

SUBJECT:	Internal Audit: Progress Report
MEETING:	Audit Committee
DATE OF MEETING:	29 September 2011
REPORT OF:	Chief Internal Auditor
REPORT DATE:	31 August 2011

1 Opinion definitions

Opinion	Framework of governance, risk management and management control
Substantial assurance	A sound framework in place that is operating effectively or some immaterial evidence of inconsistent application.
Adequate assurance	Basically a sound framework in place with possible opportunities to improve controls or recurring evidence of inconsistent or material non-compliance
Limited assurance	Critical weakness(es) identified within the framework and / or significant evidence of inconsistent application.
No assurance	Fundamental weaknesses have been identified or the framework is ineffective or absent.

2 Status of 'live' reports:

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending*	Overdue
Business continuity (IT)	10.5.11	CCBS	Adequate	Adequate	2(0)		2(0)	
Facilities management - income maximisation	16.5.11	CCBS	Adequate	Substantial	5(0)	5(0)		
Schools networks	20.6.11	CS	Limited	Limited	12(4)		12(4)	
Bank reconciliations	26.6.11	CT	Adequate	Substantial	1(0)	1(0)		
Bus Rapid Transit	14.7.11	ET&E	Adequate	Substantial	3(0)	3(0)		
County Supplies budget monitoring	18.7.11	CCBS	Substantial	Substantial	1(0)		1(0)	
Direct payments	05.8.11	AS	Adequate	Adequate	6(0)	3(3)	3(0)	
Registration Services	17.8.11	CCBS	Adequate	Adequate	7(0)	1(0)	6(0)	
IT procurement in schools	23.8.11	CS	Limited	Limited	7(4)		7(4)	
Onsite audit of IT controls (schools)	23.8.11	CS	Adequate	Adequate	7(1)		7(1)	

* Implementation date for management action not yet due

3 Internal Audit Performance

The 2011/12 internal audit plan was prepared in line with the internal audit strategy and was approved by Audit Committee in March 2011. The original plan totalled 3065 days and, in addition, 300 days of work in progress was carried forward from last year. The actual days delivered as at the time this report was produced (August 2011) are detailed below:

Summary of audit days delivered April to August 2011		
	Days	Days
Previous year carry forward		300
2011/12 agreed audit plan	3065	
Variations to the plan	0	
Revised 2011/12 plan		3065
Total for 2011/12		3365
Actual days delivered		1045
Percentage of total days delivered		31%

4 Planning and Resourcing

With effect from 1 November 2010 Hampshire County Council and Southampton City Council have been working in collaboration to deliver a shared approach for the provision of Internal Audit Services. The agreement introduced a shared Chief Internal Auditor role across both authorities. The intention was to then embed this as a true partnership model. Following an expression of interest from West Sussex County Council it was agreed that a business case should be produced to evaluate options for the delivery of an Internal Audit Shared Service across the three authorities.

A full range of options were identified and assessed including a fully outsourced service. The preferred option, however, was a shared service partnership as a joint discharge of functions under Section 101(5) of the Local Government Act 1972, with Hampshire County Council operating as the host authority.

The three Chief Financial Officers met as joint Project Executives to consider the draft business case in July 2011 and agreed to seek authority from Cabinet to proceed within each authority (Sept / Oct 2011)

A restructure of the audit team (effective May 2011) has adopted a matrix style approach, by using a resource pool of multi disciplinary auditors capable of forming into teams as audit projects determine, This approach ensures an appropriate level of independence in the rotation of audit reviews and the avoidance of over reliance on individual areas of expertise.

The 2011 – 14 Strategic Audit Plan was agreed with senior managers and approved by the Audit Committee 31 March 2011. The audit plan will remain fluid and a contingency provision has been incorporated to ensure internal audit availability to react to the changing needs of the County Council

5 Rolling work programme

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
2010/11 Audit Plan						
Business continuity (IT)	CCBS	✓	✓	✓	✓	10 May 11
Facilities management – income generation	CCBS	✓	✓	✓	✓	16 May 11
Schools network	CS	✓	✓	✓	✓	20 Jun 11
EdICT	CS	✓	✓	✓	✓	22 Jun 11
Bank reconciliations	CT	✓	✓	✓	✓	26 Jun 11
Bus Rapid Transit	ETE	✓	✓	✓	✓	14 Jul 11
County Supplies budget monitoring	CCBS	✓	✓	✓	✓	18 Jul 11
Direct payments	CS	✓	✓	✓	✓	5 Aug 11
Children's Services department budgetary control	CS	✓	✓	✓	✓	9 Aug 11
Registration Services	CCBS	✓	✓	✓	✓	17 Aug 11
Onsite audit of IT controls (schools)	CS	✓	✓	✓	✓	23 Aug 11
IT procurement in schools	CS	✓	✓	✓	✓	23 Aug 11

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Children's Services department Commissioning and Purchasing	CS	✓	✓	✓	✓	
CCBS IT Procurement (IT)	CCBS	✓	✓	✓	✓	
School Thematic – Debtor Management	CS	✓	✓	✓	✓	
Hospital Teams (Adults)	AS	✓	✓	✓	✓	
Improvement and Efficiency South East	CCBS	✓	✓	✓	✓	
Transport	AS	✓	✓	✓	✓	
Supporting people	AS	✓	✓	✓		
2011/12 Audit Plan						
Corporate cross-cutting						
Partnerships	CEX	WIP				
Shared services	CEX					
Strategic planning	CEX					
Recruitment	HR					
Employment practices	HR	✓				
Information management	CEX	✓	✓			

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Document Management System - Hantsfile	CCBS					
Business Continuity	CEX	WIP				
Emergency planning	CEX	WIP				
Efficiency agenda	CEX					
Improvement and efficiency South East	CEX	✓	✓	✓	✓	
Procurement	CCBS	WIP				
Procurement cards	CCBS	✓	✓	✓		
Expense management	CT	✓	✓			
Contract management	CEX / CT	WIP				
Contact Centre (Hantsdirect)	CEX					
Customer service	CEX	✓	✓			
Property management	CCBS	WIP				
Asset utilisation / maximisation	CCBS	WIP				
Workforce planning	HR					
Project management	CEX	✓	✓			

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Grants received	CEX	✓				
PUSH (close down review)	ETE	✓	✓			
Hantsnet access and security	CCBS	✓	✓			
Corporate governance						
Complaints and compliments	CEX	✓				
Decision making and accountability	CEX					
NFI	CT					
Proactive fraud initiatives	CT					
Fraud thematic review 1	CT					
Annual Governance Statement	CEX	✓	✓	✓		
Annual review of effectiveness of internal audit	CT	✓	✓	✓	✓	22 Aug 11
Financial management						
Payroll 1	HR	✓				
Payroll 2	HR					
Payroll technical	CT					

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Financial management (budgetary control)	CT					
Accounts receivable	CT	✓	✓			
Accounts payable	CT	✓				
Main Accounting System (SAP)	CT	✓	✓			
Accounting for assets	CT / CCBS					
Residential charges for social care	CT					
Real estate (energy management system)	CT	✓	✓			
Information technology						
Applications management and control	CCBS	✓	✓			
Inventory management	CCBS					
IS security management:	CCBS					
Hampshire safer and more secure for all						
Safeguarding	various	WIP				
School - thematic review - Budgetary control	CS	✓	✓	✓		
School - thematic review - Payroll	CS	✓	✓	✓		

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
School -thematic review - recruitment	CS	WIP				
School - thematic review - data protection	CS	WIP				
School - thematic review - income	CS					
Children's services establishments - thematic reviews	CS	✓				
Home to school transport	CS					
Local children partnership	CS					
SEN and specialist advisory teachers	CS					
Residential care	CS	✓	✓	✓		
Family placement and foster care	CS	✓	✓			
Decision making for complex needs	CS					
Commissioning and purchasing of services	CS					
Post 16 provision - schools with sixth form	CS					
Maximising wellbeing						
Adult services establishments - Client Affairs	AS	✓	✓			
Adult services establishments - Medicine control	AS	✓				

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Adult services establishments - thematic review	AS					
Personalisation - self directed support	AS					
Reablement services	AS					
Charging policies	AS					
Health Partnerships and commissioning	AS	✓				
In-house re-provision	AS	✓	✓			
Extra care housing	AS					
Contributions policy audit (project not policy)	AS	✓	✓	✓	✓	
Enhancing our quality of place						
Street lighting	ETE					
Highways maintenance	ETE					
Highways billing	ETE	✓	✓			
Winter maintenance	ETE					
Waste Disposal (Veolia systems)	ENV					
Passenger Transport Systems	ETE					

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Developer contributions	CXS					
CCBS establishments - Thematic review 1	CCBS					
CCBS establishments - Thematic – procurement cards	CCBS					
Concessionary fares	ETE	✓				
Flood management	ETE					
Traffic management and road safety	ETE					
Safer roads	ETE					
Miscellaneous service reviews						
Business Services - County supplies	CCBS	✓	✓			
Term engineering contracts	CCBS					
Other chargeable work						
CAMIS	ETE					
CC2150 (coastal communities) June grant claim	ETE	n/a	✓	✓	n/a	30 June 11
CC2150 (coastal communities) December grant claim	ETE					
Bus service operator grant	AS	n/a	✓	✓	n/a	30 June 11

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Sports England	CCBS	n/a	✓	✓	n/a	30 June 11

Key to Audit Sponsors	
AS	Director of Adult Services
CCBS	Director of Culture, Communities and Business Services
CS	Director of Children's Services.
CEX	Chief Executive
CT	County Treasurer
ETE	Director of Economy, Transport and Environment
HR	Director of Human Resources