INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD 31ST DECEMBER 2016 TO 28TH FEBRUARY 2017

To: **Audit & Accounts Committee**

Date: **21st March 2017**

From: **Duncan Wilkinson, LGSS Chief Internal Auditor**

1.   PURPOSE

1.1   To report on the main areas of audit coverage for the period 31st December 2016 to 28th February 2017 and the key control issues arising.

2.   BACKGROUND

2.1   The role of Internal Audit is to provide the Audit Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.

2.2   The Committee is requested to consider the contents of this report.

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LGSS Internal Audit & Risk Management

Cambridgeshire County Council

Quarterly update report

Q4

As at 28th February 2017

1. FINALISED ASSIGNMENTS

1.1   Since the previous Progress Report to SMT in January 2017, the following audit assignments have reached completion as set out below in table 1:

Table 1: Finalised Assignments

No.	Directorate	Assignment	Compliance Assurance	Systems Assurance	Organisational impact
1.	Cross-Cutting (CCC-wide)	Travel and Subsistence Compliance	Good	Moderate	Minor
2.	Customer Service & Transformation	Business Continuity Policy	N/A	Good	Minor
3.	Children, Families & Adults	Community-Based Appointeeships	Moderate	Limited	Moderate
4.	Cross-Cutting (CCC-wide)	Procurement Compliance	Good	N/A	Minor
5.	Cross-Cutting (CCC-wide)	Debt Recovery	Moderate	Moderate	Moderate
6.	Children, Families & Adults	Client Contributions	Moderate	Moderate	Minor
7.	Economy, Transport & Environment	Total Transport Pilot	Good	Good	Minor
8.	Cross-Cutting (CCC-wide)	Use of Government Purchase Cards compliance	Limited	N/A	Minor
9.	Cross-Cutting (CCC-wide)	VAT compliance	Substantial	N/A	Minor
10.	Cross-Cutting (CCC-wide)	Grants to Voluntary Organisations compliance	Substantial	N/A	Minor
11.	Cross-Cutting (CCC-wide)	Duplicate Payments	Good	Good	Minor
12.	Customer Service &	Information Commissioners Office	Moderate	Moderate	Minor

	Transformation	(ICO) Audit Action Plan				
13.	Economy, Transport & Environment	Concessionary Bus Passes	LGSS Counter Fraud Team report into work investigating allegations of fraudulent use of bus passes.			

1.2 Summaries of the finalised reports with moderate or less assurance are provided in Section 6. This excludes individual schools audits, which are reported collectively once all reviews have been finalised.

1.3 The following audit assignments have reached draft report stage, as set out below in table 2:

Table 2: Draft/Interim Reports

No.	Directorate	Assignment
1.	Economy, Transport & Environment	Section 106
2.	Customer Service & Transformation	ICO Audit Action Plan
3.	Cross-Cutting (CCC-wide)	Off Contract Expenditure
4.	Cross-Cutting (CCC-wide)	EU Procurement Regulations
5.	Cross-Cutting (CCC-wide)	Transformation Programme – Benefits Realisation
6.	Cross-Cutting (CCC-wide)	Follow the Money
7.	Cross-Cutting (CCC-wide)	Key Performance Indicators
8.	Children, Families & Adults	Direct Payments Compliance
9.	Cross-Cutting (CCC-wide)	Contract Extensions
10.	Customer Service & Transformation	Information Governance Policies
11.	Cross-Cutting (CCC-wide)	Corporate Policy Statements

1.4 Further information on work planned and in progress may be found in the Audit Plan, attached as Appendix A.

2.   FRAUD AND CORRUPTION UPDATE

2.1   CURRENT INTERNAL AUDIT INVESTIGATIONS:

A summary of the current investigative caseload of the Internal Audit team is provided below at table 3. This includes investigations relating to suspected theft, fraud or misuse of funds, which are led by Internal Audit. As at the end of February 2017, 42 cases had been closed by Audit.

A report on the investigations into seven allegations of fraudulent use of concessionary bus passes has been produced by the Counter Fraud Team, and the team continue to work with the Passenger Transport service to identify improvements to the control environment.

Table 3: Internal Audit Investigations Caseload

Case Category	Description of activity or risk example	Cases	Outcomes
Concessionary travel & Blue Badges fraud	Common frauds are: • Use of counterfeit/altered passes • Use of a pass reported lost or stolen	7	Closed cases. Outcomes included referrals to the police; two written cautions issued; referrals to adult social care.
Pensions Payments Project	Project to review cases where pensions had been suspended due to no contact from the pensioner.	32	Closed & reported to service manager. No fraud identified.
Theft or misappropriation	• Theft of property • Staff misappropriation	3	Closed with recommendations.
Investigations	FACT Investigation	1	Ongoing investigation work
Totals		**43**	

2.2   CURRENT HUMAN RESOURCES (HR) CASELOAD:

A summary of the caseload of work currently being progressed by HR, primarily relating to disciplinary matters, is provided below at table 4. Internal Audit has also

provided support to two of the ongoing disciplinary cases. The high number of cases relating to attendance management is due to a current push to improve attendance management in social care teams, which is being supported by HR.

Table 4: HR Caseload

Case Category	Description of activity or risk example	Open/Ongoing Cases
HR caseload	Disciplinary	9
	Grievance	8
	Performance	21
	Whistleblowing	1
	Attendance management	124
Totals		**163**

3 IMPLEMENTATION OF MANAGEMENT ACTIONS

3.1 The outstanding management actions as at the end of February 2017 are summarised in Table 5, which includes a comparison with the percentage implementation from the previous report (bracketed figures).

Table 5: Outstanding Management Actions

	Category 'Fundamental' recommendations		Category 'Significant' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total
Implemented	0	0% (0%)	34	74% (64%)	34	74% (64%)
Actions due within last 3 months, but not implemented	0	0% (2%)	2	4% (13%)	2	4% (15%)
Actions due over 3 months ago, but not implemented	2	4% (2%)	8	17% (23%)	10	22% (25%)
Totals	2		44		46	

3.2 A summary of the outstanding recommendations, and the current progress with implementing them, is provided in a table at Appendix B.

4. *SUMMARIES OF COMPLETED AUDITS WITH MODERATE OR LESS ASSURANCE*

A. CHILDREN, FAMILIES & ADULTS DIRECTORATE

A.1 Community-Based Appointeeships

An Appointee is a person authorised by the Department for Work and Pensions to claim, collect and use benefits on behalf of a person who does not have the mental and/or physical capacity to manage their own finances. Internal Audit carried out a review focusing on situations where the Council is the Appointee for service users in the community; a separate review was carried out earlier in the year focusing on Appointeeships for service users in residential care, as these are administered separately.

The initial work undertaken to determine compliance with the Council's Community-Based Appointeeships Policy identified some serious concerns which led Internal Audit to issue an interim report to the service. The system outlined in the policy itself contained some inherent risk, as the guidance did not include a process for oversight of the activities of staff acting as Appointees and undertaking the role may place a significant additional burden of work on Team Managers who are not specialised in financial risk. In practice, based on a sample of 88 service users, there was no evidence of compliance with the policy; no central record of staff holding Appointeeships existed; some managers had indicated that they believed some staff held Appointeeships for service users but were not able to identify which staff; and of the 88 service users reviewed, 13 (15%) had Appointeeships in place with external providers, although this was outside the Council's policy.

Given these findings, it was agreed that the service would conduct a full review to identify any instances of staff acting as appointees in Older People's Services, Learning Disability Partnership operational teams, or in Physical Disabilities or Sensory services, and to identify any external organisations acting as Appointees for service users. This identified just one instance where a member of staff was acting as an Appointee for two service users; this arrangement is now being discontinues.

It was therefore apparent from the full review carried out by the service that although the control environment around Appointeeships for service users in the community did create a risk to the Council and service users, in practice staff had put in place pragmatic arrangements which minimised this risk. The service will

now develop and implement new guidance for the management of Appointeeships for service users in the community.

A.2   Client Contributions

Service users in receipt of provision from adult social care or older people's and mental health services undergo a financial assessment to determine whether they need to pay a financial contribution to their care costs. In 2015/16 the Council received £22.4m client contributions for adult social care; in order to ensure that the most effective use is made of limited resources, it is important for the Council to have appropriate processes in place to charge and collect client contributions due tin an efficient way, and to accurately budget for this. An audit was therefore carried out, which gave moderate assurance both for the controls in place over these processes, and for compliance with those controls.

The take-up of the direct debit payment method by service users is approximately 40%. Direct debit is the Council's preferred payment method, as it is relatively low cost and reduces the risk of non-payment or late payment by service users. The Debt Service are currently finalising CCC access to create direct debits online via the telephone, with the intention of significantly reducing the time the current paper process takes and ensure direct debits can be in place prior to invoices being issued. Monitoring of the take-up of direct debit payment will be undertaken and reported on a quarterly basis.

The audit also noted that moving service users onto direct debit payments creates the potential to make further savings by ceasing to issue monthly invoices to service users paying by direct debit, moving to a single annual invoice instead. It was agreed that the service would undertake a review of the feasibility of this proposal.

The Council also offers the option of Deferred Payment Agreements for service users; these legal agreements place a charge against the service user's property to ensure that they do not have to sell their home to pay for their care costs during their lifetime. Internal Audit reviewed a number of these agreements and identified a lack of consistency with regards to ensuring agreements were appropriately signed and dated, and the monitoring process and statements issued to service users. The service has agreed to implement a review process to ensure all Deferred Payment Agreements are checked by managers and to review all current agreements to ensure the correct signatures are in place. A new system, ABACUS, is being introduced at Cambridgeshire to monitor agreements, and a system of random quarterly checks will also be introduced to verify information recorded about each agreement.

B. CROSS-CUTTING (COUNCIL WIDE)

B.1 Travel and Subsistence Compliance

Internal Audit completed a review of compliance with the Council's travel and subsistence policies, which focused on reviewing a sample of travel and expenses claims made by employees. Based on this review, good assurance was given over compliance with the policies, and moderate assurance was given over the control environment, as some areas for improvement were identified.

The current online claims system for mileage has no mechanism to prevent an employee from duplicating a claim or to alert managers to possible duplications or unusually high claims. The audit identified an instance where £370 had been paid for car parking charges; when this was investigated it was identified that the charges should have been for £3.70, not £370, but the incorrect amount had been approved by the manager and paid to the employee. This appears to have been a genuine error; there were no other high expense claims from the employee, and HR are making arrangements for repayment of the money. A reporting mechanism to alert managers to high value claims may have picked this up sooner, and the service is now seeking to develop a report which would enable managers to check the mileage and expenses they have approved, which will also highlight high value claims.

Home to work mileage is deducted from claims automatically by the system, based on the postcode that has been set as the employee's home. The review identified that when managers approve mileage claims, they are not currently able to check whether the correct amount of home to work mileage has been deducted from the claim, and managers are not alerted when an employee changes their home postcode. With no means for managers to check what postcode employees are using as their home base, this area of the system may be open to abuse; however, a review of a sample of five travel claims identified that in every case the postcode that had been set as the employee's home for mileage purposes matched their home postcode on Oracle. The service has confirmed that with the implementation of the new Agresso system, the way home to work mileage is claimed will be changed, giving greater visibility to approving managers.

B.2 Use of Government Purchase Cards (GPC) Compliance

Internal audit gave limited assurance for compliance relating to the use of Government Purchase Cards (GPC's). The Council's annual GPC expenditure amounts to less than £1m in total, a small figure in relation to the overall Council

revenue budget, although there remains a risk that misuse of the purchasing power of GPC's could have an adverse financial and reputational impact on the Council.

The current process in place requires card-holding officers to review and confirm their transactions on a monthly basis; once this is complete, the transactions should then be reviewed by an approver. Based on a review of GPC transactions in July 2016 (expenditure of £60.1k in total), it was identified that 42% of transactions were compliant with this process, but 25% of transactions were not reviewed by the card-holding officer, and 33% had been reviewed by the card-holding officer but were then not approved.

The current policy places significant burden on staff and particularly managers who may be required to review a large volume of low-value transactions within a short time window. Internal Audit has suggested that a more proportionate control may be to require approval of items above a stated value, or where a staff member has incurred expenditure above a given value within a set period. Analysis of July data identified that setting a transaction review floor of £25 could reduce the number of transactions requiring review by half, yet still capture over 90% of all GPC expenditure by value. The introduction of a threshold has been agreed in principle by LGSS, although further discussions with the Cambridgeshire Strategic Finance Management Team will be needed to clarify the exact process and resourcing, and to consider any sanctions to be imposed as part of the process.

In the interim, further communications will go out to cardholders regarding the need to request VAT evidence and itemise VAT, the need for receipt retention and the need for adequate descriptions of transactions.

B.3   Debt Recovery

Internal audit carried out a review of debt recovery at Cambridgeshire County Council, and gave moderate assurance over the control environment in place for debt recovery, and moderate assurance over compliance with controls.

The current system used for debt recovery has no way of setting system triggers for recurring action on outstanding debts, and delinquency reports cannot be sorted by the date that the last action was taken on each debt, which means that debts are chased 'as and when'. It was agreed to implement a formal process to address this, and the debt team are working to configure reports to address these issues as part of the implementation of the new financial system in 2017.

Currently there is not a corporate policy for debt prevention; the team have already started work identifying and implementing ways to prevent debt (such as encouraging the take-up of direct debits in social care) and it has been agreed to

develop a debt prevention strategy to be incorporated into the overall Collections Strategy, which will set out the Council's approach to preventing debt through for instance the promotion of direct debit, deferred payment, interest charges and so on. The service has also agreed to investigate the possibility of offering settlement rebates, implementing a customer credit limit, and imposing penalties for late payment. On a corporate level, it is anticipated that the implementation of the Citizen First, Digital First programme will improve the Council's ability to prevent debt.

A number of other actions have also been agreed with regards to updates of the Collections Strategy; communication of guidance; and internal debt team processes, which when implemented should further strengthen the control environment around debt recovery.

C. CUSTOMER SERVICE AND TRANSFORMATION

C.1 Information Commissioners Office (ICO) Audit Action Plan

The Information Commissioner's Office (ICO) conducted a records management audit of Cambridgeshire County Council in 2016, and a limited assurance level was given; this is a typical level of assurance for an authority on its first review by the ICO. A number of actions were agreed with the ICO to improve the Council's control environment around data protection and records management. As a result of this, it was agreed with the Chief Executive that Internal Audit would undertake a review to provide assurance that the implementation of agreed actions from the ICO's visit have either been implemented or are on track.

It was identified that of the 68 actions agreed with the ICO, 39 had been completed, 28 were in progress and 1 was yet to start as it is contingent on the implementation of the new Mosaic system. The internal audit highlighted the need for the service to revise their action plan and incorporate revised target dates for ongoing actions, and a number of supporting actions were identified to improve the work being undertaken, including conducting an information risk workshop and greater engagement with IT.

5. OTHER AUDIT ACTIVITY

In addition to completing ongoing audit reviews, the Internal Audit team is conducting work in the following areas:

5.1 CAPITAL PROGRAMME ASSURANCE

Following the presentation of the Internal Audit report on the Ely Archives project to Audit & Accounts Committee on the 24th January, Internal Audit were requested to programme testing of a range of current projects from within the Council's Capital Programme, to provide assurance over project management arrangements in place.

A Terms of Reference for this review has been issued and the audit work programme developed. A sample of six schemes for detailed review has been selected, incorporating a range of schemes from the schools capital programme, highways programme, and ad hoc capital projects including housing development and community hubs. Fieldwork testing these schemes is currently underway and meetings with key officers are booked in; at the time of writing there are no key findings to report.

5.2 PUBLIC SECTOR INTERNAL AUDIT STANDARDS EXTERNAL REVIEW

The Cambridgeshire office of LGSS Internal Audit underwent an external review of compliance with Public Sector Internal Audit Standards in December 2016. This included a review of a number of audits undertaken over the current and previous financial year; interviews with relevant officers including all members of the Internal Audit team along with the Council's Chief Finance Officer, Monitoring Officer and Chief Executive; and consideration of Internal Audit policies and procedures.

This review identified no areas of non-compliance that would affect the overall scope or operation of the Internal Audit activity, an extremely positive result. Some areas for improvement were identified, and a draft action plan to address these areas has been drawn up and will be implemented before a follow-up assessment is conducted in 2016/17.

The end date for all actions from the action plan to be complete is the end of June 2017. A number of key actions have already been implemented, including implementation of a revised Terms of Reference format, and development of a new draft Internal Audit Charter and Strategy (being presented separately to this meeting of the Audit & Accounts Committee).

5.3   TROUBLED FAMILIES GRANT REVIEW

Internal Audit conduct review and certification of claims made by the Council under the government's Troubled Families Grant. Following concerns about the service's ability to meet its target of 505 claims by year end, given that only 23 claims had been approved to the end of September, Internal Audit completed a review of the processes by which families are identified and claimed, including benchmarking current practice at Cambridgeshire against processes in place at other Councils. The report was issued in January and a number of suggestions and recommendations were made.

Audit has continued to work closely with the service in reviewing the grant and monitoring the progress being made with the claim. The team are now projecting that between 400-450 will be completed for the 24th March deadline, and as of the 10th February, 114 claims had been approved.

Internal Audit will continue to work closely with the service to review this grant and monitor the progress being made with the claim.

5.4   INTERNAL AUDIT PLAN

In the last quarter, the Internal Audit Plan has been re-assessed in line with current risks facing the organisation and updated accordingly, as part of the ongoing re-evaluation of the coverage required to give stakeholders an appropriate level of assurance; and to ensure resources are prioritised to the areas of highest risk.

- **Capital Programme Assurance** – Internal Audit has been requested to provide assurance by sampling a number of projects in the Capital Programme and reviewing project management arrangements; this review has been added to the Plan.
- **Use of Consultants** – Internal Audit has been requested to provide assurance by reviewing a number of consultancy contracts from the past year; this review has been added to the Plan.
- **Troubled Families** – The time budgeted for this review has had to be increased, as the level of queried/rejected claims was initially extremely high, meaning that Internal Audit had to review 100% of claims. This has now dropped to 50% review and the intention is to drop this to the minimum 10% required, once the new processes are fully embedded and few claims are being queried/rejected.
- **Waste Private Finance Initiative (PFI)**– Internal Audit review of this PFI will be deferred to April and included in the 2017/18 Audit Plan.

- **Street Lighting PFI** – Internal Audit review of this PFI will be deferred to April and included in the 2017/18 Audit Plan.
- **Traded Services** – work on this review was started earlier in the year and initially focused on following up previous audit recommendations. It was agreed that Audit would return to complete the audit following an internal review which was due to be completed in December. This will not now be completed until the end of March, so the review has been deferred to the new financial year.

CCC INTERNAL AUDIT PLAN 2016/17

Audit Title *as per APACE*	Status (drop-down)	Directorate (drop-down)	Qtr Opened	Qtr Closed	Plan Days
TRANSFORMATION PROGRAMME					
Following the Money Strategy	Draft	Cross-Cutting	Q3		20
Transformation Programme	Closed	Cross-Cutting	Q2	Q4	10
Corporate Capacity Review	Closed	Cross-Cutting	Q2	Q4	10
Procurement, Contracts & Purchasing (V4)	Closed	Cross-Cutting	Q1	Q3	20
QA Task & Resource Mapping	Closed	Cross-Cutting	Q2	Q2	5
Corporate Policy Statements	Draft	Cross-Cutting	Q3		20
Partnerships Framework	Closed	Cross-Cutting	Q2	Q3	5
Transformation Programme - Benefits Realisation	Draft	Cross-Cutting	Q3		15
Business Planning Compliance	Open	Cross-Cutting	Q3		15
MAKING EVERY PENNY COUNT					
Client Contributions	Closed	CFA	Q1	Q4	20
Traded Services - Cost Recovery	Closed	Cross-Cutting	Q2	Q4	3
VAT - Compliance	Closed	Cross-Cutting	Q1	Q4	20
Review of Procurement - Compliance	Closed	Cross-Cutting	Q2	Q4	10
Overtime - Compliance	Closed	Cross-Cutting	Q1	Q2	20
Travel & Subsistence - Compliance	Closed	Cross-Cutting	Q2	Q4	20
KEY FINANCIAL SYSTEMS					
Accounts Receivable	Draft	Cross-Cutting	Q4		15
Purchase to Pay	Draft	Cross-Cutting	Q4		20
Payroll	Open	Cross-Cutting	Q4		25
General Ledger	Draft	Cross-Cutting	Q4		10
Bank Reconciliation	Draft	Cross-Cutting	Q4		5
Treasury Management	Open	Cross-Cutting	Q4		5
Financial Systems IT General Controls	Open	Cross-Cutting	Q4		10
Risk Management	Open	Cross-Cutting	Q3		5
Procurement Governance	Open	Cross-Cutting	Q3		20

Debt Recovery	Closed	Cross-Cutting	Q1	Q4	20
GRANT VERIFICATION					
Local Transport Capital Block Funding	Closed	ETE	Q2	Q2	5
Local Sustainable Transport Fund	Closed	ETE	Q1	Q2	5
Cycle City Phase II	Closed	ETE	Q2	Q3	5
Public Health Grant	Closed	PH	Q2	Q2	5
Troubled Families Grant	Ongoing	CFA	Q1		40
Disabled Facilities Grant	Closed	CFA	Q2	Q2	2
Bus Services Operators Grant	Closed	ETE	Q2	Q2	5
Arts Grant	Closed	ETE	Q1	Q2	5
Local Growth Fund Grant	Closed	ETE	Q2	Q2	5
COMMISSIONING & CONTRACTS					
Schools Capital Programme	Open	CFA	Q3		20
Skanska Highways	Ongoing	ETE	Q1		20
Highways Contract Transformation	Closed	ETE	Q1	Q4	25
Waste PFI Contract	Closed	ETE	Q2	Q4	6
Street Lighting PFI	Closed	ETE	Q1	Q4	3
Off-Contract Spend	Draft	Cross-Cutting	Q2		15
Commissioning	Cancelled	Cross-Cutting	Q3	N/A	3
Contract Management	Open	Cross-Cutting	Q3		15
RISK-BASED AUDITS					
Section 106	Draft	ETE	Q1		20
Total Transport Pilot	Closed	ETE	Q1	Q4	24
Replacement of AIS System	Closed	CFA	Q1	Q3	20
Commitment Records in CFA	Closed	CFA	Q1	Q3	20
Public Health Joint Intelligence Unit	Cancelled	PH	Q1	N/A	5
Quality Assurance	Closed	CFA	Q1	Q3	15
Appointeeships	Closed	CFA	Q1	Q4	20
Blue Badges	Closed	CST	Q1	Q1	4
Capital Programme Projects	Open	Cross-Cutting	Q4		15
Use of Consultants	Open	Cross-Cutting	Q4		15
Residential Care Homes Project	Ongoing	CFA	Q1		10
Property Portfolio Development Project	Ongoing	Cross-Cutting	Q1		15
POLICIES & PROCEDURES					
Financial Regulations	Closed	Cross-Cutting	Q3	Q3	5
Contract Procedure Rules	Open	Cross-Cutting	Q3		5
Business Continuity Policy	Closed	Cross-Cutting	Q3	Q4	5

Scheme of Delegation	Closed	Cross-Cutting	Q2	Q2	5
Information Governance Policies	Draft	Cross-Cutting	Q3		10
Code of Conduct and Behaviour Policies	Closed	Cross-Cutting	Q2	Q3	5
Risk Management Policy	Open	Cross-Cutting	Q4		5
Enforcement Policy	Closed	Cross-Cutting	Q2	Q3	5
COMPLIANCE					
Direct Payments - Compliance	Draft	CFA	Q4		15
Duplicate Payments - Compliance Follow-Up	Closed	Cross-Cutting	Q3	Q4	5
Fees and Charges Compliance	Closed	Cross-Cutting	Q2	Q3	10
Grants to Voluntary Organisations - Compliance	Closed	Cross-Cutting	Q2	Q4	15
Agency Staff - Compliance	Closed	Cross-Cutting	Q2	Q3	15
Unannounced Visits - Compliance	Closed	Cross-Cutting	Q2	Q3	20
Key Performance Indicators - Compliance	Draft	Cross-Cutting	Q2		15
Scheme of Delegation - Compliance	Closed	Cross-Cutting	Q2	Q3	15
Use of GPC - Compliance	Closed	Cross-Cutting	Q2	Q4	15
Contract Extensions - Compliance	Draft	Cross-Cutting	Q3		15
EU Procurement Regulations - Compliance	Draft	Cross-Cutting	Q3		20
ICT AND INFORMATION GOVERNANCE					
Information Security	Draft	CST	Q3		15
Records Management - ICO	Closed	CST	Q1	Q1	5
Agresso ERP	Open	Cross-Cutting	Q4		10
General Computer Controls	Open	Cross-Cutting	Q4		20
SCHOOLS					
Schools Financial Risks	Closed	CFA	Q1	Q3	60
Safe Recruitment	Closed	CFA	Q1	Q3	60
Schools Advice & Training Sessions	Closed	CFA	N/A	N/A	5
ANTI-FRAUD AND CORRUPTION					
Preventative & Pro-Active Fraud Work	Ongoing	Cross-Cutting	N/A	N/A	10
National Fraud Initiative	Closed	Cross-Cutting	Q2	Q4	30
St Luke's Working Party	Closed	CFA	Q1	Q4	10
Fraud Investigations	Ongoing	Cross-Cutting	Q1	N/A	125
GOVERNANCE, RISK MANAGEMENT & OTHER					
Annual Governance Statement/CoCG	Closed	Cross-Cutting	Q1	Q1	19
Assurance Framework	Closed	Cross-Cutting	Q1	Q1	10
Risk Management	Ongoing	Cross-Cutting	N/A	N/A	75

FOI requests	Ongoing	Cross-Cutting	N/A	N/A	3
Advice & Guidance	Ongoing	Cross-Cutting	N/A	N/A	50
Follow-Ups of Agreed Actions	Ongoing	Cross-Cutting	N/A	N/A	40
Committee Reporting	Ongoing	Cross-Cutting	N/A	N/A	25
Management Reporting	Ongoing	Cross-Cutting	N/A	N/A	25
Audit Plan	Ongoing	Cross-Cutting	N/A	N/A	25

Operational Plan Total - 2016/17   **1550**

Summary of Outstanding Recommendations

Audit	Risk level	Summary of Recommendation	Target Date	Status
Direct Payments	M	**Direct Payment Monitoring:** The requirement to produce monitoring information will be clarified for service users as part of the revision of the Direct Payments Agreement and the DPMOs team will introduce different levels of monitoring for Direct Payments, based on an assessment of service user risk.	30/9/16	The service has revised the Direct Payments Agreement and requirements for monitoring information, but upon review by Internal Audit it was felt that these did not fully address all aspects of the audit recommendations. Feedback has been provided and the documents have been revised but the service are awaiting advice regarding data protection requirements prior to re-issuing the revised documents. A meeting about this is scheduled for the week of the 13th March and Internal Audit will be informed of the outcomes. **Awaiting revised date (expected by 17th March).**
	M	**Line Management Arrangements for DPMOs:** The line management arrangements for the DPMO's will be refreshed, so that they report directly in to the Practitioner Consultant for Direct Payments and are given greater authority to challenge.	30/9/16	Recruitment of a Consultant Practitioner was delayed due to the original preferred candidate dropping out. A new Consultant Practitioner has now been recruited. They have a start date of 10th April. The development of new procedures is dependent on recruitment of the Practitioner Consultant.
	M	**Direct Payments Monitoring Officers Team Procedures:** A full set of procedures will be developed and agreed for the Direct Payments Monitoring Officers.	30/9/16	**Due date: 31/5/17**

	M	**Support Planning:** As part of the new procedures, DPMOs will review Support Plans when new payments are set up and an escalation procedure for poor support planning will be set up.	30/9/16	The action is partially complete, as it has been confirmed that DPMOs are now reviewing Support Plans and evidence of this has been provided to Internal Audit. However it has not been confirmed that this process has been recorded formally in new procedures, along with a clear protocol for escalation if issues are identified and not addressed. **Awaiting revised date.**
Payment Methods	H	**Understanding the costs of transactions:** The cost to the Council of processing transactions via cash; cheque; invoice; credit/debit card; and online payment will be calculated.	31/7/16	The implementation of the actions from this review was initially delayed due to the impact of the Corporate Capacity Review, which resulted in responsibility for implementing these actions shifting between teams, due to staff turnover and staffing structure changes. A new online payments system, Civica ICON, is now being procured for the County Council in conjunction with our partners in Northamptonshire and Milton Keynes. The timescale for implementation of this is the end of May 2017. Going forward this will become the principal online payments system for the Council, enabling us to close down other payments systems, thereby reducing cost and system complexity. As yet, no work has been undertaken to re-calculate the cost of the Council of processing transactions via different payment methods. Instead the current proposal is that the end-to-end unit costs of transactions will be reviewed in each service area being transformed as part of the roll out of the Citizen First, Digital First Programme as it is felt that this will be a more valid measure. **A meeting is scheduled with Internal Audit on 18th March to discuss this approach and confirm whether this action would address the risks**

				identified from the Internal Audit review of Payment Methods.
	H	**Raise awareness of the cost of transactions:** The costs to the Council of processing transactions via the various types of payment methods will be made available on CamWeb and publicised to staff.	30/9/16	The bringing together of our communications and information resources, through the review of our corporate capacity, has created a dedicated role for internal communications. This includes making improvements to our intranet, and the nature and range of internal communications' channels we have at our disposal, so that we can have a more systematic approach to our internal communications. This will include providing key information for managers such as raising awareness of the costs of transactions and setting out how we intend to support services to maximise the use of Civica ICON. **Awaiting revised date for comms to be rolled out (expected at 18th March meeting).**
	M	**Digital Payment by default:** A Business Case will be taken to SMT outlining the case for the Council to take the approach that digital payment should be the default option.	30/9/16	The implementation of Civica ICON in May 2017 will be the means by which the Council can drive towards digital by default payments, which will in turn contribute towards more effective debt management. This new payments system will be integrated with the new Enterprise Resource Planning (ERP) Finance System when this goes live in September 2017. In anticipation of Civica ICON going live, the service is working on an implementation plan which will identify which services will be pushed towards Digital Payment by Default, and in what order. The business case for this will be signed off by SMT, and this will be the means by which services will be transformed. **Awaiting revised date for Business Case to go to**

				SMT (expected at 18th March meeting).
	M	**Services should apply to be transformed:** Once services are able to determine the total cost of transactions by payment method, there should be a clear prioritisation for transforming services, based on the anticipated savings from transformation.	30/11/16	Service transformation will be driven through the Citizen First Digital First Programme, supported by GPC and SMT, so the ability to drive services to deploy digital payments will be strengthened. A draft prioritisation framework/criteria for identifying services to be transformed has been produced and a draft rollout plan has been created to identify which services will be targeted and when for digital payment by default. Completion of this action depends upon sign-off of this approach by SMT as part of the Business Case. **Awaiting revised date for Business Case to go to SMT (expected at 18th March meeting).**
	M	**Payment processing costs:** Once transaction costs are known, consideration will be given to a review of which traded services are charged payment processing costs.	30/9/16	A review of traded services is underway, with support from the newly created Transformation Team. This will include looking at internal charging, to ensure that we operate a full-cost recovery approach to our traded services as a base line. A Commercial Framework is under development which will be developed at the Commercial Board and this will confirm which overheads are charged to commercial services and how these are charged (including payment processing costs). A draft Framework is expected to be taken to the meeting of the Board in May 2017. **Due: 31/05/2017**
Domiciliary Care	M	**Centralised System for Monitoring Missed Calls** Regular centralised monitoring of missed calls on AFM should be introduced, to identify any	30/9/16	A missed calls report has been produced, which will form part of a centralised monitoring system. Audit is working with the service to complete this action; final completion of the action as originally envisaged is

		patterns. This should include cross-referencing to the SCR.		dependent on the completion on the action below.
	M	**Use of the Single Central Record** The SCR should be used to log complaints from all service users, including self-funders. An SCR category for missed/short/late calls should be introduced.	30/9/16	This action was initially delayed as the officer originally responsible for it has left the organisation. The recommendations expand the focus of the Soft Concerns Database and staff resource needs to be identified to ensure that the information collected in the database can be used effectively. Responsible officer will be confirmed by 31 March 2017.
Unannounced Visits	M	**Absence of Written Procedures:** A set of formal written financial procedures should be developed for the Council's residential units. These must comply with the Council's Scheme of Financial Management and Financial Regulations and should clearly set out the practices to be followed in all areas of financial administration and the responsibilities of key officers. Once completed, these written procedures should be distributed to all residential Unit employees to ensure that they are aware of their financial administration responsibilities.	31/01/17	Draft procedures have been developed by the service and a second draft has now been provided to Internal Audit. The service are aiming to have this completed by the end of March and Audit will meet with them to go through the final draft before it is finalised. **Revised date: 31st March 2017.**