
Southern Internal Audit Partnership

Assurance through excellence
and innovation

HAMPSHIRE COUNTY COUNCIL

INTERNAL AUDIT PROGRESS REPORT January 2024

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January 2024

1. Purpose of report

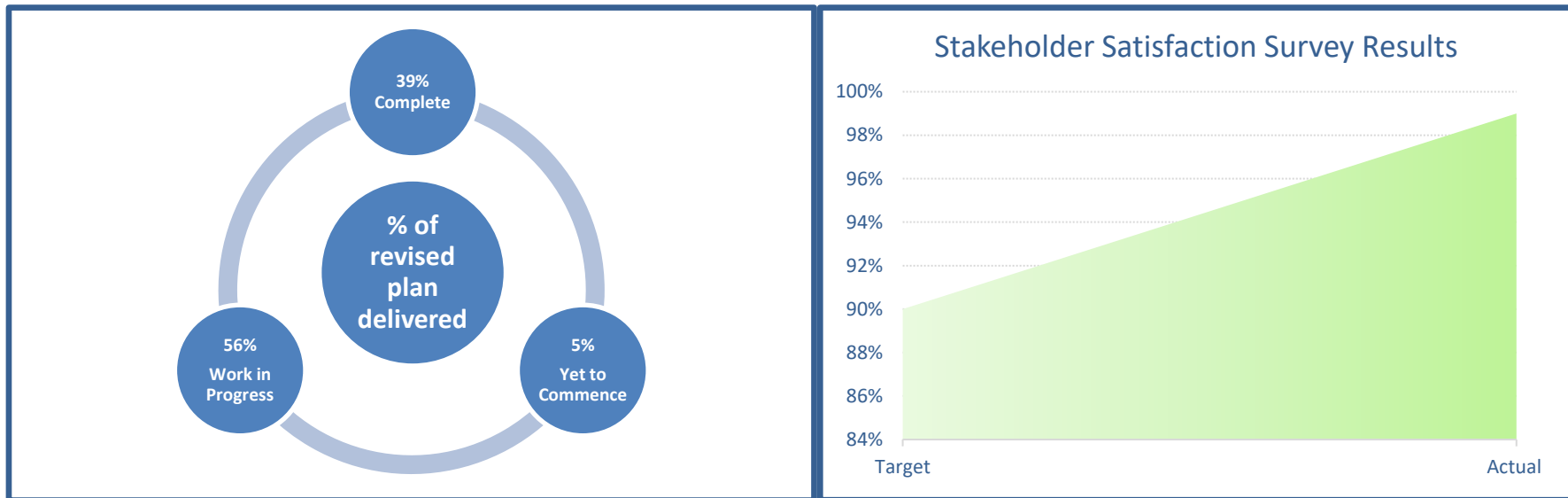
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- The status of 'live' internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

- | | |
|--------------------|--|
| Substantial | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. |
| Reasonable | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. |
| Limited | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |
| No | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |

2. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report 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.'

3. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions*	Not Yet Due	Complete	Overdue		
							L	M	H
Travel Plans for Developers	09.02.22	DUS	Reasonable	10(1)	0(0)	9(0)			1
Information Governance	12.05.22	CE	Reasonable	9(5)	0(0)	8(5)		1	
Governance of Trading Companies	20.06.22	DH2050	Reasonable	10(0)	0(0)	7(0)		3	
Records Management Centre	20.06.22	DUS	Reasonable	4(2)	1(0)	2(2)		1	
No Recourse to Public Funds	06.07.22	DCS	Limited	14(11)	0(0)	6(3)			8
Coroners Services	28.07.22	DUS	No	29(9)	0(0)	25(9)	2	2	
Continuing Care Recharge	09.08.22	DCS	Reasonable	11(0)	0(0)	8(0)	3		
Contingency Planning	26.09.22	DAH&C	Limited	11(0)	5(0)	0(0)	2	4	
Afghan Bridging Hotel work	03.10.22	DAH&C	Substantial	1(1)	1(1)	0(0)			
Street Works (Permitting System)	18.10.22	DUS	Substantial	2(0)	0(0)	1(0)		1	
Buildings Health & Safety	22.11.22	DUS	Reasonable	17(9)	0(0)	15(8)	1		1
Cloud Applications – FFT Aspire	14.12.22	DCS	Reasonable	8 (3)	3 (0)	5 (3)			
Cloud Applications – SchoolPod	15.12.22	DCS	Reasonable	4 (1)	4 (1)	0 (0)			
Climate Strategy and Framework	06.02.23	D2050	Reasonable	4(0)	0(0)	3(0)		1	
Developers Contributions	07.02.23	D2050	Reasonable	4(0)	0(0)	3(0)		1	
Cloud Applications – Nourish	09.02.23	DAHC	Reasonable	5 (0)	5 (0)	0 (0)			


Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions*	Not Yet Due	Complete	Overdue		
							L	M	H
Emergency Planning	28.03.23	DP&O	Reasonable	3 (2)	0(0)	2 (2)		1	
Pay Review and Award Process	16.05.23	SS/ DP&O	Reasonable	5(5)	1(1)	4(4)			
Flood & Coastal Defence Programme	13.06.23	DUS	Substantial	3(0)	0(0)	0(0)	1	2	
HTM H&S compliance	20.06.23	DUS	Limited	8(1)	1(0)	7(1)			
Highways Asset Investment	07.07.23	DUS	Reasonable	4(0)	1(0)	0(0)		3	
Care Charging	18.07.23	DAHC	No Assurance	13(10)	0(0)	10(8)		1	2
Client Affairs	11.08.23	DAHC	Reasonable	12(1)	7(1)	4(0)		1	
SCF Fair Payments	14.08.23	DoUS	Limited	5(2)	0(0)	3(0)			2
Budget Planning (shared services)	24.08.23	SS / DCO	Substantial	2(0)	0(0)	0(0)	2		
Water Hygiene & Legionella	24.08.23	DUS	Limited	13(4)	1(0)	11(4)		1	
Education Psychology	31.08.23	DCS	Reasonable	2(0)	2(0)	0(0)			
Carers Assessments	31.08.23	DAHC	Limited	10(0)	2(0)	5(0)	1	2	
Sickness Management	03.10.23	DP&O	Reasonable	8(0)	1(0)	7(0)			
Equality Impact Assessments	03.10.23	DUS	Reasonable	16(7)	0(0)	3(1)	2	5	6
Road Adoption Process	30.10.23	DUS	Reasonable	2(0)	1(0)	0(0)		1	
Direct Payments	04.12.23	DAHC	Limited	30(9)	0(0)	20(5)		6	4

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions*	Not Yet Due	Complete	Overdue		
							L	M	H
Social Supervision	05.12.23	DAHC	Limited	28(0)	21(0)	3(0)	1	3	
IT User Accounts and Permissions	15.12.23	DCO	Reasonable	4 (2)	3 (1)	1 (1)			
Children's Homes–Petty Cash/ PCards	04.01.24	DCS	Limited	20(4)	15(2)	5(2)			
Education Other Than Schools	04.01.24	DCS	Limited	6(5)	0(0)	5(4)			1
School Thematic – Minibus follow-up	09.01.24	DCS	Limited	22(8)	21(8)	1(0)			
Public Health Grant Usage	25.01.24	DAHC	Reasonable	1(0)	1(0)	0(0)			
Out of Area Placements	26.01.24	DAHC	Limited	13(10)	6(5)	7(5)			
Total							15	40	25

*Total number of actions (total number of high priority actions)

4. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion.

There have been two new reports published concluding a “Limited” or “No” assurance opinion since our last report.

Education Other Than at School (EOTAS)		
Audit Sponsor	Assurance opinion	Management Actions
Director of Children’s Services	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 0</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 1</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 5</div> </div>

Summary of key observations:

The focus of this audit was to review the effectiveness of the processes in place for the commissioning and management of high cost Education Other Than at School (EOTAS) packages. In January 2023, approximately 1% of all 14,500 children with Education and Health Care Plans (EHCPs) in Hampshire were receiving EHCP provisions via EOTAS.





SEND Service staff working on EOTAS packages work to the Department for Education (DfE) and Department of Health (DoH) SEND Code of Practice; and relevant legislation and links from the intranet make the document easily accessible to staff.

The SEN Discretionary Payments Open Framework was introduced during Autumn 2022 to formalise the commissioning of alternative provisions, which includes safeguarding and cost considerations. Testing confirmed new EOTAS pupils and any increased packages for existing pupils are sent to the County Placement Group Panel for scrutiny and approval, which includes costings and whether all options/alternatives have been considered.

However, although the Code of Practice sets a requirement for annual reviews (as a minimum), testing highlighted that of the pupils on EOTAS packages only 37.5% were in date for their annual review with 38.7% having had their annual review process started but not concluded and 23.8% were overdue. Additionally, there is no reporting to management/senior management on EOTAS, so the Council cannot readily monitor against number, costs, reviews etc.

Third party safeguarding concerns are documented and investigated via discussions at the Hampshire & Young People Quality Outcomes and Contract Monitoring Board (QOCM), and we saw evidence of decisions being made by the Assistant Director, however, discussions with staff have highlighted that SEN/Inclusion do not maintain a register of safeguarding concerns/incidents and how they were dealt with and resolved.

Children Services Thematic – Petty Cash and Purchasing Cards

Audit Sponsor	Assurance opinion	Management Actions		
Director of Children’s Services				

Summary of key observations:

This review sought to provide assurance over management and usage of the petty cash and purchasing cards across eight of the County Council’s residential children’s homes. The total expenditure through P-Cards across all eight homes we visited for the period amounted to approximately £132,000, whilst the total petty cash transactions between April and June 2023 amounted to approximately £25,000.

We observed during our visit to all eight homes that corporate and departmental guidance and policies on petty cash and p-cards were in place and made available to all staff. We found hard copies of guidance documents were held in the offices for ease of reference by staff.

Petty Cash

We observed during our visit that petty cash tins in all eight homes were held in secure safes and access was appropriately restricted, petty cash logs were maintained, and appropriately completed. Receipts were found to be in place for most petty cash transactions tested. Where receipts were unavailable (7 out of 78 transactions) they had been logged on a ‘No receipt form’. This is a new control which was added as a result of our previous audit. Petty cash transactions were regularly reconciled, and claims submitted on the portal following reconciliation.


However, although testing found for most homes, we visited that petty cash transactions were for minor and incidental expenditure, we did find that some transactions did not meet the criteria for petty cash to be used. We also found the VAT from petty cash transactions was not always treated correctly, although a slightly lower proportion than the last review. Although local petty cash guidance for the homes requires petty cash transactions over £5 to be approved by a RM or Duty Manager, our testing observed that each home had set their own limits different from the guidance. We were advised by RM and AOs during visit discussions that in most cases, approval for transactions were given verbally hence no clear audit trail of approval existed.

Purchasing Cards:

Our visits confirmed that P-Cards were securely held by the cardholder and the use of reward cards had ceased. However, receipts were not always obtained and/or retained to support P-Card transactions. Additionally despite the Shared Services Payments Team providing the Service Managers with quarterly reports of P-Card expenditure, reviews and approvals, our analysis of 2,418 transactions for the period of April to June 2023 found that there were 830 (34%) transactions, approximately £56,655 that had not been approved by the designated approvers on the SDOL system by the deadline of 19 August 2023.

Of the sample transactions tested we could see that VAT was not always claimed correctly or was claimed when there wasn't a valid receipt, and this occurred across all eight homes reviewed.

Through audit analysis of the P-Card monitoring report from April to June 2023, we observed that most of the high value expenditure in the homes were for holiday bookings for children accompanied by staff, however, we found that there was no clear guidance on such expenses to ensure value for money is achieved.

School Thematic Follow-Up Review of Minibuses		
Audit Sponsor	Assurance opinion	Management Actions
Director of Children's Services	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 6</div> <div style="background-color: yellow; color: black; padding: 5px; text-align: center;">Medium 8</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 8</div> </div>

Summary

Progress has been made towards the initial agreed actions from 2021/22 thematic review of minibuses. For the 144 journeys tested across the 15 schools we found that all drivers held the required licence for driving minibuses, had been DBS checked, and all 33 vehicles tested had an up-to-date MOT certificate and were covered by a suitable insurance policy.


However, drivers were not always appropriately trained, and training undertaken was not routinely documented in accordance with Health & safety guidelines. Whilst 13 out of the 15 schools in our sample required drivers to be MIDAS trained, there is ambiguity around the alternative training required if MIDAS training is not completed.

Not all schools had an up to date driving for work risk assessment. One school had completed the risk assessment, but it had not been updated since 2018.

Additionally, they were a range of non-compliant areas including:

- vehicle checks were not always carried out or consistently recorded.
- not all schools carried out annual licence checks on drivers who are driving for work purposes.
- a complete log of eligible minibus drivers at each school was not always maintained.
- journey logs were not consistently maintained by schools.

For vehicles that were not managed by HTM, there were no Vehicle Servicing & Maintenance Logbooks maintained by the schools.

Social Supervision		
Audit Sponsor	Assurance opinion	Management Actions
Director of Adults', Heath & Care	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 8</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 20</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 0</div> </div>

Summary of key observations:

Social Supervision arrangements are required for any offenders convicted under Section 37 of the Mental Health Act (MHA) discharged to live in the community subject to conditional restrictions under Section 41. Each are subject to regular contact and review by an NHS employed Supervising Clinician and a Local Authority employed Social Supervisor who jointly submit reports assessing fitness to remain in the community to the Ministry of Justice (MoJ) Mental Health Casework Section (MHCS). Each conditionally discharged patient has a designated MHA Section 117 (S117) funding Authority responsible for ensuring social supervision is carried out, whether the patient resides in county or not. At the time of fieldwork, there were 63 patients recorded with Section 37 / 41 status either living in the (HCC) community or within in-patient facilities.

Positively, all Social Supervisors were qualified social workers with at least two years post qualification experience and had completed a social supervision training course prior to undertaking the role of Social Supervisor. Additionally, all patients reviewed had S9 Care Act Assessments and S117 Aftercare Needs Assessments in place and recorded. Peer review sessions and Social Supervisor Forum meetings were also found to be regularly held for case study reviews and discussions around best practice.

However, whilst a new Social Supervision Policy came into effect in February 2023 which contained new guidance on the referral process, record keeping protocols and, also, clarified expectations around updating the logging spreadsheet, it does not fully clarify system recording expectations, arrangements for out of county patients, or cover all scenarios where a Social Supervisor may be allocated a new patient. A number of Social Supervisors spoken to in fieldwork were not aware of its existence, and no exercise was carried out to review patients' records within the system and confirm compliance with new recording protocols.

Although a logging spreadsheet is maintained, it does not allow easy distinction between patients currently subject to social supervision and those within secure in-patient facilities not currently subject to social supervision. Additionally, the logging spreadsheet is not presently being updated in line with guidance and testing found some key details were no longer correct.

Social Supervisors must arrange for case review by a manager every 4 to 6 weeks, and a manager who has completed social supervision training must review and approve MoJ reports prior to them being forwarded to Supervising Clinicians. However, not all MoJ reports or case note histories reviewed contained evidence of management review or records of when case supervision occurred.

Outside of manual review of case notes on a patient-by-patient basis, there is no control in place to identify and monitor completion of next required key steps, or to clarify and document ad-hoc arrangements for out of county patients.

5. Planning & Resourcing

The internal audit plan for 2023-24 was approved by the Council's Management Team and the Audit Committee in September 2023.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

6. Rolling Work Programme

Audit Review	Sponsor	Scoping	ToR	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2022-23 Carry Forward								
Education Other Than at School	DCS	✓	✓	✓	✓	04.01.24	Limited	
Continuing Health Care + Recharging	DAHC	✓	✓	✓	✓			
Internal Audit Plan 2023-24								
Risk Management	DPO	✓	✓					
Corporate resilience / Business continuity	DPO	✓	✓	✓	✓	12.10.23	n/a	Position statement
Debt Management – AHC F/U	DAHC	✓	✓	✓	✓	10.01.24	n/a	Follow Up
Debt Management – General F/U	DCO	✓	✓	✓				
H&S – fire safety management risk	DPO	✓	✓	✓				
Decision making – officer decisions	DPO	✓	✓					
Meeting publications	DPO	✓						
Consultations	DPO	✓	✓	✓	✓	8.11.23	Substantial	
Insurance Arrangements	DPO	✓	✓	✓				

Audit Review	Sponsor	Scoping	ToR	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
VIM Supplier Invoice Processing	DCO	✓	✓	✓				
Death in Service	DCO	✓	✓	✓	✓	18.12.23	n/a	Position Statement
Trans HR & Pay - checking process	DCO	✓	✓	✓	✓	09.02.24	n/a	Position Statement
IBC system access	DCO							
Annual self-assessment PSIAS	DCO	n/a	n/a	n/a	n/a	n/a	n/a	
Annual Governance Statement	DHR&OD	n/a	n/a	n/a	n/a	n/a	n/a	
SAP Platform Management	DCO	✓	✓	✓				
Security Information and Event Management Platform	DCO	✓	✓	✓				
IT User Accounts and Permissions	DCO	✓	✓	✓	✓	15.12.23	Reasonable	
PCI DSS	DCO	✓	n/a	✓	n/a	31.09.23	n/a	Annual Assessment
Children's Est - Petty cash and Pcards	DCS	✓	✓	✓	✓	04.01.24	Limited	
Agency Social Workers	DCS	✓	✓					
Asylum-Seeking Children	DCS	✓	✓	✓				
Outdoors Service	DCS	✓	✓	✓				
SARs and Complaints (Children's)	DCS	✓	✓					
Home to School Transport	DCS	✓						
Data Quality (SEN)	DCS	✓	✓	✓				
Sustainability grants	DCS	✓	✓	✓				

Audit Review	Sponsor	Scoping	ToR	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Children's Direct Payments	DCS	✓	✓	✓	✓			
Section 17 payments	DCS	✓	✓	✓				
School Thematic – Minibus follow up	DCS	✓	✓	✓	✓	09.01.24	Limited	
Schools – Financial Management	DCS	✓	✓	✓				
Schools – One off & recurring payments	DCS	✓						
Schools Financial Value Standards	DCS	✓	✓	✓				
Family Time	DCS							
Commissioning for Younger Adults - Contract Management	DAHC	✓	✓					
Care Director - Governance Arrangements	DAHC	✓	✓					
Care Director – Key Processes	DAHC	✓	✓					
Social Supervision	DAHC	✓	✓	✓	✓	05.12.23	Limited	
Deferred Payments	DAHC	✓	✓	✓				
Care Assessments	DAHC	✓	✓					
Public Health Grant usage	DAHC	✓	✓	✓	✓	25.01.24	Reasonable	
Complaints (Adults)	DAHC	✓						
AHC Estab. – Procurement cards	DAHC	✓	✓	✓				
AHC Estab. – Fundraising accounts	DAHC	✓	✓	✓				
CQC Readiness – Contingency Planning	DAHC	✓	✓					

Audit Review	Sponsor	Scoping	ToR	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Hampshire Equipment Store	DAHC	✓	✓	✓	✓	16.02.24	n/a	Position Statement
DMT Enquiry Process	DUS	✓	✓	✓	✓	05.12.23	Reasonable	
Accident & Near Miss Reporting	DUS	✓						
SCF – Contract / Governance	DUS	✓	✓	✓				
Hampshire Transport Management	DUS							
Project Change Control (Highways)	DUS	✓	✓	✓				
Utilisation of Volunteers	DUS	✓	✓					
Hosted Partnerships	DUS	✓	✓	✓				
Countryside Access Management System	DUS	✓	✓	✓				
Structural Survey	DUS	✓						
Procurement - Southern Construction Framework 5 (SCF-5)	DUS & DCO	✓	✓	✓	✓	04.10.23	Substantial	
Procurement - Framework of Skilled Development for Hampshire	DCO /H2050	✓	✓	✓				
Reading & Hampshire Property Partnership	DUS	✓	n/a	✓	n/a	✓	n/a	Accounts sign off
Supporting Families Claim								
M27 LEP (Fawley Bypass)	DUS	✓	n/a	✓	n/a	✓	n/a	Grant sign off
M27 LEP (Stubbington)	DUS	✓	n/a	✓	n/a	✓	n/a	Grant sign off
LTP – integrated transport plan element	DUS	✓	n/a	✓	n/a	✓	n/a	Grant sign off
LTP – block maintenance element	DUS	✓	n/a	✓	n/a	✓	n/a	Grant sign off

Audit Review	Sponsor	Scoping	ToR	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
LTP – incentive element	DUS	✓	n/a	✓	n/a	✓	n/a	Grant sign off
LTP – Pothole and Challenge Fund	DUS	✓	n/a	✓	n/a	✓	n/a	Grant sign off
Covid-19 BSSG Restart	DUS	✓	n/a	✓	n/a	✓	n/a	Grant sign off
Local Bus Subsidy support grant	DUS	✓	n/a	✓	n/a	✓	n/a	Grant sign off
Growth hub funding to LEPS - core	DUS	✓	n/a	✓	n/a	✓	n/a	Grant sign off
Additional growth hub funding to LEPS	DUS	✓	n/a	✓	n/a	✓	n/a	Grant sign off
Shared Services								
Procurement	DCO/SS	✓	✓					

7. Adjustments to the Internal Audit Plan

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the County Council. Below are the variations made to the original 2023-24 audit plan approved by the Audit Committee in September 2023.

Plan Variations	
Removed from the plan	Reason
Care Charging (AHC)	Defer until 24/25 to allow Care Director to embed. Care charging processes will be updated with the new system.
Soft Facilities Management	Postponed due to work related to off boarding of HIW Police and team resourcing pressures.
Procurement thematic – Children’s	Deferred to Q1 of 2024/25 due to structural changes around procurement function.
IT Service Management Tool	Deferred to 2024/25 as a key component will not be in place until February/March 2024.
Governor Services	Deferred to 24/25 due to work currently underway in this area by the directorate.
Learning and Development - Evaluation	Deferred to 24/25 to allow full implementation and embedding of the new evaluation framework.
New Mosaic Payment System	Deferred to Q1 24/25 to enable the system to be sufficiently embedded
Procurement, Commissioning & Placements	Deferred until 24/25 due to team restructure and allowing roles and responsibilities to fully embed
End of Life Care	Defer to 24/25 as work currently under way in this area by the directorate
DOLs	Defer to 24/25 due to ongoing review of system processes
Care Provision	Defer to 24/25 to allow Care Director to be implemented and embedded, although some coverage of existing provisions will take place as part of the Care Director – Key Processes review
Additions to the plan	Reason
Deferred Payments (AHC)	Added at the request of the Head of Service and Senior Finance Business Partner
Procurement - Framework of Skilled Development for Hampshire	Replaced Procurement - Hampshire Deregistration Partnership Register (HDPR) 2023
Hampshire Equipment Store (position statement)	To attain an understanding of the factors within HES that have contributed to the two separate failures of patient hoists in March 2023 and the subsequent Improvement Notice issued by the HSE in August 2023.
Structural Survey	Audit requested to provide assurance on structural survey as a result of new guidance on RAAC