

Internal Audit Plan

2021-22

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, Mark Norton 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 2020 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:

*'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.'*

*'We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'*

## 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 2021/22

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.

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 2021-22

| Audit                          | Directorate Sponsor | Scope/ Risk  | Corporate/ Directorate Risk | Quarter |
|--------------------------------|---------------------|--|-----------------------------|---------|
| <b>Corporate Cross Cutting</b> |                     |  |                             |         |
| Health and Safety              | DoCCBS              | Review of new processes to assess whether they are embedded and working well across departments to ensure compliance with Health and Safety Regulations.   |                             | Q4      |
| Budget Monitoring              | DoCR                | Assurance that new procedures have been rolled out and are working in practice to support effective budget monitoring.   |                             | Q1      |
| Trading companies – Governance | Cross Cutting       | Review of a selection of trading companies in place across the County Council.   |                             | Q2      |
| <b>Governance</b>              |                     |  |                             |         |
| Risk Management                | DoCCBS              | To review the effectiveness of the corporate risk management strategy/policy and procedures and their application within departments following the introduction of a new risk management tool.       |                             | Q3      |
| Information governance         | CE                  | To review arrangement in place to ensure ongoing compliance with data protection / GDPR requirements across the organisation following changes to working practices arising from the COVID pandemic. |                             | Q2      |
| Insurance arrangements         | CE                  | Review of new strategy and claims processes for both insured and self-insured losses.  |                             | Q4      |
| Fraud (Proactive / Reactive)   | DoCR                | Range of proactive and reactive initiatives to help identify and mitigate the risk of fraud. To include participation in the National Fraud Initiative.  |                             |         |
| Annual Governance Statement    | CE                  | Review & contribute to the Annual Governance Statement.  |                             | Q1      |
| Annual self-assessment PSIAS   | DoCR                | In accordance with the requirements of the Public Sector Internal Audit Standards.   |                             | Q1-2    |
| Market Underwriting            | DoCR                | To review controls, processes and governance in place for market underwriting arising from the COVID pandemic.   |                             | Q1      |
| Brexit                         | ACE                 | Contingency as needed to review any issues arising.  |                             | Q1-Q4   |

| Audit                                  | Directorate Sponsor | Scope/ Risk   | Corporate/ Directorate Risk | Quarter |
|--|---------------------|---|-----------------------------|---------|
| Restructure and Redundancy             | DoCR                | To provide assurance on the end-to-end processes and accuracy of payments made.   |                             | Q2      |
| Whistle blowing - HR case management   | DoCR                | Following a review of the policy in 2020 to provide assurance over the process followed.  |                             | Q3      |
| Senior appointments process - advice   | DoCR                | To provide advice/ assurance that new processes being developed are in line with the constitution.                                      |                             | Q2      |
| <b>IT</b>                              |                     |   |                             |         |
| Operating Systems                      | DoCR                | Primary focus on Windows albeit other operating systems will be risk assessed as part of the review.                                    |                             | Q1      |
| Disaster Recovery                      | DoCR                | Assurances over review and maintenance of DR during a period of significant change in IT delivery.                                      |                             | Q2      |
| IT Asset Management                    | DoCR                | Assurance over management of IT assets and the developments made in new systems and processes.  |                             | Q3      |
| Service Desk                           | DoCR                | Assurance over management of calls, measurement of performance and customer service improvement.  |                             | Q2      |
| Major Incident Management              | DoCR                | Assurance over the effective management of priority one incidents across the IT department.   |                             | Q4      |
| Microsoft Contract Management          | DoCR                | Assurance over the management of the O365 contract to ensure value for money is obtained from the contract.                             |                             | Q3      |
| O365 Platform Management               | DoCR                | Assurance over the effective management of the O365 platform regarding process, policy, and security.                                   |                             | Q4      |
| Vulnerability Scanning and Remediation | DoCR                | Assurance that servers follow appropriate scanning regimes with findings promptly acted on. To include both automated and manual tasks. |                             | Q3      |
| Secure Website Development             | DoCR                | Assurance over the standards and procedures in place to ensure website developments are built and maintained securely.                  |                             | Q2      |
| Application Review – SWIFT             | DoCR                | Assurance over the effective management of SWIFT.   |                             | Q1      |
| Data Centre Security (Follow Up)       | DoCR                | Follow up of management actions by IT and FM to ensure risks have been addressed from the previous report.                              |                             | Q2      |

| Audit   | Directorate Sponsor | Scope/ Risk  | Corporate/ Directorate Risk | Quarter |
|---|---------------------|--|-----------------------------|---------|
| <b>Corporate Objective - Hampshire safer and more secure for all</b>  |                     |  |                             |         |
| Safeguarding - Children   | DoCS                | To review the ongoing internal and external assurances that the department receive for the safeguarding of children. |                             | Q4      |
| School thematic(s):   | DoCS                | Review a sample of schools and disseminate key risks / actions to all establishments                                 |                             |         |
| <ul style="list-style-type: none"> <li>• COVID Catch up fund</li> <li>• Minibuses/MIDAS training</li> <li>• Recruitment</li> <li>• Income generation</li> </ul> |                     |  |                             | Q1      |
|   |                     |  |                             | Q2      |
|   |                     |  |                             | Q2      |
|   |                     |  |                             | Q4      |
| Reactive - Schools/ establishments  | DoCS                | Full reviews of individual schools based on discussions with relevant stakeholders                                   |                             | Q1-4    |
| SFVS  | DoCS                | To review the SFVS responses received (and sample check) prior to DfE deadline                                       |                             | Q1,4    |
| Children's Services establishments thematic   | DoCS                | Review a sample of establishments and disseminate key risks / actions to all establishments                          |                             |         |
| <ul style="list-style-type: none"> <li>• Use of agency staff</li> <li>• Petty cash</li> </ul>   |                     |  |                             | Q4      |
|   |                     |  |                             | Q2      |
| Music Service   | DoCS                | Review policies and processes in place to ensure that the Service is run efficiently and effectively.                |                             | Q3      |
| <b>Corporate Objective - Maximising wellbeing</b>   |                     |  |                             |         |
| Foster Care Payments  | DoCS                | End to end review of the new Foster Care Payments process  |                             | Q3      |
| No recourse to public funds   | DoCS                | To review the effectiveness of processes for the care of families who have "No recourse to public funds".            |                             | Q1      |
| Continuing Care Recharging  | DoCS                | To review the effectiveness of processes in place for the recharging of care.  |                             | Q2      |
| Subject Access Requests   | DoCS                | To review the processing and management of subject access requests.  |                             | Q1      |
| Connect for Communities   | DoCS                | To review the management and usage of the Connect for Communities grant.   |                             | Q1      |



| Audit   | Directorate Sponsor | Scope/ Risk   | Corporate/ Directorate Risk | Quarter |
|---|---------------------|---|-----------------------------|---------|
| Independent Non-Maintained Special (INMS) Schools           | DoCS                | Effectiveness of processes in place to ensure value for money for independent non-maintained special school placements.     |                             | Q4      |
| Social Care Records Management Centre                       | DoAHC & DoCS        | Review of business processes in place to manage semi-live records in accordance with current regulations.                   |                             | Q4      |
| AHC thematic review(s):                                     | DoAHC               | To review a sample of establishments and disseminate key risk and actions to all relevant parties.                          |                             |         |
| • Use of agency staff                                       |                     |   |                             | Q1      |
| • TBC   |                     |   |                             | Q3      |
| • TBC   |                     |   |                             | Q4      |
| Continuing Health Care                                      | DoAHC               | Assurance that processes are operating effectively after assessment delays during COVID pandemic.                           |                             | Q4      |
| Recharging of Younger Adults Care                           | DoAHC               | Effectiveness of processes in place to recover funds for care provided jointly with the NHS or for other Local Authorities. |                             | Q3      |
| Shared Lives  | DoAHC               | To review the effectiveness of the processes in place for the Shared Lives scheme.  |                             | Q4      |
| Sickness Recording (AHC)                                    | DoAHC               | Compliance with corporate sickness reporting processes.   |                             | Q3      |
| Hampshire and IOW Partnership for Public Health             | DoAHC               | Review of the partnership from HCC perspective.   |                             | Q4      |
| Contingency Planning  | DoAHC               | To review arrangements for contingency planning across younger and older adults.  |                             | Q2      |
| LGA Healthcheck   | DoAHC               | To assist with the health check or review findings and action plan.   |                             | Q3      |
| Section 42 Safeguarding                                     | DoAHC               | To provide assurance over processes in place to comply with Section 42 of The Care Act.                                     |                             | Q2      |
| Meals on Wheels Contract Management                         | DoAHC               | Review of the contract management arrangements.   |                             | Q1      |
| <b>Corporate Objective - Enhancing our quality of place</b> |                     |   |                             |         |
| Flood management  | DoETE               | Review of the flood management strategy (published late 2020) and policies.   |                             | Q1/2    |
| Waste disposal contract                                     | DoETE               | Review of effectiveness of contract management arrangements.  |                             | Q3      |

| Audit   | Directorate Sponsor | Scope/ Risk   | Corporate/ Directorate Risk | Quarter |
|---|---------------------|---|-----------------------------|---------|
| Highways Incident Management  | DoETE               | Follow-up on the management actions from the 2020/21 audit of Highways Incident Management.   |                             | Q2      |
| Countryside Access Management System                                      | DoCCBS              | Review the effectiveness of CAMS for reporting, triaging, prioritising, monitoring and recording resolution of incidents and issues.  |                             | Q4      |
| Countryside and Outdoors membership and booking income collection systems | DoCCBS              | Review the effectiveness of the new membership and booking systems for the collection of income for Countryside and Outdoors. .   |                             | Q4      |
| Travel Plans for Developers   | DoETE               | Review of the processes and support mechanisms in place from a customer, efficiency and value perspective.  |                             | Q2      |
| Transport Trading & Business Group  | DoETE               | Business process-based review to ensure that the back-office systems are streamlined and effective for trading and selling services to internal and external clients.               |                             | Q1      |
| Records Management Centre   | DoCCBS              | To review business processes in place to manage records in accordance with current regulations.   |                             | Q1      |
| Use of volunteers   | DoCCBS              | To review the arrangements, including safeguarding, for the use of volunteers in the library and countryside service.   |                             | Q3      |
| Registration Service EPOS replacement                                     | DoCCBS              | To review the EPOS replacement system processes to ensure they are working effectively.   |                             | Q4      |
| Transforming City Projects  | DoETE               | Review of the HCC governance and programme management arrangements for the delivery of joint projects with SCC and PCC.   |                             | Q4      |
| Asbestos  | DoCCBS              | New Alpha Tracker system being purchased to replace the Asbestos register.  |                             | Q3      |
| Highway Development Agreements  | DoETE               | Review of the processes in place for administering Section 38 and Section 278 agreements, including income identification and expenditure, supervising and inspection arrangements. |                             | Q2      |
| Trading Standards   | DoCCBS              | Undergoing transformation and procuring new work scheduling system.   |                             | Q3/4    |
| Parking Services – On Street Enforcement                                  | DoETE               | Review of the governance arrangements in place for reporting of income and expenditure by District Authorities to HCC.  |                             | Q1      |

| Audit  | Directorate Sponsor | Scope/ Risk  | Corporate/ Directorate Risk | Quarter |
|--|---------------------|--|-----------------------------|---------|
| Asset Investment Strategy  | DoETE               | Review of the governance / risk management / decision making arrangements in place regarding asset investment and maintenance. This follows a BSI audit of the Asset Management Framework. |                             | Q2      |
| Blue Badges  | DoETE               | Assurance regarding the processes in place for dealing with applications for Blue Badges.  |                             | Q4      |
| Coroners Service   | DoCCBS              | Review of Coroners Service commissioning, costs and new recharging processes.  |                             | Q3      |
| Building risk management (property)                                  | DoCCBS              | Review framework for managing risk whether related to the business or management of risk on behalf of partners.  |                             | Q2      |
| Buildings Health and Safety – compliance with process and procedures | DoCCBS              | To focus on the building risk control responsibilities and procedures and compliance with requirements.  |                             | Q3      |
| Strategic Land Programme   | DoCCBS              | To review the arrangement for the planning and use of capital receipts generated from the sale of land.  |                             | Q3      |
| Landlord / tenant arrangements                                       | DoCCBS              | Assurance that HCC maintain a complete listing/ agreement for all areas of the estate (landlord / tenant responsibilities are clear for each).   |                             | Q2      |
| HC3S finance reporting and monitoring                                | DoCCBS              | To review new finance reporting and monitoring processes.  |                             | Q1      |
| HC3S financial recovery plan   | DoCCBS              | To review the financial recovery plan for HC3S.  |                             | Q4      |
| <b>Procurement and Contract Management</b>                           |                     |  |                             |         |
| Contract management - training                                       | DoTG                | Advisory work to input into the development of e-learning during the year.   |                             | Q2      |
| Highways service contract  | DofETE              | To review effectiveness of contract management arrangements.   |                             | Q2      |
| Highways Maintenance (New Operating Model)                           | DoETE               | Mobilisation audit following the change from Skanska to Milestone to ensure that contractual obligations continue to be met.   |                             | Q1/2    |
| Procurement - ETE  | DoETE               | To review procurement processes and compliance with Regulations and agreed policies.   |                             | Q1      |
| Minor works framework (Property)                                     | DoCCBS              | To review procurement processes and compliance with EU Regulations and agreed policies.  |                             | Q3      |

| Audit   | Directorate Sponsor | Scope/ Risk   | Corporate/ Directorate Risk | Quarter |
|---|---------------------|---|-----------------------------|---------|
| Major construction framework                                  | DoCCBS              | To review the effectiveness of contract management arrangements.          |                             | Q2      |
| County Supplies   | DoCCBS              | To review the effectiveness of contract management arrangements.          |                             | Q1      |
| Southern Construction Framework Contractor Payments           | DoCCBS              | To review the Fair Payment arrangements for contractors on the framework. |                             | Q1      |
| <b>Grants / Other</b>   |                     |   |                             |         |
| Reading & Hampshire Property Partnership – Review of Accounts | -                   | Certify a sample of transactions and reconciliations for HCC and RBC.     |                             | Q1      |
| Local Transport Plan – integrated transport plan              | -                   | As per grant certification  |                             | Q2      |
| Local Transport Plan – block maintenance                      | -                   | As per grant certification  |                             | Q2      |
| Local Transport plan – incentive                              | -                   | As per grant certification  |                             | Q2      |
| Local Transport Plan – Pothole and Challenge Fund             | -                   | As per grant certification  |                             | Q2      |
| Local Bus Subsidy Support Grant                               | -                   | As per grant certification  |                             | Q2      |
| COVID-19 Bus Services Support Grant Restart                   | -                   | As per grant certification  |                             | Q2      |
| Disabled Facilities Grant                                     | -                   | As per grant certification  |                             | Q2      |
| Additional Dedicated Home to School Transport                 | -                   | As per grant certification  |                             | Q2      |
| Project integra   | -                   | As per grant certification  |                             | Q1      |
| Growth hub funding (LEPS)                                     | -                   | As per grant certification  |                             | Q1      |
| EU Transition business readiness engagement project           | -                   | As per grant certification  |                             | Q1      |
| Additional growth hub funding (LEPS)                          | -                   | As per grant certification  |                             | Q1      |
| Local Government Compensation scheme                          | -                   | To review 2021/22 Q1 claim for the LGCS.                                  |                             | Q2      |
| COVID 19 Test and Trace Service Support                       | -                   | As per grant certification  |                             | Q2      |
| Public Sector Decarbonisation Scheme Grant                    | -                   | As per grant certification  |                             | Q3      |

| Audit                                   | Directorate Sponsor | Scope/ Risk                | Corporate/ Directorate Risk | Quarter |
|---|---------------------|----------------------------|-----------------------------|---------|
| Travel Demand Management Grant          | -                   | As per grant certification |                             | Q1      |
| Supporting Families Management & Review | -                   | As per grant certification |                             | Q1-4    |

## Shared Services Internal Audit Plan 2021-22

Services provided under the shared service arrangements with Hampshire Constabulary, the Office of the Hampshire Police and Crime Commissioner and Hampshire & Isle of Wight Fire and Rescue Service are reviewed via a joint internal audit plan that provides assurance to all parties to avoid duplication. 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  | Risk   | Scope  | Proposed Timing |
|--|--|--|-----------------|
| <b>Governance &amp; IT</b>                   |  |  |                 |
| PCI DSS                                      | Non-compliance with the PCI DSS  | Assessment of the IBC aspects of the PCI DSS for 2021.   | Q2              |
| <b>HR</b>                                    |  |  |                 |
| Recruitment (Success Factors)                | Recruitment processes are not sufficiently robust and timely to meet needs of the recruiting organisation. | A full review was last carried out during 2019/20. Audit to be scoped according to outcomes of 2019/20 review and focus on high-risk areas.  | Q1              |
| Pre-employment checks                        | Suitability of staff to undertake roles is not confirmed.  | The 2019/20 audit focussed on DBS checks. The 2020/21 review focussed on broader pre-employment checks including professional registrations & the new DBS app (implementation May 2020). The 2021/22 audit will again look at broader pre-employment checks, including changes in right to work legislation. | Q3/4            |
| Pay review and award process                 | Staff are not paid the correct amount.   | To review the process for pay awards through to implementation in payroll.   | Q3              |
| <b>Procurement &amp; Contract Management</b> |  |  |                 |
| Procurement (General)                        | Non-compliance with EU Regulations and Contract Procedure Rules.   | To review procurement processes and compliance with relevant Regulations and agreed policies. (£100k +).   | Q1              |

| Audit                        | Risk  | Scope  | Proposed Timing |
|------------------------------|---|--|-----------------|
| Cleaning contract management | Performance issues are not addressed. Poor value for money. | New contract in place from April 2020 for HCC and HIWFRA. To review the effectiveness of contract management arrangements. | Q1              |
| P Cards                      | Unauthorised of fraudulent payments.                        | Increase in cards issued during pandemic. To review the set up, cancellation and process for the use of P cards.           | Q2              |
| <b>Other</b>                 |   |  |                 |
| Contingency                  |   | To review any areas identified that fall outside the scope of ISAE3402.  | As needed       |
| Management                   |   | Planning, liaison, reporting, action tracking, external audit liaison, advice  |                 |