



Appendix A

Wiltshire Council

Annual Report and Opinion 2012-13

Contents

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Annual Opinion:

The Group Audit Manager is required to provide an annual opinion report to support the Annual Governance Statement.

Group Audit Manager's Opinion

Over the year SWAP have found Senior Management of Wiltshire Council to be supportive of SWAP findings and responsive to the recommendations made. In addition there is a good relationship with Management whereby they feel they can approach SWAP openly into areas where they perceive potential problems and again welcome the opportunity to take on board recommendations for improvement. The follow up work confirms the responsive nature of management at Wiltshire Council in implementing agreed recommendations to mitigate any exposure to risk.

I have considered the balance of audit work and outcomes against this environment and am able to offer reasonable assurance in respect of the areas reviewed during the year, as most were found to be adequately controlled. Generally risks are well managed but some areas require the introduction or improvement of internal controls to ensure the achievement of objectives. Whilst I have limited concerns regarding some aspects of the control environment, I do not consider there to be any areas of significant corporate concern.

Annual Opinion:

The Group Audit Manager is required to provide an annual opinion report to support the Annual Governance Statement.

Purpose of Report

The Accounts and Audit Regulations (England) 2011 requires public authorities to publish an Annual Governance Statement (AGS). The Statement is an annual review of the Systems of Internal Control and gathers assurance from various sources to support it. One such source is Internal Audit. The Head of Internal Audit should provide a written annual report to those charged with governance to support the AGS. This report should include the following:

- an opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment
- disclose any qualifications to that opinion, together with the reasons for the qualification
- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies
- draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement
- compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria
- comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content.

Annual Opinion:

The Group Audit Manager is required to provide an annual opinion report to support the Annual Governance Statement.

Background

The Internal Audit service for Wiltshire Council is provided by the South West Audit Partnership (SWAP). 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. The work of the partnership is guided by the Internal Audit Charter which is reviewed annually. Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work of the service is based on the Annual Plan agreed by Senior Management and this Committee. This report summarises the activity of SWAP for the year April 2012 to March 2013.

Summary of Work 2012/13

The agreed Annual Audit Plan covers the following key areas of Activity:

- Operational Audit
- Key Control Audit
- Governance Audit
- Schools Audit
- ICT Audit
- Grants
- Follow Up
- Other Reviews

Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits agreed for inclusion in the Annual Audit Plan 2012/13 and the final outturn for the financial year. In total, 110 audit reviews have been undertaken during the year. 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 as agreed.

A breakdown of these 110 audit assignments is as follows:

Operational Audits (including ICT, Governance, Fraud and Corruption)	41
Schools (including Certification Work)	40
Follow Up Work	5
Specials Projects/Unplanned Work	3
Key Control Work	16
In Progress	5

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions”.

Completed Audit Assignments 2012/13

The Annual Audit Report and Opinion covers the following key areas of Activity:

- **OPERATIONAL AUDITS**
- **SPECIAL PROJECTS**
- **CERTIFICATION WORK**
- **FOLLOW UP WORK**

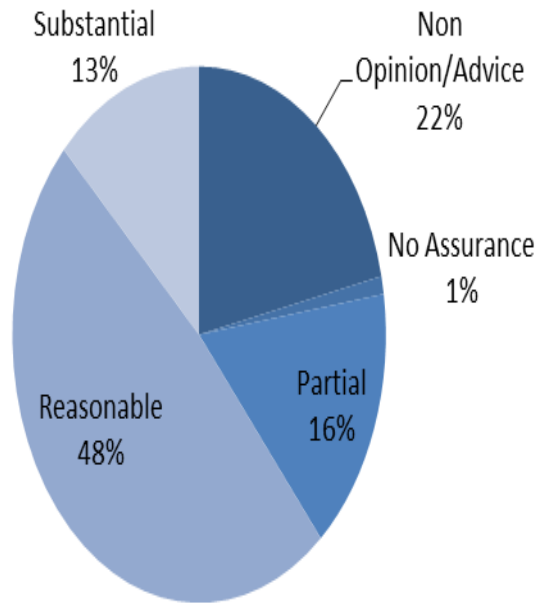
Audits Completed

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.

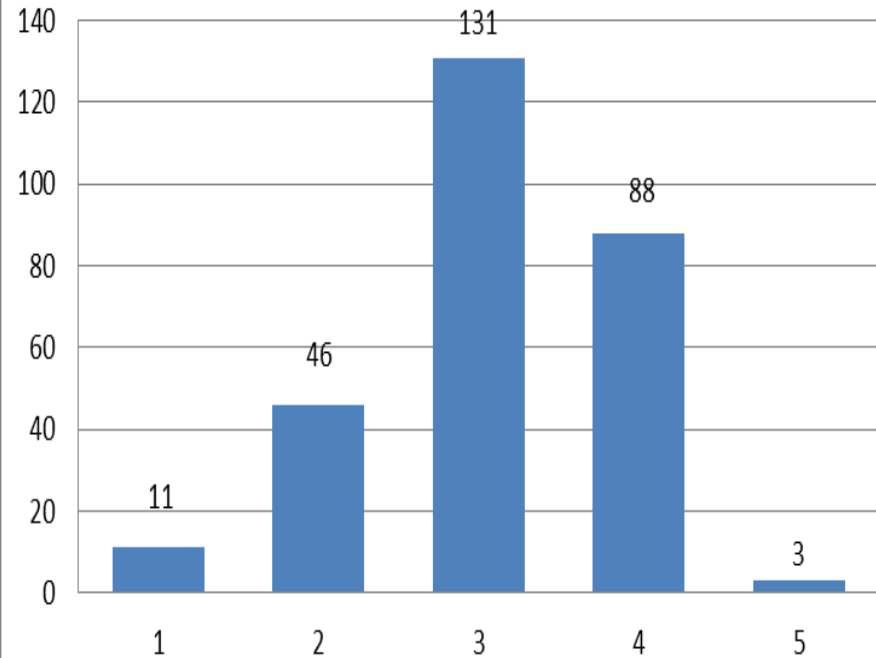
110 Audits were undertaken by SWAP for the period April 2012 to March 2013. 12 audits are at "draft report status" or at "discussion stage", 5 are "in progress" and 93 have now been completed to "final report status". Of the 93 reports that have been issued to at least draft stage 15 received "partial assurance" rating, and 1 a "no assurance" rating. Of the 93 reports that were issued to final report status, some 279 actions for improvement were agreed with Management.

Summary of Control Assurance and Recommendations

Control Assurance % by Category



Audit Recommendations by Priority



Performance:

The Head of Internal Audit Partnership reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

SWAP now provides the Internal Audit service for 12 Councils and additionally many subsidiary bodies.

Performance Target	Average Performance
<p><u>Audit Plan</u></p> <p>Percentage Completion 90% (Reflecting agreed amended plan and “In Progress” work to completed by the end of June 2012)</p>	<p>100% (2011/12 – 100%)</p>
<p><u>Draft Report</u></p> <p>Reports Issued within 5 working days (Average days equates to 7 working days)</p> <p>Reports issued within 10 working days</p>	<p>67% (2011/12 – N/A)</p> <p>81%</p>
<p><u>Final Reports</u></p> <p>Reports issued within 10 working days of discussion of draft report</p>	<p>27%</p>
<p><u>Quality of Audit Work</u></p> <p>Individual Audit Assignment Feedback - ‘Customer Satisfaction Questions’</p>	<p>81% (2011/12 – 85%)</p>

Performance:

The Head of Internal Audit Partnership reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

With regards to the 2012/13 Annual Plan for Wiltshire Council, 110 reviews undertaken of which 5 remain in progress equating to a completion rate of 95%. It was necessary to defer or remove a number of assignments to accommodate additional work undertaken. As an example of this a huge amount of additional resource has been provided to review the ICT Key Controls as prescribed by the External Auditors, KPMG. For those reviews still showing as 'In Progress', testing in most cases has been completed and these are targeted to be finalised before the end of June 2013.

In addition to completing the work reported above, cross cutting governance reviews were covered at sites across the Partnership. The majority of these reviews were identified in conjunction with Partner Client Officers at a Control and Risk Self-Assessment session held last year, during annual planning. The findings from these reviews are summarised into a Partnership report and shared with the SWAP Management Board. These reports provide opportunity to identify control weaknesses experienced by all, but more importantly to share best practice across the Partnership:

During the year SWAP were actively working toward becoming a Publicly Owned Company, Limited by Guarantee. This was achieved and became effective from the 1st April 2013. Since its beginning SWAP has accumulated a reserve fund. As a result of the dissolving of the old Partnership, monies can now be redistributed back to SWAP Partners. Wiltshire Council's share of that will be in the region of £4,000. Again SWAP has managed to absorb Partner day reductions and maintain day rates for the seventh consecutive year.

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the service manager of nominated officer. The aim of the questionnaires is to gauge satisfaction against timeliness, quality and professionalism. As part of the Balanced Scorecard presented to the SWAP Board, a target of 85% is set where 75% would represent good. The latest Scorecard across the Partnership shows the current average feedback score to be 81%. For Wiltshire Council the average feedback score was 82%, with varying scores across each Directorate, as detailed on the following page.

Performance:

The Head of Internal Audit Partnership reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance Continued - % Satisfaction by Service Area

