

**Oxfordshire County Council
Internal Audit Services
Annual Report of the Chief Internal Auditor
2012/13**

Date Issued: June 2013

AUTHOR: IAN DYSON

1 INTRODUCTION

1.1 BACKGROUND

1.1.1 The Accounts and Audit Regulations 2011 require the Council to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 2006 (the Code), which sets out proper practice for Internal Audit, requires the Chief Internal Auditor to provide an annual report to those charged with Governance which should include an opinion on the overall adequacies of the Council's internal control environment.

1.2 RESPONSIBILITIES

1.2.1 It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

1.2.2 The role of the Internal Audit Service is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:

- The Council can establish the extent to which they can rely on the whole system; and,
- Individual managers can establish how reliable the systems and controls for which they are responsible are.

1.3 INTERNAL CONTROL ENVIRONMENT

1.3.1 The CIPFA Code defines the control environment as comprising of the Council's systems of governance, risk management and internal control, the key elements of which include:

- Establishing and monitoring the achievement of the organisation's objectives.
- The facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties.
- Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- The financial management of the organisation and the reporting of financial management.

- The performance management of the organisation and the reporting of performance management.

1.3.2 In order to form an opinion on the overall adequacy and effectiveness of the control environment the internal audit activity is planned to provide coverage of financial controls, through review of the key financial systems, and internal controls through a range of operational activity both within Directorates and cross cutting, including a review of risk management and governance arrangements. The Chief Internal Auditors annual statement on the System of Internal Control is considered by the Corporate Governance Assurance Group when preparing the Council's Annual Governance Statement.

1.4 THE AUDIT METHODOLOGY

1.4.1 Internal Audit complies with the CIPFA Code of Practice 2006, and has approved Terms of Reference that set out the objectives and scope of Internal Audit. In accordance with the requirements of the Accounts and Audit Regulations 2011, the Monitoring Officer has carried out a review of the effectiveness of the System of Internal Audit. The scope of the review covered compliance with proper practice (CIPFA Code of Practice for Internal Audit 2006), reporting on performance and outcomes to the Audit Committee, and a survey of Senior Management on the effectiveness of Internal Audit. In the report to the Audit Committee it was concluded the Internal Audit Service overall continues to be effective. There were no significant issues to report, but there are three actions for the Chief Internal Auditor; complete a self-assessment against the Public Sector Internal Audit Standards; implement a time recording system; and consider a communication strategy for heightening awareness of the role of Internal Audit.

1.4.2 The Internal Audit Strategy and Quarterly Plans for 2012/13 were approved by the Audit and Governance Committee, who received quarterly progress reports from the Chief Internal Auditor, including summaries of the audit findings and conclusions. The Audit Working Group also routinely received reports from the Chief Internal Auditor, highlighting emerging issues and for monitoring the implementation of management actions arising from internal audit reports.

1.4.3 The quarterly Internal Audit Plans identified the individual audit assignments. The activity was undertaken using a systematic risk-based approach. Terms of reference were prepared that outlined the objectives and scope for each audit. The work was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence in forming an overall opinion on the adequacy and effectiveness of the internal control framework.

1.4.4 Internal Audit reports provide a conclusion for each of the following, as well as an overall conclusion on the system of internal control:

- The adequacy and effectiveness of the risk assessment process

- The adequacy and effectiveness of the controls designed to manage the risks
- The adequacy and appropriateness of management action designed to remedy any failings or weaknesses in the internal control system
- The adequacy and effectiveness of management assurance processes for monitoring the system of internal control.

In appendix 1 to this report there is a list of all the planned audits for the year including an outline of the scope of the audit and the current status / overall conclusion for each one; attached as appendix 2 is a report showing the overall conclusion at the time audit report was issued, and the current status of management actions against each audit. The definitions of each conclusion are attached as appendix 3.

1.4.5 To provide quality assurance over the audit output, audit assignments are allocated to staff according to their skills and experience. Each auditor has a designated Audit Manager to perform quality reviews at four stages of the audit assignment: the terms of reference, file review, draft report and final report stages.

1.5 THE AUDIT TEAM

1.5.1 During 2012/13 the Internal Audit Service was delivered by a mixture of an in house team, and audit professionals from Deloitte PSIA, with whom there is a "call off" contract in place for internal audit services. The specialist area of IT audit has also been outsourced. The "call off" contract with Deloitte PSIA has been predominantly used for "secondments" to the team, and for undertaking the annual key financial systems. The in house team also provided services to external organisations, Thames Valley Police Authority and Buckinghamshire County Council.

1.5.2 Throughout the year the Audit and Governance Committee and the Audit Working Group were kept informed of staffing issues and the impact on the delivery of the Plan.

2 OPINION ON SYSTEM OF INTERNAL CONTROL

2.1 BASIS OF THE AUDIT OPINION

2.1.1 The 2012/13 Internal Audit Plan has been completed, with the exception of one audit, "Development Control". The fieldwork from the audit has been completed, but the Chief Internal Auditor has not released the report. Too much time has now elapsed since the original fieldwork, so additional work is required before any conclusion can be made and the report issued.

2.1.2 The substantial completion of the planned internal audit activity enables the Chief Internal Auditor to provide an objective assessment of whether systems and controls are working properly. In giving an audit opinion, it should be noted that assurance can never be absolute; however, the scope of the audit activity undertaken by the Internal Audit Service is sufficient for reasonable assurance to be placed on their work.

- 2.1.3 A summary of the work undertaken during the year, forming the basis of the audit opinion on the control environment, is shown in appendix 1 and 2 to this report.
- 2.1.4 The overall opinion for each audit, highlighted in appendix 2, is the opinion at the time the report was issued. The internal audit reports contain management action plans where areas for improvement have been identified, which the Internal Audit Team monitors the implementation of by obtaining positive assurance on the status of the actions from the officers responsible. The current status of those actions is also highlighted in appendix 2, for each audit. Reports on outstanding actions have been routinely presented to Directorate Leadership Teams, and the Audit Working Group. The Chief Internal Auditors opinion set out in section 2.2.1 takes into account the implementation of management actions.
- 2.1.5 There have been very few reported instances of fraud or financial irregularity. Internal Audit monitors the cases to ensure they are being appropriately investigated, and to ensure any control issues are addressed. The outcome of any investigations are reported to the Audit Working Group.
- 2.1.6 Whilst there remains only a small number of reported instances of fraud or irregularity for investigation, the outcome of these investigations, and evidence from internal audits, has highlighted a lack of awareness of governance and internal control including counter-fraud arrangements. As a result Internal Audit commenced a series of staff briefings to raise awareness.
- 2.1.7 It should be noted that it is not internal audit's responsibility to operate the system of internal control; that is the responsibility of management. Furthermore, it is management's responsibility to determine whether to accept and implement recommendations made by internal audit or, alternatively, to recognise and accept risks resulting from not taking action. If the latter option is taken by management, the Chief Internal Auditor would bring this to the attention of the Audit Committee.
- 2.1.8 The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.
- 2.1.9 In arriving at our opinion we have taken into account:
- The results of all audits undertaken as part of the 2012/13 audit plan;
 - The results of follow up action taken in respect of previous audits;
 - Whether or not any priority 1 actions have not been accepted by management - of which there have been none;
 - The affects of any material changes in the Council's objectives or activities; and,
 - Whether or not any limitations have been placed on the scope of Internal Audit – of which there have been none.

2.2 CHIEF INTERNAL AUDITORS OPINION ON THE SYSTEM OF INTERNAL CONTROL

2.2.1 In my opinion Oxfordshire County Council's overall system of internal control continues to facilitate the effective exercise of the Council's functions and provides a **reasonable** assurance regarding the effective, efficient and economic exercise of the Council's function. There have been some areas of weakness identified by management and Internal Audit, but these have all resulted in positive action plans to address them, with appropriate timescales, demonstrating a commitment to maintaining effective governance and internal control.

2.2.2 There have been 52 audits completed in 2012/13, of which only five have resulted in an opinion of "unacceptable" control.

2.2.3 The five "unacceptable" audits have all been well received by management, and there has been good engagement with implementing management actions. Three of the unacceptable reports relate to adult social care systems and procedures; following these audits the Deputy Director, Adult Social Care has implemented significant improvements in governance and performance monitoring across her teams, and has established a project, which is being monitored by the Audit Working Group, to address the cause of the weaknesses highlighted by the audits.

2.2.4 The outcomes of the audits, including a summary of the key findings are reported quarterly to the Audit and Governance Committee. The summaries of the audits completed since the last report are attached as appendix 4.

2.3 INTERNAL AUDIT PERFORMANCE

2.3.1 The following table shows the performance targets agreed by the Audit Committee and the actual 2011/12 performance.

Measure	Target	Actual Performance
Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the Audit Manager, no more than three times the total audit assignment days	55% of the audits met this target. (last year 71%) 10, exceeded the PI by more than 10 days.
Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	74% of the audits met this target. (Last year 67%)
Elapsed time between issue of draft report and the issue of the final report	15 Days	86% (Last year 57%)
% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2011	89% of the plan was completed. (last year

Measure	Target	Actual Performance
		87%).
% of recommendations implemented within the agreed timescales	90% of recommendations implemented	2012/13: 86%
Customer satisfaction questionnaire (Audit Assignments)	Average score < 2	1.32 (Last year 1.32).
Directors satisfaction with internal audit work	Satisfactory or above	Achieved – Review of System of Internal Audit

Ian Dyson

Assistant Head of Finance (Audit)

June 2013

APPENDIX 1 Audit & Governance Committee 3 July 2013 - Update against 2012/13 Internal Audit Plan.

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
CEF	<p>1</p> <p>2</p> <p>3</p>	<p>CEF 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 <i>Financial Management including budget setting & control, Structure and Authority, Information Governance, Business Management, Business Continuity, Human Resources, Legislation and Community Consultation & Involvement.</i></p> <p>During Quarter 1, Internal Audit will review the area of <u>Information Governance</u> which will include specific testing around the management of external data transfers and review each directorate's processes for ensuring compliance with Information Governance policies, including data protection.</p> <p>Riverside Centre - establishment audit.</p> <p>During quarter 3 & 4 the remainder of programme for CEF will be planned in.</p> <p>During Quarter 3, Internal Audit plan to undertake two establishment/team based audits to test application of key governance and financial procedures. Agreed teams are YOS and Childrens Centres (procurement and budgetary control only).</p>	<p>Overall directorate report for CEF Governance and Financial Management - Final Report - ISSUES</p> <p>Information Governance - Final Report - ISSUES</p> <p>Riverside Centre - Final Report - UNACCEPTABLE</p> <p>Youth Offending Service - Final Report - ISSUES</p> <p>Childrens Centre procurement and budgetary control- Final Report - ACCEPTABLE</p>

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
CEF	1	<p>CEF - Childrens Social Care Management Controls The audit will follow up on the findings from 2011/12 safeguarding audit and test implementation of the actions raised.</p> <p>The audit will also look to review the areas of 1) Serious Case Reviews, reviewing how action is taken on information and learning points identified and 2) External Providers, reviewing assurance mechanisms in place as to whether safeguarding controls are operating effectively.</p>	Final Report - ISSUES
CEF	2	<p>CEF Early Intervention Hubs – Data Management / Performance Information Following work completed during 2011/12 which reviewed the project management arrangements for the implementation of the Hubs, and the establishment audit undertaken at East Oxford, this audit will aim to review the newly designed processes for recording of children’s data, controls over data accuracy and integrity and the adequacy and effectiveness of performance information / management systems.</p>	Final Report - ACCEPTABLE
CEF	3	<p>CEF Troubled Familes Grant This is a new grant which Internal Audit are required to sign off, first submission to review will be January 2013. Audit Manager will also be advising on design of controls for data collection and reporting prior to first return being made.</p>	<p>On-going - will be included in 2013/14 plan.</p> <p>Verification of first claim for Results Payment - completed in Jan 2013.</p>
CEF	3	<p>CEF Contract Procurement and Contract Management A strategic review of contract procurement and contract management activity in CEF, with particular focus on the CEF contracts register.</p>	Final Report - UNACCEPTABLE

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
SCS	1	<p>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 <i>Financial Management including budget setting & control, Structure and Authority, Information Governance, Business Management, Business Continuity, Human Resources, Legislation and Community Consultation & Involvement.</i></p> <p>During Quarter 1, Internal Audit will review the area of Information Governance which will include specific testing around the management of external data transfers and review each directorate's processes for ensuring compliance with Information Governance policies, including data protection.</p>	<p>Overall directorate report for SCS Governance and Financial Management - Final Report - ISSUES</p> <p>Information Governance - Final Report - ISSUES</p>
	2	<p>During qtr 2, Internal Audit will review progress against key stages of project implementation for key projects within SCS to provide assurance over <u>project management</u>. This will include Day Opportunities and the Learning Disabilities remodel. Specific audit activity around review of any re-design of processes and contract activity will be agreed upon during the year with the relevant Deputy Director / Senior Management.</p>	<p>SCS Project Management - Final Report - ISSUES</p>
	2	<p>Riverside Centre - establishment audit. Following initial stages of audit this became a wholly CEF audit - further establishment / team based sample to be identified for SCS - deferred until quarter 4.</p>	
	3&4	<p>During quarter 3 & 4 the remainder of programme for SCS will be planned in. Engagement Service selected as an establishment audit.</p>	<p>Engagement Service - Final Report - ISSUES</p>

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
SCS	1	<p>Personal Budgets 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, review of directorate's care pathway work, care plan delivery and client documentation. The audit will specifically review controls in respect of direct payments and consider the current pilot of payment cards.</p> <p>It has been agreed with the Deputy Director that the audit will be undertaken in two parts during 2012/13, with the focus in quarter 1 being on the controls in place for direct payments and new payment card system.</p>	Final Report - UNACCEPTABLE
SCS	1	<p>AIS implementation The Audit Manager will continue to work with the project manager in reviewing the progress against key stages of this project implementation, including the identified data cleansing and data management improvements. Specific audit activity during quarter 1 will include review of the draft "to-be" processes once designed and also review of system mapping which identifies current and future output requirements.</p>	Now on hold due to pause with project.
SCS	1	<p>OFRS – Joint Fire Control The Audit Manager will work with the project manager in reviewing the progress against key stages of the project implementation. Specific audit activity will be agreed which will include review of the project management governance arrangements.</p>	On-going review - will continue into 2013/14 plan.
SCS	All	<p>SCS Contract Procurement and Contract Management During quarter 1 the Head of Audit will be involved in the Directorate's review of the adequacy of contract monitoring arrangements in relation to Health and Safety. For the remaining quarters a programme of assurance activity on contract procurement and contract management arrangements in place to be determined and agreed with Deputy Director, Joint Commissioning.</p>	SCS Contract Procurement and Contract Management audit deferred until 2013/14 plan.

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
SCS	2	<p>SCS - Adult Social Care Management Controls This audit was planned for quarter 2, however was brought forward and started in quarter 1.</p> <p>The audit will follow up on the findings from 2011/12 safeguarding audit and test implementation of the actions raised.</p> <p>The audit will also look to review the areas of 1) Adult Protection Alerts/Referral Reporting, 2) Serious Incident Enquiries/Reporting, 3) Supervision and 4) Carers Assessments, reviewing assurance mechanisms in place as to whether key safeguarding controls are operating effectively.</p>	Final Report - UNACCEPTABLE
SCS	2	<p>Client Charging The audit will provide assurance on the adequacy of the systems and processes in place for Client Charging, it will include review of budget setting and budgetary controls for income.</p>	Final Report - UNACCEPTABLE
SCS	2	<p>Pooled budgets The audit will provide assurance on the overall governance and management arrangements currently in operation for the pooled budgets which Oxfordshire County Council is the administering authority for.</p> <p>The audit will be undertaken in advance of the work to be completed in setting up new arrangements for the pool from April 2013, when the budgets are expected to receive increased funding and whereby funding will not be separately managed as current.</p>	Final Report - ISSUES
SCS	3	<p>Mental Health Client Reviews The audit will provide assurance on the adequacy of the systems in place for ensuring that client reviews are undertaken and reported on, on a timely basis.</p>	Final Report - ISSUES
SCS	3	 AIS Application Security Review	Now on hold due to

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
		This is an I.T application audit and will review the security of AIS pre and post implementation.	pause with project.
CEO	1	<p>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 <i>Financial Management including budget setting & control, Structure and Authority, Information Governance, Business Management, Business Continuity, Human Resources, Legislation and Community Consultation & Involvement.</i></p> <p>During Quarter 1, Internal Audit will review the area of <u>Information Governance</u> which will include specific testing around the management of external data transfers and review each directorate's processes for ensuring compliance with Information Governance policies, including data protection.</p>	<p>Overall directorate report for CEO Governance and Financial Management - Final Report - ISSUES</p> <p>Information Governance - Final Report - ISSUES</p>
	2	Governance and Financial Management establishment audit - Registrar's Office	Registrar's - Final Report - ISSUES
	3&4	During quarter 3 & 4 the remainder of programme for CEO will be planned in.	Authority & Governance Corporate Findings - Final Management Letter.
CEO	1	<p>Capital Accounting (Part 2) This audit will follow on from the 2011/12 review, completed during quarter 4. The scope of the audit is to review the closedown procedures and transactions, completed as part of the year end accounting process. The main focus of testing will be on acquisitions, enhancements, depreciation, revaluations, disposals and write offs and the Asset Register.</p>	Final Report - ACCEPTABLE

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
CEO	1	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.	Final Report - ACCEPTABLE
CEO	4	Lloyds Link On Line The Treasury Management Team are transferring operations to an on line version of Lloyds Link. Internal Audit are looking at the design of controls and supporting the testing of the integrity of the system.	Summary e-mail issued after phase 1 work - no issues. Summary e-mail issued after phase 2 work - no issues.
CEO	2	Pension Fund Annual review to provide assurance that the Pension Fund is being managed effectively.	Final Report - ACCEPTABLE
EE	1	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. <i>Financial Management including budget setting & control, Structure and Authority, Information Governance, Business Management, Business Continuity, Human Resources, Legislation and Community Consultation & Involvement.</i> During Quarter 1, Internal Audit will review the area of <u>Information Governance</u> which will include specific testing around the management of external data transfers and review each directorate's processes for ensuring compliance with Information Governance policies, including data protection.	Overall directorate report for E&E Governance and Financial Management - Final Report - ISSUES Information Governance - Final Report - ISSUES
	2	Governance and Financial Management establishment audit of FM office - Samuelson House.	Samuelson House - Final Report - ISSUES

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
	3	OCS establishment / team to be identified. - Oxfordshire Skills and Learning.	Oxfordshire Skills and Learning - Final Report - ISSUES
EE	1	<p>Property and Facilities Contract Property & Facilities is currently carrying out a project to procure a new Strategic Service Partner to supply property services including multi-disciplinary design, construction, white and blue collar facilities management and transactional Estates Management services to the council from April 2012. This is a major project for the council with an estimated annual value of work in the region of £50m, and it is intended to let a ten year contract which has the facility to extend in aggregate up to a further ten years.</p>	Final Report - ISSUES
EE	1	<p>Asset Strategy Implementation (incl. Corporate Landlord Approach) Implementation of the Asset Strategy is being managed and coordinated through an overarching programme and work streams. The property rationalisation programme has been set out and is being taken forward: the programme will mean that a number of other properties will be sold or leases surrendered over the next four years and beyond.</p> <p>Implementation of the Corporate Landlord will see Property & Facilities develop its corporate role: this will require enhanced working relationships with service teams across the council. As part of this approach, asset-led locality reviews are being taken forward with a view to identifying further opportunities to rationalise the asset and improve service delivery.</p>	Final Report – ISSUES

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
EE	2	<p>Local Transport Capital Block Funding Specific Grant Determination 2010: No 31/1859</p> <p>The audit will focus on reviewing the system of accounting for and evidencing grant spend in accordance with the conditions, to enable the grant submission to be signed off in 2012.</p>	Completed
EE	2	<p>Integrated Transport Unit</p> <p>The review will focus on the management and operations within the Integrated Transport Unit. The service delivers transport for eligible clients wishing to attend residential care homes, day centres and adult training centres for people with learning disabilities.</p> <p>The audit will also review the ITU Business Plan for the provision of transport to day services and the services provided to SCS.</p>	This Audit has been deferred until qtr 1 of 2013/14.
EE	2	<p>Development Control</p> <p>This audit is reviewing the system for Development Control including the e-planning system, and to provide a status update on the management action plan produced earlier in the year.</p>	Report not issued
EE	4	<p>Highways Contract</p> <p>This audit is an annual review of the Highways Contract, focussing on management controls, performance, and financial control.</p>	This has been deferred until quarter 1 of 2013/14.
EE (Customer Services)	1	<p>Transforming Customer Services</p> <p>The outcome of this programme is to provide a high quality, cost effective support service that has a reputation for excellent customer service whilst being competitively priced. This will be achieved by setting up an Internal Customer</p>	This programme is on - going and will continue into 2013/14.

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
		<p>Services centre operating model. Customers will have simple and clear access channels to the required service, with most query resolution occurring at the first point of contact.</p> <p>The audit will review the progress in delivering the programme, aimed at improving access to services for customers. Programme objectives include improving the systems currently in place and producing savings through economies of scale, cross-skilling, and ensuring the right level of work is directed to the relevant skilled employee.</p>	
EE (Customer Services)	2	<p>Credit Card Income - PCI compliance The audit will review the effectiveness of the framework and processes in place for the Council to accept credit card payments. Testing will be undertaken in a sample of teams and establishments to ensure procedures are being followed and the Council is Payment Card Industry Data Security Standard (PCI DSS) compliant.</p>	Final Report - ACCEPTABLE
EE (OCS) & SCS	3	<p>Abacus re-tender. The Audit Manager will work with the project manager in reviewing the progress against key stages of this project implementation.</p>	On-going and will continue into 2013/14.
EE (Customer Services)	3	<p>HR Self Service</p> <p>Internal Audit will provide advice and support in delivering the objectives of the HR Self Service Project. This will include providing assurance on the design of any new key process or changes relating to the four work streams of the project:</p> <ul style="list-style-type: none"> - Personal Details Management (including Bank Details) - Travel and Expense Management - Sickness and Absence Management - E-Payslips 	This is one stream of the OCS Transformation Programme On-going and will continue into 2013/14.

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
EE (Customer Services)	3&4	Procure to Pay Project The Procure to Pay project commenced in Q3 and is due to be completed on Q4. Internal Audit has monitored the progress and outcomes to date, inputting to the Project Board as required. During Q4 Internal Audit will be reviewing changes to the processes, in particular the design of controls.	On-going and will continue into 2013/14.
EE (OCS)	4	Public Sector Network - Commissioning There is a strategy to decommission the Oxfordshire Community Network and move to a Broadband/alternative services. One aspect of that work will be to commission certain connectivity via a PSN agreement. This in turn will require design and ultimate configuration of access to corporate services from the PSN. Internal Audit are supporting this project by providing advice and independent assurance on the security standards to be applied and design of controls.	This has been deferred until 2013/14.
EE (OCS)	4	Key Financial System - Payroll This audit is undertaken annually to provide assurance that payments are accurate, timely and paid to legitimate employees only.	Final Report - ACCEPTABLE
EE (OCS)	4	Key Financial System - 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.	Final Report - ISSUES
EE (OCS)	4	Key Financial System - Accounts Payable The Accounts Payable system is subject to changes during Q4 resulting from the Procure to Pay project. As a result a systems control audit will not be undertaken this year, however, the audit will consist of substantive testing of the accounts payable data through analytical review, and a sample of transactions to test compliance. Accounts Payable Feeder Systems will also be reviewed as part of	Walkthrough testing completed. AP process changes covered as part of the Procure to Pay Project.

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
		this audit.	
EE (OCS)	4	<p>Key Financial System - Pensions Admin</p> <p>The audit is an annual review aimed at testing 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.</p>	Final Report - ACCEPTABLE
EE (OCS) / CEO	4	<p>Key Financial System - Main Accounting</p> <p>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.</p>	Final Report - ACCEPTABLE
EE (OCS)	4	<p>Schools Finance & Technical Team</p> <p>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.</p>	Final Report - ACCEPTABLE
EE	3	<p>Broadband</p> <p>There is a programme for the implementation of Superfast Broadband. Internal Audit are providing assurance in three areas:</p> <ul style="list-style-type: none"> i) Project governance ii) Compliance with BDUK requirements (to achieve funding from BDUK) iii) Contract/Procurement activity. <p>All three areas commenced in Q3 but will be on-going for the duration of the programme</p>	<p>i) On-going</p> <p>ii) Stage 1 review of BDUK compliance has been completed and was acceptable.</p> <p>iii) On-going</p>

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
EE (ICT)	2	Wireless Network To review the management and security of the wireless network. The wireless network is an attack point for any intruder wanting to gain unauthorised access to corporate systems and data.	Final Report - ISSUES
EE (ICT)	2	Remote Access To ensure all remote access to the corporate network is secure and controlled. This includes both users and suppliers. A new remote access solution has recently been implemented.	Final report - ACCEPTABLE
EE (ICT)	1	Telephony Infrastructure Project To provide assurance over the implementation of the telephony strategy. The audit will be undertaken in two phases. A key programme within ICT designed to deliver significant cost savings to the organisation.	Phase 1 - Final Management Letter - ISSUES Phase 2 - Final Report - ISSUES
EE (ICT)	2	Virtualised Infrastructure To review the management and security configuration of the virtual server environment i.e. VMware.	Final Report - ISSUES
EE (ICT)	2	SAP System To review the management and governance over the SAP collaboration with Hampshire CC. The scope will also include a high-level review of system security i.e. logical access, management of roles etc.	Final Report - ACCEPTABLE
EE (ICT)	3	NHS Information Governance Toolkit (IGT) S&CS access to NHS networks and systems is dependent upon them complying with NHS IGT requirements. This audit will review the compliance with those requirements	The submission has been delayed so this audit has now been deferred until quarter 1 of 2013/14.

Directorate	Qtr Start	Audit	Status as at 17 June 2013 (Bold type = completed)
Corporate	4	<p>Health and Safety This audit will review the governance structure for the management of Health and Safety across Council at a Corporate and Directorate level, including the identification, management and escalation of health and safety risks. Internal Audit is aware of the current activity in respect of health and safety responsibilities arising from the mobilisation of the Facilities Management contract, and will support that process as part of the audit.</p>	Final Report - Issues
PH	4	<p>Public Health This is not a specific audit, but Internal Audit are monitoring the on-going project for the mobilisation of Public Health responsibility to the Council with effect from April 2013.</p>	Ongoing and will continue into 2013/14.
All	4	<p>Assurance Mapping It was intended that during August 2012 we would be developing the methodology for undertaking an exercise to map out the assurance framework for all the key services within the County Council. This has not yet stated but will begin in Q4, focussing on CEF initially. This work will carry over in 2013/14. It will be a major piece of work, but the outcome should provide management with a high level review of the management controls in place to assure them that service objectives and outcomes will be met, or to provide the early warnings when action is required. Where gaps in the assurance framework are identified this will be used to direct future internal audit activity.</p>	This will now be completed in quarter 1 of 2013/14.

APPENDIX 2 Audit & Governance Committee 3 July 2013 - Implementation status of 2012/13 management actions.

Note implementation status is reported by management. Internal Audit has not yet undertaken any further testing to confirm.

Directorate	Audit	Overall Conclusion at Final Report Stage	Number of Management Actions agreed	Reported implementation status as at 17 June 2013
CEF	Overall directorate report for CEF Governance and Financial Management	ISSUES	6	5 not yet due 1 partially implemented
CEF	CEF Information Governance	ISSUES	4	1 implemented 3 partially implemented and target date amended, so not yet due (1 x priority 1 & 2 x priority 2)
CEF	Riverside Centre	UNACCEPTABLE	3	2 implemented 1 partially implemented and target date amended so not yet due (priority 1)
CEF	Youth Offending Service	ISSUES	8	6 implemented 1 partially implemented and 1 not yet due
CEF	Childrens Centres - Procurement and Budgetary Control	ACCEPTABLE	1	Implemented
CEF	Childrens Social Care Management Controls	ISSUES	14	13 Implemented 1 (priority 2 not yet due)
CEF	CEF Early Intervention Hubs – Data Management / Performance Information	ACCEPTABLE	0	n/a
CEF	CEF Troubled Families Grant - 12/13	ACCEPTABLE	0	n/a
CEF	CEF Contract Procurement and	UNACCEPTABLE	17	17 not yet due

Directorate	Audit	Overall Conclusion at Final Report Stage	Number of Management Actions agreed	Reported implementation status as at 17 June 2013
	Contract Management			
SCS	Overall directorate report for SCS Governance and Financial Management	ISSUES	10	3 implemented 4 not yet due (all priority 2) 3 partially implemented and target date amended, so not yet due (all priority 2)
SCS	SCS Information Governance	ISSUES	4	3 implemented 1 partially implemented and target date amended, so not yet due (priority 2)
SCS	SCS Project Management	ISSUES	8	1 implemented (SCS action) 7 target dates amended so not yet due (CEO actions) (2 x priority 1 and 5 x priority 2)
SCS	Engagement Service	ISSUES	9	6 implemented 1 not yet due (priority 2) 2 overdue (priority 2)
SCS	Personal Budgets	UNACCEPTABLE	35	28 implemented 5 target date amended so not yet due (all priority 2) 2 (priority 2) partially implemented 1 (priority 1) partially implemented
SCS	Adult Social Care Management Controls	UNACCEPTABLE	23	19 implemented 4 (priority 2) target date amended, not yet due
SCS	Client Charging	UNACCEPTABLE	32	19 implemented 7 not yet due 2 partially implemented (priority 2) 1 partially implemented (priority 1) 3 target date amended, so not yet due

Directorate	Audit	Overall Conclusion at Final Report Stage	Number of Management Actions agreed	Reported implementation status as at 17 June 2013
				(priority 2)
SCS	Pooled budgets	ISSUES	12	2 implemented 10 not yet due
SCS	Mental Health Client Reviews	ISSUES	3	3 implemented
CEO	Overall directorate report for CEO Governance and Financial Management	ISSUES	2	1 not yet due (priority 2) 1 target date amended, now due (priority 2)
CEO	CEO Information Governance	ISSUES	3	2 implemented 1 target date amended, so not yet due (priority 2)
	Information Governance - corporate issues	ISSUES	6	4 implemented 2 target date amended, so not yet due (priority 2)
CEO	Registrar's Office	ISSUES	6	6 implemented
CEO	Authority & Governance Corporate Findings	ISSUES	1	1 not yet due
CEO	Capital Accounting (Part 2)	ACCEPTABLE	1	1 implemented
CEO	Treasury Management	ACCEPTABLE	2	2 implemented
CEO	Lloyds Link On Line	ACCEPTABLE	0	n/a
CEO	Pension Fund	ACCEPTABLE	1	1 implemented
E&E	Overall directorate report for E&E Governance and Financial Management	ISSUES	10	4 implemented 4 not yet due (priority 2) 1 target date changed so not yet due (priority 2) 1 partially implemented (priority 1)
E&E	E&E Information Governance	ISSUES	2	2 implemented
E&E	Samuelson House	ISSUES	10	10 implemented
E&E	Oxfordshire Skills and Learning	ISSUES	11	7 implemented

Directorate	Audit	Overall Conclusion at Final Report Stage	Number of Management Actions agreed	Reported implementation status as at 17 June 2013
				2 not yet due (priority 2) 2 due (priority 2)
E&E	Property and Facilities Contract	ISSUES	9	n/a - only input on system 17 June 2013
E&E	Asset Strategy Implementation (incl. Corporate Landlord Approach)	ISSUES	10	n/a - only input on system 17 June 2013
E&E	Local Transport Capital Block Funding Specific Grant Determination 2010: No 31/1859	ACCEPTABLE	0	n/a
EE (OCS)	Credit Card Income - PCI compliance	ACCEPTABLE	2	2 implemented
EE (OCS)	Key Financial System - Payroll	ACCEPTABLE	2	2 implemented
EE (OCS)	Key Financial System - Accounts Receivable	ISSUES	7	4 implemented 2 not yet due 1 overdue, partially implemented (priority 1)
EE (OCS)	Key Financial System - Pensions Admin	ACCEPTABLE	1	1 not yet due (priority 2)
EE (OCS) / CEO	Key Financial System - Main Accounting	ACCEPTABLE	3	3 not yet due (priority 2)
EE (OCS)	Schools Finance & Technical Team Part 1	ACCEPTABLE	0	n/a
EE	Broadband	Stage 1 ACCEPTABLE	0	n/a
EE (ICT)	Wireless Network	ISSUES	7	4 implemented 2 not yet due (priority 1) 1 target date amended so not yet due (priority 2)

Directorate	Audit	Overall Conclusion at Final Report Stage	Number of Management Actions agreed	Reported implementation status as at 17 June 2013
EE (ICT)	Remote Access	ACCEPTABLE	4	3 implemented 1 overdue (priority 2)
EE (ICT)	Telephony Infrastructure Project Management Letter	ISSUES	5	2 implemented 3 target date amended, so not yet due (priority 2)
EE (ICT)	Telephone Infrastructure Project Follow up review	ISSUES	6	1 implemented 1 not yet due (priority 1) 4 not yet due (priority 2)
EE (ICT)	Virtualised Infrastructure	ISSUES	7	4 implemented 2 not yet due (priority 2) 1 partially implemented (priority 2)
EE (ICT)	SAP System	ACCEPTABLE	5	4 implemented 1 not yet due
Corporate	Organisational Health and Safety Arrangements	ISSUES	14	4 implemented 4 not yet due (priority 1) 6 not yet due (priority 2)

APPENDIX 3

DEFINITION OF CONCLUSIONS

Grading:	ACCEPTABLE	ISSUES	UNACCEPTABLE
Conclusion on:	Wording		
Overall conclusion on the system of internal control being maintained	There is a sound system of internal control in which risks are being managed to acceptable levels	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	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.
Risks have been identified, evaluated and managed	Thorough processes have been used	Processes have been used, but there are some deficiencies	Inadequate, or no, processes have been used
Internal controls are adequately designed to reduce risks to acceptable levels	There are adequately designed controls to mitigate the risks identified to acceptable levels (although some action may be required).	In general there are adequately designed controls to mitigate the risks identified, except for the significant risks noted in the report.	The design of internal controls is unacceptable as risks are not being mitigated to an acceptable level
Internal controls are operating effectively in reducing risks to acceptable levels	The controls in place are operating effectively, (although some action may be required)	In general the controls in place are operating effectively, except for the significant risks noted in the report.	Generally the controls in place are not operating effectively leaving an unacceptable exposure to significant risks.
The current levels of monitoring are sufficient	No more monitoring is necessary than is done at present	Some additional monitoring is required	Major improvements are required to the monitoring of controls
Action being taken to promptly remedy significant failings or weaknesses	The action being taken will result in all risks being mitigated to acceptable levels	The action being taken will result in only some risks being mitigated to acceptable levels	No action is being taken, OR Insufficient action is being taken to mitigate risks

