



Wiltshire Council

Internal Audit Plan 2012/13

Contents

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Role of Internal Audit
Background

Page 1

The Annual Plan

Pages 2 - 4



SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

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

Our audit activity is split between:

- **Key Control Audit**
- **Fraud/Governance Audit**
- **IT Audit**
- **Operational Audit**
- **Schools**
- **Follow Up Audit**
- **Non-Opinion**
- **External Clients**
- **Grants and Support Activiites**

Role of Internal Audit

The Internal Audit service for Wiltshire Council (WC) is provided by South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved and last reviewed by the Audit Committee at its meeting on 14th December 2011.

Internal Audit provides an independent and objective opinion on the Authority’s control environment by evaluating its effectiveness. In order to achieve this, the audit activity is split between the reviews outlined alongside.

Background

It is recommended by the Audit Commission and is recognised best practice that an appropriate Committee of the Council scrutinises and approves the annual internal audit plan. The plan is presented as an Appendix to this report and represents the internal audit activity for the 2012/13 financial year. The plan has been agreed by the Corporate Leadership Team (CLT).

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; of course 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 Senior Management, the Council’s S151 Officer and Audit Committee under a protocol to be presented at the March Audit Committee.



The Annual Plan

The Annual Plan

In order to develop the plan for the year, Audit Managers have engaged with some Heads of Service and members of the CLT. In addition, SWAP Management facilitated a Control and Risk Self-Assessment (CRSA) session with the SWAP Management Board. This session identified emerging risks facing local authorities in general with a view to co-ordinate, where possible, with the audit plans of the other members of the South West Audit Partnership (SWAP). Joint audits of this kind derive real benefits in both reducing the overall time taken and in the shared lessons that can be learnt by all the partners.

The audit plan is broken down into the activities identified on page 1. Each of these activities is considered following consultation and assessment. The following is a summary of each activity:

Key Control Audit – focus primarily on key risks relating to the Council’s major financial systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. To this end we have liaised with the Audit Commission representatives and included any requirements they have in providing them necessary assurance, in line with the International Auditing Standards, that they are required to audit against.

Fraud/Governance Audit – This year SWAP have introduced a specialised Fraud Team who will undertake proactive fraud reviews and also provide a reactive service to Partners should the need arise. These five themes and the Governance reviews were identified at the CRSA session involving Partner Section 151 Officers or their representatives. The focus of the Governance reviews is primarily the key risks relating to cross cutting areas that are controlled and/or impact at a corporate rather than service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. This work will, in some cases, enable SWAP to provide management with added assurance that they are operating best practice as we will be conducting most of these reviews at all our Partner Sites.



The Annual Plan - Continued

The Annual Plan - Continued

IT Audits –are completed to provide the Authority with assurance with regards to their compliance with industry best practice. Some of these audits have come from previous year assessments and our awareness of current IT risks (Some of the details of the IT Plan are yet to be finalised subject to the commencement of the new IT Audit Manager).

Operational Audits - are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

Schools – As with previous years we are focussing on five themed audits to provide the Council with assurance on the effectiveness of governance arrangements within Schools. Where possible we will be covering the same themes at other County Partner sites to provide opportunity for sharing best practice.

Follow Up Audit – Where an audit receives a Partial or No Assurance level, SWAP are required to carry out a follow up review to provide assurance that identified weaknesses have been addressed and risks mitigated. A contingency has been built in to the plan for quarters 3 and 4 so that should any early reviews be awarded this level of assurance they can be followed up in a timely manner.

Non-Opinion Reviews - are undertaken at the specific request of management, where they may have some concerns or are looking for advice on a particular subject matter. Such reviews are not normally afforded an audit opinion.



The Annual Plan - Continued

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Audit Drivers - A key element of risk based audit planning is the relative prioritisation of audit review work. This helps to ensure that resources are targeted at the most significant aspects of the Councils operations:

- **SWAP Best Practice Reviews**—These are audits which are carried out across the SWAP Partnership the outcomes of which will help to share knowledge and inform best practice and risk mitigation.
- **Risk Register** - These reviews are undertaken to assess activity and provide assurance on the management and appropriate mitigation of corporate risk.
- **Audit History**—These reviews have been prioritised as a result of the time period since the last review.
- **Performance**—These reviews are included to inform the Councils performance management framework and may also include areas of poor performance.
- **Impact**—This provides coverage of those areas which are considered business critical.
- **Business Change/Improvement**— This recognises increased risk as a result of significant change.
- **Fraud**—To recognise the inherent risk of fraud in particular systems or activities of the Council.
- **Corporate Priorities**—Assess performance and support development of areas contained in the Corporate Plan.
- **Key Control** – Work undertaken to support External Audit in providing their opinion on the accounts.

The schedule provided at Appendix 'A' details the Wiltshire Council Annual Internal Audit Plan for 2012/13.