

ISSUBJECT:	Internal Audit: Progress Report
MEETING:	Audit Committee
DATE OF MEETING:	22 March 2012
REPORT OF:	Chief Internal Auditor
REPORT DATE:	12 March 2012

1 Opinion definitions

Opinion	Framework of governance, risk management and management control
Substantial assurance	A sound framework in place that is operating effectively.
Adequate Assurance	Basically a sound framework in place with possible opportunities to improve controls or some immaterial evidence of inconsistent application
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 and reports issued since last progress report:

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending	Overdue
Business continuity (IT)	10.05.11	CCBS	Adequate	Adequate	2(1)		2(1)	
County Supplies budget monitoring	18.07.11	CCBS	Substantial	Substantial	1(0)		1(0)	
IT procurement in schools	23.08.11	CS	Limited	Substantial	7(4)	7(4)		
Onsite audit of IT controls (schools)	23.08.11	CS	Adequate	Substantial	7(1)	7(1)		
Children's Services commissioning and purchasing	20.09.11	CS	Substantial	Substantial	2(0)		1(0)	1 (0)
Post 14	24.10.11	CS	Limited	Adequate	7(2)	4(1)	1(0)	2(1)
Hospital teams	28.11.11	As	Adequate	Adequate	5(1)		5(1)	
School thematic budgetary control	21.12.11	CS	Adequate	Adequate	1(0)		1(0)	
School thematic payroll	21.12.11	CS	Adequate	Adequate	1(0)		1(0)	
School thematic debtors	21.12.11	CS	Adequate	Adequate	1(0)		1(0)	
Residential care	21.12.11	CS	Adequate	Adequate	11(4)	6(3)	5(1)	
Roads billing	06.01.12	ETE	Adequate	Adequate	13(4)	3(1)	10(3)	

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending	Overdue
IESE framework contract	07.01.12	CCBS	Adequate	Adequate	3(1)	1 (1)	2(0)	
Transport VFM review	10.01.12	AS	n/a	n/a	7(0)		7(0)	
Reablement (rostas)	31.01.12	AS	Substantial	Substantial	1(0)		1(0)	

3 Internal Audit Performance

The internal audit service is measured against the following key performance targets:

Performance Targets - January 2012		
	Target for Year (%)	Actual to Date (%)
% of revised plan delivered (including 2010/11 c/f)	95	78
Compliant with the CIPFA Code of Practice for Internal Audit in Local Government 2006	Yes	Yes
% of positive customer responses to Quality Appraisal Questionnaire	90	91

4 Planning and Resourcing

February witnessed the launch of a new Shared Internal Audit Service with Southampton City Council. Key drivers for the Shared Service Partnership are the organisational benefits that can be realised in terms of delivering an innovative and collaborative modern Internal Audit Service, including strengthened business resilience, improved provision of audit specialism's, developing best practice and enabling staff development and progression opportunities.

A draft Internal Audit Plan for 2012-13 has been compiled for approval by the Corporate Management Team and Audit Committee during March. The Audit Plan will remain fluid to ensure internal audit availability to react to the changing needs of the County Council

The structure for the Shared Internal Audit Service will retain a matrix style approach, by using a resource pool of multi disciplinary auditors capable of forming into teams as audit projects determine. This approach will be supported through continuity at Audit Manager level across departments.

5 Fraud and Irregularities

Within the year we have assessed and where appropriate, advised, investigated or supported the investigation of eight allegations of fraud, corruption or improper practice. A number of these cases were allegations made under the Duty to Act ("Whistleblowing") Policy. Of these:

- 1 was investigated, but with no further action required;
- 1 was investigated, no further action required, however a report was produced to address control weaknesses;
- 2 resulted in disciplinary action; and
- 4 remain ongoing

6 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	✓	✓	✓	✓	07 Jul 11
Bus Rapid Transit	ETE	✓	✓	✓	✓	14 Jul 11
County Supplies budget monitoring	CCBS	✓	✓	✓	✓	18 Jul 11
Direct payments	CS	✓	✓	✓	✓	05 Aug 11
Children's Services department budgetary control	CS	✓	✓	✓	✓	09 Aug 11
Registration Services	CCBS	✓	✓	✓	✓	17 Aug 11
Onsite audit of IT controls (schools)	CS	✓	✓	✓	✓	08 Aug 11
IT procurement in schools	CS	✓	✓	✓	✓	08 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	✓	✓	✓	✓	20 Sept 11
CCBS IT Procurement (IT)	CCBS	✓	✓	✓	✓	16 Jun 11
School Thematic – Debtor Management	CS	✓	✓	✓	✓	21 Dec 11
Hospital Teams (Adults)	AS	✓	✓	✓	✓	28 Nov 11
Improvement and Efficiency South East	CCBS	✓	✓	✓	✓	10 Jan 12
Transport	AS	✓	✓	✓	✓	13 Jan 12
Post 14 learning	CS	✓	✓	✓	✓	24 Oct 11
2011/12 Audit Plan						
Corporate cross-cutting						
Strategic planning – assurance mapping only	CEX	✓	✓	✓	✓	03 Oct 11
Recruitment	HR	✓	✓	Mar 12		
Employment practices – IPP	HR	✓	✓	✓	✓	
Employment practices – grievances	HR	✓	✓	✓	✓	20 Oct 11
Information management	CEX	✓	✓	✓	✓	08 Mar 12
Business Continuity and emergency planning	CEX	✓	✓	Mar 12		

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete *	Draft report issued	Final report issued
Efficiency agenda (assurance mapping only)	CEX	✓	✓	Mar 12		
Improvement and efficiency South East – advisory work	CEX	✓	✓	✓	✓	31 Dec 11
Procurement	CCBS	✓	✓	Apr 12		
Procurement cards	CCBS	✓	✓	✓	✓	
Expense management	CT	✓	✓	✓	✓	17 Feb 12
Contract management	CEX / CT	✓	✓	Apr 12		
Contact Centre (Hantsdirect)	CEX	✓	✓	Mar 12		
Customer service	CEX	✓	✓	Apr 12		
Project management	CEX	✓	✓	✓	✓	
Grants received	CEX	✓	✓	✓	Mar 12	
PUSH (close down review)	ETE	✓	✓	✓	✓	
Hantsnet access and security	CCBS	✓	✓	✓	✓	
Corporate governance						
Complaints and compliments	CEX	✓	✓	✓	✓	
NFI	CT	n/a	✓	Mar 12		

Audit title	Audit Sponsor	Audit Progress				
		Audit Outline issued	Fieldwork commenced	Fieldwork complete *	Draft report issued	Final report issued
Proactive fraud initiatives	CT	✓	✓	✓	✓	
Fraud thematic review	CT	✓	✓	✓	Mar 12	
Annual Governance Statement	CEX	✓	✓	✓	✓	12 Oct 11
Annual review of effectiveness of internal audit	CIA	✓	✓	✓	✓	22 Aug 11
Financial management						
Payroll – routine data testing (August)	HR	✓	✓	✓	✓	N/A
Payroll – routine data testing (January)	HR	✓	✓	✓	Mar 12	
Payroll – voluntary redundancy and early retirement	HR	✓	✓	✓	✓	
Payroll – premia payments	HR	✓	✓	✓	Mar 12	
Payroll - e-form development and roll out	HR	✓	✓	May 12		
Payroll technical	CT	✓	✓	✓	✓	06 Mar 12
Financial management (budgetary control)	CT	✓	✓	Apr 12		
Accounts receivable	CT	✓	✓	✓	✓	
Accounts payable	CT	✓	✓	Mar 12		
Main Accounting System (SAP)	CT	✓	✓	✓	✓	27 Jan 12

Audit title	Audit Sponsor	Audit Progress				
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Real estate (energy management system)	CT	✓	✓	✓	✓	
Information technology						
Applications management and control	CCBS	✓	✓	May 12		
Inventory management	CCBS	✓	✓	Apr 12		
IS security management:	CCBS	Mar 12				
Hampshire safer and more secure for all						
Safeguarding – Children – assurance mapping only	CS	✓	✓	✓	✓	15 Aug 11
Safeguarding – Adults – assurance mapping only	AS	✓	✓	✓	✓	15 Aug 11
School - thematic review - Budgetary control	CS	✓	✓	✓	✓	21 Dec 11
School - thematic review – Payroll	CS	✓	✓	✓	✓	21 Dec 11
School -thematic review - recruitment	CS	✓	✓	✓	✓	
School - thematic review - data protection	CS	✓	✓	Mar 12		
School - thematic review - income	CS	✓	✓	Mar 12		
Children's services establishments – thematic reviews	CS	✓	✓	✓	✓	
School establishment reactive review 1	CS	✓	✓	✓	✓	20 Dec 11

Audit title	Audit Sponsor	Audit Progress				
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Home to school transport	CS	✓	✓	Apr 12		
SEN and special advisory teachers	CS	✓	✓	Mar 12		
Residential care	CS	✓	✓	✓	✓	21 Dec 11
Family placement and foster care	CS	✓	✓	✓	✓	14 Dec 11
Maximising wellbeing						
Adult services client affairs	AS	✓	✓	✓	✓	
Adult services establishments – thematic review, medicine control	AS	✓	✓	✓	✓	
Adult services establishments – thematic review, industrial workfunds	AS	✓	✓	✓	✓	
Adult Services establishments – thematic review, petty cash	AS	✓	✓	✓	Mar 12	
Reablement services – rotas	AS	✓	✓	✓	✓	31 Jan 12
Reablement services – establishment review	AS	✓	✓	✓	✓	
In-house re-provision	AS	✓	✓	✓	✓	20 Sept 11
Cherry Orchard closure	AS	✓	✓	✓	✓	
Contributions policy audit (project not policy)	AS	✓	✓	✓	✓	27 Jul 11
Enhancing our quality of place						

Audit title	Audit Sponsor	Audit Progress				
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Street lighting	ETE	✓	✓	Mar 12		
Highways billing	ETE	✓	✓	✓	✓	06 Jan 12
Waste Disposal (Veolia systems)	ENV	✓	✓	Apr 12		
Passenger Transport Systems	ETE	✓	✓	Apr 12		
Developer contributions	CXS	✓	✓	Mar 12		
CCBS establishments - Thematic – financial (income)	CCBS	✓	✓	Mar 12		
CCBS establishments - Thematic – procurement cards	CCBS	✓	✓	✓	Mar 12	
Concessionary fares	ETE	✓	✓	✓	✓	
Traffic management and road safety	ETE	✓	✓	✓	✓	
Safer roads	ETE	✓	✓	✓	✓	21 Feb 12
Miscellaneous service reviews						
Business Services - County supplies	CCBS	✓	✓	✓	✓	12 Oct 11
Other chargeable work						
CAMIS	ETE	n/a	✓	✓	n/a	26 Jan 12
CC2150 (coastal communities) June grant claim	ETE	n/a	✓	✓	n/a	30 June 11

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CC2150 (coastal communities) December grant claim	ETE	n/a	✓	✓	n/a	18 Feb 12
Bus service operator grant	AS	n/a	✓	✓	n/a	30 June 11
Sports England	CCBS	n/a	✓	✓	n/a	30 June 11

* date audit work expected to be completed

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
CIA	Chief Internal Auditor
CT	County Treasurer
ETE	Director of Economy, Transport and Environment
HR	Director of Human Resources