



Agenda item
No:

8

Hertfordshire County Council
Internal Audit Progress Report
30 November 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

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.6 Schools' Activity
 - 2.12 Proposed Audit Plan Amendments
 - 2.15 Limited Assurance Audits
 - 2.18 High Priority Recommendations
 - 2.23 Medium Priority Recommendations
 - 2.25 Performance Management

Appendices

- A Progress against the 2016/17 Audit Plan

- B Implementation Status of High Priority Recommendations

- C Definitions of Assurance and Recommendation Priorities

1. Introduction and Background

Purpose of Report

- 1.1 To provide Members with information on the position as at 5 November 2016, relating to:
 - a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Hertfordshire County Council 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 is one, Fuel Cards (HES)
 - 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 September 2016.
- 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 5 November 2016, 49% 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 30 August 2016:

Audit Title	Assurance Level	Number of Recommendations
Resources		
Fuel Cards (HES)	Limited	1 High 6 Medium 3 Merits Attention
Fuel Cards (HBS)	Substantial	2 Medium 1 Merits Attention
Coroner's Service	Substantial	3 Medium 3 Merits Attention
Health and Community Services		
Carers' Direct Payments	Moderate	1 High 8 Medium 1 Merits Attention
Children's Services		
Section 17 Payments	Substantial	4 Medium 1 Merits Attention
Special Educational Needs Strategy	Substantial	1 Medium 2 Merits Attention
Environment		
Use of Confirm – Highways Service Management Software	Substantial	5 Medium 2 Merits Attention

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

- Management of Empty Properties
- ICT Support Process and Helpdesk
- Foster Carer Recruitment and Retention
- Category 1 Triage Approach (Highways)
- Cash Security – Corporate Appointeeships

- 2.4 Other audits within the 2016/17 plan continue to be progressed as agreed with sixteen audits currently in fieldwork or quality review and a further sixteen at planning or Terms of Reference stage.
- 2.5 In respect of the Council's Key Financial Systems audits, planning was undertaken early, Terms of Reference produced and agreed and fieldwork is currently in progress for four of the required six audits. This approach will ensure that all six audits are delivered in time to support the early closure of accounts.

Schools' Audit Activity

- 2.6 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 19 schools)
 - b) **Theme 2** – Safe Recruitment – to provide assurance that the sample schools comply with the statutory guidance in the Department for Education's publication "Keeping Children Safe in Education" and the Home Office Right to Work in the UK legislation, when undertaking recruitment activity (sample of 18 schools)
 - c) **Theme 3** – Financial Planning – to review the effectiveness of financial planning including early years (sample of 17 schools)
- 2.7 In respect of Theme 1, visits to all sampled schools were completed in the summer term and draft reports were issued during the same period. Sixteen of these reports have now been finalised, with management action plans agreed in response to the recommendations made. The remaining outstanding draft reports are being urgently followed up for finalisation.
- 2.8 Planning in relation to the audit of Safe Recruitment in Schools (theme 2) has been completed and a random sample of schools has been identified for fieldwork visits. Fieldwork has commenced and reports are being drafted. However, further site visits are currently on hold pending review following a request from Children's Services.
- 2.9 Planning to support delivery of Theme 3 is scheduled to be completed by the end of December 2016.
- 2.10 Summary reports in relation to the Budget Management and Control and Income themes from the 2015/16 plan are now available to all Hertfordshire schools, via the Hertfordshire Grid.

- 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

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

The following audits emerged as a result of SIAS' closer working relationship with SAFS and involve reviewing the adequacy of the control environment following notification of fraud / error.

- Cash Security – Corporate Appointeeships – 5 days
- HCS Contract Retention and Management – 10 days

The budgets of the following have been increased to more accurately reflect the volume of work required:

- R & P queries – budget increased by 10 days to more accurately reflect volume of queries being received.
- Performance Data - budget increased by three days to more accurately reflect the volume of work undertaken.
- External Audit Liaison – budget increased by four days to more accurately reflect the volume of work undertaken
- Children's Establishments – budget increased by 13 days to more accurately reflect the time taken on site to undertake the required fieldwork

At the request of the Director of Human Resources, the Self Employed Status audit has been cancelled and replaced with a Working Time Directive audit.

Schools Plan

- 2.13 Adjustments have been made to the approved school's audit plan to provide additional capacity to respond to requests for training which includes the delivery of procurement and SFVS (Schools Financial Value Standard) training sessions to governors and training for clerks to governing bodies.

Other Changes

- 2.14 Additional minor changes have been made to the audit plan in order to reflect changes of 1 day or less, where original planned items are no longer required, or new activities have emerged. Taking into account all changes the County Council contingency budget now stands at 32 days.

Limited Assurance Audits

- 2.15 Since the previous progress report one Limited Assurance opinion has been provided by SIAS in respect of Fuel Cards (HES).
- 2.16 The objective of this audit was to provide assurance on the adequacy of the internal control environment following the recent identification of fuel card misuse within the Service. In arriving at our limited assurance opinion, we noted the following control weaknesses in current systems, some of which, if unaddressed, may increase the risk of abuses of the fuel card system remaining undetected:
- Inadequacy in the level and breadth of existing management checks on both invoices and general use of fuel cards
 - Absence of vehicle and driver log records to ensure that fuel expenditure and vehicle usage can be effectively monitored against authorised operational activities.
 - Poor card security in relation to the control systems for bearer cards with improvements required to the control records for the issuing and use of such cards.
 - Absence of formal fuel card policies and procedures which mean both drivers and administrative staff may potentially be unaware of the agreed processes.
 - Absence of fuel category restrictions on fuel cards to ensure that they cannot be used to procure types of fuel outside agreed business purposes.
- 2.17 Management has agreed to implement all recommendations and progress will be monitored through the recommendations follow-up process detailed below.

High Priority Recommendations

- 2.18 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.
- 2.19 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
5	2	3	0	0	0

%	40%	60%	n/a	n/a	n/a
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2.20 High priority recommendations relating to schools are excluded from this listing given both the volume of schools within the County and the relative risk of any single recommendation to the Authority as a whole

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

2.22 Two new high priority recommendations has been made since our previous progress report to the Committee:

- Fuel Cards (HES) - HES to review, strengthen and develop the existing processes for checking and validating employee use of fuel cards and supplier invoices
- Carers' Direct Payments
 - The Resource Allocation Calculation (RAS) process to be reviewed to provide a) explicit criteria for those circumstances where the indicative amount may be overridden and b) details of how these should be authorised
 - Periodic reviews to be considered to confirm that operational teams comply with existing or revised guidance on the application of indicative amounts within the creation and authorisation of the support plan
 - Management checks to be strengthened to ensure that carers' direct payment are only provided to individuals who have a current caring role

Medium Priority Recommendations

2.23 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.

2.24 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	Not implemented
23	5	1	13	2	2
%	22%	4%	56%	9%	9%

Performance Management

- 2.25 Annual performance indicators and associated targets are approved by the SIAS Board on an annual basis.
- 2.26 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 2017	Profiled performance at 5 November 2016	Actual performance to 5 November 2016
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	55%	49%
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects	95%	40%	39%
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	100%	100%	93%**
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 2015/16 that were not at draft report stage by 31 March 2016.

** Fourteen completed customer satisfaction surveys have been received during 2016/17, one of which gave a lower than ‘satisfactory’ assessment of the audit process

- 2.27 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 5 NOVEMBER 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				
Corporate								
Annual Governance Statement 2015-16	N/A				8	SIAS	8	Complete
Annual Governance Statement 2016-17	N/A				3	SIAS		Allocated
Head of Assurance Annual Opinion and Annual Report	N/A				5	SIAS	5	Complete
Whistleblowing - named contact and quarterly review	N/A				4	SIAS	2	Through Year
Resources: Finance								
Pensions – Administration					30	SIAS	1.5	TOR Issued
Payroll					25	SIAS	3.5	In Fieldwork
Debtors					25	SIAS	7.5	In Fieldwork
Creditors					25	SIAS	2	TOR Issued
General Ledger					20	SIAS	6	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Treasury Management					15	SIAS	1.5	TOR Issued
elIncome (suppliers' payments)					10	BDO	0.5	In Planning
Feeder Systems (for EY Assurance)					10	SIAS	9	In Fieldwork
E-Monitor Process -Consistency of Approach					8	SIAS	3	In Fieldwork
Resources: Procurement and Performance								
Framework Contracts					15	BDO	14	Quality Review
Resources: Property								
Asbestos Management					15	SIAS		Allocated
Carbon Reduction Commitment	N/a	0	0	0	15	SIAS	15	Final Report Issued
Leasehold Income					15	SIAS		Allocated
Management of Empty Properties					15	SIAS	14.5	Draft Report Issued

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Resources: Technology								
ICT Support Process and Helpdesk					15	SIAS	13	Draft Report Issued
Systems rationalisation	N/a				0	N/a		Cancelled
Intranet					15	SIAS		Allocated
Social Media					15	SIAS		Allocated
Resources: Business Intelligence								
Data Retention					20	BDO		Allocated
Resources: Human Resources								
Training Records					15	SIAS		Allocated
Working Time Directive					10	SIAS		Allocated

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Resources: Legal, Democratic & Statutory Services								
Coroner's Service	Substantial	0	3	3	15	SIAS	15	Final Report Issued
Resources Queries <3hrs Activities	N/A				20	N/A	12	Through Year
HBS								
Stock Control					15	BDO	12	Quality Review
Fuel Cards(HES)	Limited	1	6	3	15	SIAS	15	Final Report Issued
Fuel Cards (HBS)	Substantial	0	2	1				Final Report Issued
Cross-Cutting Reviews								
Contract Management					25	BDO		Allocated

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Business Cases and Benefits Realisation					25	BDO	1	In Planning
Health & Community Services								
Residential Invoicing					15	SIAS		Allocated
Financial Assessments	Substantial	0	2	2	15	SIAS	15	Final Report Issued
Statutory Returns					15	BDO	2	ToR Issued
Homecare					15	BDO	14	Quality Review
Carers Direct Payments	Moderate	1	8	1	15	SIAS	15	Final Report Issued
Better Care Fund					15	BDO		Allocated
Pre-Paid Cards					10	SIAS	1.5	In Planning
Voluntary Sector Contracts / Grants					10	SIAS	1.5	In Planning
Client Finances - Establishment Visits					30	SIAS		In Planning
Learning Disability - Panel Processes					10	BDO	8	Quality Review

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Cash Security – Corporate Appointeeships					5	SIAS	4.5	Draft report issued
HCS Contract Retention and Contract Management					10	SIAS	1.5	In Planning
H & CS Queries < 3hrs Activities	N/A				10	N/A	4	Through Year
Environment Services - Transport								
Home to School and Social Care transport (Safeguarding)					20	SIAS	1	In Planning
Environment Services – Highways								
Ringway Contract – Sector Specific Improvements					20	SIAS	13	In Fieldwork
Category One - ‘Triage’ Approach					15	SIAS	14.5	Draft Report Issued
Redesign of the Highways Service					20	SIAS	4	In Fieldwork
Customer Enquiries and Complaints					15	SIAS	2	In Planning

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Valuation of Transport Infrastructure Assets	Substantial	0	5	2	15	SIAS	15	Final Report Issued
Programme management					20	BDO		Allocated
Business Continuity					20	BDO		Allocated
ECS Queries <3hrs activities	N/A				5		2.5	Through Year
Children's Services								
Data Quality					15	BDO	1	ToR Issued
Ofsted Action plan progress					10	SIAS		Allocated
Foster Carer Recruitment and Retention					15	SIAS	14.5	Draft Report Issued
Controcc – Foster Carer Payments					10	SIAS		In Fieldwork
Unaccompanied Minors and no Recourse to Public Funds					15	SIAS	7	In Fieldwork
Extended Entitlement to Free Childcare					15	SIAS	2.5	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Children's services establishments					33	SIAS	30	Quality Review
Section 17 Payments	Substantial	0	4	1	10	SIAS	10	Final Report Issued
CS Queries <3hrs Activities	N/A				10	SIAS	5	Through Year
Public Health								
Budget Setting and Budgetary Control					15	SIAS		Allocated
Community Protection								
Resilience	Substantial	0	0	0	15	SIAS	15	Final Report Issued
Volunteering					10	SIAS	6.5	In Fieldwork
Shared Learning								
Shared Learning Newsletters and Summary Themed Reports	N/A				5	SIAS	2.5	Through Year

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Joint Review 1 - Delivery of the PREVENT agenda	N/A				2.5	SIAS	2.5	ToR Issued
Joint Review 2 - Trading Activities	N/A				2.5	SIAS	2	ToR Issued
Contingencies								
HCC Contingency	N/A				17.5	N/A		Through Year
Grant Claims								
Herts Chief Finance Officers Society	Not Assessed	0	0	0	1	SIAS	1	Final Certification Issued
Hertfordshire Education Foundation					2	SIAS	0.5	Allocated
Hertfordshire Charity for Deprived Children	Not Assessed	0	0	0	1	SIAS	1	Final Certification Issued
Autism Grant					2	SIAS	1	Allocated
Integrated and Structural Maintenance Grant	Not Assessed	0	0	0	3		3	Final Certification Issued

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
LEP – Local Growth Fund	Not Assessed	0	0	0	6		6	Final Certification Issued
SureCare					0.5	SIAS	0.5	Cancelled
PH Grant					0.5	SIAS	0.5	Cancelled
PSS Grant					0.5	SIAS	0.5	Cancelled
Grants Contingency					14.5			Through Year
Other Chargeable								
Monitoring 16/17 Plan	N/A				30	SIAS	16	Through Year
Recommendations Follow-Up - Q1	N/A				5	SIAS	5	Complete
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		Not Yet Allocated
Client Liaison	N/A				10	SIAS	5	Through Year

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Audit Committee Matters & Attendance	N/A				20	SIAS	10	Through Year
Audit Planning - 17/18	N/A				30	SIAS	2	In Planning
Performance Data	N/A				6	SIAS	4	Through Year
External Audit Liaison	N/A				6	SIAS	4.5	Through Year
Service Plan Activity	N/A				40	SIAS	30	Through Year
SIAS Board Meetings and Preparation	N/A				10	SIAS	9.5	Through Year
Management of Scrutiny	N/A				5	SIAS	4	Through Year
Management of Health & Safety	N/A				5	SIAS	3.5	Through Year
Management of Shared Anti Fraud Service	N/A				5	SIAS	4.5	Through Year
Management of Risk Management and Insurance	N/A				5	SIAS	3.5	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 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
15-16 Projects requiring finalisation					65.5		62	
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
Mobile Technology - security of new arrangements	Moderate	0	1	1		BDO		Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Client Finances - visits to establishments	Moderate	0	7	1		SIAS		Final Report Issued
Highways Contract - Governance, Performance, Contract Management	Moderate	1	5	1		SIAS		Final Report Issued
Creditors	Substantial	0	4	0		BDO		Final Report Issued
15-16 Projects requiring completion								
Health and Safety - Community Protection	Substantial	0	1	2		SIAS		Final Report Issued
Non Attendance at School	Substantial	0	1	1		SIAS		Final Report Issued
Continuing Health Care - Panel Process	Moderate	0	3	1		BDO		Final Report Issued
Transport, Access and Safety - Taxi Procurement - Anti Bribery Controls						SIAS		In Planning
Better Care Fund - Performance and Financial Monitoring	Substantial	0	2	1		BDO		Final Report Issued
Special Educational Needs and Disability - meeting statutory requirements	Substantial	0	1	2		SIAS		Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Highways Operating Procedures						SIAS		Audit Cancelled
Schools								
Theme 1 - SFVS	N/A				73.5	SIAS	73.5	Visits Completed
Theme 2 - Safe Recruitment					77.5	SIAS	53	In Planning
Theme 3 - Financial Planning					68	SIAS		Allocated
Reporting 15/16 themes					9	SIAS	9	Final Reports Issued
Follow up schools with high priority recs or moderate assurance	N/A				14	SIAS	6	Through Year
Other Assurance Visits	N/A				15	SIAS	13	Through Year
SFVS Returns Collation and Collection	N/A				11	SIAS	6.5	Through Year
Advice, queries and guidance for schools	N/A				30	SIAS	18	Through Year
Liaison, awareness raising and training & plan monitoring	N/A				30	SIAS	24	Through Year

APPENDIX A PROGRESS AGAINST THE 2016-17 AUDIT PLAN AS AT 5 NOVEMBER 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
2015/16 Schools Completion	N/A				1	SIAS	1	Complete
FOI Request	N/A				3	SIAS	3	Complete
Contingency	N/A				13	N/A		Through Year
Total		3	61	40	1637		774	

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 5 November 2016 (previous commentary added where appropriate)	Status of Progress
1	<p>CLA Financial Administration</p> <p>(Final Report Issued June 2014)</p>	<p><u>Recommendation</u> 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><u>Management Response</u> 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.</p>	<p>Marion Ingram, Operations Director Specialist Services</p> <p>January 2015</p> <p>Revised Target Date - end of September 2016</p>	<p>The system for undertaking the annual review of a CLA financial position/audit is now in place. This is undertaken by Brokerage (Support) and is placed on the child's LCS record.</p>	<p>Implemented</p>
2	<p>HCC Service User Managed Monies</p> <p>(Final Report Issued February 2015)</p>	<p><u>Recommendation</u> 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.</p> <p>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> <p><u>Management Response</u> The review of the area of appointeeships and deputyships will form a specific workstream of this project.</p>	<p>Sue Darker, Operations Director LD&MH. / Ann Norway, Acting Head of Business Improvement (HCS)</p> <p>30 September 2015</p>	<p>As at 5 November 2016, revised implementation date not yet reached.</p> <p>Update as of end July 2016:- out of total of 336 tenants, 163 manage their own finances, 58 are being assessed, 47 are subject to an application for appointeeship /deputyship and 84 now have appointeeship /deputyship.</p>	<p>Partially Implemented</p> <p>Revised Target Date - December 2016</p>

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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		<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>Officer Expenses</p> <p>(Final Report Issued October 2015)</p>	<p>Recommendation The level of in-built preventative controls within Employee Self Service (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"> • 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 reviewed to ensure 	<p>Actions relating to systems & payroll processes - Rachel Wilson, HR Manager - HR Services</p> <p>Actions relating to Communications - Emily Austin, HR Manager - Pay & Reward</p>	<p>Amendments to the system of inputting in ESS went live on 3rd October.</p> <p>Communications issued throughout October 2016 via Team Talk and on the front page of the intranet to inform employees of the changes.</p> <p>Further communications are planned in November and December to continue to inform of the amended requirements.</p> <p>The HR work plan has been amended to include these and we will</p>	Implemented

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		<p>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> <p>Management Response Assess system capability and resource to implement a change to not allow 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>December 2015</p> <p>December 2015 - Note: If action 1 is feasible and introduced this process will no longer be required.</p>	<p>continue to issue communications every 6 months.</p> <p>Further communications planned in October 2016 to coincide with the SAP System changes. The HR Work plan has been amended to include issuing of communications every 6 months.</p> <p>Expenses system improvements User Acceptance Testing (UAT) completed ahead of October 16 launch.</p>	
4	<p>Fuel Cards – HES</p> <p>(Final Report Issued October 2016)</p>	<p>Recommendation HES to review and strengthen the existing processes for checking and validating supplier invoices and employee use of fuel cards.</p> <p>Management response Immediate cross-referencing of bills and receipts to be commenced</p> <p>Head of HES to be informed of the outcome of this exercise on a monthly basis prior to sign off of the bill</p>	<p>Emma Cleaver-Dowsett - General Manager</p> <p>Nov 2016</p>	<p>Implementation date not yet due</p>	<p>n/a</p>

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		<p>Mileage logs to be implemented to support consumption analysis. ELMS handhelds can record mileage each day and data could be used from ELMS system</p> <p>Issues to be recorded in e-mail communications of management team.</p>			
5	<p>Carers' Direct Payments</p> <p>(Final report issued November 2016)</p>	<p>Recommendation The Resource Allocation Calculation process to be reviewed to provide a) explicit criteria for those circumstances where the indicative amount may be overridden and b) details of how these should be authorised.</p> <p>Periodic reviews to be considered to confirm that operational teams comply with existing or revised guidance on the application of indicative amounts within the creation and authorisation of the support plan.</p> <p>Management checks to be strengthened to ensure that carers' direct payment (DP) are only provided to individuals who have a current caring role.</p> <p>Before a direct payment agreement is scanned onto the system, a check to be made to ensure that it has been signed by the recipient.</p> <p>Management response Heads of Service to be consulted over the authorisation of DPs that significantly exceed the</p>	<p>Stuart Bertram - Integrated Personal Budgets Lead</p> <p>31 December 2016</p>	<p>Implementation date not yet due</p>	<p>n/a</p>

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		<p>indicative RAS generated budget. (NB the RAS indicative amount is not the sum that will be made available but an indication of funds that might be made available).</p> <p>Guidance to being drafted by the carers' lead and Community Wellbeing team to address the challenges around appropriate use of carers' direct payment, with specific attention around 'replacement care'.</p> <p>Quarterly sampling to be undertaken over the next 12 months to assess and review the practice and compliance of front line staff and managers with published guidance.</p> <p>The likelihood of an unsigned agreement form being uploaded is minimal. DP agreement forms to be checked as part of the sampling work to confirm that this was an anomaly.</p>	<p>31 December 2016</p> <p>1 December 2016 to 1 December 2017</p> <p>Immediate</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.