

Internal Audit Progress Report

August 2014

Hampshire County Council



Southern Internal Audit Partnership

Assurance through excellence
and innovation

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2011, which states that a relevant body must:

‘Undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control’.

The standards for ‘proper practices’ in relation to internal audit are laid down in the Public Sector Internal Audit Standards 2013 [the Standards].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The County Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the County Council that these arrangements are in place and operating effectively.

The County Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- The status of 'live' internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary a significant issues that impact on the Chief Internal Auditor's annual opinion

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

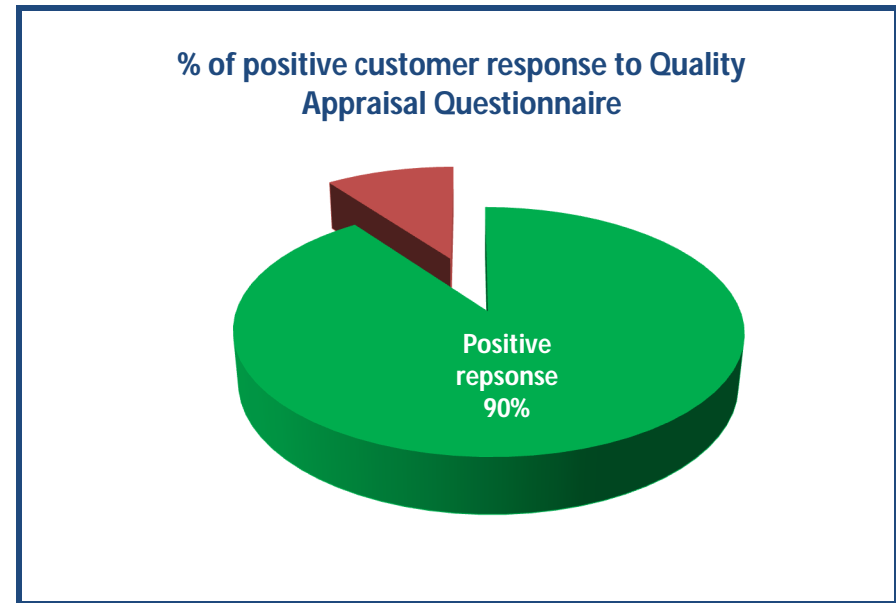
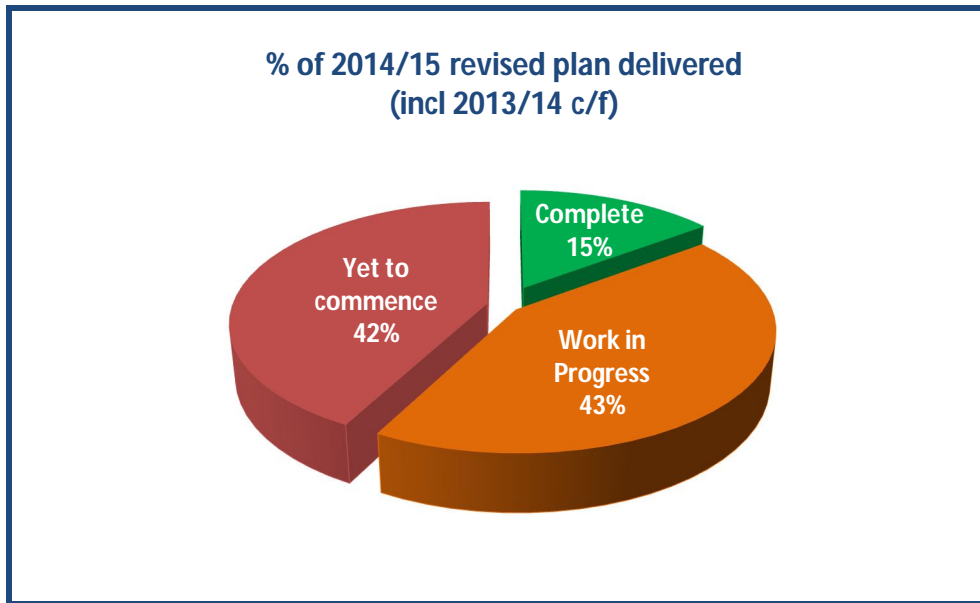
Substantial A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified

Adequate Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified

Limited Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk

No Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards / Local Government Application Note



During 2013 – 14 The Head of the Southern Internal Audit Partnership undertook a self-assessment concluding overall compliance against the Standards and the LGAN. To provide independence to the process the self –assessment was reviewed by Hampshire County Council’s Monitoring Officer to ensure it presented a true and fair view.

Independent analysis confirmed that the self-assessment provided *‘a fair assessment of the internal audit activity’*

4. Status of 'Live' Reports

Audit title	Report date	Directorate Sponsor	Audit Assurance		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Pending	Cleared	Overdue
Business Continuity & Emergency Planning	21.05.12	PG	Adequate	Adequate	28(3)	25(2)	0(0)	3(1)
Equality impact assessment	07.02.13	PG	Limited	Adequate	11(6)	10(5)	0(0)	1(1)
Fraud thematic review – petty cash	08.02.13	CR	Adequate	Adequate	3(2)	2(2)	0(0)	1(0)
Friends and family care	28.02.13	CS	Limited	Adequate	9(5)	6(5)	0(0)	3(0)
Integrated community equipment store	10.05.13	AS	Limited	Limited	16(11)	13(8)	0(0)	3(3)
Document management system – Hantsfile	06.06.13	CR	Limited	Adequate	12(8)	11(8)	1(0)	0(0)
Community services process flow	12.08.13	AS	Adequate	Adequate	3(2)	0(0)	0(0)	3(2)
Information management	02.09.13	PG	Adequate	Adequate	5(2)	0(0)	0(0)	5(2)
NCP / decision making for complex needs	19.11.13	CS	Limited	Limited	9(5)	7(5)	0(0)	2(0)
Highways Maintenance	11.02.14	ETE	Adequate	Adequate	17(0)	12(0)	0(0)	5(0)
Domiciliary care and nursing placements	17.02.14	AS	Limited	Limited	9(5)	3(3)	0(0)	6(2)
Youth Offending Service	16.04.14	CS	Adequate	Adequate	2(0)	1(0)	0(0)	1(0)
Property Management	23.04.14	CCBS	Substantial	Substantial	1(1)	0(0)	0(0)	1(1)
Network Management and Monitoring	24.04.14	CR	Adequate	Adequate	4(0)	1(0)	3(0)	0(0)
Applications Management and Control	29.04.14	CR	Adequate	Adequate	10(3)	5(1)	3(1)	2(1)
Facilities Management/Work styles	08.05.14	CCBS	Adequate	Adequate	12(0)	6(0)	6(0)	0(0)
Concessionary Fares	14.05.14	ETE	Limited	Limited	11(0)	7(0)	1(0)	3(0)
School Thematic Review – IT Security	16.05.14	CS	Adequate	Adequate	1(0)	0(0)	1(0)	0(0)

Audit title	Report date	Directorate Sponsor	Audit Assurance		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Pending	Cleared	Overdue
Notification of Deaths	22.05.14	AS	Adequate	Adequate	5(4)	3(2)	0(0)	2(2)
Operational Workflow Case Management	22.05.14	AS	Adequate	Adequate	4(2)	0(0)	1(1)	3(1)
Client affairs	26.06.14	AS	Adequate	Adequate	8(3)	1(0)	3(0)	4(3)
Enterprise M3 LEP - governance	02.07.14	ETE	Limited	Limited	16(11)	6(4)	1(1)	9(6)
Business units – HTM	03.07.14	CCBS	Adequate	Adequate	5(0)	1(0)	0(0)	4(0)
School thematic review – VAT	09.07.14	CS	Limited	Limited	2(0)	0(0)	2(0)	0(0)
Commissioning and purchasing of services	10.07.14	CS	Limited	Limited	5(0)	1(0)	3(0)	1(0)
Telecare contract	16.07.14	AS	Limited	Limited	7(5)	5(4)	0(0)	2(1)
Adult services establishments - thematic review 2 – sickness management	17.07.14	AS	Adequate	Adequate	9(0)	0(0)	0(0)	9(0)
Care governance processes	07.08.14	AS	Adequate	Adequate	9(0)	0(0)	9(0)	0(0)
Public Health	19.08.14	AS	Substantial	Substantial	2(0)	1(0)	1(0)	0(0)
CCBS thematic 2 - volunteers	01.09.14	CCBS	Limited	Limited	5 (5)	2 (2)	3 (3)	0 (0)

5. Executive Summaries of new reports published concluding a 'No' assurance opinion

None

6. Fraud and Irregularities

Within the year we have assessed and where appropriate, advised, investigated or supported the investigation of three allegations of fraud, corruption or improper practice. Of these:

- 1 was investigated concluding actions constituted an overpayment as opposed to a deliberate act of fraud;
- 1 resulted in disciplinary action; and
- 1 was concluded resulting in a full recovery of cost to the County Council

We have also continued to provide advice on other cases where required.

7. Planning & Resourcing

The internal audit plan for 2014/15 was approved by the Council's Management Team and the Audit Committee in June 2014.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the County Council. Progress against the plan is detailed within section 8

8. Rolling Work Programme

Audit title	Audit Progress					
	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Audit Plan 2014/15 (including 2013-14 Carry Forward)						
CCBS thematic 2 - volunteers	✓	✓	✓	✓	✓	01/09/14
Employment practices - casework	✓	✓	✓	✓	✓	23/06/14
Property asset management system (PAM)	✓	✓	✓	✓	✓	
Expense management	✓	✓	✓	✓	✓	
Website management	✓	✓	✓	✓	✓	31/07/14
Payroll - premia payments	✓	✓	✓	✓	✓	03/06/14
Pensions (Teachers Pension Return)	✓	✓	✓	✓	✓	
Real estate (energy management system)	✓	✓	✓	✓	✓	
Financial processes	✓	✓	✓	✓	✓	
Safeguarding – (non Adults & Children's)	✓	✓	✓	✓	✓	
School thematic review – VAT	✓	✓	✓	✓	✓	09/07/14
Home to school transport	✓	✓	✓	✓	✓	
Local children partnership	✓	✓	✓	✓	✓	
Commissioning and purchasing of services	✓	✓	✓	✓	✓	10/07/14
Adoption	✓	✓	✓	✓	✓	

Audit title	Audit Progress					
	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Troubled families governance review	✓	✓	✓	✓	✓	25/06/14
Adult services establishments - thematic review 1 - financial administration	✓	✓	✓	✓	✓	27/06/14
Adult services establishments - thematic review 2 – sickness management	✓	✓	✓	✓	✓	17/07/14
Care governance processes (includes safeguarding)	✓	✓	✓	✓	✓	07/08/14
Client affairs	✓	✓	✓	✓	✓	26/06/14
Telecare contract	✓	✓	✓	✓	✓	16/07/14
Public Health	✓	✓	✓	✓	✓	19/08/14
Extra care housing	✓	✓	✓	✓	✓	24/07/14
Enterprise M3 LEP - governance	✓	✓	✓	✓	✓	02/07/14
CCBS establishment thematic review	✓	✓	✓	✓	✓	
Business units – HTM	✓	✓	✓	✓	✓	03/07/14
Business units – HC3S	✓	✓	✓	✓	✓	26/06/14
Framework trends	✓	✓	✓	✓	✓	N/A
Tender of Manpower contract	✓	✓	✓	✓	✓	
Construction framework – major projects	✓	✓	✓	✓	✓	N/A
Construction framework – local construction framework	✓	✓	✓	✓	✓	
Corporate cross cutting						
Sold services						

Audit title	Audit Progress						
	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued	
Strategic planning and performance management	✓						
Employment practices							
Equality Impact Assessments	✓	✓	✓				
Information management	✓	✓	✓				
Business Continuity/Emergency Planning	✓	✓					
Health and Safety							
Procurement – corporate development	✓						
Capital programme	✓						
Contract management	✓	✓	✓				
Contact Centre (Hantsdirect)	✓	✓	✓				
Facilities management/ Work styles							
Asset management							
Grants received (revenue)							
Grants granted							
Information security							
Local management of H3 processes							
Advertising	✓	✓	✓	✓			
Corporate sponsorship							

Audit title	Audit Progress					
	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Corporate Governance						
Risk Management						
Complaints and compliments	✓	✓	✓			
Transparency agenda						
Decision making and accountability						
National Fraud Initiative	N/A	N/A	✓			
Proactive fraud initiatives						
Proactive fraud review						
Annual Governance Statement						
Annual review of effectiveness of internal audit	✓	✓	✓	✓	✓	26/06/14
Information Technology						
HPSN						
Network management and monitoring	✓	✓	✓	✓	✓	
IT efficiency programme						
Mobile and flexible working	✓					
Business processes and ordering process						
Platform monitoring (Windows & Linux)						
Wireless security						

Audit title	Audit Progress						
	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued	
Database management & security							
IT Asset management	✓	✓	✓	✓			
IT business continuity	✓						
Corporate objective - Safer and more secure for all							
Safeguarding - Children							
Safeguarding - Adults							
School thematic review 1 - procurement	✓						
School thematic review 2 - budgetary control	✓	✓	✓	✓			
School thematic review 3 - expense management							
School thematic review 4 – offsite activities							
Children's services establishments - thematic reviews	✓	✓					
Establishment reactive reviews							
Osborne School	✓	✓	✓	✓			
Schools Financial Value Standard	✓	✓	✓	✓	N/A	N/A	
Home to school transport							
Post 14 provision							
SEN and specialist advisory teachers							
Family placement and foster care	✓	✓	✓	✓			

Audit title	Audit Progress					
	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Electronic case recording system						
Charging and contribution policy for children in care						
Integrated Youth Service and Care Leavers						
Direct payments	✓	✓				
Commissioning and purchasing of services	✓	✓				
Friends and family placements						
Music Service	✓	✓	✓	✓	✓	
Primary Behaviour Service						
Education Centres	✓	✓	✓	✓	✓	
Hampshire Education Psychology Service	✓					
IOW Partnership						
Corporate objective - Maximising wellbeing						
Adult services establishments - thematic reviews - reablement	✓	✓	✓			
Adult services establishments - thematic reviews – procurement cards / imprest						
Adult services establishments - thematic reviews – attendance management	✓	✓	✓			
Personalisation - self directed support						
Reablement services						
Charging and contribution policies						

Audit title	Audit Progress						
	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued	
Continuing health care	✓	✓	✓	✓			
Health Partnerships and joint commissioning							
Transition of clients from Children's to Adult services							
Social care reform							
Electronic Domiciliary Care Monitoring System (EDCM)	✓	✓	✓	✓			
Public Health							
Extra care housing							
Out of County Placements	✓	✓	✓				
Out of Hours Service							
Blue Badges	✓	✓					
Corporate objective - enhancing our quality of place							
Street lighting	✓	✓					
Highways maintenance							
Waste Disposal							
CCBS establishment thematic review							
Traffic management							
River Hamble	✓						
Members Highways Fund							

Audit title	Audit Progress						
	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued	
Local Sustainable Transport Fund (LSTF)	✓	✓	✓	✓			
Local Bus Subsidy Support	✓	✓	✓	✓			
District working arrangements	✓	✓	✓				
County planning process	✓	✓	✓	✓	✓		
Regeneration	✓	✓	✓	✓			
Developer contributions	✓	✓	✓	✓	✓		
Miscellaneous service reviews							
Term engineering contracts	✓						
Business units							
Property Strategic Partners							
Property Services – Trading Company							
Contract management - Matrix							
Property Joint Working Arrangements	✓	✓	✓				
Property - built estate							
H3 reviews							
Governance arrangements	✓						
ICT review - 1							
ICT review - 2							

Audit title	Audit Progress					
	Audit Scoping Commenced	Audit Outline issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued
Recruitment and induction / manage positions and organisation hierarchy						
OHU / ESL						
Payroll	✓					
Payroll technical	✓	✓	✓			
Planning, budgeting and forecasting	✓					
Accounts receivable	✓					
Accounts payable	✓					
Main accounting system (SAP)	✓					
Treasury management	✓	✓				
Procurement – category management						