

Internal Audit Plan

2020-21

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 organisation’s 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 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 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 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 Directors and Audit Sponsors, to ensure it continues to reflect the needs of the 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 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, Deputy Head of Partnership, Natalie Jerams, Assistant Head of Partnership and Iona Bond, Melanie Weston, Liz Foster and James Short, 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.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

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 these 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.'*

Conflicts of Interest

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

Developing the internal audit plan 2020/21

We have used various sources of information and discussed priorities for internal audit with the following groups:

- Corporate Management Team
- Directorate Management Teams
- Other Key Stakeholders
- Audit Committee

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

With the unprecedented scale of COVID-19 coupled with the speed of its impact and the wide ranging challenges it has presented, the County Council have had to react promptly and positively to the complex issues raised to ensure that the essential services they provide and the best interest of the people they serve are protected and maintained. The exceptional demands this crisis has placed on the County Council has necessitated new and different ways of working to navigate the unique challenges posed.

Such challenges and subsequent resolutions bring with them new and emerging risks that management need to consider, manage, and mitigate. In response, the Southern Internal Audit Partnership has considered and produced a list of consequential and emerging risk areas that more prominently present themselves or are born by the necessary or imposed actions to meet and address the crisis we currently face.

The internal audit plan 2020/21 has allowed for a pool of days to provide assurance around such emerging risks. Potential areas of review are appended in Annex 1. This list is by no means exhaustive but does reflect many of the issues and circumstances recognised as being faced by SIAP Partners and intelligence gained from SIAPs wider national networks.

The 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.



Internal Audit Plan 2020-21

Audit	Directorate Sponsor	Scope/ Risk	Audit Needs Assessment	Quarter
Corporate Cross Cutting				
Health and Safety	DoTG	New structures and operating models are embedded to ensure compliance with Health and Safety Regulations.	H	Q4
Transformation	DoTG	Arrangements for key T21 programmes and projects are monitored and issues are identified and addressed.	H	Q2
Debt recovery / write off	DCE & DoCR	Debt identified and procedures are in place to pursue outstanding debt.	M	Q2
Budget monitoring	DCE & DoCR	New procedures have been rolled out and are working to support effective budget monitoring by budget holders.	H	Q3/4
COVID-19	Corporate	Assurance over new and emerging risks in response to the COVID-19 pandemic (see Annex 1)	H	Q2 to Q4
Governance				
Risk Management	DoTG	To review the effectiveness of corporate and directorate risk registers.	H	Q4
Ethical governance	DoTG	To ensure that policy and procedures support maintenance of high ethical standards and behaviours.	M	Q1
Insurance Fund	DoTG	Review of new strategy and processes for both insured and self-insured losses.	M	Q3
Scheme of delegation	DoTG	The scheme of delegation to support the decision-making process is documented, understood and adhered to.	H	Q2

Audit	Directorate Sponsor	Scope/ Risk	Audit Needs Assessment	Quarter
Fraud (Proactive / Reactive)	DCE & DoCR	Range of proactive and reactive initiatives to help identify and mitigate the risk of fraud (see Fraud Plan).	H	Q1 to Q4
Annual Governance Statement	DoTG	Review & contribute to the Annual Governance Statement.	H	Q1
Annual self-assessment PSIAS	DCE & DoCR	In accordance with the requirements of the Public Sector Internal Audit Standards.	H	Q1-2
Armed forces covenant	ACE	To review process in place to support the armed forces covenant.	M	Q4
Legal Services – ASD financial assessment of benefits appeals	DoTG / DoAHC	Appeals are dealt with efficiently and effectively and in accordance with legislation and policy guidance.	M	Q1
Brexit	ACE	Contingency as needed to review any issues arising.	H	Q4
IT				
Database Management & Monitoring	DCE & DoCR	All databases are known and appropriately managed. Assurance over confidentiality, integrity and availability of data held.	H	Q1
Server Build Process	DCE & DoCR	Review of build and commissioning processes and compliance with security standards (build templates). Changes to configurations follow change control processes	M	Q3
User Access Controls	DCE & DoCR	Manual and automated procedures to manage user ids to minimise the risk of inappropriate access (to include O365 identities).	H	Q3
Vulnerability Scanning Process	DCE & DoCR	Servers follow appropriate scanning regimes and are promptly acted on (to include automated and manual tasks).	H	Q3

Audit	Directorate Sponsor	Scope/ Risk	Audit Needs Assessment	Quarter
Virtualisation	DCE & DoCR	Control in place to protect the confidentiality, integrity, and availability of the environment for the system and users.	M	Q1
IT Operating Systems	DCE & DoCR	Focus on Windows albeit other operating systems will be risk assessed as part of the review.	H	Q4
Cloud	DCE & DoCR	Review of Cloud questionnaire process and engagement of IT. To consider due diligence of providers (often outside of IT's control) and implications of their actions.	M	Q2
HPSN2	DCE & DoCR	Contract management arrangements	H	Q3
Application Management	DCE & DoCR	Application life cycle and ongoing engagement of IT during implementation and after go-live. Potential focus on SWIFT.	H	Q3
Disaster Recovery	DCE & DoCR	Review and maintenance of DR during a period of significant change in IT delivery.	H	Q4
Payment Card Industry Data Security Standard	DCE & DoCR	Continued compliance with the PCI DSS requirements / standards.	H	Q2
Corporate Objective - Hampshire safer and more secure for all				
Safeguarding - Children	DoCS	To review the ongoing internal and external assurances that the department receive for the safeguarding of children.	H	Q4
School thematic(s)	DoCS	Review a sample of schools and disseminate key risks / actions to all establishments	M	Q3/4
Reactive - Schools/establishments	DoCS	Full reviews of individual schools based on discussions with relevant stakeholders	H	Q3/4
SFVS	DoCS	Review of SFVS responses received and sample check of answers / supporting prior to DfE deadline	H	Q4

Audit	Directorate Sponsor	Scope/ Risk	Audit Needs Assessment	Quarter
Children's Services establishments thematic(s)	DoCS	Review a sample of establishments and disseminate key risks / actions to all establishments	H	Q4
Music Service	DoCS	Business Unit review of the service to include demand management, pricing, billing, debt management, vfm.	M	Q3
Education Psychology Service	DoCS	Business Unit review of the service to include demand management, pricing, billing, debt management, vfm.	M	Q2
Use of Agency Staff in Children's Social Care	DoCS	To review usage and rationale.	H	Q4
Education provision – Secure/ Hospital units	DoCS	To review the educational provision within secure and hospital units.	H	Q2
Complaints	DoCS	Complaints, including those involving other agencies are dealt with efficiently in line with agreed policy.	M	Q1
Corporate Objective - Maximising wellbeing				
Regional Adoption Agency	DoCS	To review the governance and performance management arrangements in place.	M	Q1
Individual Placement Agreements – non county foster carers	DoCS	Review of process in place for agreements and updates as circumstances change.	H	Q2
Direct payments for disabled children	DoCS	Effectiveness of governance, controls and compliance in the administration of Direct Payments.	H	Q3
AHC thematic review(s):	DoAHC	To review a sample of establishments and disseminate key risk and actions to all relevant parties	M	
• Rolling quality assurance				Q3
• Use of agency staff				Q3

Audit	Directorate Sponsor	Scope/ Risk	Audit Needs Assessment	Quarter
LGA health check	DoAHC	To review findings / action plan and assess progress/ implementation.	H	Q4
Data quality – care packages and cost coding	DoAHC	Review of arrangements to ensure care packages and codes are input correctly prior to new system implementation.	H	Q1
Social supervision	DoAHC	Process in place to ensure accurate and timely reports are made to the Ministry of Justice.	H	Q3
Contracted suppliers	DoAHC	All suppliers have current contracts in place.	H	Q1
Medicine control within community teams	DoAHC	To review arrangements in place to ensure effective medicine management e.g. following discharge or re-entry to hospital.	H	Q3
Scheme of delegation and authorising spend	DoAHC	To ensure that changes made have resulted in consistency in delegated authorisation of spend.	H	Q1
Business rules	DoAHC	Changes from November 2019 have been effective in creating a leaner process and impacted on waiting lists.	M	Q3
Debt recovery	DoAHC	To review effectiveness of current policy and processes in managing debt.	H	Q1
Funded Nursing Care follow-up	DoAHC	To follow up issues arising from the 2018/19 audit review.	M	Q3
Business change	DoAHC	To review the arrangements in place to effectively manage change, including communication and training strategy.	M	Q4
Corporate Objective - Enhancing our quality of place				
Flood management	DoETE	Review of the council's flood management strategy and policies	H	Q4

Audit	Directorate Sponsor	Scope/ Risk	Audit Needs Assessment	Quarter
M3 Enterprise LEP (Accountable Body Arrangements)	DoETE	Accountable Body Arrangements of the M3 Enterprise LEP.	M	Q3
Economic Development (Key Sites Portfolio)	DoETE	Review of the project to refresh the key sites portfolio records.	M	Q2
Economic and business intelligence service	DoETE	Review of the traded services.	M	Q2
Highway Maintenance	DoETE	New highways maintenance operating model.	H	Q4
Highways incident management	DoETE	All reported incidents are risk assessed, prioritised and monitored to ensure timely resolution.	H	Q1
Engineering consultancy	DoETE	To review adequacy of controls and compliance.	H	Q2
Parking Service (on-street parking income)	DoETE	To review processes in place following transfer of responsibility back to HCC for managing on-street parking.	M	Q3
Hampshire waste recycling centres – permit scheme	DoETE	Systems introduced for permits and charges are robust and working in practice.	H	Q3
Minerals and waste	DoETE	To review arrangements for ensuring compliance with planning conditions.	H	Q2
Public Transport Operators – COVID Financial Support	DoETE	Development of a system for accounting of financial support provided to public transport operators following COVID.	H	Q2
Coroners Service	DoCCBS	Review of Coroners Service commissioning, costs, and processes.	M	Q4
Hampshire Transport Management	DoCCBS	Governance, control, and delivery of HTM as a business unit.	M	Q3

Audit	Directorate Sponsor	Scope/ Risk	Audit Needs Assessment	Quarter
Building Health and Safety compliance	DoCCBS	To review building risk control responsibilities and procedures.	H	Q4
Risk management	DoCCBS	Review framework for managing risk across the department.	H	Q2
Business risk management (property)	DoCCBS	Review framework for managing risk whether related to the business or management of risk on behalf of partners.	H	Q3
Scientific Service	DoCCBS	Focus on budgetary control and forecasting. To including workflow and maximisation of income generation.	M	Q2
Marketing	DoCCBS	Operation of Business Development and Marketing Team.	M	Q3
Outdoor Centres - business development	DoCCBS	Arrangements for developing business models and plans to secure financial resilience.	H	Q4
Records management centre	DoCCBS	To review business processes in place to manage records in accordance with current regulations.	H	Q2
Procurement and Contract Management				
Contract Management thematic(s):		Effectiveness of contract management arrangements for a sample of contracts not covered by individual reviews.	H	
• Adults' Health and Care	DoAHC			Q1
• CCBS	DoCCBS			Q3
Highways service contract	DoETE	Effectiveness of contract management arrangements.	H	Q4
Procurement thematic(s)	DoAHC /	To review procurement processes and compliance with	H	
• Adults' Health and Care	DCE & DoCR	regulations and agreed policies.		Q1
• Corporate Services	/ DoTG /			Q3
• CCBS	DoCCBS			Q2

Audit	Directorate Sponsor	Scope/ Risk	Audit Needs Assessment	Quarter
Integrated consultancy framework procurement	DoCCBS	Procurement processes and compliance with EU Regulations and agreed policies.	H	Q2
Asset Management System – project management for re procurement	DoCCBS	Governance and project management arrangements in place to manage the re-procurement.	H	Q2
Grants / Other				
Reading & Hampshire Property Partnership	-	Certify a sample of transactions and reconciliations for HCC and RBC.	H	Q1
Academies SLA		Review of accounts	H	Q1
LTP – integrated transport plan	-	As per grant certification	H	Q2
LTP – block maintenance	-	As per grant certification	H	Q2
LTP – incentive element	-	As per grant certification	H	Q2
Local Bus Subsidy support grant	-	As per grant certification	H	Q2
Bus Rapid Transit	-	As per grant certification	H	TBC
National Productivity Investment Fund (SE rapid transit)	-	As per grant certification	H	Q2
Air quality management grant	-	As per grant certification	H	Q4
Project integra	-	As per grant certification	H	Q1
Growth hub funding to local enterprise partnerships (LEPS)	-	As per grant certification	H	Q1
EU Exit business readiness engagement project	-	As per grant certification	H	Q1

Audit	Directorate Sponsor	Scope/ Risk	Audit Needs Assessment	Quarter
Additional growth hub funding to local enterprise partnerships (LEPS)	-	As per grant certification	H	Q1
COVID-19 Bus Services Support Grant	-	As per grant certification	H	Q1
Disabled Facilities Grant	-	As per grant certification	H	Q3
Test & Trace Funding Allocation	-	As per grant certification	H	Q4
Management & Review				
Total Days				1500

Shared Services Internal Audit Plan 2020-21

Services provided under the shared service arrangements with Hampshire Constabulary, the Office of the Hampshire Police and Crime Commissioner and Hampshire Fire and Rescue Service are 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 reported below for information. The Integrated Business Centre attains assurance under International Standards on Assurance Engagements (ISAE) 3402 through Service Organisation Control (SOC) Type 1 and Type 2 reports. SIAP will not duplicate assurances attained through provision of ISAE 3402.

Audit	Scope /Risk	Audit Needs Assessment	Proposed Timing
Governance & IT			
Governance arrangements	Effectiveness of governance arrangements. Focus on roles, responsibilities and effectiveness of the Shared Services Board.	M	Q2
HR			
Casual Staff	New processes in place (February 2020) to ensure pre-employment checks are completed and workflows are set up correctly to facilitate the claims payment process.	H	Q3
Recruitment (Success Factors)	A full review is being carried out during 2019/20. This review will be scoped according to the outcomes of that review with the aim of focussing on higher risk areas.	H	Q4
Pre-employment checks	A review of DBS checking arrangements is being carried out during 2019/20 to ensure that the need for the checks is correctly identified, carried out and recorded. The 2020/21 review will aim to focus on other pre-employment checks such as right to work, professional registrations. To also focus on the new DBS app (implementation May 2020).	H	Q3

Audit	Scope /Risk	Audit Needs Assessment	Proposed Timing
Good work plan	To review revised processes in place to ensure that new legal requirements (all contracts of employment to be issued by start date) are met (excluding schools).	H	Q3
Occupational Health – information management	New processes in place ensuring appropriate consent is received prior to sensitive information being shared.	M	Q2
Procurement & Contract Management			
Procurement (General)	To review procurement processes and compliance with EU Regulations and agreed policies. (£100k +).	H	Q3
Other			
Education Financial Services	To review governance, roles and responsibilities of the EFS in accordance with the Shared Services accession agreement	M	Q2
Education Personnel Services	To review governance, roles and responsibilities of the EFS in accordance with the Shared Services accession agreement	M	Q2
Contingency	As required following the change of approach in 2019/20 (ISAE 3402).		
Management	Planning, liaison, reporting, action tracking, external audit liaison, advice		
Total Days			205

Hampshire Pension Fund Internal Audit Plan 2020/21

Audit	Scope/ Risk	Audit Needs Assessment	Proposed Timing
Pensions payroll and benefit calculations	Annual review to provide assurance that systems and controls ensure that:- <ul style="list-style-type: none"> • Lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients • All changes to on-going pensions are accurate and timely • Pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies. 	H	Q4
Pension refunds	To assess that there are appropriate arrangements to ensure all refunds are valid, accurate and are paid promptly to the correct recipients following a validated request to withdraw from the schemes administered by HPS.	H	Q2
Fund management, investments and accounting for assets	Assurance over the development & approval of the Pension Fund Investment Strategy, compliance with the Strategy and that all assets are accounted for, held securely and all dividends/interest etc due is received.	H	Q2
UPM application review	Review of the UPM application including cyber security & access controls.	M	Q3
Management & Review	-		
Total Days			100

COVID-19 Risk Considerations

Annex 1

Risk Area	Potential Scope
Governance – decision making, delegated powers, risk management)	Assurances over interim arrangement put in place to ensure appropriate governance and decision-making arrangements in the event of deferred, suspended, or cancelled Council meetings
Health & Safety (homeworking / PPE/ workspace social distancing)	Assurance over responsibilities to staff whilst home working, effective allocation of PPE, social distancing in the workplace, preparedness for staff returning to the workplace, HSE assessments.
Staff Welfare / Wellbeing / Performance Management	Arrangements over duty of care for staff welfare during extended period of isolation including consideration of wellbeing and mental health. Also, to consider the effectiveness of performance management during extended periods of homeworking.
Furlough Scheme Administration	Assurance over arrangements for administering the scheme, including effective communication to managers and staff, identification of qualifying employees, submission of accurate grant claims to central government and sending notifications to the staff affected.
IT / Cyber Security (including homeworking)	Review of cyber security arrangements (including Phishing, Smishing etc.), security controls (including remote access). Focus on vulnerabilities of home working and interim arrangements enforced through response to COVID 19
Procurement	Robustness of procurement and decision-making process, emergency procurements / purchases, compliance with Contract Standing Orders, use of PCards. Due diligence of new suppliers.
Contract Management (Supply Chain)	Considerations of protecting supply chain from fraud – mandate fraud / conflicts of interest / duplicate invoices / inflated claims / product substitution
Market Underwriting	Process, due diligence, and impact of payments to providers despite reduced or ceased services.
Central Government Grants (allocation)	Assurance over the processes and due diligence to support the allocation of care homes support package introduced to tackle the spread of COVID-19 in care homes.
Emergency Planning / Business Continuity (risk of 2 nd Peak)	Establish lesson learnt from response to the first lockdown to ensure preparedness for future events.
Service resilience – single points of contact	Linked to above - ensure full awareness of service resilience to avoid single points of failure. Assurance over the completeness and effectiveness of internal policies and procures to enable continuity of service. Particular consideration required in areas where staff have been re-designated.

Risk Area	Scope
Financial Resilience	Impact of COVID, reassessment of financial risks and impact of assumptions in the MTFS (income, reserves, investments). Implications on future saving programmes / work streams.
Debt Recovery – rents, general debtors	Impact on debt recovery and reduced income driven by financial hardship
Recovery	Assurance over the governance and recovery actions in place to return to business as usual. To consider the potential of increased and sustained demand on services i.e. social care etc.
Enforced alternative operating models / processes for service delivery	To review process that have been adapted to address the priorities driven by COVID to ensure they remain sufficiently robust (governance and control) and full risk considerations have been undertaken. To include consideration of fraud risk – emerging internal / external opportunities (driven by financial hardship)