



Hertfordshire County Council
Internal Audit Progress Report
23 March 2016

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report
- Agree changes to the audit plan
- Agree to the removal of high priority actions now complete

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1. Introduction and Background

Purpose of Report

- 1.1 To provide Members with information on the position as at 21 February 2016, relating to:
 - a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the HCC Internal Audit Plan for 2015/16
 - b) Proposed amendments to the approved 2015/16 Audit Plan
 - c) 'Limited Assurance' audits issued since the last meeting of this Committee, of which there are none in this cycle for HCC and two for schools
 - d) Implementation status of previously agreed:
 - high priority audit recommendations and agreement to remove completed actions; and
 - medium priority recommendations
 - e) An update on performance management information.

Background

- 1.2 The 2015/16 HCC Audit Plan was approved by the Audit Committee on 26 March 2015.
- 1.3 The Audit Committee receives periodic progress updates against the Internal Audit Plan, the most recent of which was brought to the meeting of 25 November 2015.
- 1.4 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 21 February 2016, 86% of the 2015/16 Internal Audit Plan days had been delivered (calculation excludes unused contingency days). Appendix A provides a status update on each individual deliverable within the audit plan.

2.2 The following reports have been issued and assignments undertaken in the period since 25 November 2015:

Audit Title	Assurance Level	Number of Recommendations
Resources		
eProcurement	Substantial	4 Medium 5 Merits Attention
ICT Asset Management	Moderate	4 Medium
General Ledger	Full	No recommendations made
Tree Strategy	Moderate	6 Medium 1 Merits Attention
HBS Business Practice and Process	Substantial	3 Medium 1 Merits Attention
Health and Community Services		
Better Care Fund – Complex Care Premium	Full	No recommendations made
Contract Payments	Moderate	2 Medium 3 Merits Attention
Children’s Services		
Contract Payments	Full	No recommendations made
Child Protection Conferences	Substantial	1 Medium
Children’s Centres – Contract Delivery	Full	No recommendations made
Environment Services		
Contract Payments	Full	No recommendations made
Public Health		
Statutory Returns	Substantial	5 Medium

Audit Title	Assurance Level	Number of Recommendations
		4 Merits Attention
Council-wide Reviews		
Serco checks over finance and payroll transactions	Substantial	2 Merits Attention
Other Completed Projects		
Sure Care	Unqualified Opinion	Audit of Accounts
Public Sector Internal Audit Standards – Self Assessment	Not applicable	Not applicable
Hertfordshire Education Foundation	Unqualified opinion	Audit of Accounts
Thriving Families	Not applicable	review of processes

2.3 In addition to the above, the following draft reports have been issued to management for comment and response:

- Pensions Administration
- Employment Status Checks

2.4 Progress with other audits within the plan is currently on target, with all remaining audits at least at terms of reference stage.

Schools' Audit Activity

2.5 The schools' audit plan for 2015/16 identified three streams of activity:

- a) **Theme 1** - Assessment of the effectiveness of internal control in relation to the requirements of the Schools Financial Value Standard (SFVS) – 27 schools (revised upwards to include visits to two schools about which there were concerns)
- b) **Theme 2** - Budget Management (including nursery schools and schools operating children's centres) – 17 schools (revised downwards by one to accommodate increase in schools audited in Theme 1)
- c) **Theme 3** - Income – 15 schools (revised down by two to accommodate additional school visit under theme 1 and additional follow-up school visit)

- 2.6 Final reports have been issued for 26 of the 27 schools visited as part of Theme 1 (SFVS). The following assurance opinions have been given: two full assurance, twenty substantial assurance, three moderate assurance and one limited assurance. A draft report was issued to the remaining school in mid-February and a final report will be issued by the end of the financial year.
- 2.7 A summary report of key learning points from Theme 1 has been produced and shared with all Hertfordshire schools.
- 2.8 Fieldwork in relation to Theme 2 (Budget Management) is complete. Fourteen final reports and three draft reports have been issued. The following assurance opinions have been given: three full assurance, nine substantial assurance, one moderate assurance and one limited assurance.
- 2.9 Thirteen of the fifteen schools selected for a visit as part of work in Theme 3 (Income) have been visited and nine draft reports issued. Arrangements are in place to ensure that all schools are visited and a draft report issued by the end of the financial year.
- 2.10 A follow up visit has been made to one school where SIAS did not receive a response to its request for evidence that agreed recommendations had been implemented. A draft report has been issued for this work.
- 2.11 We continue to receive enquiries from schools regarding a range of financial matters and update the Frequently Asked Questions within the Internal Audit page on the Grid accordingly.

Proposed Audit Plan Amendments

- 2.8 Proposed amendments to the 2015/16 Internal Audit Plan and the reasons for these are set out below:

Employment Status Checks

- 2.9 The audit of Employment Status Checks was added to the approved plan at the request of management to review the level of compliance by officers with the HCC Consultants' Policy, which requires checks to be performed on the employment status of self-employed individuals prior to their engagement by the Council.
- 2.10 As a result of the above 12 days have been taken from the Council's audit contingency allocation.
- 2.11 Other changes of a minor nature have been made to accommodate non-planned activities, such as the emergence during the course of a review of additional assurance requirements.

Limited Assurance Audits

2.18 No limited assurance opinions have been provided in respect of audits detailed on the HCC agreed annual plan 15-16. In respect of the two schools given limited assurance, the governing bodies of these schools have been informed of the outcomes of the audit visit and as those charged with governance, will be monitoring the implementation of the agreed recommendations. SIAS will be seeking assurance that the agreed recommendations have been implemented within six months of the issue of the final report in line with SIAS' schools' follow-up procedure.

High Priority Recommendations

2.19 Members will be aware that a final audit report is issued when it has been agreed by management; this includes an agreement to implement the recommendations made. It is Internal Audit's responsibility to advise Members of progress on implementation of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.

2.20 An update on progress with implementing high priority recommendations is shown at Appendix B. Progress is summarised in the table below:

HIGH PRIORITY RECOMMENDATIONS				Not implemented by Due Date	
Total Number of Outstanding Recommendations at the start of this Follow Up Period	Implemented	Not Yet Due	No Longer Applicable	Partially Implemented – Revised Date Agreed	No Update Provided by Action Owner
9	5	0	0	4	0
%	56%	0%	0%	44%	0%

2.21 High priority recommendations relating to schools are excluded from this listing based upon both the volume of schools within the County and the relative risk of any single recommendation to the Authority as a whole

2.22 Further details on the implementation status of the above management actions are provided within Appendix B of this progress report.

2.23 No new high priority recommendations have been made since our previous progress report to the Committee.

Medium Priority Recommendations

- 2.24 The Committee's role in respect of medium priority recommendations is to be satisfied that there is a monitoring process in place and that, in general, agreed recommendations are being implemented.
- 2.25 The table below details the implementation status of medium priority recommendations that were due for implementation in the period since the last progress report.

MEDIUM PRIORITY RECOMMENDATIONS			Not implemented by Due Date	
Total Number of Recommendations Followed Up in this Period	Implemented	Original agreed action under review by Management	Partially Implemented – Revised Date Agreed	No Update Provided by Action Owner
41	22	1	16	2
%	54%	2%	39%	5%

Performance Management

- 2.26 Annual performance indicators and associated targets were approved by the SIAS Board in March 2015.
- 2.27 The actual performance for HCC against the targets that can be monitored in year is set out in the table below.

Performance Indicator	Performance Target for 31 March 2016	Profiled performance at February 2016	Actual to 21 February 2016
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	85%	86%
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects	95%	85%	77%
3. Client Satisfaction – percentage of client satisfaction questionnaires	100%	100%	97%**

Performance Indicator	Performance Target for 31 March 2016	Profiled performance at February 2016	Actual to 21 February 2016
returned at 'satisfactory' level			
4. Number of High Priority Audit Recommendations agreed as %	95%	95%	100%

* Based on audit plan 'deliverables' at draft, final and audit closed stage including schools audits and items carried forward from 2014/15 that were not at draft report stage by 31 March 2015.

** 33 completed customer satisfaction surveys have been received during 2015/16.

2.28 In addition, the performance targets listed below are annual in nature; members will be updated on the performance against these targets within the separate Head of Assurance's Annual Report:

- **5. External Auditors' Satisfaction** – the Annual Audit Letter should indicate that external audit has drawn assurance from the work of internal audit on relevant matters
- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting then the plan should be prepared for the first meeting of the financial year.
- **7. Head of Assurance's Annual Report** – presented at the June meeting of the Audit Committee.

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

SIAS Audit Plan 2015/16

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Corporate								
Annual Governance Statement 2014-15	N/A				8	SIAS	8	Complete
Annual Governance Statement 2015/16	N/A				5	SIAS	5	Complete
Head of Assurance Annual Opinion and Annual Report	N/A				5	SIAS	5	Complete
HCC Lead Officer Welwyn Hatfield	N/A				2	SIAS	2	Through Year
Whistleblowing - named contact and quarterly review	N/A				10	SIAS	10	Through Year
Resources: Finance								
Pensions - Administration					30	SIAS	29.5	Draft Report Issued
Payroll					25	BDO	23	Quality Review
Debtors					25	BDO	23	Quality Review
Creditors					25	BDO	23	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
General Ledger	Full	0	0	0	20	BDO	20	Final Report Issued
Treasury Management					10	BDO	9	Quality Review
Officer Expenses	Moderate	1	2	2	19	SIAS	19	Final Report Issued
Business Rates Pooling / Collection					10	BDO	9	Quality Review
Resources: Procurement and Performance								
e-Procurement	Substantial	0	4	5	20	SIAS	20	Final Report Issued
EU Procurement Rules					15	SIAS	13	Quality Review
Resources: Property								
Land Sales	Full	0	0	0	15	SIAS	15	Final Report Issued
Carbon Reduction Credits Return	Not Assessed	0	0	0	15	SIAS	15	Final Report Issued
Tree Strategy	Moderate	0	6	1	20	SIAS	20	Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Section 106 Payments - follow-up					5		5	Complete
Resources: Technology								
Mobile Technology - security of new arrangements					15	BDO	13	Quality Review
ICT Asset Management	Moderate	0	4	0	15	SIAS	15	Final Report Issued
Website Development	Not Assessed	0	0	0	8	SIAS	8	Final Report Issued
Resources: Human Resources								
Training Records					2	SIAS	2	Audit Cancelled
Employment Status Checks					12	SIAS	11	Quality Review
Resources: Legal, Democratic & Statutory Services								
Registration and Citizenship Service	Substantial	0	3	2	16	SIAS	16	Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Resources Queries <3hrs Activities	N/A				5	N/A	5	Through Year
HBS								
HBS Business Practice and Process	Substantial	0	3	1	20	SIAS	20	Final Report Issued
Cross-Cutting Reviews								
Contract Payments – Resources					20	SIAS	4.5	In Fieldwork
Contract Payments - Environment	Full	0	0	0	20	SIAS	20	Final Report Issued
Contract Payments – Health and Community Services	Moderate	0	2	3	20	SIAS	20	Final Report Issued
Contract Payments – Children’s Services	Full	0	0	0	20	SIAS	20	Final Report Issued
Serco checks over finance and payroll transactions	Substantial	0	0	2	18	BDO	18	Final Report Issued
Budget Management - strategic overview by Boards	Substantial	0	1	4	25	SIAS	25	Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Health & Community Services								
Better Care Fund - Performance and Financial Monitoring					25	SIAS	1	Fieldwork Underway
Client Finances - visits to establishments					50	SIAS	3	ToR issued
Deferred Payments and Debt Management	Substantial	0	0	4	20	BDO	20	Final Report Issued
Better Care Fund - Complex Care Premium	Full	0	0	0	15	SIAS	15	Final Report Issued
Continuing Health Care - Panel Process					15	BDO	4	Fieldwork Underway
Hertfordshire Adult and Family Learning Service	Substantial	0	1	2	15	SIAS	15	Final Report Issued
Support at Home					15	SIAS	9	Quality Review
Investigations	N/a	0	0	0	51	N/A	51	Final Report Issued
H & CS Queries < 3hrs Activities					10	N/A	10	Through Year

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Environment Services								
Highways Contract - Governance, Performance, Contract Management					20	SIAS	19	In Fieldwork
Highways Operating Procedures					15	SIAS	6.5	In Fieldwork
Transport, Access and Safety - Taxi Procurement - Anti Bribery Controls					15	SIAS		Allocated
Transport, Access and Safety - Financial Management & Inter Service Relationships	Moderate	0	5	1	15	SIAS	15	Final Report Issued
Household Waste Recycling Centres Contract	Full	0	0	0	15	SIAS	15	Final Report Issued
Croxley Rail Link					5	SIAS	4	Through Year
Local Enterprise Partnership - compliance with the assurance framework					10	SIAS	8.5	Quality Review
Local Enterprise Partnership - assurance framework	Substantial	0	0	0	10	SIAS	10	Final Report Issued
Community Infrastructure Levy					0.5		0.5	Audit Cancelled

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
ECS Queries <3hrs activities	N/A				5	N/A	5	Through Year
Children's Services								
Special Educational Needs and Disability - meeting statutory requirements					15	SIAS	2	ToR issued
Thriving Families – Stage 1	Not Assessed	0	0	0	5	SIAS	5	Complete
Thriving Families – Stage 2	Not Assessed				5	SIAS	5	Complete
Child Protection Conferences	Substantial	0	1	0	20	SIAS	20	Final Report Issued
Local Authority Designated Officers - Record Keeping					1	SIAS	1	Audit Cancelled
Children's Services Action Plans					0.5	SIAS	0.5	Audit Cancelled
Children's Centres - Contract Delivery	Full	0	0	0	15	SIAS	15	Final Report Issued
Non Attendance at School					15	BDO	0.5	In Planning
Licensed Deficits					10	SIAS	9.5	Draft Report Issued
Herts for Learning					10	SIAS	9	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Music Service					10	SIAS	9	Quality Review
CS Queries <3hrs Activities	N/A				5	N/A	5	Through Year
Public Health								
Statutory Returns - Public Health	Substantial	0	5	4	10	SIAS	10	Final Report Issued
Community Protection								
Health and Safety - Community Protection					15	SIAS	0.5	In Planning
Peer Review Challenge - Community Protection	Substantial	0	0	1	5	SIAS	5	Final Report Issued
Shared Learning								
Shared Learning Newsletters and Summary Themed Reports	N/A				5	SIAS	5	Complete

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Audit Committee Workshop	N/A				1	SIAS	1	Complete
Joint Review – Risk Management Benchmarking Workshop	N/A				5	SIAS	5	Final report issued
Shared Anti-Fraud Service (SAFS) - Handover								
Fraud Handover	N/A				10	SIAS	10	Complete
NFI	N/A				20	SIAS	20	Complete
Contingencies								
HCC Contingency	N/A				2.5	N/A		
Grant Claims								
HCFO's accounts	Not Assessed	0	0	0	1	SIAS	1	Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Herts Education Foundation	Not Assessed	0	0	0	2	SIAS	2	Final Report Issued
Herts Charity for Deprived Children	Not Assessed	0	0	0	1	SIAS	1	Final Report Issued
Bus Subsidy Grant	Not Assessed	0	0	0	3	SIAS	3	Final Report Issued
Pothole Grant	Not Assessed	0	0	0	5	SIAS	5	Final Report Issued
Autism Grant	Not Assessed	0	0	0	1.5	SIAS	1.5	Final Report Issued
Local Sustainable Transport Fund					2	SIAS		In Planning
Local Transport Capital Block Funding Grant	Not Assessed	0	0	0	4	SIAS	4	Final Report Issued
Transforming Care Grant	Not Assessed	0	0	0	1.5	SIAS	1.5	Final Report Issued
Community Capacity (Capital) Grant	Not Assessed	0	0	0	3.5	SIAS	3.5	Final Report Issued
Other Chargeable								
Monitoring 15/16 Plan	N/A				30	SIAS	30	Complete
Recommendations Follow-Up - Q1	N/A				10	SIAS	10	Complete

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Recommendations Follow-Up - Q2	N/A				5	SIAS	5	Complete
Recommendations Follow-Up - Q3	N/A				5	SIAS	5	Complete
Recommendations Follow-Up - Q4	N/A				5	SIAS	5	Complete
Client Liaison	N/A				20	SIAS	20	Complete
Audit Committee Matters & Attendance	N/A				25	SIAS	25	Complete
Audit Planning - 16/17	N/A				40	SIAS	40	Complete
Performance Data	N/A				5	SIAS	5	Complete
External Audit Liaison	N/A				2	SIAS	2	Complete
Peer Review	N/A				10	SIAS	10	Complete
Service Plan Activity	N/A				40	SIAS	40	Complete
SIAS Board Meetings and Preparation	N/A				15	SIAS	15	Complete
Management of Scrutiny	N/A				10	SIAS	10	Complete
Management of Health & Safety	N/A				10	SIAS	10	Complete

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Visiting Community Protection - R&P Liaison	N/A				2	SIAS	2	Complete
Public Sector Internal Audit - Self Assessment 14-15	N/A				2	SIAS	2	Complete
Public Sector Internal Audit - Self Assessment 15-16	N/A				10	SIAS	5	Complete
Insurance and Risk Management Review	N/A				15	SIAS	15	Complete
14-15 Projects requiring completion					16	SIAS	16	Complete
Children's Commissioning - Safe Practice	Moderate	1	2	4	10	SIAS	10	Final Report Issued
Training Commissioning	Moderate	0	0	2	5	SIAS	5	Final Report Issued
Responding to the Family Justice Review	Substantial	0	3	0	4	SIAS	4	Final Report Issued
Pensions - Investments	Substantial	0	0	2		PWC		Final Report Issued
Payroll	Substantial	0	2	3		PWC		Final Report Issued
Capital Projects Accounting and	Substantial	0	2	1		PWC		Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Budgetary Control								
Serco Contract Payments and Management	Moderate	0	2	1		PWC	Final Report Issued	
IT Change Management Process	Moderate	0	1	1		PWC	Final Report Issued	
IT Security - Process operated by SERCO	Moderate	0	2	1		PWC	Final Report Issued	
Better Care Fund - Risk Management Arrangements	Not Assessed	0	0	4		PWC	Final Report Issued	
HCS Commissioning - Safe Staffing	Moderate	1	6	1		PWC	Final Report Issued	
Working in Partnership with Schools	Moderate	0	4	4		PWC	Final Report Issued	
Members Expenses	Moderate	0	3	5		SIAS	Final Report Issued	
Carbon Reduction Credits	Substantial	0	1	2		SIAS	Final Report Issued	
Data Sharing	Substantial	0	0	3		SIAS	Final Report Issued	
Direct Payments and Personal Budgets	Moderate	1	5	2		SIAS	Final Report Issued	
Highways Contract - Joint Planning	Substantial	0	0	2		SIAS	Final Report Issued	

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Public Health Strategy	Substantial	0	0	1		SIAS		Final Report Issued
Health Protection System	Substantial	0	0	2		SIAS		Final Report Issued
Joint Protective Services	Substantial	0	2	1		SIAS		Final Report Issued
CLA Financial Admin	Not Assessed	0	0	0		SIAS		Final Report Issued
Schools								
Advice, queries and guidance for schools	N/A				30	N/A	22	Through Year
Liaison, awareness raising, training	N/A				25	SIAS	24.5	Through Year
Theme 1 - Schools Financial Value Standard (SFVS) - 25 schools	N/A				92	SIAS	92	School Visits Complete
Theme 2 - Budget Management (including Nursery Schools and schools operating children's centres) - 17 Schools	N/A				76.5	SIAS	74	School visits complete
Theme 3 - Income - 15 schools	N/A				61	SIAS	51	In fieldwork
Schools reporting / SFVS returns process	N/A				28	SIAS	18	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Reporting 2014/15 themes - Pay and Performance	N/A				2	SIAS	2	Final Report Issued
Reporting 2014/15 themes - Gifts and Hospitality	N/A				5		4.5	Draft Report Issued
Follow up of high priority recommendations and schools with moderate assurance	N/A				16	SIAS	15	In Fieldwork
Schools' contingency	N/A				9.5	N/A		
Total		4	72	74	1677		1437	

Key

- H = High Priority**
- M = Medium Priority**
- MA = Merits Attention**
- RECS = Recommendation**
- BDO = new audit partner, replacing PWC from 1 April 2015**
- N/A = not applicable**

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
1	CLA Financial Administration (Final Report Issued June 2014)	There should be annual review of a child's financial position in order to ensure that all opportunities relating to maximisation of funds have been pursued, and to demonstrate that a child has had all funds to which they are entitled.	First review to consider whether child is in care due to abuse and whether social workers should be applying for criminal injuries compensation. Guidance to be produced to assist social workers.	Marion Ingram, Operations Director Specialist Services	January 2015	Draft guidance has been produced in respect of applying for awards. Further detail is required in respect of: <ul style="list-style-type: none"> • Applying for a CICA and the process to be followed. • Links to the Trust Panel • Links to guidance relating to supporting a young person manage / access an award. <p>The Brokerage Team will provide a yearly statement on the child's finances. If the level of the child's allowances goes above £6K, a financial arrangements meeting will be triggered.</p>	Partially implemented Revised target date – June 2016
2	Highways Contract (Final Report Issued April 2014)	The Council cannot currently verify that defined costs are accurately apportioned across the different categories of works since Ringway does not provide this	Management advise that it is reviewing the quality of Ringway's cost information to ensure the expected degree of transparency is	Steve Johnson, Business Manager – Contracts and Networks	April 2014	Ringway is providing details of: <ul style="list-style-type: none"> • Its defined costs for 15/16 and the Council is undertaking a series of 'open book audits' to ensure costs are being appropriately aligned to 	Implemented

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
		information. This means that the contractor may be miscoding expenditure to minimise its share of additional costs ('pain') at the year-end.	achieved.			<p>the work areas</p> <ul style="list-style-type: none"> • Predicted outturn information for 15/16. <p>The above information should facilitate a robust accrual and closedown process for the 15/16 accounts, which is being closely monitored by senior managers in both Highways and Finance.</p>	
3	<p>HCC Service User Managed Monies</p> <p>(Final Report Issued February 2015)</p>	Existing policies and procedures should be reviewed and combined to create one formal policy for the management of all aspects of service user finances. This should include guidance which allows staff to distinguish between supporting service users to manage their financial affairs and managing them on their behalf (where an appointeeship or deputyship should be	<p>Responsibility for leading the project will rest with Ann Norway, Acting Head of Business Improvement (HCS).</p> <p>It has been agreed that the project, led by the Business Improvement Team, will commence in April 2015 and will seek to involve all relevant stakeholders with a view to completing the policies and</p>	Sue Darker, Operations Director LD&MH	30 September 2015	<p>A New Service User Finance Policy plus Appendices and a Toolkit have been developed.</p> <p>The Supported Living Operational Handbook has been revised and is now called Employee Handbook for Staff in Residential Services. Sections.</p>	Implemented

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		<p>considered).</p> <p>As part of this review unit managers and relevant CLDT and Finance staff should be consulted to identify any existing requirements that are considered unworkable in practice.</p> <p>It is recommended that the HCS or HCC Business Improvement Team (BIT) is used to facilitate the review, including process mapping, the formal documentation of the identified risks, mitigation and areas to be tolerated.</p> <p>Upon completion, the updated policy should be subject to at least an annual review, or more frequent where required.</p>	<p>process review by the end of September.</p>				

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4	<p>HCC Service User Managed Monies</p> <p>(Final Report Issued February 2015)</p>	<ul style="list-style-type: none"> All existing service users that are not currently managed under Appointeeship or Deputyship should be reviewed to ensure that HCC have the appropriate level of authority based on the level of support being provided. For instances where significant levels of support are provided, appointeeships or deputyships should be used in all cases. If there are subsequent anomalies, these should be fully documented, approved by Senior Management and recorded on the Service User's file. 	<p>The review of the area of appointeeships and deputyships will form a specific workstream of this project.</p> <p>A key area of review will be determining the responsibilities of HCC within this area from both a legal and regulatory basis. If it is confirmed that appointeeships and deputyships should be used more widely a full review of existing service users will be undertaken.</p> <p>The project will also review how the existing scheme of delegation for approving expenditure for service users</p>	<p>Sue Darker, Operations Director LD&MH. / Ann Norway, Acting Head of Business Improvement (HCS)</p>	<p>30 September 2015</p>	<p>The review has raised issues with regards to Appointeeships and resources if more service users need assessments and an Appointee. Options are being pursued with the HCS Appointeeship team which include exploratory discussions with an external provider.</p> <p>The project group has clarified the responsibilities of in house care/support staff and the CLDT/SW teams. The assessment tool has been agreed and is being used to assess all tenants. It is anticipated that all clients will have been assessed by the end of April 2016.</p> <p>Work continues on the spend approval process and proposals re: change to the delegation for approvals for expenditure for service users with the CLDT. Options for this are</p>	<p>Partially implemented</p> <p>Revised target date – April 2016</p>

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			ensures that decision making is appropriate to the service user's needs, i.e. decision making is undertaken by those individuals that know the client best.			an agreed yearly budget plan and the possibility of staff having individual purchasing cards.	
5	HCC Service User Managed Monies (Final Report Issued February 2015)	Where appropriate a capacity assessment should: Be completed for all Service Users (SU's) where there is currently no evidence held of such a review being previously undertaken. Provide a clear statement of how the level of capacity impacts on a service user's ability to manage their financial affairs, and therefore the arrangements that	It is not a requirement that all service users have a capacity assessment completed. Instead, it only relates to instances where there is evidence to suggest the service user does not have capacity. However, the audit finding is acknowledged and the service will ensure that all service users who receive assistance	Sue Darker, Operations Director LD&MH. / Ann Norway, Acting Head of Business Improvement (HCS)	30 September 2015	This has been included in the new draft policy and procedure which has been signed off and rolled out.	Implemented

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		are required to be in place (e.g. appointeeship, deputyship, completion of risk assessments etc.).	with their financial affairs have a completed capacity assessment on file.				
6	HCC Service User Managed Monies (Final Report Issued February 2015)	In the future: Capacity assessments should be undertaken as part of the assessment and placement process, thereby ensuring that they are available to staff upon the Service User's arrival at the unit. Capacity assessments should be cross referenced to annual reviews, and where a Service User's abilities change e.g. due to dementia, another capacity assessment should be undertaken. All	These recommendations will be considered as part of the project during the review of current procedures.	Sue Darker, Operations Director LD&MH. / Ann Norway, Acting Head of Business Improvement (HCS)	30 September 2015	This has been included in the new draft policy and procedure which has been signed off and rolled out.	Implemented

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		<p>capacity assessments should be fully reviewed at least annually.</p> <p>Senior Management at Board Level should obtain assurance from Area Managers that Capacity Assessments have been completed and appropriately actioned for all Service Users. Relevant records summarising this should be maintained centrally to support any future challenges against the service provided by HCC.</p>					
7	<p>HCC Service User Managed Monies</p> <p>(Final Report Issued February 2015)</p>	<p>Where service users have insufficient capacity to remember PIN numbers the following actions must be taken:</p>	<p>The ability to undertake cash withdrawals “over the counter” is now more difficult as banks are moving away from over the counter</p>	<p>Sue Darker, Operations Director LD&MH. / Ann Norway, Acting Head of Business Improvement (HCS)</p>	<p>30 September 2015</p>	<p>This has been included in the new draft policy and procedure which has been signed off and rolled out.</p>	<p>Implemented</p>

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		<ul style="list-style-type: none"> Alternative methods for withdrawing monies should be considered, e.g. over the counter at the branch An Appointeeship / Deputyship should be considered. 	<p>transactions.</p> <p>However it is accepted that the use of PIN's for Service User bank accounts is not good practice and alternative solutions for making withdrawals in a controlled manner will be developed as part of the improvement project. Further discussions with Finance will be held, given the potential development opportunities available under the Council's banking contract with Barclays.</p>				
8	Children's Services Commissioning – Contract Monitoring (Safeguarding)	CS develop systems to provide senior management with assurance that all providers are being appropriately	Improving Outcomes team to expand risk log to include all commissioned providers across	Head of Improving Outcomes and Steve Marshman, Deputy Head - CS Joint Commissioning	November 2015	Delays in Children's Services Commissioning Restructure have impacted on implementing this recommendation. A launch event is planned for	Partially implemented Revised target date – April 2016

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	(Final Report Issued July 2015)	monitored in respect of the delivery of their safeguarding obligations.	<p>the Children's Service.</p> <p>Newly formed Strategic Commissioning Groups/Performance and Planning Groups to hold oversight of this risk log, and to review it as a standing item at all meetings.</p> <p>Summary of Risk Log following SCG/PPG review to go as standing item at an agreed interval to CS Core Board. (Operations Director Specialist Services)</p>		<p>From November 2015</p> <p>From January 2016</p>	<p>February 25th 2016 for the Performance and Planning Groups.</p> <p>Terms of reference have been drafted, and these make the expectations around monitoring risk registers clear. These terms are due to be discussed and ratified at the first PPG meetings, from March 2016 onwards. The onward process for being considered by CS Core Board will follow.</p> <p>A draft paper on monitoring will be considered by Heads of Service in Commissioning in February 2016. This proposes to expand the risk log to include out of county Special School Placements.</p>	
9	Officer Expenses (Final Report Issued	The level of in-built preventative controls within ESS to avoid instances of missing receipts should be	Assess system capability and resource to implement a change to not allow	Actions relating to systems & payroll processes - Rachel Wilson, HR Manager - HR	December 2015	Communication was completed in October 2015 with articles in Teamtalk and Managers Teamtalk. Further communication is	Partially Implemented Revised target date –

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	October 2015)	<p>reviewed. Where system capability allows, ESS should automatically reject mileage or expenses claims where receipts are not attached to the electronic claim.</p> <p>In the meantime the following recommendations should be implemented:-</p> <ul style="list-style-type: none"> • The audit findings should be highlighted in a corporate communication to both Officers and Managers, reminding both of their responsibilities under the scheme. • The existing arrangements for retaining hard copy receipts to support claims are 	<p>submission of a claim without an attachment or explanation of journey.</p> <p>HR Services and Serco Payroll & HR Transactions to review existing arrangements for storing hardcopy receipts and set up sample reviews.</p>	<p>Services</p> <p>Actions relating to Communications - Emily Austin, HR Manager - Pay & Reward</p>	<p>December 2015</p> <p>Note: If action 1 is feasible and introduced this process will no longer be required.</p>	<p>planned for February / March 2016</p>	<p>March 2016</p>

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		<p>reviewed to ensure that receipts can be more easily located.</p> <p>Payroll should undertake periodic sample reviews of officer and manager compliance. Feedback should be provided to HR for the purpose of identifying further actions or training required to embed expected practice.</p>					

APPENDIX C – DEFINITIONS OF ASSURANCE AND RECOMMENDATION PRIORITIES

Levels of assurance	
Full Assurance	There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives. No weaknesses have been identified.
Substantial Assurance	Whilst there is a largely sound system of control, there are some minor weaknesses, which may put a limited number of the system objectives at risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some areas of weakness, which may put some of the system objectives at risk.
Limited Assurance	There are significant weaknesses in key control areas, which put the system objectives at risk.
No Assurance	Control is weak, leaving the system open to material error or abuse.

Priority of recommendations	
High	There is a fundamental weakness, which presents material risk to the objectives and requires urgent attention by management.
Medium	There is a significant weakness, whose impact or frequency presents a risk which needs to be addressed by management.
Merits Attention	There is no significant weakness, but the finding merits attention by management.