

Internal Audit Plan

2017-18

Hampshire County Council



Southern Internal Audit Partnership

Assurance through excellence
and innovation

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Introduction

The role of internal audit is that of an:

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

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

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

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business, activities, systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the County Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant stakeholder(s), to ensure it continues to reflect the needs of the County Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the County Council.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Neil Pitman, Head of Southern Internal Audit Partnership, supported by Karen Shaw as Strategic Lead and Sarah Allen, Iona Bond, Amanda Chalmers, Laura English, Liz Foster, and Nat Jerams, Audit Managers.

Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2015 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

An external assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015. In considering all sources of evidence the external assessment team concluded:

*It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to **all** of the principles contained within the International Professional Practice Framework (IPPF); the Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).*

*There are **no instances** across these standards where we determined a standard below “generally conforms”, and 4 instances where the standard is assessed as “not applicable” due to the nature of SIAP’s remit.*

In accordance with PSIAS, a further self-assessment was completed in April 2017, concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

Council Risk

The County Council have a clear framework and approach to risk management. The strategic risks assessed by the County Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the strategic risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

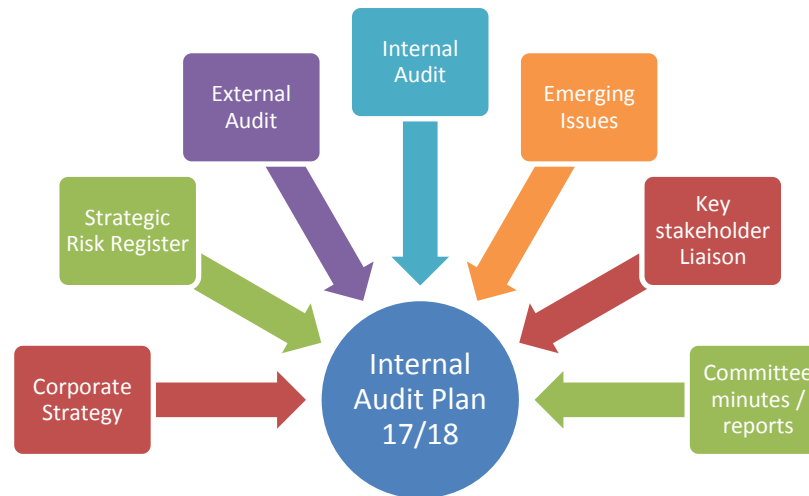
Developing the internal audit plan 2017/18

We have used various sources of information and discussed priorities for internal audit with members of all departmental management teams as well as their management groups and other key contacts as appropriate.

Based on these conversations with key stakeholders, review of key corporate documents and risk registers, and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit plan for the coming year.

The County Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.



Shared Services

Services provided under the shared service arrangements with Hampshire Constabulary, the Office of the Police and Crime Commissioner and Hampshire Fire and Rescue Service continue to be reviewed via a joint internal audit plan that provides assurance to all parties to avoid duplication of effort. All three organisations contribute audit days to this plan which is also reported below for information. An internal audit protocol for this work has been agreed with partner and shared services management

Internal Audit Plan 2017-18

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
Corporate Cross Cutting				
Traded services (and shared outside SS)	Director of Culture, Communities and Business Services	HCC0006	High	Governance arrangements and the cost / pricing model for income generating initiatives.
Equality impact assessments	Director of Transformation and Governance	HCC0006;CO0009	Medium	Focus on transformation proposals.
Information management	Director of Transformation and Governance	CO0009;AS0011;CC0008; CO010008;CO040006;ET0022	High	Review of the areas not covered by the 2017 ICO visit.
Business Continuity/emergency planning	Director of Transformation and Governance	AS0001;AS0010; CO0003; CO0010;CO010008; CO010009;ET0027;HCC0009	High	Periodic review of business continuity and emergency planning process and compliance.
Records management	Director of Transformation and Governance	CO010008;CO0009	Medium	Review of records management (creation, retention and destruction).
Health and Safety	Director of Transformation and Governance	AS0003;CO0009	High	Review of new processes introduced by the Corporate Health and Safety Manager and follow up actions arising from the previous review.
Capital programme	Various	CO0017;ET0013	Medium	Review of the management of a sample of projects.
Hantsdirect - CART model	Assistant Chief Executive	AS0010;HCC0006	Medium	Review of the new CART model.

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
Hantsdirect -service standards	Assistant Chief Executive	CO0009	Medium	How service standards are being monitored, recorded, achieved and reported.
Information security	Director of Corporate Resources	CO0009;CO010008; CO010009	High	Arrangements in place to ensure the confidentiality, integrity and availability of corporate information.
Local management of shared services processes	Director of Corporate Resources	CO0009;CO0013; CO0015;HCC0006	High	Client side application of shared service activities which remain with HCC staff.
Social media policy	Assistant Chief Executive	CO0009	Medium	Review of the corporate social media policy, and testing of compliance.
Marketing	Assistant Chief Executive	CO0009	Medium	New governance arrangements around marketing and branding.
Use of volunteers	Assistant Chief Executive	CO0009;HCC0007	High	Corporate cross-cutting review of use of volunteers.
Corporate Governance				
Risk Management	Director of Transformation and Governance	CO0009	High	Effectiveness and application of the corporate risk management strategy/policy.
Corporate Governance Framework	Director of Transformation and Governance	CO0009	Medium	Review of the corporate governance framework following updated guidance.
Complaints and compliments	Director of Transformation and Governance	CO0009	Medium	Processes for handling complaints, identification of common themes and resolution.

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
Fraud & Irregularity	Director of Corporate Resources	CO0009	High	Delivery in accordance with the Fraud Risk Plan (appendix 1).
Annual Governance Statement	Director of Transformation and Governance	CO0009	Mandatory	Contribution to and overview of the Annual Governance Statement.
Annual self assessment against internal audit Standards	Chief Internal Auditor	CO0009	Mandatory	In accordance with the requirements of the Public Sector Internal Audit Standards.
Assurance mapping	Chief Internal Auditor	CO0009	High	Facilitate roll out of assurance mapping across the organisation.
Financial Management				
Financial assessments and benefits	Director of Adults', Health and Care	CO0009	High	Process review following transition to AH&C department.
Premis	Director of Corporate Resources / Director of Culture, Communities and Business Services	CO0009	Medium	To review the operation and consistent use of the system (construction specific contract management & payment).
Information Technology				
Change management	Director of Corporate Resources	CO0003;CO0009; CO010008	Medium	Changes to configuration items are introduced into production in a controlled manner.
Network management and monitoring	Director of Corporate Resources	CO0009;CO010009	High	Review of network management security & integrity.

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
SAP operational basis support	Director of Corporate Resources	CO0003;CO0009; CO010008	Medium	Review of SAP Basis functions.
Platform monitoring (Windows & Linux)	Director of Corporate Resources	CO0003;CO0009; CO010008	Medium	Monitoring of essential IT equipment located in the Winchester and Dorset data centres.
Database management & security	Director of Corporate Resources	CO0003;CO0009; CO010008	Medium	Review of controls in place to ensure confidentiality, integrity and availability of data held.
Assurance mapping (IT)	Director of Corporate Resources	CO0003;CO0009; CO010008;CO010009	Medium	Annual summary of all forms of assurance with regard IT.
Identity management	Director of Corporate Resources	CO0003;CO0009; CO010008;HCC0006	High	Identity management will be key to the Digital programme, to ensure the right people have access to the right services and information.
Contract management - IT	Director of Corporate Resources	CO0009	High	Review management of IT contracts.
PCI compliance testing	Director of Corporate Resources	CO010008	High	PCI compliance testing to support the self assessment process.
Business applications	Director of Corporate Resources	CO0009;CO010008	Medium	Review of key business application(s).
ISO27001	Director of Corporate Resources	CO010008;CO010009	Medium	Testing to support self-assessment.

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
Corporate Objective - Hampshire safer and more secure for all				
Safeguarding - Children	Director of Children's Services	CC0009;CS0003; CS0005;HCC0001	High	To review the ongoing internal and external assurances that the department receive for the safeguarding of children.
Safeguarding - other departments	Director of Children's Services / various	CC0009;CS0003; ET0011;HCC0001	High	A review of safeguarding arrangements across departments (excluding Children's Services).
School thematic review(s)	Director of Children's Services	CS0004	High	<ul style="list-style-type: none"> • Pupil Premium • Attendance – Children in Care • Recruitment • Offsite activities
Reactive - Schools/establishments	Director of Children's Services	CS0004	High	Provision to enable risk based reviews of school or establishment as the need arises.
Swanwick Lodge	Director of Children's Services	CS0004	High	Review the internal processes to gain assurances that the needs of each child are being met at the unit and arrangements to ensure the quality of care.
SFVS	Director of Children's Services	CS0004	Mandatory	To review the SFVS responses received and sample check of responses prior to DfE deadline.
Home to school transport	Director of Children's Services / Director of	CS0003;ET0011	High	Safe transit of eligible children (to include contract management arrangements).

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
	Economy, Transport and Environment			
Care Leavers	Director of Children's Services	CS0003;HCC0001	Medium	Spend analysis & review .
Direct payments (CS)	Director of Children's Services	CS0003;CO0009 HCC0001	High	End to end review of the DP process.
Unaccompanied Asylum seekers	Director of Children's Services	CS0003;HCC0001	High	Growth area. Review of how needs are being met and funded.
Music Service	Director of Children's Services	CO0009	Medium	To review the processes for income collection within the music service.
Education Centres	Director of Children's Services	CS0004;CS0006	High	Coding of attendance and spend against pupils based on varying provisions.
Troubled families - claims	Director of Children's Services	Mandatory	Grant claim	10% sample of claims in line with grant requirements.
Special Guardianship Orders (SGO's)	Director of Children's Services	HCC0001	High	Timeliness/ completeness of SGO's.
Use of Agency Staff	Director of Children's Services	CS0003;CS0009; HCC0001	High	Rationale and use of agency staff (non schools).
Transition of children to Adults Health and Care	Director of Children's Services / Director of Adults, Health and Care	CS0003;CO0009; HCC0001	Medium	Arrangements for children with care packages moving across to Adults Health and Care.
Elective Home Education (EHE)	Director of Children's Services	CO0009	Medium	Process review against statutory duties.

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
Corporate Objective - Maximising wellbeing				
Adult services establishments - Medicine control in residential/nursing homes (OP)	Director of Adults', Health and Care	AS0016;HCC0002	High	Compliance with the medication management policy across OP nursing and residential in house services.
Adult services establishment review(s)	Director of Adults', Health and Care	AS0016;HCC0002	High	<ul style="list-style-type: none"> • Support plans • Community involvement activities
Personalisation - self directed support	Director of Adults', Health and Care	AS0004;HCC0002	Very High	End to end process review looking at a sample of cases across the department.
Integrated Reablement (CRT react, Sensory and Occupational Therapists combined)	Director of Adults', Health and Care	AS0019;CO0009	High	Review of the implementation of the new combined service.
Continuing healthcare	Director of Adults', Health and Care	AS0005;HCC0002	High	To review the CHC process and compliance across the department.
Large scale investigations	Director of Adults', Health and Care	CO0009	Medium	How investigations are handled and reflections/learning from such events.
Electronic Care Monitoring System (ECM), telehealth – home care monitoring	Director of Adults', Health and Care	AS0007;AS0014; AS0020;HCC0002	High	Follow up review based on the findings from the 2015/16 audit.
Telecare	Director of Adults', Health and Care	AS0007;HCC0002	Medium	Awareness and roll out / take up of Telecare.
Out of County Placements	Director of Adults', Health and Care'	AS0007;AS0008	Medium	Review of out of county placements across LD/OP and PD.
Data Quality on AIS	Director of Adults', Health and Care	AS0011	High	To review the completeness and accuracy of data recorded on the AIS system.

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
Regulation 17 visits	Director of Adults', Health and Care	AS0003;CO0009; HCC0002	High	To assess adequacy in accordance with the Health & Social Care Act.
Adults, Health and Care Complaints Team	Director of Adults', Health and Care	CO0009;HCC0002	High	Review of the handling of complaints within the department against agreed process.
Health and Safety	Director of Adults', Health and Care	AS0003;CO0009; HCC0002	High	To review of the processes in place for Health and Safety across the department.
Information Management Steering Group	Director of Adults', Health and Care	CO0009	High	To review the arrangement for granting access requests through the IMSG.
Disability Related Expenses	Director of Adults', Health and Care	CO0009	High	How DRE's are accounted for and consistency across the department.
Public Health - Quality and Performance Group	Director of Adults', Health and Care	CO040003 to CO040017	Medium	To review the governance & operation of the new quality and performance group.
Corporate Objective - Enhancing our quality of place				
Economic Development and Business Engagement	Director of Economy, Transport and Environment	CO0009;ET0008	High	Review of governance arrangements.
ETE Incentive bid self assessment	Director of Economy, Transport and Environment	CO0009	Advice	Advisory role to support the bid.
Developer contributions	Director of Economy, Transport and Environment	CO0009;ET0002	Medium	Review of new processes in place in this area.
CCBS establishment thematic review	Director of Culture, Communities and Business	CO0009	High	Review of income collection processes.

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
Services				
District working arrangements (Environmental Services)	Director of Economy, Transport and Environment	CO0009	High	Review of new arrangements (effective 1/4/17).
S38 - Road Making Agreements	Director of Economy, Transport and Environment	CO0009;ET0002	High	Follow up review based on the findings from the previous audit.
Grant funding for capital schemes	Director of Economy, Transport and Environment	ET0013	High	Arrangements in place to manage risks, including annual approval of grant funding from the LEPs.
Major Scheme Programme development	Director of Economy, Transport and Environment	CO0009;ET0013	High	Assurance role for the project to develop the Major Scheme Programme.
Miscellaneous Service Reviews				
Business units	Director of Culture, Communities and Business Services	CO0009	Medium	Review of County Supplies with a focus on stock control.
Economic Development - Development of Business / Investment Property Portfolio	Director of Economy, Transport and Environment	CO0009;CO0016; CO0017	High	Review of governance arrangements.
Procurement and contract management				
Procurement - strategy and governance	Director of Transformation and Governance	CO0009;CO0016	High	Arrangements in place to ensure there is clear strategy and governance around the procurement process.
Contract management - corporate	Various	AS0007;CO0009; ET0025;HCC0005	High	Effectiveness of contract management arrangements for a sample of contracts

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope	
				not covered by individual reviews.	
Procurement - Independent Fostering Agencies	Director of Children's Services	CO0009;HCC0005	High	To review contract management arrangements.	
Contract Management – Major Contracts	Director of Economy, Transport and Environment	CO0009;HCC0005	High	<ul style="list-style-type: none"> • Waste Disposal • Matrix • Modular framework • GEN 	
Contract Governance	Director of Economy, Transport and Environment	CO0009;ET0024; ET0025	High	To review the arrangements for the new contract commencing during the year: <ul style="list-style-type: none"> • De-Mobilisation of Term Highways • Highways – HHSC 	
Contract procurement	Director of Culture, Communities and Business Services	C0009; HCC0005	High	To review the procurement of contract commencing during the year: <ul style="list-style-type: none"> • Term Maintenance Contract • Minor works framework 	
Grant/non-assurance work					
Reading / Hampshire Property Partnership			CO0009	Grant	Certify a sample of transactions and reconciliations for HCC and Reading Borough Council.
HCC Local Transport Capital Block Funding (including pot hole funding)			Mandatory	Grant	Grant certification work.

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
HCC Local Authority Bus Subsidy grant		Mandatory	Grant	Grant certification work.
Disabled Facilities Grant		Mandatory	Grant	Grant certification work.
Local Growth Fund (LEP)		Mandatory	Grant	Grant certification work.
Bus Rapid Transit		CO0009;HCC0005	Grant	Annual review of accounts and profit share due to HCC.
Total Days				2426

Shared Services Internal Audit Plan 2017-18

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
Financial Systems				
Payroll	Director of Corporate Resources	CO0009	High	Coverage to meet external audit / regulatory requirements
Payroll support	Director of Corporate Resources	CO0009	Medium	Coverage to meet external audit / regulatory requirements
Order to Cash (OTC)	Director of Corporate Resources	CO0009	High	Coverage to meet external audit / regulatory requirements
Purchase to pay (P2P)	Director of Corporate Resources	CO0009	High	Coverage to meet external audit / regulatory requirements

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
Main accounting system (SAP)	Director of Corporate Resources	CO0009	Medium	Coverage to meet external audit / regulatory requirements
Treasury Management	Director of Corporate Resources	CO0009	Medium	Coverage to meet external audit / regulatory requirements
Debt Collection	Director of Corporate Resources	CO0009	High	Coverage to meet external audit / regulatory requirements
BACS	Director of Corporate Resources	CO0009	Medium	Coverage to meet external audit / regulatory requirements
Governance & IT				
Governance arrangements	Director of Corporate Resources	CO0009;CO0013; CO0014;CO0015	High	Follow up of the 2016/17 review of Information Governance
Change Control	Director of Corporate Resources	CO0009;CO0017; CO010008	High	Review of a sample of automated and manual change controls to ensure robust implementation and ongoing effectiveness
Statutory Checks	Director of Corporate Resources	AS0003;CC0015; CC0016;CO0009; CC0023	High	Review of processes in place to monitor and complete statutory health checks i.e. fire, legionella, asbestos etc.
HR				
Recruitment	Director of Corporate Resources	AS0006;AS0021; CO010007;HCC0007	High	Focus on the refined recruitment practices implemented in Q4 of 2016/17

Audit	Audit Sponsor	Strategic / Directorate Risk Registers	Audit Needs Assessment	Scope
Procurement				
Category management	Director of Corporate Resources	CO0009;HCC0005	High	Review of procurement categories each year on rotation
Contract management	Director of Corporate Resources	CO0009;HCC0005	High	New contract(s) being procured in partnership with HCC, OPCC and HFRS. To review post procurement/ transitioning/ embedding
Total Days				385