

Internal Audit Plan

2019-20

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 and Iona Bond, Melanie Weston, Jo Barrett and Laura English, 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 2019/20

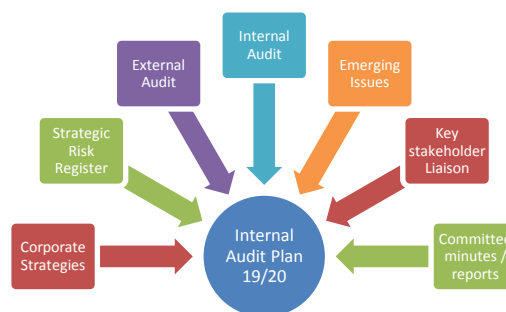
We have used various sources of information and discussed priorities for internal audit with the following groups:

- 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.

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.



Shared Services

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 also 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 through provision of ISAE 3402.

Internal Audit Plan 2019-20

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk
Corporate Cross Cutting			
Traded services (non IBC)	Corporate	Governance arrangements for traded services and the cost / pricing model for income generating initiatives	
Health and Safety	DoTG	Review of new processes and follow up actions arising from the previous review	AS0003 CC0016
Hantsdirect	DoR	Assurance over the achievement of service standards.	
Information security	DoTG	Review of arrangements to ensure the confidentiality, integrity and availability of corporate information.	CC0008
Local management of shared services processes	Corporate	Client-side application of shared service activities which remain with HCC staff.	
Staff Agency Arrangements	DoR	Governance and control environment for the sourcing and retention of temporary agency staff through joint working with Commercial Services Kent Ltd.	HCC0005 HCC0007
Governance			
Risk Management	DoTG	To review the effectiveness of the corporate risk management strategy/policy	CC0200
Insurance Fund	DoTG	Review of new strategy and processes for both insured and self-insured losses.	
Fraud (Proactive / Reactive)	DoR	Range of proactive and reactive initiatives to help identify and mitigate the risk of fraud. To include participation in the National Fraud Initiative.	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk
Annual Governance Statement	DoTG	Review & contribute to the Annual Governance Statement.	CO0200
Annual self-assessment PSIAS	DoR	In accordance with the requirements of the Public Sector Internal Audit Standards.	
Assurance mapping	DoTG	Consultancy work to establish assurances received by the authority against strategic and departmental risks.	CO0200
Inclusion and Diversity	ACE	To review governance arrangements to support inclusion and diversity.	
Armed forces covenant	ACE	To review process in place to support the armed forces covenant.	
Performance Management	ACE	Effective governance and management of performance consistently applied across the organisation.	
IT			
Capacity planning and management	DoR	Effective management of existing capacity. Is capacity providing vfm e.g. too much, insufficient to future proof existing commitments.	HCC0009
Change management	DoR	Changes to configuration items are introduced into production in a controlled manner.	HCC0006
Assurance mapping	DoR	Annual summary of all the forms of assurance around IT.	
Payment Card Industry Data Security Standard	DoR	Continued compliance with the PCI DSS requirements / standards	
Data storage	DoR	Review to include the migration of SAP data during the year	HCC0009
Data centre security	DoR	To focus on the Winchester Data Centre and include physical and environmental controls.	HCC0009

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk
SAP Interfaces	DoR	Interfaces with external partners and systems are large and complex with a mixture of automated and manual processes. Ensure robustness, integrity, security (to include IT & IBC processes)	HCC0009
Application Review - GIS	DoR	To review general management of the application. Used for a significant volume of data analytics and by other applications using location mapping data.	
Cyber Security	DoR	Focus on the response from IT on notification of an incident from a user or from the Dell Secure Works Platform.	HCC0009
IT Project Management Office	DoR	Review of governance and process in place. To include demand process (inception to delivery).	
IT Asset Management	DoR	Effective visibility and control of IT assets	
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.	HCC0001
School thematic(s): <ul style="list-style-type: none"> • Performance management • Recruitment • Bad Debt • Safeguarding (persistent absentees) 	DoCS	Review a sample of schools and disseminate key risks / actions to all establishments	
Reactive - Schools/establishments	DoCS	Full reviews of individual schools based on discussions with relevant stakeholders	
SFVS	DoCS	To review the SFVS responses received and sample check of answers / supporting prior to DfE deadline	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk
Children's establishments	DoCS	Review a sample of schools and disseminate key risks / actions to all establishments	
Care Leavers	DoCS	Review of governance, control and spend analysis	
Troubled Families - Governance	DoCS	Review of the allocation of funding and performance monitoring of providers.	
Education Psychology Service	DoCS	Business Unit review of the service to include demand management, pricing, billing, debt management, vfm.	
Use of Agency Staff	DoCS	To review usage and rationale (high spend area)	HCC0005
Education provision – Secure/ Hospital units	DoCS	To review the educational provision within secure and hospital units	
Corporate Objective - Maximising wellbeing			
Foster Care Payments & Early Years Financial Checks.	DoCS	Consultancy engagement with a focus on developing processes for Foster Care payments and the efficiency & effectiveness of early years financial checks.	
Health Assessments	DoCS	Review of the timeliness of health assessments for children in care and out of county placements.	HCC0003
AHC thematic review(s): <ul style="list-style-type: none"> • Workforce Development (LMS) • Medicine Control • Amenities Fund 	DoAHC	To review a sample of establishments and disseminate key risk and actions to all relevant parties	
Direct payments (AS)	DoAHC	Effectives of governance, controls and compliance in the administration of Direct Payments.	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk
Notification of deaths	DoAHC	Timely and accurate notification and recording of deaths into CART to ensure completeness of records and timely cessation of care and payments.	
Help to Live at Home	DoAHC	To assess and review the roll-out of new processes and ways of working (previously Care at Home)	AS0020
Client Waiting Lists	DoAHC	How waiting lists are managed across locality teams. Review of caseloads, timescales and worklists.	
Mental Health Professionals	DoAHC	To review the approval and warranting process	
Payments to providers	DoAHC	Review of new payment process to provider, timeliness; accuracy, effectiveness.	AS0007
Charging of short-term beds	DoAHC	Process in place for the charging of short-term beds (vfm).	AS0007
Recording in AIS	DoAHC	Accuracy, timeliness and completeness of recording mandatory requirements in to AIS	AS0011
Public Health - Peer Review Follow Up	DoAHC	To review outcomes / actions from the peer review.	
Advice/consultancy	DoAHC	To provide a critical friend role on key projects / transformation areas in consultation with Adults Services DMT	
Corporate Objective - Enhancing our quality of place			
Flood management	DoETE	Review of the council's flood management strategy and policies	ET0009
Traffic management	DoETE	Review of the governance arrangements for planning and managing Traffic Safety Management Schemes	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk
Local Bus Subsidy Support	DoETE	Review of Local Bus Subsidy Support.	
M3 Enterprise LEP (Accountable Body Arrangements)	DoETE	Review of the Accountable Body Arrangements of the M3 Enterprise LEP.	ET0008
Economic Development (Key Sites Portfolio)	DoETE	Review of the project to refresh the key sites portfolio records.	
Road Agreements	DoETE	To review arrangements for the statutory responsibilities of the Advanced Payment Code.	
Highway Development Planning	DoETE	Review of new arrangements for Highway development plan.	
ITP Capital Schemes	DoETE	Review governance of Integrated Transport Programme.	ET0013
GDPR - ETE	DoETE	GDPR compliance across tourism, business growth and regeneration teams. New Consumer and business facing systems.	ET0022
Highway Maintenance	DoETE	Review of new Highways maintenance agency arrangements.	ET0004
Culture and Heritage Thematic Review	DoCCBS	Review of income collection in sample of Culture and Heritage establishments.	
Trading Standards	DoCCBS	Review the delivery of the Trading Standards Service.	
Engineering consultancy (bridges)	DoETE	Commissioning and contract management of consultancy engagements	
County Highways Laboratory	DoETE	Review operation, performance and cost modelling of County Highways Laboratory.	
Coroners Service	DoCCBS	Review of Coroners Service commissioning, costs and processes.	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk
Highways HQ Operations Centre	DoETE	Effectiveness of the new operating model and performance of Highways HQ operation centre including automation of processes using robotics.	
Scientific Service	DoCCBS	Focus on budgetary control and forecasting. To including workflow and maximisation of income generation.	
Hampshire Catering Service - HC3S	DoCCBS	Governance, control and delivery of HC3S as a business unit.	
Private Sector Partner Arrangement(s)	DoCCBS	Review of contractual arrangements, delivery and outcomes.	CC0019
Health and Safety - Project Delivery	DoCCBS	Compliance of contractors with necessary health and safety legislation	CC0009 CC0021
Integration of Property and Facilities Management	DoCCBS	Review integration of Property and Facilities Management.	
Procurement and Contract Management			
Contract Management thematic review(s) – • Corporate Resources • ETE	DoCR / DoETE	Effectiveness of contract management arrangements for a sample of contracts not covered by individual reviews	
Contract Management - Waste Disposal	DoETE	Review of contractual arrangements, delivery and outcomes.	
Superfast Broadband programme.	DoCCBS	Review of the management of the Superfast Broadband Programme	
Project Integra		Cyclical review required every three years 'letter of assurance' only required 19/20	
Contract Administration - Property Services	DoCCBS	Review of contract administration processes within Property Services. Formulation and sign-off of contract	

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk
Procurement thematic review(s) <ul style="list-style-type: none"> • CCBS • Children's Services 	DoCCBS / DoCS	To review procurement processes and compliance with Regulations and agreed policies.	
Construction Framework	DoCCBS	Development, governance and operation of the construction framework.	
Grants / Other			
Reading & Hampshire Property Partnership	-	Certify a sample of transactions and reconciliations for HCC and RBC.	
Local Transport Capital Block Funding	-	As per grant certification	
Bus Subsidy grant	-	As per grant certification	
Disabled Facilities Grant	-	As per grant certification	
Bus Rapid Transit	-	As per grant certification	
Safer Roads Fund(s)	-	As per grant certification	
National Productivity Investment Fund	-	As per grant certification	
Enterprise M3 Growth Hub Grant	-	As per grant certification	
Section 31 Grant - M27 Junction10	-	As per grant certification	
Troubled Families	-	As per grant certification	
Management & Review		-	
Total Days			2250

Hampshire Pension Fund Internal Audit Plan 2019-20

Audit	Directorate Sponsor	Scope/ Risk
Transfers	DoR	Cyclical review of the control framework to support appropriate, complete and prompt admission of transfers to/from the pension fund.
Accounting for pensions receipts	DoR	Review of the control framework to support appropriate, complete and prompt admission of accounting for pensions receipts to the pension fund.
Pensions payroll and benefit calculations	DoR	Annual review of the processes and controls to support the accuracy and appropriateness of pension benefit calculations; the completeness / timeliness of payroll runs; and ensuring all payments are recorded accurately.
Member deaths	DoR	Cyclical review of the control framework to support appropriate, complete and prompt administration of member deaths from the pension fund.
Pooling assurance	DoR	To review operation of pooling assurance arrangements.
Management & Review	-	-
Total Days		100

Shared Services Internal Audit Plan 2019-20

Audit	Risk	Scope
Financial		
Treasury Management	Borrowing and investment decisions are inadequate leading to increased risk of higher costs or loss of funds.	To review controls, including the implementation of the changes to the Prudential Code.
Payroll – Pensions Admin	Starters and leavers are not accurately identified and notified to the relevant pension service.	To review robustness of controls and compliance for pension administration.
Governance & IT		
Governance arrangements	Governance arrangements continue to evolve and will do so further with the pending introduction of new partners.	Review of changes / continued effectiveness
HR		
IR35	Non-compliance with legislative changes.	To review compliance with IR35 legislation.
Disclosure & Barring Service	Suitability of staff to undertake roles is not confirmed.	DBS checks are correctly identified, carried out and recorded.
Success Factors	Recruitment processes are not sufficiently robust and timely to meet needs of the recruiting organisation.	Review of the recruitment processes following the implementation of Success Factors.
Procurement & Contract Management		
Contract management	Poor contract management leads to poor value for money.	Review of Building Term contract management arrangements.
Procurement (General)	Non-compliance with EU Regulations and Contract Procedure Rules.	To review procurement processes and compliance with EU Regulations and agreed policies. (£100k +).
Other		
Master Data Team	Ineffective change control	Robustness of controls and compliance for changes made by the employee master data team.

Audit	Risk	Scope
Contingency		As needed following the change of approach in 2019/20.
Management	Planning, liaison, reporting, action tracking, external audit liaison, advice	
Total Days		250

International Standard on Assurance Engagements No. 3402

ISAE 3402 has been developed to provide an international assurance standard for allowing public bodies to issue a report for use by user organisations and their auditors (user auditors) on the controls at a service organisation that are likely to impact or be a part of the user organisation's system of internal control over financial reporting

The Integrated Business Centre (IBC) is a shared service function hosted by Hampshire County Council, delivering transactional processing and business support services to a growing number of public sector bodies such services include general ledger; Order to Cash; Purchase and Payables; Cash & Bank; Payroll; and Information Systems.

Due to the significance of the business processes provided on behalf of partner organisations it is appropriate for Hampshire County Council to provide assurance on its service through compliance with such international standard requirements.

Historically the Southern Internal Audit Partnership have provided assurance to partnering organisations through their audit coverage and subsequent year end assurance on the framework of governance, risk and control. Assurance against the international standard will be provided by Ernst & Young moving forward.

The SIAP will continue to provide assurance to Hampshire County Council and partner organisations for those systems and process outside of the scope of the ISAE 3402 through the above plan and subsequent annual report and opinion.