – August 2024



Audit Objective

To provide assurance that all Council-owned General Fund Assets are safe and compliant with policy and legislation in relation to Fire Safety.

Executive Summary



Assurance Opinion

The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management, and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.

Management Actions

Priority 1	1
Priority 2	1
Priority 3	2
<b>Total</b>	<b>4</b>

Organisational Risk Assessment

**High**

Our audit work includes areas that we consider have a high organisational risk and potential significant impact. Both senior management and the Audit Committee should consider key audit conclusions and resulting outcomes.

Key Conclusions



Responsibility for fire and evacuation drills are not clearly delegated at all sites and there is no clear process in place to ensure officers are aware of their role. This was also raised in a Health & Safety audit in 2019. With no responsible officer designated on site the Council is not currently complying with its legal duties which could result in harm or fatality to Council officers, contractors and members of the public.



The Council has one accredited fire risk assessor, who is currently on extended sick leave. Assessments have not been conducted in their absence, and we discovered that 15% of Fire Risk Assessments are overdue, which will increase during their absence. The Council is currently in breach of Fire Safety legislation.



Processes are in place to track the Fire Risk Assessment due dates and regular meetings are held to review and ensure that remedial actions are addressed.

Audit Scope

We have reviewed the following:

- The Council's policy framework for fire safety checks and records to ensure compliance with the Health & Safety at Work Act and Buildings Safety Act;
- Records are held to support compliance with fire safety checks;
- Fire risk assessments and routine evacuation procedures are conducted and responsible persons, such as Site Managers, are appropriately trained for each site;
- Management oversight, reporting of KPIs and breaches of regulations; and
- Contract management, monitoring and reporting, including assurance over the competency of staff undertaking the checks.

Other Relevant Information

The outcome of this review will be reported to Audit & Governance Committee at the October meeting. Management will be required to present the action plan if requested by the Committee or S151 Officer. Actions have been agreed and will be monitored in line with the timescales identified. Full details are available in the Findings and Action Plan document.

**Procurement Processes – Final Report – May 2024**



**Audit Objective** An end to end review of the Council's procurement processes and readiness for new legislation to provide assurance that appropriate controls are in place.

**Executive Summary**

	<b>Assurance Opinion</b>	<b>Management Actions</b>	<b>Organisational Risk Assessment</b>	<b>Medium</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>Priority 1</b>	0	Our audit work includes areas that we consider have a medium organisational risk and potential impact.
		<b>Priority 2</b>	2	
		<b>Priority 3</b>	1	The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.
		<b>Total</b>	3	

**Key Conclusions**

	The service recognised that there were control weaknesses and implemented a new end to end procurement process approximately six months ago. This has resulted in notable improvements within the Procurement Team, however, there remain gaps in the information held in Atamis relating to contracts which implies that services are not engaging with Procurement as required by the Council's Constitution, for contracts over £25,000.	<b>Audit Scope</b> The scope of this audit was limited by the gaps in the information held in the contract management database.  We have reviewed: <ul style="list-style-type: none"> <li>• Readiness and preparation for the new legislation - expected to be introduced in 2024;</li> <li>• Adherence to the Council's own rules and regulations (Constitution) including Records of Officer Decisions;</li> <li>• The efficiency and effectiveness of the Council's procurement processes; and</li> <li>• Decision-making throughout the procurement process.</li> </ul> Post procurement activities will be the subject of a separate review and Contract Management has been added to the Rolling Audit Plan in preparation for this.
	The Procurement Strategy and other procurement related policies and procedures have not been updated for a significant period of time and refers to incorrect legislation. This was fully recognised by the service prior to audit and there are plans to update the documentation by September 2024.	
	Reliance has been placed on management knowledge across service areas to ensure arrangements can be made in the event of supplier failure. Establishing and documenting contingency plans ensures that the service can prioritise and plan for the most significant risks, develop response plans, and maintain clear lines of communication throughout the disruption	

**Next Steps**

The Head of Procurement recognises that there is further work required to ensure that all service areas are complying with Contracts Procedure Rules and Regulations, including the storage of relevant records. The new end to end process which has been introduced will be championed by the Business Partners. A further audit relating to Contract Management has been added to Rolling Audit Plan which will be undertaken in 2025.

Accounts Payable - Post Oracle Go Live – Final Report – August 2024



**Audit Objective** To ensure key system controls are operating effectively and that the risk of fraud, error or corruption is minimised.

Executive Summary

	<b>Assurance Opinion</b>	<b>Management Actions</b>	<b>Organisational Risk Assessment</b>	<b>Medium</b>
	The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management, and control requires improvement to effectively manage risks to the achievement of objectives.	<b>Priority 1</b>	0	Our audit work includes areas that we consider have a medium organisational risk and potential impact. The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.
		<b>Priority 2</b>	5	
		<b>Priority 3</b>	3	
		<b>Total</b>	8	

Key Conclusions

	The Oracle Finance System was implemented in November 2023 and this audit has found that there are effective system controls for the ordering and payment of transactions for accounts payable. However, the strategic overview through monitoring reports is in its infancy with further work required. The Finance Operations Delivery Manager is aware of the requirement to develop the exception reports and is actively working on these, which will include new and amended vendor bank details and duplicate payments.	<b>Audit Scope</b> The depth of testing, and subsequent assurance of this audit, was limited by the availability of reports available from Oracle.  The audit has reviewed the following: <ul style="list-style-type: none"> <li>Guidance and process documentation;</li> <li>Segregation of duties, approvals and authorisation limits;</li> <li>Purchase order invoices;</li> <li>Processing of Pro-Forma Invoices;</li> <li>Vendor management and creditor master file data;</li> <li>Duplicate payments;</li> <li>Monthly exception reports; and</li> <li>Payment runs.</li> </ul> There was no report within Oracle to identify non purchase order invoices and so this area has not been tested. User Access will be reviewed and reported on as part of the Main Accounting Audit.
	There is a need to develop and maintain a process for the monitoring of invoices on hold, non-purchase order spend, rejected items on payment runs and one time payments. There are 2,326 transactions totalling in excess of £2 million with an "invoices not paid" status as at 30 <sup>th</sup> June 2024. There are 1,990 transactions for one time payments where more than one payment has been made to 824 individuals or suppliers. No report is currently available to identify the amount of non purchase order spend.	
	Through Procurement monitoring of off contract spend it has been identified that good/services are potentially being assigned to contracts on Oracle incorrectly.	
	There is currently no process in place to ensure invoices are paid on a timely basis when the approver is on annual leave or extended sick leave. ICT has been requested to work on a solution to action substitutions when individuals are absent to ensure that transactions continue to be authorised within Oracle.	
	Documentation to guide the processes with Accounts Payable from requisition through to payment runs is not complete and should be incorporated into the Finance Manual.	

Next Steps

Detailed findings are included in Appendix 1, Findings and Management Action Plan which will be followed up in accordance with SWAP's standard procedures. The outcome of this review will be reported to Audit & Governance Committee and management will be required to present progress against the action plan.

**Accounts Receivable - Post Oracle Go Live – Final Report – September 2024**



**Audit Objective** To ensure key system controls are operating effectively and that the risk of fraud, error or corruption is minimised.

**Executive Summary**

	<b>Assurance Opinion</b>	<b>Management Actions</b>	<b>Organisational Risk Assessment</b>								
	The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management, and control requires improvement to effectively manage risks to the achievement of objectives in the area audited	<table border="1"> <tr><td>Priority 1</td><td>1</td></tr> <tr><td>Priority 2</td><td>2</td></tr> <tr><td>Priority 3</td><td>1</td></tr> <tr><td><b>Total</b></td><td><b>4</b></td></tr> </table>	Priority 1	1	Priority 2	2	Priority 3	1	<b>Total</b>	<b>4</b>	<b>Medium</b>
	Priority 1	1									
	Priority 2	2									
	Priority 3	1									
<b>Total</b>	<b>4</b>										
		Our audit work includes areas that we consider have a medium organisational risk and potential impact. The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.									

**Key Conclusions**

<p>There is no effective debt recovery process in place, and no actions have been taken since Oracle was introduced. The debt level in SAP as at 12<sup>th</sup> October 2023 was £16.87m (though just four public sector and developer invoices accounted for £9.95m of this total). We requested an aged debt analysis from Oracle and as at 16<sup>th</sup> August 2024 we were unable to obtain an accurate report due to a number of direct debits not being loaded for previous months.</p> <p>Additionally, there is no guidance on debt recovery processes, which was identified in the 2019 Corporate Debt Management review and remains unresolved. This lack of recovery impacts budget monitoring and may lead to year-end overspends as services are unaware of the debt until it is written back to their budget.</p>	<p><b>Audit Scope</b></p> <p>The audit reviewed the following:</p> <ul style="list-style-type: none"> <li>Guidance and process documentation;</li> <li>Segregation of duties;</li> <li>System access to Oracle;</li> <li>Raising of invoices and credit notes;</li> <li>Arrears of debtors and write offs process and reporting and monitoring of debt position;</li> <li>Reconciliation of debtors.</li> </ul> <p>User Access will be reviewed and reported on as part of the Main Accounting Audit.</p>
<p>All new and amended customer accounts must be approved by an Accounts Receivable officer, but the required level of checking is not explicitly stated in policy nor consistent in practice. Accounts Receivable officers have enhanced functionality within Oracle to perform duplicate checks on existing customer accounts, and a consistent approach should be applied to prevent errors, which can hinder debt recovery and increase administrative burdens.</p>	
<p>There is no regular reconciliation process to ensure correct posting of payments from the Cash Receipting system to the Debtors system, necessitating the development of such a process and a full reconciliation since Oracle ERP's inception. We have been informed that as of 1<sup>st</sup> September 2024, these reconciliations are now taking place. We will seek supporting evidence in due course to enable this action to be closed.</p>	

**Next Steps**

Detailed findings are included in Appendix 1, Findings and Management Action Plan. A management action plan has been agreed and will be followed up in accordance with SWAP's standard procedures. The outcome of this review will be reported to Audit & Governance Committee and management will be required to present progress against the action plan.

Main Accounting - Post Oracle Go Live – Final Report – September 2024



**Audit Objective** To ensure key financial system controls are operating effectively for Main Accounting and that opportunities for error, fraud or corruption are minimised.

**Executive Summary**



**Assurance Opinion**  
The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management, and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.

Management Actions	
Priority 1	1
Priority 2	4
Priority 3	4
<b>Total</b>	<b>9</b>

**Organisational Risk Assessment** **Medium**  
Our audit work includes areas that we consider have a medium organisational risk and potential impact.  
The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.

**Key Conclusions**

- Bank reconciliations have not been finalised since the Oracle go live date so whilst the values have been reconciled the underlying investigations have not taken place. A new method of carrying out the reconciliations is required as the previous process used with SAP is no longer effective.
- There is no daily monitoring being undertaken to verify that the totals from the Civica cash receipting system match the totals imported into the general ledger.
- As reported in the Accounts Payable and Accounts Receivable audits, there is no Finance Manual in place which is required by Section 9 of the Council’s Constitution.
- User Access has not been reviewed since Oracle has gone live. Analysis shows users with an excess of roles assigned and this needs to be reviewed and rectified.
- The Miscellaneous suspense account has not been cleared and holds a significant number and value of items. This has been an ongoing issue since before Oracle was introduced, whilst there is movement of items occurring there remains a balance of £346k in the miscellaneous suspense account which is not being accurately accounted for such as in budget management and debt payments, for example.
- There are processes which require improvement such as:
  - A process to review changes to accounting periods;
  - A central register for direct debits;
  - Consistent journal control check reports; and
  - Ensuring all reconciliations for Civica have been completed and retained.

**Audit Scope**

This audit has reviewed the following:

- Carry forward of balances;
- Suspense accounts and control accounts – VAT;
- Creation and authorisation of journals;
- User access to Oracle;
- Bank reconciliations; and
- Processing of direct debits.

We have excluded from the scope of this review:

- Budget monitoring;
- Procurement cards; and
- Petty cash/imprest accounts.

These areas were excluded due to the number of issues identified in the other areas.  
Separate reviews will be undertaken on these areas.

**Next Steps**

Detailed findings are included in the Findings and Management Action Plan. The agreed actions will be followed up in accordance with SWAP’s standard procedures. The outcome of this review will be reported to Audit & Governance Committee and management will be required to present progress against the action plan.

