

## Wiltshire Council

Report of Internal Audit Activity

Progress Report 2024/25 – January 2025

## 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.

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### 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, as we are yet to do any follow up work to validate progress against actions agreed for the key financial controls for Main Accounting, Accounts Payable and Accounts Receivable as previously reported, we continue to offer a **Limited opinion** in those areas with an overall **Reasonable opinion** for the remainder of the Council's control framework.

We are continuing to work with the Director of Finance and Procurement (S151 Officer) and will be undertaking full follow up reviews of the Key Financial Controls listed above from January 2025 to ensure that actions are completed.

Since our last update report, we have issued one **limited assurance** opinion report for Direct Payments – Children's and one **no assurance** opinion report for Early Years Extended Entitlement. Further details of these can be found in Appendix B on pages 8-9 of this report which includes the scope and objective of each review. Neither of these were deemed to be a significant organisational risk to the Council.

#### Significant Organisational Risks

We have previously reported the following significant risks to this Committee:

- **Landlord Compliance Fire Safety – General Fund Assets** – we will be scheduling follow up work for this area in due course; and
- **ICT Network Boundary Defences** – we will continue to 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

Following on from the presentation of strategic risks to the Council's Cabinet Tuesday 19<sup>th</sup> November we have now mapped our audit work to the Council's newly defined strategic risks.

Strategic Risk	Coverage (Completed Audits)	Average Opinion of Completed Audits
WC AF-24-01 - Failure to achieve full statutory landlord compliance	Some	Reasonable
WC EN03 - Increasing vulnerability to climate impacts	None	
WC FI24 - Inability to withstand the impact of excessive inflation on suppliers	None	
WC FI-24-03 - Lack of financial resilience and sustainability	Good	Reasonable
WC FI-24-04 - Lack of commercial and contractual oversight	Adequate	Reasonable
WC HR-24-01 - Failure to recruit and retain staff	Some	Reasonable
WC IT-24-01 - Lack of ICT resilience and security	Adequate	Reasonable
WC LG22 - Impact of negative media/social coverage on the Council	Adequate	Reasonable
WC STR-24-01 - Failure to deliver statutory responsibilities	Adequate	Reasonable
WC STR-24-02 - Failure to respond to emergencies	Some	Reasonable
WC STR-24-03 - Failure in safeguarding	Adequate	Reasonable
WC STR-24-04 - Lack of suitable governance processes	Adequate	Limited
WC STR-24-09 - Failure in corporate health, safety and wellbeing	Some	Reasonable
WC STR-24-11 - Inability to provide sufficient social care plans to meet demand within available budgets	Adequate	Reasonable
WC STR-24-12 - Inability to meet increasing demand for EHCPs and support to children with SEND within available budgets	None	
WC STR-24-13 - Failure to deliver strategic housing aspirations	Some	Reasonable
WC STR-24-14 - Failure to deliver strategic employment and economic aspirations	Some	Reasonable
WC STR-24-16 - Failure to achieve Carbon Neutral (Net Zero) ambitions	Some	Reasonable

We previously reported a gap in coverage against the strategic risk for **SEND**, this strategic risk has been altered slightly with the revised wording included in the table above (**STR-24-11**). We are still reporting a gap in coverage however, we continue to liaise with the S151 Officer and the Director Education and Skills on a regular basis to determine the best timing to provide additional independent oversight of this area. Discussions are ongoing regarding High Needs Block Sustainability and we have some audit areas identified which will be discussed with the S151 Officer prior to inclusion in the rolling plan.

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 the value to the Council of any work in this area and what other assurances are available. An update on the Council's response to Climate Emergency was presented to Cabinet on 17<sup>th</sup> September.

Following the recent change to strategic risks we are now exploring with officers our coverage under the strategic risk **Inability to withstand the impact of excessive inflation on suppliers (FI24)**.

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.



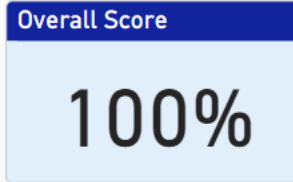
# Internal Audit Plan Progress 2024/2025

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>	<b>100%</b>
<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>	<b>98%</b>



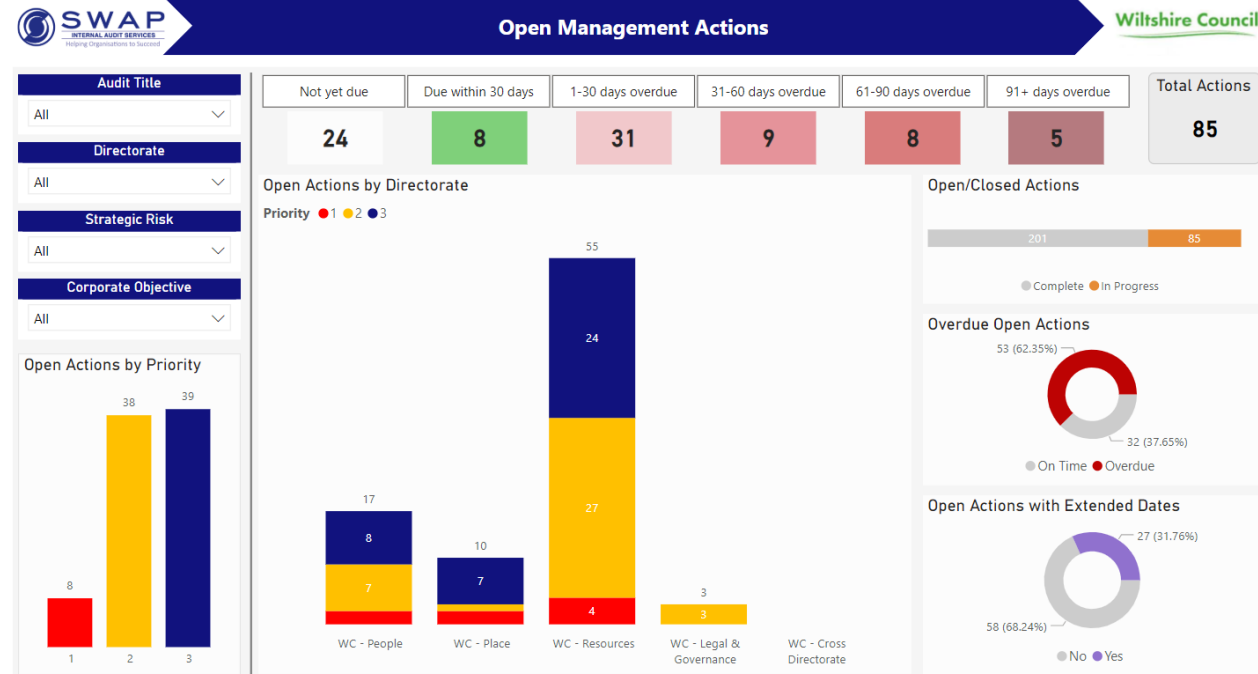
Scope	Professionalism and Conduct	Communication, Timeliness and Findings	Value	Demonstrating our Values
<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>98%</b>

# Internal Audit Plan Progress 2024/2025

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



Implementation of Audit Actions (as at 8<sup>th</sup> January 2025)



Since the last update in October the number of **overdue actions** has increased. Many of these were actions agreed as part of the reviews which we reported to this Committee in October 2024. We have follow up work scheduled for January to ascertain the status of these actions and hope this work will result in a reduction in the number of overdue actions. Other actions are being followed up with the relevant officers and there are no concerns that need to be reported to this Committee at this time as engagement from officers remains good in most cases.

The number of open actions with extended dates has reduced since the previous update as a result of actions being completed. All requests to revise timescales are subject to assessment and agreement by Management and Internal Audit. A table of definitions for each action priority category is included at Appendix A on page 7 of this report.

**NB: There is a higher than anticipated number of overdue actions in the 1–30-day category due to the timing of these Committee papers.**

### 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 Procurement 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 delivered and costings confirmed. HR&OD are now making their decision whether to join.
- Worked with the Housing and Homelessness services who are in the early stages of introducing Cifas into their business-as-usual processes.
- Provided the Fair Processing Notices to Economy and Regeneration for Business Grants to start implementation in this area.
- Supporting Insurance and Right to Buy with their use of Cifas.
- Meeting booked to discuss potentially using Cifas for Direct Payments.

#### Added Value Activities

- Additional advice and guidance was given to the Retrofit Delivery team in relation to the Fraud Management Plan and Fraud Risk Assessments required by DESNZ for the Home Upgrade Grant;
- Data analytics was carried out on to identify potential duplicate payments, over/under spend compared to estimates and incomplete parent declaration forms for Early Years Funding;
- Accountancy funding spreadsheet used for Early Years funding was interrogated, unused cells removed and advice given to the Accountant that manages the data;
- Results of a SWAP Partner benchmarking analysis regarding Domestic Abuse Strategy were shared with the Council; and
- A request to obtain data regarding employment history checks was carried out and results shared with the Director HR&OD.

#### 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.



Early Years Extended Entitlement – Final Report – October 2024



Audit Objective

To provide assurance that early years providers are claiming for the right number of hours, for the right number of children and at the right time in accordance with the Local Provider Agreement.

Executive Summary

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

Key Conclusions

	The no assurance opinion has been provided due to record keeping by providers not being of sufficient quality and integrity to demonstrate that funding claims submitted by them are accurate. Parent Declaration forms serve to notify the Council of the funding being claimed by the parents as well as providing a consent for processing data. In some instances, forms were incomplete or missing and there is the potential that UK GDPR has been breached. The Council does not have oversight of all registers and Parent Declaration forms at this time and therefore pays funding with a degree of trust that these are accurately completed and maintained by the provider.	<p><b>Audit Scope</b></p> <p>The audit aimed to review the following:</p> <ul style="list-style-type: none"> <li>• Policies and procedures;</li> <li>• Compliance with legislative regulations;</li> <li>• Assessment of data input/output;</li> <li>• The accuracy of funding for a sample of claims made by early years providers in the last 12 months;</li> <li>• Quality Assurance processes in place to verify and substantiate claims; and</li> <li>• Data analysis to identify duplicate records and potential overpayments.</li> </ul> <p>The depth of testing, and subsequent assurance of this audit, was limited by the quality of data presented for review.</p>
	There is no quality assurance process in place within the Council to pick up the identified issues and they only became evident through this audit. Whilst expected to be resource intensive in the immediate term, a robust process is required to ensure that funding is paid based on accurate and reliable source data from providers.	
	<p>The Management Accountant keeps process notes for the spreadsheet used to calculate the payments to Early Years providers. These notes were not up to date, but we are pleased to report that the updated document was provided to us before the end of the audit fieldwork.</p>	
<p>Both the Commissioning and Early Years teams involved in the Early Years Extended Entitlement are actively seeking ways they can support providers to ensure funding claims are accurate. The Early Years team's wealth of knowledge and experience helps them to spot anomalies and outliers. A more structured quality assurance process will help to ensure accurate funding is paid.</p>		

Other Relevant Information

Data analysis was undertaken on funding paid to highlight any potential discrepancies; full results have been provided as an appendix to this report with the data shared for further investigation by the team. We would like to thank the Early Years and Commissioning officers for their time and support during this review.

Direct Payments - Children’s – Final Report – November 2024



**Audit Objective** To ensure direct payments are appropriately offered to service users and governed effectively.

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 in the area audited.	<b>Priority 1</b>	1	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>	0		
		<b>Total</b>	<b>3</b>	The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.	

Key Conclusions

	The audit identified significant weaknesses in record keeping practices, for example, a lack of evidence such as bank statements and supporting documents retained on service user records. Additionally, there are no quality assurance or spot-checking processes in place to ensure that service user records are complete and accurate, which may have an impact on oversight and the ability to monitor budgets .	<b>Audit Scope</b> <ul style="list-style-type: none"> <li>• A review of policies and procedures for the administration of direct payments and to ensure consistent application of these;</li> <li>• Identification of all areas within the Council who offer direct payments across Children’s Services;</li> <li>• Data analysis of a range of financial and Social Care records from LiquidLogic and Oracle (previously SAP);</li> <li>• Review of information available to both staff processing direct payments and Service Users when offered the service, including how the Council ensures that all Service Users who are eligible are offered direct payments;</li> <li>• Review of how the Finance Team set up, monitor, and end Direct Payments to include the return of high balances in bank accounts;</li> <li>• Review of record management, sharing and oversight of the entire Direct Payment Service.</li> </ul>
	There is a reliance on manual spreadsheets due to the absence of a finance module in LiquidLogic for Children’s Finance teams. These spreadsheets are cumbersome, not fit for purpose and difficult to interpret. There is a risk of inaccurate/incomplete data entry and data loss.	
	The team relies on a single part time Finance Officer, creating a significant vulnerability. This poses a significant risk to the Council, as the departure of the current Finance Officer would result in the loss of crucial knowledge and expertise, impacting the continuity and efficiency of financial operations.	
	There is a process in place to ensure that each direct payment package receives a review at panel on an annual basis. This helps to ensure that the package provided is meeting the young person’s needs.	

Other Relevant Information

This review began as a joint review of Adults and Children’s Direct Payments. It was agreed that SWAP would report separately on the two services, Adults and Children’s, due to the differences in process.

The outcome of this review will be reported to Audit & Governance Committee and management will be required to present progress against the action plan.