

ISSUBJECT:	Internal Audit: Progress Report
MEETING:	Audit Committee
DATE OF MEETING:	27 September 2012
REPORT OF:	Chief Internal Auditor
REPORT DATE:	22 August 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:

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending	Overdue
County Supplies - Budget monitoring	18/07/11	PBRIT	Substantial	Substantial	1 (0)		1(0)	
CS commissioning and purchasing	20/09/11	CS	Substantial	Substantial	2 (0)	1 (0)		1(0)
Hospital teams (Adults)	28/11/11	AS	Adequate	Adequate	5 (1)	3(0)		2(1)
Roads billing	22/12/11	ETE	Adequate	Adequate	13(4)	10(4)	3(0)	
Reablement services - Rotas	31/01/12	AS	Substantial	Substantial	1(0)			1(0)
Client Affairs	23/02/12	AS	Limited	Limited	7(2)	5(2)		2(0)
Reablement services - Place court	05/03/12	AS	Limited	Limited	5(1)	1(1)	4(0)	
Traffic management and road safety	30/03/12	ETE	Adequate	Adequate	7(2)	4(2)	3(0)	
Registration office/CCRA estabs - Thematic review 2 (procurement cards)	05/04/12	CCBS	Limited	Limited	5(0)	2(0)	3(0)	
Procurement cards thematic	05/04/12	CCBS	Adequate	Adequate	9(1)	7(1)	2(0)	
Children's services establishments - thematic reviews - income	05/04/12	CS	Adequate	Adequate	7(0)	1(0)		6(0)
Children's services establishments - thematic reviews - payroll	05/04/12	CS	Adequate	Adequate	5 (1)			5(1)

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending	Overdue
Business Continuity & Emergency Planning	21/05/12	CR (Gov)	Adequate	Adequate	9(0)	1(0)	8(0)	
Payroll - routine data testing and overpayments	23/05/12	CR (IBC)	Adequate	Adequate	1(0)			1(0)
School - thematic review - Data protection	31/05/12	CS	Limited	Limited	8(4)	2(0)	6(4)	
Fraud thematic review - client property	15/06/12	CR	Adequate	Adequate	1(1)		1(1)	
Complaints and compliments	04/07/12	PGP (pol)	Adequate	Adequate	6(2)	1(0)	2(1)	3(1)
Hantsnet access and security	06/07/12	CR (IT)	Adequate	Adequate	8(0)	1(0)	7(0)	
Financial management (budgetary control)	11/07/12	CR (Fin)	Substantial	Substantial	3(0)		3(0)	
Adult Services - Industrial work funds	19/07/12	AS	Adequate	Adequate	8(8)	7(7)	1(1)	
Grants received	19/07/12	PGP (Policy)	Adequate	Adequate	1(1)		1(1)	
Payroll - overtime and premia payments	24/07/12	CR (IBC)	Adequate	Adequate	6(0)		4(0)	2(0)
Recruitment	26/07/12	CR (HR)	Adequate	Adequate	3(1)		2(1)	1(0)
Adult services establishments thematic review - Imprest Acct	01/08/12	AS	Adequate	Adequate	7(7)			7(7)
Inventory management	02/08/12	CCBS	Adequate	Adequate	2(0)	1(0)	1(0)	

Audit title	Report date	Audit Sponsor	Audit Assessment		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Cleared	Pending	Overdue
Key to Sponsors:								
Director of Corporate Resources				CR				
Director of Adult Services				AS				
Director of Children's Services				CS				
Director of CCBS				CCBS				
Director of ETE				ETE				
Corporate Resources (Head of IT)				CR (IT)				
Corporate Resources (Head of HR)				CR (HR)				
Corporate Resources (Head of IBC)				CR (IBC)				
Policy, Governance and Procurement (Head of Policy)				PGP (Pol)				
PGP (Gov) - Policy, Governance and Procurement (Head of Governance)				PGP (gov)				
PGP (Pro) - Policy, Governance and Procurement (Head of Procurement)				PGP (pro)				

3 Internal Audit Performance

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

Performance Targets – July 2012		
	Target for Year (%)	Actual to Date (%)
% of revised plan delivered (including 2011/12 c/f)	95	25
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

Organisations in the UK public sector are currently covered by different internal audit standards, with the local government sector using the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (the Code)

As organisations work more closely together in formal partnership and informal arrangements, and internal auditors work across the public sector, the following weaknesses in the current situation have become apparent:

- A lack of consistency across the UK public sector and inconsistent update processes for the standards in use;
- Different guidance for different, but related, sectors; and
- No structure to articulate public sector needs and influence best practice development.

A collaboration announced by CIPFA and the IIA in May 2011 has led to an agreement between relevant internal audit standard setters to develop a set of internal audit standards applicable to all areas of the UK public sector.

It is proposed that the Public Sector Internal Auditing Standards (PSIAS) will come into force from the 1 April 2013.

During July the Internal Audit Standards Advisory Board (IASAB) invited a period of consultation on the new PSIAS. The Chief Internal Auditor is in the process of compiling a response to the consultation for which submissions are required by 14 September 2012.

4 Planning and Resourcing

The internal audit plan for 2012-13 was approved by the Corporate Management Team and the Audit Committee in March 2012. The audit plan will remain fluid to ensure internal availability to react to the changing needs of the County Council. Progress against the plan is detailed within section 6.

5 Fraud and Irregularities

Within the year Internal Audit has assessed and where appropriate advised, investigated or supported the investigation of five allegations of fraud, corruption or improper practice. A number of these cases were allegations reported under the Duty to Act (Whistleblowing) Policy. Of the investigations undertaken:

- 1 was investigated, but with no further action required;
- 2 resulted in disciplinary action; and
- 2 remain ongoing.

6 Rolling work programme

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
2011/12 carried forward							
Procurement	PGP (pro)	✓	✓	✓	✓	✓	
Waste disposal	ETE	✓	✓	✓	✓		
Recruitment	CR (HR)	✓	✓	✓	✓	✓	24/7/12
Hants direct	CR (IBC)	✓	✓	✓	✓	✓	12/6/12
Project management	CCBS	✓	✓	✓	✓	✓	14/8/12
Grants received	PGP (pol)	✓	✓	✓	✓	✓	19/7/12
PUSH close down and final accounts	ETE	✓	✓	✓	✓	✓	27/6/12
Complaints and compliments	PGP (pol)	✓	✓	✓	✓	✓	4/7/12
Fraud thematic	CR	✓	✓	✓	✓	✓	15/6/12

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Payroll - premia payments	CR (IBC)	✓	✓	✓	✓	✓	24/7/12
Financial management	CR (fin)	✓	✓	✓	✓	✓	26/7/12
Schools themed - Income	CS	✓	✓	✓	✓	✓	
Home to School transport	ETE/CS	✓	✓	✓	✓	✓	
SEN and special advisory services	CS	✓	✓	✓	✓	✓	29/5/12
Street lighting	ETE	✓	✓	✓	✓	✓	
CCBS themed - income	CCBS	✓	✓	✓	✓	✓	
Concessionary Fares	ETE	✓	✓	✓	✓	✓	10/7/12
Accounts payable	CR (fin)	✓	✓	✓	✓	✓	
Developer contributions	ETE	✓	✓	✓	✓	✓	
Contract management	CCBS	✓	✓	✓	✓	✓	
Applications management and control	CR (IT)	✓	✓	✓	✓		

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Inventory management (IT)	CR (IT)	✓	✓	✓	✓	✓	2/8/12
Economic development grants	ETE	✓	✓	✓	✓	✓	5/3/12
2012/13							
Corporate cross-cutting							
Shared services	PGP (pol)						
Sold services	PGP (pol)						
Strategic planning	PGP (pol)						
Recruitment	CR (HR)						
Employment practices - other (to be agreed each year)	CR (HR)	✓	✓	✓			
Employment practices - OHU	CR (HR)						
Learning and Development	CR (HR)						
Equality impact assessments	PGP (pol)	✓	✓	✓			

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Information management	PGP(gov)	✓	✓				
Document Management System - Hantsfile	CR(IT)	✓					
Sustainability	ETE						
Efficiency agenda	PGP (pol)						
IESE	PGP (pro)	✓	✓				
Procurement - corporate development	PGP (pro)						
Procurement - category management	PGP (pro)						
Expense management	CR (fin)	✓	✓	✓			
Contract management	PGP (pro)						
Contact Centre (Hantsdirect)	CR (IBC)						
Property management	CCBS						
Asset utilisation / maximisation	CCBS						

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Property asset management system (PAM)	CCBS						
Control of capital resource	CR (fin)						
Grants granted	PGP (pol)						
Information security	CR (IT)						
Corporate Governance							
Performance management	PGP (pol)						
Risk Management	PGP (gov)						
NFI matches	CR	✓	✓	✓			
Proactive fraud initiatives	CR	✓	✓				
Proactive fraud monitoring	CR						
Fraud thematic review 1 - petty cash	CR						
Fraud thematic review 2	CR						

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Special investigations	various	n/a	n/a	n/a	n/a	n/a	
Annual Governance Statement	CEX	✓	✓	✓	✓	✓	30/06/12
Annual review of effectiveness of internal audit	CIA	✓	✓	✓	✓	✓	27/09/12
Financial management							
Payroll	CR (IBC)	✓	✓	✓			
Payroll technical	CR (fin)						
Payroll eform development Q2	CR (IBC)	✓	✓	✓			
Financial management (budgetary control)	CR (fin)						
Accounts receivable	CR (fin)	✓					
Accounts payable	CR (fin)						
Cash collection and banking	CR (fin)						
Main Accounting System (SAP)	CR (fin)	✓	✓	✓			

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Taxation	CR (fin)						
Treasury management	CR (fin)	✓	✓	✓	✓	✓	
Accounting for assets	CR (fin) / CCBS						
Residential charges for social care	CR (IBC)						
Non-residential charges for social services	CR (IBC)						
Cheque printing	CR (fin)	✓	✓	✓			
Bank account control	CR (fin)	✓	✓	✓	✓	✓	
Information technology							
Change control	CR (IT)	✓	✓	✓			
SAP operational basis support	CR (IT)	✓	✓	✓	✓		
Computer installations and operations	CR (IT)						

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
IT operating systems	CR (IT)						
IT governance	CR (IT)	✓	✓	✓			
Hampshire safer and more secure for all							
Safeguarding - Adults	AS	✓	✓	✓			
Home to school transport - procurement	ETE	✓	✓	✓			
School thematic review - Community	CS						
School thematic review - Payroll	CS	✓	✓	✓	✓		
School thematic review - Procurement and Contract Management	CS	✓	✓	✓			
School thematic review Petty Cash/Procurement cards	CS	✓					
School thematic review IT related	CS						
Establishment reactive reviews	CS						

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Inclusion Services	CS	✓	✓				
School admissions	CS						
Services for young children	CS						
Integrated Youth Service and Care Leavers	CS	✓	✓	✓	✓		
Non county placements/decision making for complex needs	CS						
Commissioning and purchasing of services	CS						
Adoption	CS						
Kinship care	CS	✓	✓	✓	✓		
Maximising wellbeing							
Adult services establishments - infection control	AS	✓	✓	✓			
Adult services establishments -medicine control follow	AS						

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
up							
Adult services establishments - rostering and use of agency staff	AS						
Personalisation - self directed support	AS						
Reablement services	AS						
High cost placements	AS	✓					
Charging and contribution policies	AS/CR (IBC)	✓					
Deprivation of liberty safeguards	AS	✓	✓	✓			
Registration of social work staff	AS	✓	✓	✓			
Guardianship	AS	✓	✓	✓			
Health Partnerships and commissioning	AS/CX						
Public Health	AS/CX						

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Extra care housing	AS	✓					
Quality market	AS						
Integrated community equipment store and Technicians Service	AS	✓					
Home care monitoring	AS						
Community Services process flow	AS						
Direct Payments	AS	✓	✓	✓	✓		
LD client monies	AS	✓	✓	✓			
Enhancing our quality of place							
Economic development	ETE	✓	✓	✓	✓		
Street lighting	ETE						
Highways maintenance	ETE	✓	✓	✓	✓		

Audit title	Audit Sponsor	Audit progress					
		Audit scoping started	Audit outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Winter maintenance	ETE	✓	✓	✓			
Bus rapid transport	ETE	✓	✓				
Waste Disposal (Veolia systems)	ETE						
CCBS thematic - budgetary control	CCBS	✓					
CCBS thematic 2	CCBS						
Flood management	ETE	✓	✓	✓	✓		
Misc service reviews							
Business Services - Rebates and turnover levels	CCBS						
Gypsy and traveller services	CCBS						
Term engineering contracts	CCBS	✓					
Business units	various						

Key to Audit Sponsors	
Director of Corporate Resources	CR
Director of Adult Services	AS
Director of Children's Services	CS
Director of CCBS	CCBS
Director of ETE	ETE
Corporate Resources (Head of IT)	CR (IT)
Corporate Resources (Head of HR)	CR (HR)
Corporate Resources (Head of IBC)	CR (IBC)
Policy, Governance and Procurement (Head of Policy)	PGP (Pol)
PGP (Gov) - Policy, Governance and Procurement (Head of Governance)	PGP (gov)
PGP (Pro) - Policy, Governance and Procurement (Head of Procurement)	PGP (pro)