



Hertfordshire County Council  
Internal Audit Progress Report  
21 June 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 23 May 2016, relating to:
  - a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the HCC Internal Audit Plan for 2016/17
  - b) Proposed amendments to the approved 2016/17 Audit Plan
  - c) 'Limited Assurance' audits issued since the last meeting of this Committee, of which there was one in this cycle for HCC.
  - 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 2016/17 HCC Audit Plan was approved by the Audit Committee on 23 March 2016.
- 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 23 March 2016. This is the first report giving feedback on the delivery of the 2016/17 Internal Audit Plan.
- 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 23 May 2016, 8% of the 2016/17 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 21 February 2016:

<b>Audit Title</b>	<b>Assurance Level</b>	<b>Number of Recommendations</b>
<b>Resources</b>		
Pensions - Administration	Substantial	4 Merits Attention
Payroll	Substantial	1 Medium 1 Merits Attention
Debtors	Substantial	1 Medium 2 Merits Attention
Treasury Management	Substantial	2 Merits Attention
Business Rates Pooling / Collection	Substantial	2 Merits Attention
EU Procurement Rules	Substantial	2 Merits Attention
Employment Status Checks	Limited	2 High 5 Medium
Contract Payments – Resources	Substantial	1 Merits Attention
Local Enterprise Partnership - compliance with the assurance framework	Substantial	2 Medium 2 Merits Attention
<b>Health and Community Services</b>		
Support at Home	Moderate	2 Medium 3 Merits Attention
<b>Children's Services</b>		
Licensed Deficits	Substantial	1 Merits Attention
Music Service	Substantial	1 Merits Attention
<b>Other Completed Projects</b>		
HCFO Society	Unqualified Opinion	Audit of Accounts
Herts Charity for Deprived Children	Unqualified Opinion	Audit of Accounts

Audit Title	Assurance Level	Number of Recommendations
Annual Governance Statement 2015-16	N/a	N/a

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

- Mobile Technology - security of new arrangements
- Client Finances - visits to establishments
- Highways Contract - Governance, Performance, Contract Management
- Creditors
- Community Protection – Health and Safety.

2.4 In respect of the completion of the 2015/16 audit plan a total of five audits are still in fieldwork, with these scheduled for completion by the end of June 2016. The remaining audit, Highways Operating Procedures, has been cancelled at the request of management – instead being included within the scope of the Customer Enquiries and Complaints Audit within the 2016/17 plan. See Appendix A for further details.

#### Schools' Audit Activity

2.5 The schools' audit plan for 2016/17 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) – Sample of 25 schools
- b) **Theme 2** – Safe Recruitment – Sample of 18 schools to be visited to test compliance with safe recruitment regulations and good practice
- c) **Theme 3** – Financial Planning – Sample of 17 schools to be visited to review effectiveness of financial planning - this review will include the area of early years.

2.6 Final reports have been issued for all schools visited as part of the three themed audits for 2015/16. In relation to theme one of the 2016/17 plan all schools have now been booked, with visits either in progress or planned for completion by the end of the summer term.

2.7 Summary reports in relation to the Budget Management and Control and Income themes from the 2015/16 plan are currently in the process of being compiled and these will enable key learning points from each theme to be shared with all Hertfordshire schools.

- 2.8 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

- 2.9 Proposed amendments to the 2016/17 Internal Audit Plan and the reasons for these are set out below:

#### Highways Operating Procedures

- 2.10 The above audit formed part of the 2015/16 plan and was carried over for completion during 2016/17. Following discussions with management it has been identified that work is currently underway across the service to strengthen and improve both: the processes; and clarity around communication around complaints and correspondence handling. As a result it has been agreed that assurance over this area will instead be provided as part of the 2016/17 planned audit of Customer Enquiries and Complaints.

#### Public Sector Internal Audit - Self Assessment 15-16

- 2.11 As part of the strategic support activities included with the 2016/17 plan an allocation was included in relation to the self-assessment required to comply with PSIAS standards. As SIAS was subject to a peer review in 2015/16 this activity is no longer required and therefore the two days allocated have been returned to contingency.

#### Grant Activity

- 2.12 The Council's audit plan includes an allocation for SIAS certification or assurance work in relation to grants received by the Council, with such certification generally being a requirement with grant terms and conditions. Following discussions with officers an additional three grants have been identified for review by SIAS during the first quarter and therefore nine days have been allocated from the Grants Contingency allocation to resource this activity. This leaves a remaining balance of one day within the grants contingency allocation.

#### Completion of 2015/16 Audits

- 2.13 A total of seven audits (of which Highways Operating Procedures has been cancelled, see paragraph 2.9) were carried forward for the completion of fieldwork from the 2015/16 audit plan, with this being required due to impacts of officer availability. As this was higher than planned at the time of finalising the audit plan an additional thirteen days have been allocated from contingency to allow for completion of these projects. Taking into account all plan changes the HCC contingency budget now stands at 74 days.

### Limited Assurance Audits

- 2.18 Since the previous progress report one Limited Assurance opinion has been provided by SIAS, this relating to the audit of Self Employed Status Checks. This audit reviewed the processes in place to ensure that HCC complied with HMRC regulations in relation to the responsibility of the individual or Council to account for and pay tax and national insurance contributions for consultants employed by the Council.
- 2.19 The above is a complex area, with responsibility generally assessed on the scope of the engagement, as opposed to an individual's view of their employment status. An Employment Status Indicator (ESI) Tool has been produced by HMRC to assist in the assessment and the audit identified a lack of consistency in the use of this tool. Two high priority recommendations were made during this review and these have been promptly acted upon by management. A summary of the recommendations is provided below in paragraph 2.24.

### High Priority Recommendations

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

<b>HIGH PRIORITY RECOMMENDATIONS</b>				<b>Not implemented by Due Date</b>	
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
6	0	0	0	6	0
%	0%	0%	0%	100%	0%

- 2.22 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

- 2.23 Further details on the implementation status of the above management actions are provided within Appendix B of this progress report.
- 2.24 Two new high priority recommendations have been made since our previous progress report to the Committee, these being in relation to the audit of Self Employed Status Checks. The recommendations relate to reviewing existing contractor engagements to confirm that the responsibility for paying Tax and NI contributions has been correctly assigned, and improvements to the internal control framework to ensure that ESI checks are undertaken prior to payments being made to new consultants.
- 2.25 Management have acted quickly to address the above issues and a summary of actions taken to date can be found within Appendix B of this report.

#### Medium Priority Recommendations

- 2.26 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.
- 2.27 The table below details the implementation status of medium priority recommendations that were due for implementation in the period since the last progress report.

<b>MEDIUM PRIORITY RECOMMENDATIONS</b>			<b>Not implemented by Due Date</b>	
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
28	11	1	14	2
%	39%	4%	50%	7%

#### Performance Management

- 2.28 Annual performance indicators and associated targets are approved by the SIAS Board on an annual basis.
- 2.29 The actual performance for HCC against the targets that can be monitored in year is set out in the table below.



<b>Performance Indicator</b>	<b>Performance Target for 31 March 2017</b>	<b>Profiled performance at May 2016</b>	<b>Actual to 23 May 2016</b>
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	10%	8%
<b>2. Planned Projects *</b> – percentage of actual completed projects to draft report stage against planned completed projects	95%	8%	5%
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	100%**
<b>4. Number of High Priority Audit Recommendations agreed as %</b>	95%	95%	100%

\* Based on audit plan ‘deliverables’ at draft, final and audit closed stage including schools audits and items carried forward from 2015/16 that were not at draft report stage by 31 March 2016.

\*\* No completed customer satisfaction surveys have been received during 2016/17.

2.30 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 2016-17 AUDIT PLAN AS AT 23 May 2016**

**SIAS Audit Plan 2016/17**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>Corporate</b>								
Annual Governance Statement 2015-16	N/A				8	SIAS	8	Complete
Annual Governance Statement 2016-17	N/A				3	SIAS		
Head of Assurance Annual Opinion and Annual Report	N/A				5	SIAS	5	Complete
HCC Lead Officer Welwyn Hatfield	N/A				1	SIAS		Through Year
Whistleblowing - named contact and quarterly review	N/A				4	SIAS		Through Year
<b>Resources: Finance</b>								
Pensions - Administration					30	SIAS		Allocated
Payroll					25	SIAS		Allocated
Debtors					25	SIAS		Allocated
Creditors					25	SIAS		Allocated

**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
General Ledger					20	SIAS		Allocated
Treasury Management					15	SIAS		Allocated
elIncome (suppliers' payments)					10	SIAS		Allocated
Feeder Systems (for EY Assurance)					10	SIAS		Allocated
<b>Resources: Procurement and Performance</b>								
Framework Contracts					15	SIAS		Allocated
<b>Resources: Property</b>								
Asbestos Management					15	SIAS		Allocated
Carbon Reduction Commitment					15	SIAS	0.5	In Planning
Leasehold Income					15	SIAS		Allocated
Management of Empty Properties					15	SIAS	5	In Fieldwork

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>Resources: Technology</b>								
ICT Support Process and Helpdesk					15	SIAS		Allocated
Systems rationalisation					10	SIAS		Allocated
Intranet					15	SIAS		Allocated
Social Media					15	SIAS		Allocated
<b>Resources: Business Intelligence</b>								
Data Retention					20	SIAS		Allocated
<b>Resources: Human Resources</b>								
Training Records					15	SIAS		Allocated
Employment Status Checks					10	SIAS		Allocated

**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>Resources: Legal, Democratic &amp; Statutory Services</b>								
Coroner's Service					15	SIAS		Allocated
Resources Queries <3hrs Activities	N/A				5	N/A	0.5	Through Year
<b>HBS</b>								
Stock Control					15	SIAS		Allocated
Fuel Cards					10	SIAS	0.5	In Planning
<b>Cross-Cutting Reviews</b>								
Contract Management					25	SIAS		Allocated
Business Cases and Benefits Realisation					25	SIAS		Allocated

**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>Health &amp; Community Services</b>								
Residential Invoicing					15	SIAS		Allocated
Financial Assessments					15	SIAS	5	In Fieldwork
Statutory Returns					15	SIAS		Allocated
Homecare					15	SIAS		Allocated
Carers Direct Payments					15	SIAS	5.5	In Fieldwork
Better Care Fund					15	SIAS		Allocated
Pre-Paid Cards					10	SIAS		Allocated
Voluntary Sector Contracts / Grants					10	SIAS		Allocated
Client Finances - Establishment Visits					30	SIAS		Allocated
Learning Disability - Panel Processes					10	SIAS		Allocated
H & CS Queries < 3hrs Activities	N/A				10	N/A	0.5	Through Year

**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>Environment Services - Transport</b>								
Home to School and Social Care transport (Safeguarding)					20	SIAS	1	In Planning
<b>Environment Services – Highways</b>								
Ringway Contract – Sector Specific Improvements					20	SIAS		Allocated
Category One - 'Triage' Approach					15	SIAS		Allocated
Redesign of the Highways Service					20	SIAS		Allocated
Customer Enquiries and Complaints					15	SIAS	2	In Planning
Use of Confirm - the Highways Service Management Software					15	SIAS		In Planning
Programme management					20	SIAS		Allocated
Business Continuity					20	SIAS		Allocated

**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 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			Through Year
<b>Children's Services</b>								
Data Quality					15	SIAS		Allocated
Ofsted Action plan progress					10	SIAS		Allocated
Foster Carer Recruitment and Retention					15	SIAS		Allocated
Controcc – Foster Carer Payments					10	SIAS		Allocated
Unaccompanied Minors and no Recourse to Public Funds					15	SIAS	0.5	In Planning
Extended Entitlement to Free Childcare					15	SIAS		Allocated
Children's services establishments					20	SIAS		Allocated
Section 17 Payments					10	SIAS	3	TOR Issued
CS Queries <3hrs Activities	N/A				10	SIAS	0.5	Through Year



**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>Public Health</b>								
Budget Setting and Budgetary Control					15	SIAS	Allocated	
<b>Community Protection</b>								
Resilience					15	SIAS	2 In Planning	
Volunteering					10	SIAS	Allocated	
<b>Shared Learning</b>								
Shared Learning Newsletters and Summary Themed Reports	N/A				5	SIAS	Through Year	
Joint Review – Risk Management Benchmarking Workshop	N/A				5	SIAS	Not Yet Allocated	
<b>Contingencies</b>								

**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
HCC Contingency	N/A				74	N/A		Through Year
<b>Grant Claims</b>								
Herts Chief Finance Officers Society	Not Assessed	0	0	0	1	SIAS	1	Final Report Issued
Hertfordshire Education Foundation					2	SIAS	0.5	Allocated
Hertfordshire Charity for Deprived Children	Not Assessed	0	0	0	1	SIAS	1	Final Report Issued
Surecare					3	SIAS		Allocated
Bus Subsidy Grant					3	SIAS		Allocated
Autism Grant					2	SIAS	0.5	Allocated
Social Care Capital Grant					3	SIAS		Allocated
Local Reform and Community Voices Grant					2	SIAS		Allocated
Public Health Grant					3	SIAS		Allocated

**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Pothole Grant					3			Allocated
Integrated and Structural Maintenance Grant					3			Allocated
PSS Grant					3	SIAS		Allocated
Grants Contingency					1	SIAS		Through Year
<b>Other Chargeable</b>								
Monitoring 16/17 Plan	N/A				30	SIAS	3.5	Through Year
Recommendations Follow-Up - Q1	N/A				5	SIAS	5	Complete
Recommendations Follow-Up - Q2	N/A				5	SIAS		Not Yet Allocated
Recommendations Follow-Up - Q3	N/A				5	SIAS		Not Yet Allocated
Recommendations Follow-Up - Q4	N/A				5	SIAS		Not Yet Allocated
Client Liaison	N/A				10	SIAS	0.5	Through Year
Audit Committee Matters & Attendance	N/A				20	SIAS	0.5	Through Year

**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Audit Planning - 17/18	N/A				30	SIAS		
Performance Data	N/A				3	SIAS	0.5	Through Year
External Audit Liaison	N/A				2	SIAS		Through Year
Service Plan Activity	N/A				40	SIAS	5	Through Year
SIAS Board Meetings and Preparation	N/A				10	SIAS		Through Year
Management of Scrutiny	N/A				5	SIAS		Through Year
Management of Health & Safety	N/A				5	SIAS		Through Year
Management of Shared Anti Fraud Service	N/A				5	SIAS		Through Year
Management of Risk Management and Insurance	N/A				5	SIAS		Through Year
Visiting Community Protection - R&P Liaison	N/A				2	SIAS		Through Year
Public Sector Internal Audit - Self Assessment 16-17	N/A				10	SIAS	1	Allocated

**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 2016**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
<b>15-16 Projects requiring finalisation</b>					60		26.5	
Payroll	Substantial	0	1	1		BDO		Final Report Issued
Debtors	Substantial	0	1	2		BDO		Final Report Issued
Treasury Management	Substantial	0	0	2		BDO		Final Report Issued
Business Rates Pooling / Collection	Substantial	0	0	2		BDO		Final Report Issued
EU Procurement Rules	Substantial	0	0	2		SIAS		Final Report Issued
Contract Payments – Resources	Substantial	0	0	1		SIAS		Final Report Issued
Support at Home	Moderate	0	2	3		BDO		Final Report Issued
Licensed Deficits	Substantial	0	0	1		SIAS		Final Report Issued
Music Service	Substantial	0	0	1		SIAS		Final Report Issued
Local Enterprise Partnership - compliance with the assurance framework	Substantial	0	2	2		SIAS		Final Report Issued

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Mobile Technology - security of new arrangements						BDO		Draft Report Issued
Client Finances - visits to establishments						SIAS		Draft Report Issued
Highways Contract - Governance, Performance, Contract Management						SIAS		Draft Report Issued
Creditors						BDO		Draft Report Issued
<b>15-16 Projects requiring completion</b>								
Health and Safety - Community Protection						SIAS		Draft Report Issued
Non Attendance at School						SIAS		In Fieldwork
Continuing Health Care - Panel Process						BDO		In Fieldwork
Transport, Access and Safety - Taxi Procurement - Anti Bribery Controls						SIAS		In Fieldwork
Better Care Fund - Performance and Financial Monitoring						BDO		In Fieldwork

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Special Educational Needs and Disability - meeting statutory requirements						SIAS		In Fieldwork
Highways Operating Procedures						SIAS		Audit Cancelled
<b>Schools</b>								
Theme 1 - SFVS					94	SIAS	18	In Fieldwork
Theme 2 - Safe Recruitment					70	SIAS		In Planning
Theme 3 - Financial Planning					68	SIAS		Allocated
Reporting 15/16 themes					10	SIAS	0.5	Allocated
Follow up schools with high priority recs or moderate assurance	N/A				15	SIAS	1	Through Year
SFVS Returns Collation	N/A				13	SIAS	10	In Fieldwork
Advice, queries and guidance for schools	N/A				30	SIAS	2.5	Through Year
Liaison, awareness raising and training	N/A				25	SIAS	2	Through Year

**APPENDIX A      PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 23 May 2016**

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Contingency	N/A				20	N/A		Through Year
<b>Total</b>		<b>0</b>	<b>6</b>	<b>17</b>	<b>1637</b>		<b>119</b>	

**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 / Due Date	Management Comment as at 23 May 2016 (previous commentary added where appropriate)	Status of Progress
1	<b>CLA Financial Administration</b>  (Final Report Issued June 2014)	<p><b>Recommendation</b></p> <p>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.</p> <p><b>Management Response</b></p> <p><b>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.</b></p>	<p><b>Marion Ingram, Operations Director Specialist Services</b></p> <p>January 2015</p>	<p>A draft Criminal Injuries Compensation Awards policy is in place and due for completion / implementation in June 2016 - This provides guidance on making claims and managing awards. As part of becoming looked after, consideration will be given to making/supporting a CICA application.</p>	<p><b>Partially implemented</b></p> <p><b>Revised target date – 30 June 2016</b></p>
2	<b>HCC Service User Managed Monies</b>  (Final Report Issued February 2015)	<p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul> <p><b>Management Response</b></p> <p><b>The review of the area of appointeeships and deputyships</b></p>	<p><b>Sue Darker, Operations Director LD&amp;MH. / Ann Norway, Acting Head of Business Improvement (HCS)</b></p> <p>30 September 2015</p>	<p>82 clients now have appointeeship /deputyship in place. A further 47 are in progress. Assessment of other tenants where there is reason to doubt financial capacity is ongoing, and is being reviewed in supervision with Managers.</p>	<p><b>Partially implemented</b></p> <p><b>Revised target date – September 2016.</b></p>

**APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS**

No.	Report Title / Date of Issue	Recommendation / Original Management Response	Responsible Officer / Due Date	Management Comment as at 23 May 2016 (previous commentary added where appropriate)	Status of Progress
		<p>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 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.</p>			
3	<p><b>Children's Services Commissioning – Contract Monitoring (Safeguarding)</b></p> <p>(Final Report Issued July 2015)</p>	<p><b>Recommendation</b></p> <p>CS develop systems to provide senior management with assurance that all providers are being appropriately monitored in respect of the delivery of their safeguarding obligations.</p> <p><b>Management Response</b></p> <p><b>Improving Outcomes team to expand risk log to include all commissioned providers across the Children's Service.</b></p> <p><b>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.</b></p>	<p><b>Head of Improving Outcomes and Steve Marshman, Deputy Head - CS Joint Commissioning</b></p> <p>November 2015</p> <p>November 2015</p>	<p>Previous management responses have provided commentary that Risk Logs were being presented to the newly formed Strategic Commissioning Groups/Performance and Planning Groups, who will hold oversight of the log, and review them as a standing item at all meetings.</p> <p>The final element of the agreed management action is to formalise the Policy to</p>	<p><b>Partially implemented</b></p> <p><b>Revised target date – 30 June 2016</b></p>

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No.	Report Title / Date of Issue	Recommendation / Original Management Response	Responsible Officer / Due Date	Management Comment as at 23 May 2016 (previous commentary added where appropriate)	Status of Progress
		<p><b>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)</b></p>	January 2016	support the risk reporting / monitoring process, which is at the stage of final draft. This is to be considered by CS Board in June 2016 and then rolled out following approval.	
4	<p><b>Officer Expenses</b>  (Final Report Issued October 2015)</p>	<p><b>Recommendation</b></p> <p>The level of in-built preventative controls within ESS to avoid instances of missing receipts should be 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"> <li>• The audit findings should be highlighted in a corporate communication to both Officers and Managers, reminding both of their responsibilities under the scheme.</li> <li>• The existing arrangements for retaining hard copy receipts to support claims are reviewed to ensure that receipts can be more easily located.</li> </ul> <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>	<p><b>Actions relating to systems &amp; payroll processes - Rachel Wilson, HR Manager - HR Services</b></p> <p><b>Actions relating to Communications - Emily Austin, HR Manager - Pay &amp; Reward</b></p>	<p>Further communications were issued to both Managers and Staff in March 2016. Reminder provided to employees of the level of detail required in order to process an expense claim. Managers reminded of their responsibility to ensure that sufficient information is provided in order to authorise the claim.</p> <p>Communications also highlighted the Business Travel and Subsistence Policy which acts as a guideline for Line Managers in authorising claims, and of the Quick Guide for guidance on inputting and</p>	<p><b>Partially Implemented</b></p> <p><b>Revised target date – to be confirmed.</b></p>

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No.	Report Title / Date of Issue	Recommendation / Original Management Response	Responsible Officer / Due Date	Management Comment as at 23 May 2016 (previous commentary added where appropriate)	Status of Progress
		<p><b><u>Management Response</u></b></p> <p><b>Assess system capability and resource to implement a change to not allow submission of a claim without an attachment or explanation of journey.</b></p> <p><b>HR Services and Serco Payroll &amp; HR Transactions to review existing arrangements for storing hardcopy receipts and set up sample reviews.</b></p>	<p>December 2015</p> <p>December 2015 - Note: If action 1 is feasible and introduced this process will no longer be required.</p>	<p>authorising expenses.</p> <p>Progress is being made towards amending the current operation of the ESS/MSS system, which will enforce the attachment of supporting documentation for expenses claims. Further to the HR Review there are additional recommendations that are to be incorporated into the expenses process. Including the checking of all claims (as opposed to 1 in 6) by Line Managers.</p>	
5	<p><b>Employment Status Checks</b></p> <p>(Final Report Issued – March 2016)</p>	<p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Senior HR Managers should decide whether additional sample checks should be undertaken to provide assurance that individuals commissioned have been correctly treated as self-employed for taxation purposes.</li> <li>• Alternatively, HR should consider requiring ESI's to be completed and returned by contract managers / commissioning officers for all current active engagements.</li> </ul> <p>HR will also need to formally consider whether retrospective checks are required on engagements that have now concluded,</p>	<p><b>Emily Austin- HR Manager, Policy &amp; Reward</b></p>	<p>Confirmation has been obtained that 52 of the 68 ESI checks have been carried out (76%). HR are in the process of contacting the cost centre holders of the remaining 16 to ensure they follow up with an ESI check.</p>	<p><b>Partially implemented</b></p> <p><b>Revised target date – 30 June 2016</b></p>

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		<p>or formally accept the risk that HMRC may identify instances of non-compliance.</p> <p><b><u>Management Response</u></b></p> <p><b>Additional checks to be undertaken of all 68 named individuals on the four main consultancy codes. This will require an ESI to be provided or retrospective check undertaken if not available.</b></p>	1 March 2016		
6	<p><b>Employment Status Checks</b></p> <p>(Final Report Issued – March 2016)</p>	<p><b>Recommendation</b></p> <p>The existing vendor request form should be amended to include a box to record the ESI number, or the alternative assurance obtained to confirm that the vendor is self-employed for the purpose of the engagement.</p> <p>In future no self-employed supplier should set up without evidence that the appropriate checks have been completed, with SERCO returning those vendor request forms that are incomplete in this respect.</p> <p>Consideration should also be given to creating a vendor account group for self-employed individuals to assist management reporting and potential FOI requests.</p> <p><b><u>Management Response</u></b></p> <p><b>Investigation to be undertaken to assess feasibility of updating Vendor request form.</b></p> <p><b>Investigation to be undertaken to assess feasibility of setting up vendor account group.</b></p>	<p><b>Emily Austin- HR Manager, Policy &amp; Reward</b></p> <p>April 2016</p>	<p>New processes are currently being agreed with Finance.</p>	<p><b>Partially implemented</b></p> <p><b>Revised target date – 30 June 2016</b></p>

## APPENDIX C – DEFINITIONS OF ASSURANCE AND RECOMMENDATION PRIORITIES

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<b>Levels of assurance</b>	
<b>Full Assurance</b>	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.
<b>Substantial Assurance</b>	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.
<b>Moderate Assurance</b>	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.
<b>Limited Assurance</b>	There are significant weaknesses in key control areas, which put the system objectives at risk.
<b>No Assurance</b>	Control is weak, leaving the system open to material error or abuse.

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