ANNEX 1

2011/12 Internal Audit Plan (including Q4 Audits) - Status of Audits

(Audits completed since the last Report, 21 September 2011, are shaded and a summary of the overall conclusion are shown at the end of this annex)

	Audit	Scope/Objective	Quarter	Current Status

	Audit	Scope/Objective	Quarter	Current Status
EE	EE Governance and Financial Management (including Customer Services)	This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation. In Quarter 1 our work will focus on Performance Management	1	Final Report on Performance Management Audit Conclusion: **Issues**
		During the early part of quarter 2 Internal Audit will start to follow up on agreed actions from the audit of Governance and Financial Management 2010/11, and identify any areas which will require further testing.	2	Testing
			4	Scoping
		The work in quarters 3 & 4 will include both testing at a corporate level, but also visiting a sample of teams / services across the organisation to test application of key governance and financial procedures. Within EE an audit of the governance and financial processes at an area office will be undertaken.		

	Audit	Scope/Objective	Quarter	Current Status
EE	Property and Facilities Procurement (ISOS Phase)	The audit will review the procurement exercise and mobilisation phase for the new Property and Facilities contract. The audit will follow on from the first phase review, completed in March 2011. The ISOS Stage, tender briefings and dialogue phase will be reviewed in quarter 2 and the ISDS Stage, dialogue and selection of preferred bidder will be completed in quarter 3. Further work on the mobilisation phase will be considered in quarter 4.	2	Final Report Audit Conclusion: **Acceptable**
EE	Highways and Transport Contract Follow Up	Operational from the 1 April 2010, this years audit will follow on from the 2010/11 review, focussing on the issues raised in relation to the operational processes designed to deliver the services of the Highways Contract. The review will assess progress in implementing the service Improvement Plan, as well as the effectiveness of the performance and risk management arrangements.	1	Final Report Audit Conclusion: **Unacceptable**
EE	Concessionary Travel	With the administration of the Concessionary Travel scheme transferring to County Council responsibility from the 1st April 2011, the audit will focus on the handover arrangements and the design and effectiveness of processes and systems implemented the manage the scheme.	1	Final Report Audit Conclusion: **Issues**
EE	Home to Schools Transport	The audit will review the process for tendering home to school transport contracts and the contract monitoring arrangements in place, including the mechanism for monitoring provider performance and any related service issues that arise.	3	Draft Report

	Audit	Scope/Objective	Quarter	Current Status
EE	Energy Strategy	A new Energy Strategy is currently being developed within E&E and is due to be adopted during the summer. The audit will focus on the governance arrangements in place to monitor and deliver the requirements of the Energy Strategy, including data quality arrangements.	2	Draft Report
EE	Property and Facilities Procurement (ISDS Phase)	The audit will review the procurement exercise and mobilisation phase for the new Property and Facilities contract. The audit will follow on from the second phase review, completed in June 2011, looking at the contract specification, any related tender documents and the schedule for the ISDS phase. Further work on the contract and service design will be completed in quarter 4.	4	Scoping
EE	Highways and Transport Contract	This audit will involve a detailed review of the current end to end processes in place for the service. Testing will focus on a large sample of task orders and payments with a view to comment on the effectiveness and accuracy of the processes in place. The audit will also review the effectiveness of the governance, performance and risk management arrangements in place. Testing will also follow up on the actions agreed during the previous report issued in August 2011.	3	Draft Report
EE	Waste Collection Contract	The audit will cover the period from tender evaluation through to use and management of the contract to date.	3	Testing

	Audit	Scope/Objective	Quarter	Current Status
EE	Capital Contract	The audit will review the approach to programming and estimating the scheme through to post completion review of the project, depending on its status.	3	Draft Report
EE	Property and Facilities Procurement (Contract Phase)	The audit will review the procurement exercise and mobilisation phase for the new Property and Facilities contract. The audit will follow on from the third phase review, completed in January 2012, looking at the tender submissions and decision to select the preferred bidder. Further work on the contract and service design will be completed in quarter 1 2012/13.	4	To start
EE (Customer Services)	Insurance	The audit will provide assurance on processes in place to ensure that the Council has adequate cover for insurable risks and claims are being processed accurately and timely.	1	Final Report Audit Conclusion: **Issues**
EE (Customer Services)	Procurement Strategy and Governance	The audit will provide assurance on the effectiveness of the Council's Procurement Strategy and its governance arrangements. This includes how the strategy is being delivered, general procurement planning, advice and guidance.	3	Testing
EE (Customer Services)	Pensions Fund	An annual review to test the key controls providing assurance that the pensions fund is being properly managed, with funds invested securely maximising investment opportunities.	3	Testing

	Audit	Scope/Objective	Quarter	Current Status
EE (Customer Services)	Accounts Payable	This audit is undertaken annually to provide assurance that payments to creditors are timely and in respect of goods or services required and received by the council. It will cover procure to pay processes in SAP R3, and SRM. The audit will also include the transfer of data from any feeder systems.	3	Testing
EE (Customer Services)	Payroll	This audit is undertaken annually to provide assurance that payments are accurate, timely and paid to legitimate employees only.	3	Testing
EE (Customer Services)	Pensions Admin	An annual review to test the key controls providing assurance that members' records are accurately maintained, and that payment through the pension's payroll are accurate and made on a timely basis to legitimate pensioners only. This audit will also consider the processes for the admission and withdrawal of organisations to and from the pension fund.	4	Scoping
EE (Customer Services)	Accounts Receivable	An annual audit to provide assurance that debtor income is identified recorded and collected in a timely and efficient method. The audit will also review other debt management procedures including the cancellation and writing off of debts. The scope will cover debts managed corporately on SAP and those relating to Adult Social care managed through the Abacus System. The audit will also include procedures at local sites responsible for raising debtor invoices.	4	Scoping

	Audit	Scope/Objective	Quarter	Current Status
EE (Customer Services)	Capital Accounting (incl. Capital Programme Management)	An annual review to test the key controls to provide assurance over the accuracy and integrity of capital financing and capital transactions. The audit will also test controls around the management of the Capital Programme.	4	Scoping
EE (Customer Services)	General Ledger & Main Accounting	This is an annual audit, testing the key controls to provide assurance that financial transactions are properly recorded to enable the production of timely and accurate statement of accounts, and management accounts. The planned days also provides for a review of non-SAP feeder systems, ensuring there are adequate and effective controls in place to give assurance on the accuracy and integrity of data being transferred into SAP Accounts Payable, Account Receivable and the General Ledger.	4	Scoping
EE (Customer Services)	Schools Support	The Schools Support and Technical Team is the main provider of assurance on the performance of financial management at schools. This is an annual audit.	4	Scoping

	Audit	Scope/Objective	Quarter	Current Status
EE (Customer Services)	Governance and Financial Management	This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation. During the early part of quarter 2 Internal Audit will start to follow up on agreed actions from the audit of Governance and Financial Management 2010/11 within OCS, and identify any areas which will require further testing. The programme of work for the rest of the year will be planned and agreed with relevant senior management. The work in quarters 3 & 4 will include both testing at a corporate level, but also visiting a sample of teams / services across the organisation to test application of key governance and financial procedures. Within OCS sampling across teams will be performed to ensure compliance with key processes and procedures.	1 2 4	Final Report on Performance Management Audit Conclusion: **Issues** Testing Scoping
EE (Customer Services)	ICT Strategy	The audit will provide assurance on the implementation of the current ICT Strategy. The audit will review the strategy to ensure it is being effectively delivered, monitored and managed. The review will also ensure that the benefits of ICT are fully realised and the development of ICT supports corporate objectives and priorities.	1	Final Report Audit Conclusion: **Acceptable**

	Audit	Scope/Objective	Quarter	Current Status
EE (Customer Services)	Data Centre Security	The review will provide assurance on the physical and environmental security controls at the Clarendon Data Centre and a sample number of communication rooms.	2	Final Report Audit Conclusion: **Acceptable**
EE (Customer Services)	Disaster Recovery Project (Pt. 1)	The audit will provide advice on the implementation of the Disaster Recovery Project. The audit will also provide assurance on the design of controls being implemented as part of the project.	1	Final Report Audit Conclusion: **Issues**
EE (Customer Services)	Disaster Recovery Project (Pt. 2)	The audit will follow on from the first audit and provide advice on the implementation of the Disaster Recovery Project. The audit will also provide assurance on the design of controls being implemented as part of the project.	2	Final Report Audit Conclusion: **Acceptable**
EE (Customer Services)	SAP Collaboration Review	The audit will review the management and governance controls over the proposed partnership with Hampshire on the SAP collaboration.	2	Final Report Audit Conclusion: **Issues** **Further work is planned in Q4**
EE (Customer Services)	MS Enterprise Programme (Pt. 1)	The Microsoft Enterprise Services Programme will address the work to upgrade desktops and laptops to a base level of Windows 7 and Office 2010. The audit will provide assurance management and governance arrangements in delivering MS Enterprise programme and operational and systems controls in place.	2	Final Report Audit Conclusion: **Issues**

	Audit	Scope/Objective	Quarter	Current Status
EE (Customer Services)	MS Enterprise Programme (Pt. 2)	This audit will follow on from the first stage on the audit and provide assurance on the current status of the programme.	3	Final Report Audit Conclusion: **Acceptable**
EE (Customer Services)	Internet Access and Security	The audit will review the controls over Internet and email access, including the management of filtering software.	3	Final Report Audit Conclusion: **Issues**
EE (Customer Services)	Access to Systems	The audit will review the level of access provided to ICT support staff on a sample number of corporate systems and applications. Testing will be completed on the following critical systems: Swift; ESCR; Abacus; Capita One and Frameworki. Testing will be carried out at server, database and application level, as appropriate.	3	Draft Report
EE (Customer Services)	Government Code of Connect	The audit will review the controls in place for complying with the Government Code of Connect.	3	Testing
EE (Customer Services)	Accounts Payable Basware System	The review focussed on the implementation of the Basware system for the automatic processing of invoices introduced into the accounts payable process.	1	Final Report Conclusion: **N/A** However, it was found that the proposed processes appear to be satisfactory.

	Audit	Scope/Objective	Quarter	Current Status
CEF	CEF Governance and Financial Management Qtr 1	This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation. During Quarter 1, Internal Audit working with the Corporate Performance Team will review the area of Performance Management.	1	Final Report on Performance Management

Audit Conclusion: **Issues** |
| | | During the early part of quarter 2 Internal Audit will start to follow up on agreed actions from the audit of Governance and Financial Management 2010/11, and identify any areas which will require further testing. The programme of work for the rest of the year will be planned and agreed with relevant senior management. | 2 | Testing |
| | | | 2&3 | Exit Meeting |
| | | During quarter 2 Internal Audit will review the area of project management in CEF, as this was not tested for this directorate as part of the 2010/11 audit. The audit will provide assurance that the directorate ensures that all projects are appropriately authorised and effectively managed to ensure that objectives are achieved and that projects are completed within the required timescales and budget.

The work in quarters 3 & 4 will include both testing at a corporate level, but also visiting a sample of teams / services across the organisation to test application of key governance and financial procedures. Two teams have been selected one in Q3 and one in Q4. | 3&4 | Team audit Q3 – Final Report Pending

Team audit Q4 - scoping |

	Audit	Scope/Objective	Quarter	Current Status
CEF	CEF Safeguarding	This audit has been deferred from 2010/11 Internal Audit Plan. The aim of the audit will be to provide assurance that safeguarding framework, policies and procedures are working effectively. The audit will review the quality assurance framework, reviewing the scope adequacy, and reporting mechanisms within this process. The audit will also review the systems and processes in place for caseload management. The audit will follow up on any outstanding actions and test implementation of any priority 1 management actions from previous audits of Safeguarding Training, Safer Recruitment, and also relevant actions regarding accuracy and completeness of Frameworki data included in the audit undertaken of Performance Indicators.	1&2	Final Audit conclusion: **Unacceptable**
CEF	YPLA (Young People's Learning Agency) – Sixth form funding	Under the requirements of the YPLA Internal Audit are required to provide assurance on a cyclical basis over the funding paid in respect of local authority maintained schools with sixth forms. It will include review of processes in place to verify the completeness and accuracy of the school's data returns.	1	This audit has been cancelled.

	Audit	Scope/Objective	Quarter	Current Status
CEF	Review of Early Intervention Hubs	In preparation for the introduction of the Early Intervention Hubs, there are a number of Task and Finish Groups in place who are responsible for ensuring the management and implementation of different aspects of the project. This includes reviewing the existing business processes to identify whether they will be required in the longer term and if retained what changes will be required. Internal Audit will provide an overview of this project, in order to provide assurance on the controls being designed with the implementation of the hubs. Internal Audit will review the project management arrangements, and at key stages provide advice / assurance over the key processes planned, to include review of what data quality / assurance mechanisms will be in place for the recording and reporting of key data. Part 2 of this audit is due to be scoped and agreed – It is intended that it will provide assurance on the arrangements for data management reviewing the transitional arrangements in place for transferring data to a new system. The audit will also review the arrangements for developing a new quality assurance system. It is envisaged that review of processes in relation to referrals and pathway will be undertaken next financial year.	1 4	Part 1 complete – Conclusion **Acceptable.** Part 2 – scoping

	Audit	Scope/Objective	Quarter	Current Status
CEF	One System (EMS)	One system is the main pupil database used across CEF. The audit will look review the use of the system across the directorate and to provide assurance on the accuracy and integrity of data on the system. A key aspect of the audit will be to review the financial governance surrounding payments using information generated by the system. The audit will specially review the business processes in place to generate payments to providers within the Early Years Service.	1	Final Audit conclusion: **Acceptable**
CEF	Early Years	Early Years – Delivery of Savings Plan. During quarter 1 Internal Audit will look to provide assurance on the robustness and accuracy of the savings plans in place for Early Years. The audit will consider the new structural changes in place and responsibilities for achievement of each part of the savings plan, reviewing that appropriate budget monitoring mechanisms are in place. Internal Audit will work with the Deputy Director (Education and Early Intervention) to identify any future Internal Audit activity required to consider key governance and financial management controls as processes are reviewed / re-designed as part of the implementation of the CEF Business Strategy.	2&3	Testing
CEF	Payments to Foster Carers – Trojan System	From 2011/12 payments to Foster Carers are being processed via the Trojan system. These were previously administered via spreadsheets. Internal Audit will test the key controls to provide assurance on the accuracy, integrity and reliability of payments made.	2	Draft Report
CEF	Children's Centres	The audit will provide assurance on the project within CEF to review 44 Children's Centres across the county. The review will focus on the project management arrangements, and at key stages provide advice / assurance over the key processes planned and the overall implications on delivery of the directorate's Business Strategy.	n/a	Audit deferred until 2012/13.

	Audit	Scope/Objective	Quarter	Current Status
CEF	Schools Assurance – Schools Capital Accounting	In addition to the schools programme of individual assurance visits, throughout 2011/12 Internal Audit will look to undertake thematic reviews of key risk areas to provide the S151 officer with assurance on the financial control environment. The audit of Schools Capital Accounting will be the first thematic audit review, by reviewing a sample of schools to provide assurance to provide assurance on the robustness of processes for the allocation, monitoring and financial recording of capital monies.	3	Testing
CEF	Contract Procurement and Contract Management	Audits of a selection of capital and revenue contracts to provide assurance on the contract procurement and contract management arrangements in place.	3&4	Exit Meeting

	Audit	Scope/Objective	Quarter	Current Status
SCS	SCS Governance and Financial Management	This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation. During Quarter 1, Internal Audit working with the Corporate Performance Team will review the area of Performance Management.

During the early part of quarter 2 Internal Audit will start to follow up on agreed actions from the audit of Governance and Financial Management 2010/11, and identify any areas which will require further testing.

The work in quarters 3 & 4 will include both testing at a corporate level, but also visiting a sample of teams / services across the organisation to test application of key governance and financial procedures. Within SCS two areas have been selected: Trading Standards and also a sample of managers across Adult Social Care. | 1

2

3&4 | Final Report on Performance Management

Audit Conclusion: **Issues**

Testing

Testing |
| SCS | Alert Service | The review will focus on the processes for re-assessing clients by Community Voice, that financial forecasts are accurate and robust, the financial charging process is effective and contract management and monitoring arrangements are in place. | 1 | Final

Audit Conclusion: Unacceptable |
| SCS | Self-Directed Support | The audit will provide assurance on the effectiveness of the Self Directed Support process, considering any recent changes or improvements, including personal budget allocations and accounting, care plan delivery and client documentation. | 1&2 | Final

Audit Conclusion: Issues |

	Audit	Scope/Objective	Quarter	Current Status
SCS	Safeguarding	The aim of the audit will be to provide assurance on the quality assurance framework for Safeguarding in respect of externally provided services, reviewing the scope, adequacy and reporting mechanisms within this process. The audit also will provide assurance on the annual review process, in respect of delivering safeguarding objectives. The audit will consider current improvements already planned or being actioned by the Directorate within the area of Safeguarding and the multi-agency peer audit to be independently led by the Oxfordshire Adult Safeguarding Board.	2	Final Audit conclusion: Unacceptable
SCS	Client Care Funding	This audit will follow on from the observations raised during the 2010/11 review where the systems in place within SCS appear to not maintain the correct level of documentation to support delivery of the needs of the client. Testing will focus specifically on determining the process or control weaknesses and implications in not having robust systems to support service needs and operational decisions.	2&3	Final Audit Conclusion: Unacceptable
SCS	Contract Procurement & Contract Management	Audits of a selection of capital and revenue contracts to provide assurance on the contract procurement and contract management arrangements in place. (Introduction of RFID self- service in libraries, Redbridge Hollow Phase 2, LD Specialist Health and Carers Support Service) (joint SCS and EE assurance)	3&4	All at exit meeting stage.
SCS	Sustaining the Change	The Council's Transforming Adult Social Care project ended on the 31st March 2011. This audit will review the quality assurance mechanisms and governance arrangements in place as part of Sustaining the Change and how the Directorate supports staff to deliver the required changes. The audit will follow up on previous audit work as part of SCS Governance and Financial Management – Budget Setting 2010/11 and consider the level of RAS savings included in the SCS Business Strategy and how these will be achieved.	n/a	This audit is on hold. The Self Directed Support Audit will look at the work currently on-going to review the effectiveness of the design processes and how they are operating.

	Audit	Scope/Objective	Quarter	Current Status
CEO	Treasury Management	An annual review to test the key controls to provide assurance that council funds are being effectively managed to support the delivery of council operations and to maximise investment opportunities for cash surpluses.	1	Final Audit Conclusion: Issues
CEO	Members' Allowances	The audit will provide assurance on the systems and processes in place to ensure the accuracy and integrity of allowances paid.	1	Final Audit Conclusion: Issues
CEO	Business Strategy Programme	During quarter 1, Internal Audit will review the arrangements in place to monitor the delivery of the Directorate Business Strategies. It will include a review of the general governance arrangements, the management information being presented to the Business Strategy Group and any resulting actions. This analysis will help identify Internal Audit activity for 2011/12 to provide assurance that key risks associated with delivery of significant change across the organisation are managed effectively.	1	Draft Report

	Audit	Scope/Objective	Quarter	Current Status
CEO	Governance and Financial Management	This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation. During the early part of quarter 2 Internal Audit will start to follow up on agreed actions from the audit of Governance and Financial Management 2010/11 within CEO, and identify any areas which will require further testing. The programme of work for the rest of the year will be planned and agreed with relevant senior management. The work in quarters 3 & 4 will include both testing at a corporate level, but also visiting a sample of teams / services across the organisation to test application of key governance and financial procedures. Within CEO sampling across teams will be performed to ensure compliance with key processes and procedures.	3&4 3&4	Testing Testing

<u>Final Reports Issued since previous Audit Committee report (Sept 2011):</u>

<u>E&E</u>

<u>EE – Performance Management</u>

Our overall conclusion is ISSUES. Internal Audit identified that there is generally a sound system of internal control in place. Risks are being mitigated to acceptable levels, except for the significant risks noted and there is therefore the possibility that some objectives will not be achieved.

The main issues identified were from review of the EE balanced scorecard identified that none of the customer targets involved engagement with customers, service performance data for 2010/11 was reviewed on a quarterly basis, and the risk register did not link to identified performance management issues for OCS. Areas of good practice were noted in the progress moving forward to a cohesive delivery of performance management across the Environment and Economy directorate, to include the newly amalgamated Oxfordshire Customer Services, and the directorate focus on key business strategy deliverables.

<u>Concessionary Travel</u>

Our overall conclusion is ISSUES. Internal Audit identified there is generally a sound system of internal control, however some significant risks have been noted and there is therefore the possibility that some objectives will not be achieved. The significant risks noted in table 2 below are of particular concern.

There was a lack of procedural guidance for the allocation of responsibilities in the Bus Services Team and the processes for management information reporting and monitoring. Changes in the way in which the service will be provided in the future are being made and these will be considered as part of this. Risk Management arrangements are also not as robust as they should be and again it is understood that this will be covered under the changes. The current arrangements for the customer facing responsibilities of the service are detailed in approved agreements, and the future arrangements are being prepared under the Concessionary Fares – Customer Contact and Fulfilment Proposal. Invoices from Bus Companies and District Councils were found to have been processed without full supporting documentary evidence. Although much work was undertaken around forecasting reimbursement of fares improvements could be made to the trend quarterly forecasting method by using more than one year's historic data from the Bus Companies.

<u>Insurance</u>

Our overall conclusion is ISSUES. Internal Audit identified that there is generally a sound system of internal control, however some significant risks have been noted and there is therefore the possibility that some objectives will not be achieved.

The audit identified the following issues:

- There are no formal discussions between the relevant Directorate contacts and the Insurance section to review whether all major risks that have been identified within the Directorate risk registers have been accounted for within the necessary Insurance policies.
- A detailed review of the excess levels and deductible levels (taking into account historical claims data) was last carried out a number of years ago. This exercise has not been repeated since as a general exercise or even as part of the tender process for the current contract.
- Insurance information is being circulated to the appropriate level within Directorates, to assist management in making effective decisions on those issues affecting their Directorate. However, testing was unable to evidence what these individual officers were doing with these reports and whether these reports were being used in the risk management process on a Directorate basis.
- The recommendations that have been made by Zurich following their annual audit have not been followed up to confirm they have been implemented.
- Within the Scheme of Delegation, the Insurance Manager's approval limit for purchase orders, invoices and contracts is £25,000. However, the audit established that the Insurance Manager's approval limit on the relevant costs centres within SAP is £200,000.
- At the time of the audit, no work had been completed in reviewing the matches that had been returned as part of the National Fraud Initiative.
- During the audit, a sample of 30 different claim types processed during the year was reviewed. The majority of claims were correctly processed. However, testing found instances where claim data was missing from the Figtree system, CPR timetables were not met; initial Public Liability Highway claims judgements were based on incorrect information and a lack of independent review before or after claims were processed. Testing also identified claims that had been processed without complying with procedures and claims that had been passed to Zurich, below the threshold amount listed in the 'Procedures Manual'.

MS Enterprise Programme (Pt. 1) and (Pt.2)

Our overall conclusion for this audit is ACCEPTABLE.

The primary objective of the Microsoft Enterprise Services Programme is to upgrade all user desktops and laptops to a base level of Microsoft Windows 7 and Office 2010. At the completion of part of this audit it was identified that the majority of time and resource for this project had been spent on planning the work and making the necessary technical changes to the infrastructure. In terms of rolling out the new software, approximately 20% of the machines in ICT had been upgraded. The main roll-out to directorate areas was due to commence in October 2011.

The programme was being managed in accordance with an agreed structure that was documented in the Project Initiation Document. However, we identified a number of control weaknesses with the governance arrangements in place. This included:

- The meetings of the Governance Group and the Work Stream Leads Group are not documented. Furthermore, these meetings do not have any formal agendas and there is no evidence that they include a review of the project plan, risk log and issues log;
- Roles and responsibilities of key staff are not documented;
- The governance arrangements over work streams has not been agreed i.e. use of project plans, risk logs, issues logs etc;
- Programme costs are not being formally recorded, monitored and reported; and
- The approach to testing the new software has not been formalised and documented.

A significant part of the programme is to support users during the transition to Windows 7 and Office 2010 by the provision of training and awareness methods. There are a number of initiatives in place to do this and we found that key risks are being adequately managed.

During Q3 we completed Part 2 of this audit:

It is pleasing to report that ICT have taken action to address the areas of risk identified in the Part 1 Audit. Some subtle, but key changes have also been made to the structure of the programme, whereby each work stream is now a designated project within the overall programme with a nominated project manager.

The roll-out of the new desktop commenced on the 4 October 2011 and at the time of the audit, 1046 machines (17%) had been migrated and 4995 (83%) were left to do.

This review has identified a few areas were controls need to be improved, including:

- Ensuring all project costs are being reported and monitored against the budget for the programme;
- Reviewing the ownership of risks and prioritising all issues;
- Ensuring a formal change request is raised for all changes to the scope of the programme; and
- Investigating the anomalies regarding the results of application testing.

SAP Collaboration

Our overall conclusion for this phase of the audit is ISSUES. Internal Audit identified that there is generally a sound system of internal control, however, some significant risks have been noted and there is therefore the possibility that some objectives will not be achieved.

ICT Services in Oxfordshire and Hampshire County Councils (HCC) have been exploring the opportunity to enter into a collaborative partnership. Initially this is centred on the opportunity around collaboration on SAP support, although other opportunities are also present including technical infrastructure and Document Management (EDRMS).

At the time of the audit (August 2011) the target date for commencement of the collaboration is the 1 October 2011; however, this is dependent on a number of key tasks being completed. Ultimately, the collaboration can commence anytime up to October 2012, when the current SAP support contract with Serco expires.

The key tasks that need to be completed include:

- The Partnership Agreement being finalised and approved;
- A proposal for the SAP collaboration being prepared and include performance indicators which need to be agreed with HCC;
- The Joint Board being convened to approve the SAP proposal. This can only happen after the Partnership Agreement has been approved. It should be noted that the composition of the Joint Board has yet to be agreed;
- The governance arrangements for the SAP collaboration being documented and agreed. This should include access levels for HCC support staff; and
- Serco being made aware of plans to terminate their contract. There is a need to take into account any early termination costs.

Further audit work will be completed during quarter four to review the effectiveness of the governance, protocols and controls in place.

Internet Access and Security

Our overall conclusion is ISSUES. Internal Audit identified that there is generally a sound system of internal control. Risks are being mitigated to acceptable levels, except for the significant risks noted and there is therefore the possibility that some objectives will not be achieved.

Policies have been documented which define the Council's requirements for acceptable use of Internet and email facilities; these were found to be in line with expected standards in terms of permissible and prohibited activity. Tools have been established and configured to filter and monitor Internet and email usage by restricting access to inappropriate websites, checking for viruses and spam, and filtering email content. However, the audit identified some instances where the software configuration proved inconsistent with the stated policy. In addition, users connecting wirelessly through the OCCBB broadband link are not subject to any internet filtering.

Security administration for Internet and email is predominantly performed by the ICT team. A contract is also in place with Messagelabs for email checking and filtering; although change configurations can also be applied in-house.

We understand that it has been a business decision not to conduct proactive monitoring of Internet usage due to the large amounts of data created and overheads in terms of resource. However, some information is available in the event that post-activity monitoring was required, and line managers can request that individuals are monitored if they are concerned about usage (in terms of content or duration). Employers are legally permitted to monitor Internet activity providing users have been informed, however, the ICT Acceptable Use Policy does not clearly inform users of this.

CEF

CEF – Performance Management

Our overall conclusion is ISSUES. Internal Audit identified that there is generally a sound system of internal control in place. Risks are being mitigated to acceptable levels, except for the significant risks noted and there is therefore the possibility that some objectives will not be achieved.

The main issue identified was that the current format of the monthly dashboard of indicators for DLT does not include an implicit individual assessment of the associated service/business risk of not delivering performance targets to enable the Directorate to focus performance activity on areas of under-performance in order of service/business risk priority. Furthermore, we found partial implementation and compliance with management actions resulting from the CYPF Performance Indicators audit 2010/11. Four priority 2 actions, were not fully implemented at the time of audit testing. The four priority 2 outstanding management actions have been re-raised in the audit findings. At the time of finalising this report, two of the outstanding actions have now been reported as implemented. Areas of good practice were noted in the co-ordination, management and monitoring of performance under the weight of significant statutory requirements.

CEF - Safeguarding

Our overall conclusion is UNACCEPTABLE.

Internal Audit acknowledges there has been significant upheaval within the CEF Directorate during the restructure. The restructure has created a new Safeguarding Manager and Area Social Care Manager posts as of the 01 June 2011. The audit report reflects historic and current quality assurance activity within the CEF Directorate.

The audit has identified that known risks in quality and assurance activity have not been identified in the risk registers.

The Quality Assurance Audit Framework is currently being reviewed by management, it currently does not include a reporting structure for the dissemination of QA information and QA compliance. Internal Audit testing identified that case audit review compliance within the Directorate is poor, and not effectively monitored, challenged or reported.

Internal Audit testing identified that monthly supervision requirements are not being complied to and compliance with supervision audit reviews are poor and not effectively monitored, challenged or reported.

Management acknowledge the weaknesses identified in respect of the quality assurance audit framework, with both case file audits and supervision audits, however report that other work has been undertaken to improve the quality of practices which include pre inspection audits and thematic reviews in the following areas; Children in Need, Thresholds for social care, Care proceedings, delivery of supervised contact and compliance with Frameworki. This activity was supplementary safeguarding work, which was outside the scope of this audit.

The audit reviewed the adequacy of monitoring of compliance with key social work practices and identified untimely compliance in actioning identified missing data and that management information was not identifying all data recording issues. Audit walkthrough testing identified issues with timeliness of data recording.

Follow up of the two audits undertaken in 2010/11 has identified that 4 from the audit of CYPF performance indicators have not been fully implemented, these have been repeated in the audit of Performance which has also been undertaken in quarter one/two of 2011/12.

SCS

SCS – Performance Management

Our overall conclusion is ISSUES. Internal Audit identified that there is generally a sound system of internal control in place. Risks are being mitigated to acceptable levels, except for the significant risks noted and there is therefore the possibility that some objectives will not be achieved.

The main issues identified were; timing of quarterly directorate reviews of performance management resulted in incomplete finance targets being reported and RAG rated, monitoring of compliance of SWIFT data quality reports, delays in the review of Learning Disability performance data and the drafting of Learning Disability performance targets for 2011/12, and performance risks on the risk register not being linking to performance management activity.

It is acknowledged that at the time of the audit the Directorate were in the process of reviewing and changing their performance management targets. Both Deputy Directors have also reported that they are currently reviewing and will establish revised operational adult social care key indicators.

This audit reviewed the management controls in place for data quality for the SWIFT and ETMS systems, which provide primary source data for some of the SCS performance management targets. An audit of Client Care Funding was being undertaken which covers data accuracy and integrity across Swift, Abacus, Document Manager and SAP. The audit of Client Care Funding has subsequently identified and will consider the issue of using other sources of data for performance management, for example locally established spreadsheets.

Areas of good practice were noted with performance targets including an individual assessment of the associated service/business risk of not delivering targets, and a qualitative narrative of the performance progress and risk analysis, providing an effective tool which provides a clear direction on progress and value of measuring individual performance targets.

Alert Service

Our overall conclusion is UNACCEPTABLE. Internal Audit identified that the system of internal control is generally weak, and the exposure to risk is such that it is probable that objectives will not be, or are not being achieved. The system is open to the risk of significant error or abuse.

The audit identified various areas where there was evidence that key controls did not operate as expected, had not been put in to place or would need to be amended significantly to achieve their original objectives. As an overview, the following issues were identified.

SWIFT does not contain detail of all clients receiving the Alert Service, which was operational on the 1 April 2010. At the time of the audit (July 2011), approximately 1,760 of the 4,900 clients currently receiving the service existed on SWIFT. For the records that are on SWIFT, there were gaps in the basic client information that should be recorded on the system, for example amendments, transfers and the name of the service provider. Testing was also unable to establish what process would be adopted to ensure that the resulting database is continually updated with changes and how this will be resourced.

As part of the Governance audits completed by Internal Audit during the first quarter of 2011/12, the review concluded that the budgetary control processes in place for the Alert Service were not robust. Additional testing on financial monitoring and management completed as part of this review identified that invoices do not always contain details as to the amount of service users for whom they are charging the Council and that payment reconciliations have not been performed from the start of the contract to date. Our review found some areas where underpayments and small overpayments had been made. Additionally, a signed contract document has not been received from one provider.

We noted that no reassessments were carried out for any client who has transferred on to this service during the transition phase. Management confirmed that these service users would be reassessed as part of the review process.

In relation to the monitoring spreadsheets adopted, these are not designed to enable the providers to submit all the relevant information they are contractually obliged to provide and only eight contract performance indicators appear to exist on the monitoring schedule. Additionally, not all of the boxes on the spreadsheets are being populated by the service providers. The box for information to be provided on clients who had to be 'reviewed' was frequently not completed by any of the service providers. Currently, no checks are performed as part of the contract monitoring process around the integrity of the data being submitted and a review of the contract monitoring visits carried out for the year also show that no checks have been carried out relating to service provider's systems.

We also reviewed the monitoring information that was being submitted by providers to ensure that the correct level of detail and information is being provided. Testing found that the information that is produced in the monthly spreadsheet is anonymous and therefore does not provide detail on the reviews that have taken place. Service user data has recently been provided by service providers where reviews have been carried out, however, this is raw data and OCC then have to carry out analysis on this data.

Furthermore, a monthly report is received showing the number of calls that have been made per month and the reasons for these calls along with the actions that have been undertaken as a result. This report does not detail the number of client reviews and reassessments that have been undertaken due to a large number of calls made by individuals or any significant incidents that have been reported. The findings above mean that management are unable to fully consider whether reassessments should be carried out and whether the service providers are fulfilling their contractual obligations.

Testing was also undertaken on the financial assessment process in relation to the Alert Service. Testing found that fairer charging assessments had not been carried out for all service users to date, although this exercise was currently underway.

Self-Directed Support

Our overall conclusion is ISSUES. Internal Audit found that there is generally a sound system of internal control in place. Risks are being mitigated to acceptable levels, except for the significant risks noted and there is therefore the possibility that some objectives

will not be achieved. However, the controls in place are not operating effectively leaving an unacceptable exposure to significant risks.

Areas of good practice that were found during the audit included comprehensive guidance material made available to staff via the Council's intranet site. It was noted that all guidance material was up to date to reflect current working practices and included details on the steps that are to be followed from assessment stage to completion. Information on the SDS process is available via the OCC website and can be accessed by the public. There is information available that explains what the service entails and outlines the Council's statutory obligations. During the audit it was noted that the Direct Payment Guidance Policy was in the process of being reviewed.

There is a framework in place for identifying, addressing and monitoring risks that the Social and Community Services Directorate is facing. It was confirmed that risks that impact the SDS function have been identified and mitigating actions, along with responsible officers, have been assigned to each risk.

Performance indicator targets for 2011/12 have been agreed and these are monitored on a monthly and quarterly basis. The indicators monitor national and local targets and for each indicator commentary is given explaining the performance results. Instances where performance results are below the target are supported by explanatory notes, and action to be taken is identified.

The main issues identified were surrounding the SDS process and allocations. Sample testing identified a significant number of instances where the SDS process was not being followed as set out by the guidance manual. The majority of non-compliance was in relation to the approval of key documentation, where a number of instances lacked the required approval from the service users and/or senior practitioners. In addition, it was noted that information regarding the service users was not being consistently recorded on SWIFT and Document Manager. Social workers/care managers are required to record the indicative budget, approved personal budget and review information for each client on SWIFT.

Further areas of improvement include; the identification and documenting of changes in the service user's care needs. There is currently no mechanism for identifying the number of changes in circumstances that are being received. As a result, it is not possible to verify that changes in care needs that are reported are being documented and consequently followed up by a reassessment.

Monthly budget monitoring reports are produced that show the financial position of the pooled budget and therefore enables the identification of variances. Meetings are held with budget holders to discuss variances that are identified from the monthly reports. However, it was noted that meetings held are not minuted and actions not recorded, hindering the follow-up of such actions to ensure that they have been implemented.

SCS – Safeguarding

Our overall conclusion is UNACCEPTABLE.

SWIFT indicates that 60% of service users have not had a client review in the last year. This figure is representative across all the different client groups, and both out-of-county and in-county placements. 384 people reside with out-of-county providers for which there is no proactive monitoring of the placement other than these client reviews. There is no systematic reporting of the completion figures of client reviews to the Directorate Leadership Team.

A number of Quality Monitoring Reports could not be located on the shared drives within the Contracts Teams. 11 of the reports within the Older People Contracts Team appear to have never been issued to the providers and are unlikely to be retrievable.

Whilst a number of different Care Home provider listings exist from different sources none of these gave an up to date comprehensive listing of all the providers; highlighting that this information is not available for management to accurately assess the frequency of visits.

The Older People Contracts Team complaint logs provides a good template but a high number of the fields have not been completed including the outcome field and Unit Manager sign off field so the value of the log to provide management information is limited and it is difficult to gain assurance that all complaints have been adequately dealt with.

Whilst it is clear that there is communication between the Contracts Teams and the Safeguarding Teams valuable information is not being shared. Without comprehensive Management Information available to both teams there is a risk that recurring or key issues may not be identified making it difficult for senior management to adequately manage their risks.

2/10 Management Actions from the 2010/11 SCS Safeguarding Audit had been not been implemented, all of which were Priority 1 Actions. New prompt completion dates have been provided.

Client Care Funding

From on-going work within Social & Community Services by the Business Systems Team, it is known that there are issues with data accuracy and integrity within Swift. Management report that some of these issues are to be rectified through data cleansing and also through the introduction of the AIS system which will replace the user interface of Swift. Internal Audit has not yet seen the specification for the AIS system and therefore has not yet appraised this. It is also known that Finance staff (Management Accountants and the Data Control & Systems Development team) have identified problems with the way in which the personal budgets of LD clients are recorded on SAP and how this affects the accuracy of financial reporting within S&CS.

The following audits undertaken by Internal Audit have also identified data quality / performance management issues: Care Purchasing, Mental Health, Self Directed Support, Alert Service, Safeguarding; and Performance Management.

This has led to a detailed review being undertaken by Internal Audit of the information held on a sample of individual clients to trace through from Swift, what care is recorded as being provided, what care is being provided, how the clients care is being funded and that this is recorded correctly in SAP.

Based on the findings this audit and taking into account, those of other audits as referred to above, our overall conclusion is unacceptable. Internal Audit identified that the system of internal control is generally weak.

The work undertaken by Internal Audit focussed on a small sample reduced due to the significant time it took to follow each client through the various systems maintained and follow up on the queries identified. This identified some key issues with regard to differences in the information recorded between systems and lack of management controls or appropriate reporting mechanisms which should highlight this. As a result, the issues identified are not exhaustive and therefore management actions have been agreed in this report to ensure that all critical systems inputs and outputs are fully understood as part of the AIS implementation. Interim management actions have also been agreed, for example, the review of exception reports to improve data accuracy and integrity.

This audit focussed on the recording of clients care packages across the different systems in use within S&CS. It has not considered the systems in place for budgetary control. This will be covered by Internal Audit as part of a separate audit to be undertaken during the 2011/12 financial year. However, we would expect that system and process mapping that now needs to be undertaken within the directorate would include review of this.

Members Allowances

Our overall conclusion is ISSUES.

The last review of members' allowances undertaken by Internal Audit was in 2007/08. Since then there have been significant changes to processes. In particular, the payments of allowances and expenses are now processed by Pay and Employment Information (PEI) and some testing regarding the appropriateness of claims is undertaken by PEI. Testing in relation to the payment of allowances and expenses has therefore focused on the controls in place to ensure that information is conveyed accurately and in good time to PEI by Law and Governance and the challenge role provided by Law and Governance to confirm that claims are accurate and appropriate.

The prioritisations of the actions raised in this report reflect the fact that Members' Allowances are high profile and subject to public scrutiny, particularly following recent national interest in MPs' Expenses. This increases the impact of risks associated with this area, particularly reputational loss.

The main finding from this audit is the need for the scheme to provide codified guidance to members to support them in completing reasonable claims, and remove the risk of ambiguity and challenge. It should be noted that testing found that good systems were in place to ensure that members and co-opted members only claim for and are only paid for expenses which relate to approved duties and no instances were identified where the integrity of the claim could not be verified.