



Agenda item
No:

6

Hertfordshire County Council
Internal Audit Progress Report
7 July 2017

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 12 June 2017, relating to:
- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Hertfordshire County Council Internal Audit Plan for 2017/18
 - b) Proposed amendments to the approved 2017/18 Audit Plan
 - c) 'Limited Assurance' audits issued since the last meeting of this Committee of which there are none in this reporting period.
 - 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 2017/18 Hertfordshire County Council Audit Plan was approved by the Audit Committee on 1 March 2017.
- 1.3 The Audit Committee receives periodic progress updates against the Internal Audit Plan and this is the first update report for the 2017/18 financial year.
- 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 12 June 2017, 14% of the 2017/18 Internal Audit Plan days had been delivered (calculation excludes unused contingency days). Appendix A to the report 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 6 February 2017:

Audit Title	Assurance Level	Number of Recommendations
2016/17 Audit Plan		
Resources		
Pensions – Administration	Substantial	2 Merits Attention
Payroll	Substantial	2 Merits Attention
Debtors	Substantial	3 Merits Attention
Creditors	Moderate	1 High 2 Medium 1 Merits Attention
General Ledger	Full	No Recommendations
Treasury Management	Substantial	1 Medium 4 Merits Attention
Suppliers Payments (PROACTIS)	Substantial	3 Medium 2 Merits Attention
Feeder Systems	Substantial	1 Merits Attention
Hertfordshire Business Services – Stock Control	Moderate	4 Medium 2 Merits Attention
E-Monitor Process - Consistency of Approach	Substantial	2 Medium 3 Merits Attention
Framework Contracts	Substantial	1 Medium
Asbestos Management	Substantial	2 Merits Attention
Leasehold Income	Substantial	4 Merits Attention
Intranet	Substantial	2 Medium
Social Media	Substantial	No Recommendations
Data Retention	Substantial	2 Medium

Audit Title	Assurance Level	Number of Recommendations
Cross Cutting		
Contract Management	Substantial	1 Medium 2 Merits Attention
Business Cases and Benefits Realisation	Substantial	2 Medium 2 Merits Attention
Adult Care Services (ACS)		
Statutory Returns	Substantial	2 Medium 2 Merits Attention
Homecare	Substantial	2 Medium 1 Merits Attention
Voluntary Sector Grants	Substantial	1 Medium
ACS Contract Retention and Contract Management	Substantial	2 Medium
Children's Services		
Controcc – Foster Carer Payments	Substantial	1 Merits Attention
Unaccompanied Minors and no Recourse to Public Funds	Substantial	1 Medium 1 Merits Attention
Data Quality	Moderate	1 High 4 Medium 1 Merits Attention
Children's Services Establishment Visits	Not Assessed	N/a
Public Health		
Budget Setting and Budgetary Control	Substantial	2 Merits Attention
Environment		
Customer Enquiries and Complaints	Substantial	1 Medium

Audit Title	Assurance Level	Number of Recommendations
Programme Management	Substantial	2 Medium 1 Merits Attention
Business Continuity	Substantial	2 Medium 1 Merits Attention
Home to School Transport (Safeguarding)	Moderate	2 Medium 1 Merits Attention
Community Protection		
Volunteering	Substantial	2 Medium 4 Merits Attention
Grant Claims / Accounts		
Hertfordshire Education Foundation	Unqualified Opinion	No Recommendations

Audit Title	Assurance Level	Number of Recommendations
2017/18 Audit Plan		
Herts Chief Finance Officers Society	Unqualified Opinion	No Recommendations
LEP – Local Growth Fund	Unqualified Opinion	No Recommendations
Hertfordshire Charity for Deprived Children	Unqualified Opinion	No Recommendations

- 2.3 In addition to the above, the following draft reports have been issued to management for comment and response, all of which relate to assignments from the 2016/17 plan:

Service	Audit Title	Month of Issue
2016/17 Audit Plan		
Resources	Working Time Directive	June 2017
Adult Care Services	Client Finances – Establishment Visits	May 2017
	Learning Disability Panel Processes	March 2017

- 2.4 Taking into account the above there are six uncompleted audits remaining from the 2016/17 plan. These are the reviews of the Ofsted Action Plan Implementation, Pre-Paid Cards, Training Records, Ringway Contract (Sector Specific Improvements) and the SIAS Partnership joint reviews of PREVENT and Trading Activities. It is planned that each of these reviews will either be at draft or final report stage by the September committee meeting.
- 2.5 In respect of the 2017/18 audit plan work has progressed on the quarter one allocation with five audits currently in fieldwork and another six at planning or terms of reference stage.

Schools' Audit Activity

- 2.6 In respect of the three themes from the 2016/17 plan, themes one (Schools Financial Value Standard (SFVS)), two (Safe Recruitment) and three (Financial Management) have been completed with final reports issued to all schools visited.
- 2.7 In addition to the above planned themes, an additional five schools were visited under the SFVS theme at the request of Children's Services. Two of these reports are now at final stage, with the remaining three at draft stage with SIAS actively engaging with the individual schools to secure a management response.
- 2.8 All other activities within the 2016/17 Schools Plan have been completed.
- 2.9 The schools' audit plan for 2017/18 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 – 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** – IR35 – to provide assurance that the sample schools are complying with the new IR35 (off payroll working) regulations that came into force in April 2017 (sample of 7 schools)
- 2.10 In respect of Theme 1, visits to all sampled schools have now been booked and are due to be completed by the end of the summer term.

- 2.11 Planning in relation to theme 2 (Safe Recruitment in Schools) and theme 3 (IR35 compliance) is currently in progress, with fieldwork on both themes due to commence in September 2017 at the start of the autumn term.
- 2.12 At this current point in the financial year we have not received any referrals for inclusion under the two contingency allocations within the schools plan, these being Schools Causing Concern and Schools due to become academies.
- 2.13 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

- 2.14 Proposed amendments to the 2017/18 Internal Audit Plan and the reasons for these are set out below:
- 2.15 Adult Care Services
- At the request of the Assistant Director (Commissioning) an addition to the plan of a 15 day consultancy review on contract commissioning and monitoring. This review will seek to identify good practice and development areas that can be taken forward within the future ACS Market Oversight Programme.
 - At the request of the Team Manager (Herts Valleys Extended Involvement Review Team) a five day review of the arrangements for managing client finances at an external care home has been added to the ACS audit plan.
- 2.16 Environment Services
- At the request of Waste Management team a three day allocation has been added to the Environment plan to provide internal control advice as part of the creation of the specification for the re-tendering of the WAMS system.
- 2.17 Resources
- At the request of the HR Head of Operations an eight day review of the processes for managing DBS checks and risk assessments has been added to the resources plan. The review will provide assurance over the robustness of systems and processes, allowing the Council to identify any potential improvement areas prior to the likelihood of increased compliance monitoring across all Local Authorities by the DBS service.

- At the request of the Finance Team a three day grant certification review of the Local Enterprise Partnership Local Growth Fund has been included within the plan. This activity has now been completed.

2.18 Public Health

- Following discussions with the Deputy Director Public Health, the planned audit of Immunisation in Schools has now been cancelled. This review was primarily a consultancy activity and the service has obtained alternative support and advice internally and from Finance. A total of 9.5 days has been returned to the Council's contingency allocation.

2.19 Schools Plan

At the request of both Human Resources and the Operations Director (Education), a change has been made to the topic of the third schools theme. The theme has now been changed from a review of school website compliance (with regulations), to a review of school compliance with the legislation for IR35 (off payroll workers), which came into force from April 2017. The planned days for the third schools theme remain unchanged.

- 2.20 In respect of the plan changes referred to in paragraphs 2.14 to 2.17, each will be resourced through the Council's audit plan contingency allocation (or in the case of the additional grant, the grants contingency allocation), leaving a remaining contingency balance of 67.5 days.

Other Changes

- 2.21 Additional minor changes have been made to the audit plan in order to reflect changes of 2 days or less, where original planned items are no longer required, or new activities have emerged.

Limited Assurance Audits

- 2.22 Since the previous progress report no Limited Assurance opinions have been provided by SIAS.

High Priority Recommendations

- 2.23 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.

2.24 An update on progress with implementing high priority recommendations is shown at Appendix B to the report. 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	3	1	0	1	0
%	60%	20%	0%	20%	0%

2.25 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.

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

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

- Creditors –

Issues were highlighted around SAP permissions and associated access, with the potential for access combinations held by some staff reducing the effectiveness of the control environment; management have completed the implementation of the agreed actions in response to this recommendation.

- Data Quality (Children’s Services) - .

Following review of the Data Quality Oversight, Children’s Services document, and the corporate Hertfordshire County Council Data Quality Strategy we identified inconsistencies between the two documents in respect of roles and responsibilities and some references that appeared out of date; management have agreed to review the recommendations made in conjunction with corporate colleagues and Children’s Services Core Board, with an action plan formulated following these discussions. The planned implementation date for the above actions is 31 July 2017.

2.28 The current progress of management in implementing the above actions is reported to the committee within Appendix B of this report.

Medium Priority Recommendations

- 2.29 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.
- 2.30 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	Partially Implemented – Revised Date Agreed	Actions not commenced – Revised date Agreed	No Update Provided by Action Owner
38	20	15	0	3
%	53%	39%	0%	8%

Performance Management

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

Performance Indicator	Performance Target for 31 March 2018	Profiled performance at 12 June 2017	Actual performance to 12 June 2017
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	18%	14%
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects	95%	17%	12%
3. Client Satisfaction – percentage of client satisfaction questionnaires	100%	100%	100%**

Performance Indicator	Performance Target for 31 March 2018	Profiled performance at 12 June 2017	Actual performance to 12 June 2017
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 2016/17 that were not at draft report stage by 31 March 2017.

** six completed customer satisfaction surveys have been received during 2017/18, four of which relate to audits completed from the 2016/17 audit plan.

2.33 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** – external audit has been able to draw 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 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

Hertfordshire County Council Audit Plan 2017/18

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Corporate								
Annual Governance Statement 2016-17	N/a				8	SIAS	8	Complete
Annual Governance Statement 2017-18	N/a				5	SIAS		Allocated
Head of Internal Audit Opinion 2016/17	N/a				5	SIAS	5	Complete
Whistleblowing - named contact and quarterly review	N/a				4	SIAS	0.5	Through Year
Resources								
Resources Queries < 3hrs Activities	N/a				10	SIAS	2.5	Through Year
Resources: Hertfordshire Business Services (HBS)								
Business Operations					25			Not Yet Allocated
Resources: Finance								

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Pensions - Administration					30	SIAS		Allocated
Payroll					25	SIAS		Allocated
Debtors					25	SIAS		Allocated
Creditors					25	SIAS		Allocated
General Ledger					20	SIAS		Allocated
Treasury Management					15	SIAS		Allocated
eIncome					15	BDO		Allocated
Resources: Property								
Carbon Reduction Commitment					15	SIAS	0.5	In Planning
Resources: Technology								
Segregation of Duties / Access Controls					20	BDO		Allocated

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Cyber Security					15	BDO		Allocated
Resources: Human Resources								
Employee Expenses					15	SIAS	10.5	In Fieldwork
Off Payroll Working (consultancy)					5	SIAS	0.5	Through Year
DBS and Risk Assessments					8	SIAS	5.5	In Fieldwork
Resources: Legal, Democratic & Statutory Services								
LEP - Compliance with Assurance Framework					15			Not Yet Allocated
Resources: Customer Engagement & Libraries								
Blue Badges					10	SIAS	4.5	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Council Wide Reviews								
Conflicts of Interest					25	SIAS	1.5	In Planning
Delegated Decision Making					25			Not Yet Allocated
Volunteering					25	SIAS	1	In Planning
Business Continuity					25			Not Yet Allocated
Serious and Organised Crime Audit					25	SIAS	1.5	In Planning
Safeguarding					25			Not Yet Allocated
Cross Service Reviews								
0-25 Integrated Service (Children's Services and Adult Care Services)					20			Not Yet Allocated
Home to school / college transport (Children's Services and Environment)					15	SIAS	1	In Planning
Transport Infrastructure Assets (Resources and Environment)					15	SIAS	1	In Planning

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Adult Care Services								
Deputyship / Appointeeships					15	SIAS	0.5	In Planning
Integrated Commissioning Arrangements					15	BDO		Allocated
Application of Eligibility Thresholds (Older People Service & Adult Disability Service)					20	BDO		Allocated
Data Security and Information Sharing					15			Not Yet Allocated
Direct Payments					15	SIAS		Allocated
Provider Portal (Consultancy Advice)					5	SIAS		Through Year
Data quality - Business Process Compliance – Older People Service					20	BDO		Allocated
Demography & Budget monitoring - Adult Disability Service					20	BDO		Allocated
Payment of homes gross - Consultancy Support					5	SIAS		Through Year
Accommodation for Independence Programme (Adult Disability Service)					15	BDO		Allocated
Adult Care Services Queries < 3hrs Activities	N/a				10	SIAS	2.5	Through Year
Market oversight programme – consultancy activity / advice					10	SIAS	2	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
ACS Client Finances (Older People Service)	N/a	0	0	0	5	SIAS	3	In Fieldwork
Environment Services								
Bus Contracts					15			Not Yet Allocated
Dropped Kerbs					12	SIAS	6	In Fieldwork
Highways Service - Highways Act 1980 Section 58					15			Not Yet Allocated
Highways Service - Category 3 Works					15			Not Yet Allocated
Highways Services - PMnet Software Development Project					10	SIAS		Allocated
Development Management - Enforcement					15			Not Yet Allocated
Compliance with CDM Regulations					15	SIAS	0.5	In Planning
Environment Services Queries <3hrs activities	N/a				10	SIAS	2.5	Through Year
WAMS (Waste Management System) - Consultancy Advice					3	SIAS		Through Year

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Children's Services								
Programme / Project Management					20	BDO	Allocated	
Financial Monitoring of Schools					15	SIAS	In Planning	
Family Finding model					5	SIAS	Through Year	
Quality Assurance Systems (Consultancy)					10	SIAS	Through Year	
Customer Service Centre (safeguarding enquiries)					20	SIAS	Allocated	
Children's Services Queries <3hrs Activities	N/a				10	SIAS	2.5	
Public Health								
Commissioning, Contract Management and Contract Payments					20	SIAS	In Planning	
Immunisation in Schools					0.5	SIAS	0.5 Audit Cancelled	
Community Protection								

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Service Performance Management					15	BDO		Allocated
Internal Quality Assurance Arrangements					15	SIAS		Allocated
Trading Standards - Management of Evidence					10	SIAS		Allocated
Shared Learning								
Shared Learning Newsletters and Summary Themed Reports	N/a				5	SIAS	0.5	Through Year
Joint Review					5			Not Yet Allocated
Grant Claims								
Herts Chief Finance Officers Society	Not Assessed	0	0	0	1	SIAS	1	Complete
Hertfordshire Education Foundation					2	SIAS		Allocated
Hertfordshire Charity for Deprived Children	Not Assessed	0	0	0	1	SIAS	1	Complete
Autism Grant					2	SIAS		Allocated

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

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	3	SIAS	3	Complete
Integrated and structural maintenance grant					2	SIAS		Allocated
Building Better Opportunities					3	SIAS		Allocated
Disabled Facilities Grants / Home Improvement Agency					5	SIAS		Allocated
Grants Contingency	N/a				7	SIAS		Allocated
LEP Capital Grant					3	SIAS	0.5	In Planning
Other Chargeable								
Plan Delivery Monitoring	N/a				30	SIAS	5	Through Year
Recommendations Follow-Up - Q1	N/a				5	SIAS	1.5	Complete
Recommendations Follow-Up - Q2	N/a				5	SIAS		Allocated
Recommendations Follow-Up - Q3	N/a				5	SIAS		Allocated
Recommendations Follow-Up - Q4	N/a				5	SIAS		Allocated

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Client Liaison	N/a				10	SIAS		Through Year
Audit Committee	N/a				20	SIAS	5	Through Year
2018/19 Audit Planning	N/a				30	SIAS	1.5	Allocated
Performance Data	N/a				3	SIAS	0.5	Through Year
External Audit Liaison	N/a				2	SIAS		Through Year
SIAS Development	N/a				40	SIAS	13.5	Through Year
SIAS Board Meetings and Preparation	N/a				10	SIAS	1	Through Year
Management of Scrutiny	N/a				5	SIAS	1.5	Through Year
Management of Health & Safety	N/a				5	SIAS	1	Through Year
Management of Shared Anti-Fraud Service	N/a				5	SIAS	1	Through Year
Management of Risk Management and Insurance	N/a				5	SIAS	0.5	Through Year
Public Sector Internal Audit - Self Assessment 17-18	N/a				10	SIAS		Allocated

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
16/17 Projects requiring completion								
16-17 Projects requiring completion	N/a				10	SIAS	10	In Progress
16/17 Social Media					9.5	SIAS	9	Draft Report Issued
16/17 Client Finances - Establishment Visits					11	SIAS	11	Draft Report Issued
16/17 Training Records					5.5	SIAS	5	Quality Review
16/17 Ofsted Action Plan					7.5	SIAS	3	Quality Review
16/17 Overtime / Working Time Directive					6	SIAS	3	Draft Report Issued
16/17 Pre-Paid Cards					4.5	SIAS	4	Quality Review
16/17 Joint Reviews					1	BDO		Quality Review
16/17 Ringway - Service Sector Improvements						SIAS		Quality Review
HCC Plan Contingency Balance					67.5			

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Schools								
Advice, queries and guidance for schools	N/a				20	SIAS	3.5	Through Year
Liaison, awareness raising and training	N/a				25	SIAS	5	Through Year
Theme 1 - SFVS (25 schools)	N/a				95	SIAS	43	In Fieldwork
Theme 2 - Safe Recruitment (18 Schools)	N/a				70	SIAS	2.5	In Planning
Theme 3 – IR35 (7 schools)	N/a				27	SIAS	0.5	In Planning
16-17 SFVS Returns Collation	N/a				10	SIAS	5	Complete
17-18 SFVS Returns Collection	N/a				5	SIAS		Allocated
Reporting 16/17 themes	N/a				10	SIAS	2.5	Quality Review
Follow up schools with high priority recs or moderate assurance	N/a				15	SIAS	1.5	In Fieldwork
Contingency - Schools Causing Concern	N/a				15	SIAS		Through Year
Contingency - Academy Conversions	N/a				10	SIAS		Through Year

APPENDIX A PROGRESS AGAINST THE 2017-18 AUDIT PLAN AS AT 12 JUNE 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Plan Monitoring	N/a				10	SIAS	3	Through Year
Completion of 16-17 Audits	N/a				8	SIAS	5.5	In Progress
Schools Plan Contingency Balance					25			
Total		0	0	0	1637		218.5	

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 May 2017 (previous commentary added where appropriate)	Status of Progress
1	<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>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>	<p>Steven Lee-Foster, Assistant Director ACS Provider Services / David Price, Business Development Manager (ACS)</p> <p>30 September 2015</p>	<p>May 2017 Update - The audit of tenant information and role of In House Services has begun and will focus on the following:-</p> <ul style="list-style-type: none"> • Tenants/Clients referred to Care Management teams for assessment of capacity • Tenants/Clients who have been identified as requiring Appointee/Deputy to confirm status of application and legal process • Tenants/Clients who have Appointee/Deputy in place and confirm practice is appropriate and process active - • Tenants/Clients who have capacity but practice indicates provider is over reaching responsibility and role <p>All of the above will be summarised in a clear action plan shared with Senior Management, Unit Managers, Care Management Teams and Audit.</p>	<p>Partially Implemented</p> <p>Revised Target Date - End of June 2017 for completion of review and identification of further actions</p>

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2	<p>Fuel Cards – HES</p> <p>(Final Report Issued October 2016)</p>	<p>Recommendation The Hertfordshire Equipment Service (HES) should 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>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>	<p>Emma Cleaver-Dowsett - General Manager</p> <p>Nov 2016</p>	<p>May 2017 Update – This recommendation is now deemed implemented. In respect of the third part of the management response, whilst the longer term action is to implement a Vehicle Tracker system to facilitate consumption analysis (implementation lead time of up to six months), an interim system has been implemented through the use of a spreadsheet monitoring system, based on the information from driver PDA's. From a review of the spreadsheet by SIAS this is deemed sufficient to allow the required monitoring to be performed. All other elements of the management action have been implemented as originally described.</p>	<p>Implemented</p>
3	<p>Data Quality (Children's Services)</p> <p>(Final Report Issued May 2017)</p>	<p>Recommendation It was recommended that Children's Services:-</p> <ul style="list-style-type: none"> - Review the Children's Services Data Oversight Strategy to ensure that it is consistent with the corporate Data Quality Strategy - Formally allocate the Senior Information Risk Owner (SIRO) role to a named officer - Ensure that each information system has a named officer for data quality. - Set a clear target date for the implementation of the Master Data Roadmap/Golden Record project 	<p>Jenny Eccles - Head of Business Infrastructure</p> <p>July 2017</p>	<p>N/a</p>	<p>Not Yet Due</p>

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		<ul style="list-style-type: none"> - Set up regular data quality meetings across all departments and with external users - Update the Data Quality Strategy to include information on how data quality is reported through the data governance hierarchy. <p>Management response Meet with Corporate colleagues to review the recommendations and determine the appropriate response from a corporate perspective.</p> <p>Present a report to Children’s Services Core Board to review the recommendations and agree proposed actions and owners. Develop an action plan following on from decisions taken at Board.</p>			
4	<p>Creditors</p> <p>(Final Report Issued March 2017)</p>	<p>Recommendation</p> <p>The current allocation of SAP roles should be reviewed ensuring that staff responsible for supplier creation / amendment do not also have access to invoice processing functionality and that no member of staff has access to supplier entry, invoice entry and payment run processing functionality.</p> <p>Should the above not be operationally feasible compensating controls should be reviewed in conjunction with HCC, specifically the introduction of a “high value payment exception report” and “vendor bank account changes” report for each payment run.</p> <p>Both reports should be reviewed and signed off by a member of staff that does not have the conflicting</p>	<p>Waqas Munir - Finance Manager (Financial Planning & Accounts) / Sue Cross - Accounts Delivery Manager (Serco)</p> <p>March 2017</p>	<p>May 2017 Update –</p> <p>Access to key roles (supplier entry, invoice entry, Bacs processing) was restricted as agreed to a limited number of Superusers within Serco</p> <p>Furthermore, the following are in place:</p> <ul style="list-style-type: none"> - checking of all high value payments over £500k as part of the BACS run - sign off of any vendor changes by a second team member 	<p>Implemented</p>

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		<p>access responsibilities.</p> <p><u>Management response</u></p> <p>There will be a number of “Super users” that are required to have access to Vendor changes, Invoice Entry and Bacs processing functionality</p> <p>Bacs processing is already limited to four Superusers, identified within the AP team. These are all senior managers and require access to all three roles to provide cover across the teams. The remaining member of staff will have their access to the following reviewed, to maximise segregation of duties between vendor changes and invoice entry.</p> <p>The ability to control access is likely to be limited to some extent by the operational requirements of a small team, therefore compensating off system controls will be implemented as recommended. These include the checking of high value payments as part of the Bacs run, and the sign off of vendor changes by a second team member. We also are in agreement with the recommendation to implement a vendor bank changes report and retrospective check</p>		<ul style="list-style-type: none"> - all vendor bank changes are checked and signed by an independent party 	

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5	<p>ACS Cash Handling Procedures</p> <p>(Final report issued December 2016)</p>	<p>Recommendation There must always be two officers present when cash tins are retrieved from the safe and the Security Officer should not be permitted to open the safe unless there are two authorised officers present.</p> <p>In order to evidence that this control is operated in practice, the current 'Safe Access Register' should be amended to record name of both authorised officers retrieving a cash tin, signature from both officers, date and time of access, cash tin number; signature of Security Officer opening the safe and reason for opening the safe.</p> <p>Management response The safe will now require two keys in order to be opened - Key 1 held by security and Key 2 held by the department</p> <p>The above arrangement will ensure that no access can be gained without an HCC and SERCO officer being present.</p> <p>In respect of the Safe Access register, this will be amended in line with the audit recommendation.</p>	<p>Steve Harris – Strategic Facilities Manager</p> <p>End of December 2016</p>	<p>SIAS Comment - Given the nature of this recommendation full details of the update provided to the SIAS are not included within this report. However, confirmation is provided to the Committee that the action is now fully implemented with new arrangements incorporated into business as usual.</p>	<p>Implemented</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.