

# AUDIT AND GOVERNANCE COMMITTEE AGENDA



**Thursday 17 March 2016**

**at 10.00 am**

**in Committee Room B,  
Civic Centre, Hartlepool.**

**MEMBERS:** AUDIT AND GOVERNANCE COMMITTEE

Councillors Ainslie, S Akers-Belcher, Belcher, Cook, Lawton and Martin-Wells.

Standards Co-opted Members; Mr Norman Rollo and Ms Clare Wilson.

Parish Council Representatives: Parish Councillor J Cambridge (Headland) and Parish Councillor B Walker (Greatham).

**1. APOLOGIES FOR ABSENCE**

**2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**

**3. MINUTES**

3.1 Minutes of the meeting held on 3 March 2016 *(to follow)*.

**4. AUDIT ITEMS**

4.1 Mazars Report – Grant Report – *Chief Finance Officer*

4.2 Internal Audit Plan 2015/16 Update – *Head of Audit and Governance*

4.3 Internal Audit Plan 2016/17 – *Head of Audit and Governance*

**5. STANDARDS ITEMS**

No Items.



**6. STATUTORY SCRUTINY ITEMS**

- 6.1 Care Quality Commission Inspection of the North Tees and Hartlepool NHS Foundation Trust – Update Report / Presentation – *Chief Executive, North Tees and Hartlepool NHS Foundation Trust and Acting Director of Nursing, North Tees and Hartlepool NHS Foundation Trust.*

**7. MINUTES FROM THE RECENT MEETING OF THE HEALTH AND WELLBEING BOARD**

No items.

**8. MINUTES FROM THE RECENT MEETING OF THE FINANCE AND POLICY COMMITTEE RELATING TO PUBLIC HEALTH**

No items.

**9. MINUTES FROM RECENT MEETING OF TEES VALLEY HEALTH SCRUTINY JOINT COMMITTEE**

No items.

**10. MINUTES FROM RECENT MEETING OF SAFER HARTLEPOOL PARTNERSHIP**

No items.

**11. REGIONAL HEALTH SCRUTINY UPDATE**

No items.

**12. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT**

**For Information:**

Date of next meeting: Thursday 28 April 2016 at 10.00am in the Civic Centre, Hartlepool.



# **AUDIT AND GOVERNANCE COMMITTEE**

**17 March 2016**



**Report of:** Chief Finance Officer

**Subject:** MAZARS REPORT- GRANT REPORT

## **1. PURPOSE OF REPORT**

- 1.1 To inform Members of the Audit and Governance Committee that arrangements have been made for representatives from Mazars to be in attendance at this meeting, to present the content of the Grant Report.

## **2. BACKGROUND**

- 2.1 This report updates the Audit and Governance Committee on Mazars progress in meeting their responsibilities as the Councils external auditor in relation to certification arrangements for specified claims and returns to Public Sector Audit Appointments.

## **3. FINDINGS OF MAZARS**

- 3.1 Details of key messages are included in the main body of the report attached as Appendix 1.

## **4. RISK IMPLICATIONS**

- 4.1 Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.

## **5. FINANCIAL CONSIDERATIONS**

- 5.1 There are no financial considerations.

**6. LEGAL CONSIDERATIONS**

6.1 There are no legal considerations.

**7. CHILD AND FAMILY POVERTY CONSIDERATIONS**

7.1 There are no child and family poverty considerations.

**8. EQUALITY AND DIVERSITY CONSIDERATIONS**

8.1 There are no equality and diversity considerations.

**9. STAFF CONSIDERATIONS**

9.1 There are no staff considerations.

**10. ASSET MANAGEMENT CONSIDERATIONS**

10.1 There are no asset management considerations.

**11. RECOMMENDATIONS**

11.1 That the Audit and Governance Committee:

- i. Note the report of Mazars.

**12. REASON FOR RECOMMENDATIONS**

12.1 To ensure the Audit and Governance Committee is kept up to date with the work of our External Auditor.

**13. BACKGROUND PAPERS**

13.1 Mazars Update Report.

**14. CONTACT OFFICER**

14.1 Chris Little  
Chief Finance Officer  
Civic Centre  
Hartlepool. TS24 8AY  
Tel: 01429 523003  
Email: Chris.Little@Hartlepool.gov.uk

# Hartlepool Borough Council

## Certification of claims and returns

Annual report 2014/15

# Contents

Contents ..... 1

1 Background..... 2

2 Findings..... 3

3 Fees ..... 3

*Our reports relating to the 2014/15 financial year are prepared in the context of the Audit Commission’s ‘Statement of responsibilities of auditors and audited bodies.’ Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.*

*Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.*

# 1 Background

## The scope of our work

As the Council's appointed auditor, we acted as an agent of the Audit Commission. The Local Audit and Accountability Act 2014 transferred the Audit Commission's responsibilities to make certification arrangements for specified claims and returns to Public Sector Audit Appointments (PSAA). For 2014/15 the only claim or return within this regime was the housing benefit subsidy return.

In 2014/15 the prescribed tests for our housing benefits work were set out in the HBCOUNT module and BEN01 Certification Instructions issued by the Audit Commission.

During the year we have also been engaged directly by the Council to undertake assurance work on the Teachers' Pensions return. This engagement is outside of the Audit Commission / PSAA regime and we have reported separately to officers on the outcome of this work. We have included the results of this work in this report to give members a full understanding of our assurance and certification work for 2014/15.

## Our certificate

For the housing benefit subsidy return, on completion of the specified work we issue a certificate. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter. Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

For assurance provided on claims and returns outside of the Audit Commission / PSAA regime, we issue an assurance report instead of a certificate.

## 2 Findings

### The Council's control environment

We have not noted any weaknesses in your control environment for any claim or return.

We did not make any recommendations in relation to the control environment in our 2014/15 certification report.

### Amendments and Qualifications

The following claims and returns were certified in 2014/15:

#### Audit Commission/PSAA grant claims or returns

Claim or return	Value of claim or return	Amended	Qualified
Housing benefit subsidy	£47,942,856	Yes	Yes

#### Non Audit Commission/PSAA grant claims and returns

Claim or return	Value of claim or return	Amended
Teachers Pensions	£5,318,469	No

### Housing benefit subsidy

As in previous years and in common with many other authorities, minor errors were identified.

Where an error could be quantified the claim form was amended. The return was amended for minor errors relating to:

- non HRA overpayments;
- uncashed cheques; and
- classification of non HRA board and lodging rent rebates.

Where an error was identified in sample testing and it was not possible to quantify the error, the matter was reported in a qualification letter to the Department as extrapolated errors. The audited claim was submitted to the DWP on 30 November in accordance with prescribed guidance. Errors identified in our 2014/15 testing related to two instances of incorrect rent amounts being used in benefit calculations. The DWP has subsequently confirmed to the Council on 10 December 2015 that they are satisfied and the 2014/15 claim has been finalised and closed resulting in £82 more subsidy for the Council.

### Non PSAA grant claims and returns

The Teachers' Pension Scheme is a contributory pension scheme administered by Teachers' Pensions on behalf of the Department for Education. Teachers employed in local authority maintained schools and other local authority establishments may be members of the scheme.



The Council is required to submit a return (EOYCa) showing teachers' pension contributions deducted and paid to Teachers' Pensions in the year. The amounts included on the return includes amount deducted and paid by schools that use a payroll provider other than the Council.

For 2014/15, we concluded that the EOYCa for the year ended 31 March 2015 had been prepared, in all material respects, in accordance with the regulations underpinning the Teachers' Pension scheme.

### 3 Fees

Prior to its abolition, the Audit Commission set an indicative fee for our work on the Council's housing benefit subsidy return. We confirm that the final fee payable for this work as outlined in the table below is in line with the indicative fee.

For claims and returns that fell outside of the Audit Commission / PSAA regime, we agree a fee with Council officers prior to commencing our work.

For 2014/15 the following fees were charged for certification work:

#### Audit Commission/PSAA grant claims or returns

Claim or return	2014/15 indicative fee	2014/15 final fee	2013/14 final fee
Housing benefit subsidy	£18,480	£18,480	£13,729 *

#### Non Audit Commission/PSAA grant claims and returns

Claim or return	2014/15 fee	2013/14 fee
Teachers' Pensions	£2,500	£2,000

\*This was the indicative fee set by the Audit Commission. The fee in 2013/14 did not reflect the level of work required.

Should you require any further information on this report or on any other aspect of our work, please contact:

**Mark Kirkham**

T: 0191 383 6300

E: [mark.kirkham@mazars.co.uk](mailto:mark.kirkham@mazars.co.uk)

**Cath Andrew**

T: 0191 383 6300

E: [cath.andrew@mazars.co.uk](mailto:cath.andrew@mazars.co.uk)

Mazars LLP - The Rivergreen Centre, Aykley Heads, Durham, DH1 5TS

# AUDIT AND GOVERNANCE COMMITTEE

17 March 2016



**Report of:** Head of Audit and Governance

**Subject:** INTERNAL AUDIT PLAN 2015/16 UPDATE

## 1. PURPOSE OF REPORT

- 1.1 To inform Members of the progress made to date completing the internal audit plan for 2015/16.

## 2. BACKGROUND

- 2.1 In order to ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the Committee to form an opinion on the controls in operation within the Council. This in turn allows the Committee to fully review the Annual Governance Statement, which will be presented to a future meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

## 3. PROPOSALS

- 3.1 That members consider the issues within the report in relation to their role in respect of the Councils governance arrangements. Table 1 of the report detailed below, sets out the school audits that have been completed and the recommendations made.

Table 1

Audit	Objectives	Recommendations	Agreed
Fens Primary	Ensure school finance and governance arrangements are in line with best practice.	- The school should complete the recently issued ICO Guide to Information for Schools. It should classify its assets and complete the template of information to be published. The document is included with this report.	Y
		- Orders should be used for all goods and services with a few limited exceptions. These orders should then be committed on the school's financial	Y

Audit	Objectives	Recommendations	Agreed
		system to prevent overspending. - The staffing structure of the school should be reviewed periodically with any changes to the structure approved by the Governing Body. This should be documented in the Governing Body minutes and supporting documentation retained for inspection.	Y
Holy Trinity Primary	Ensure school finance and governance arrangements are in line with best practice.	- The school should check what the minimum value is that requires a tendering process and in future ensure that all purchases over this amount are completed through the proper processes. If the school has not agreed a value over which tenders should be sought, this should be tabled and agreed with the Governing Body as soon as is practicable.	Y
		- It is suggested that the additional information required is completed where known and included on the inventory for any future purchases.	Y
		- The school should arrange for the Information Classification Scheme to be approved by Governors and for the development of an Information Security Policy.	Y
		- Whichever route the school decides to take an up to date bank mandate needs to be in place and available at the school as soon as is possible.	Y
Elwick and Hart Primary	Ensure school finance and governance arrangements are in line with best practice.	- The school should carry out a benchmarking exercise for this financial year using the DFES Teachernet benchmarking website to evaluate performance against similar schools.	Y
		- Orders should be used for all goods and services with a few limited exceptions. These orders should then be committed on the school's financial system to prevent overspending.	Y
		- The school should complete the recently issued ICO Guide to Information for Schools. It should classify its assets and complete the template of information to be published.	Y
		- The school fund should be audited annual and accounts should be presented to the Governing Body.	Y

3.2 In terms of reporting internally at HBC, Internal Audit produces a draft report which includes a list of risks currently faced by the client in the area audited. It is the responsibility of the client to complete an action plan that details the actions proposed to mitigate those risks identified. Once the action plan has been provided to Internal Audit, it is the responsibility of the client to provide

Internal Audit with evidence that any action has been implemented by an agreed date. The level of outstanding risk in each area audited is then reported to the Audit and Governance Committee.

- 3.3 The benefits of this reporting arrangement are that ownership of both the internal audit report and any resulting actions lie with the client. This reflects the fact that it is the responsibility of management to ensure adequate procedures are in place to manage risk within their areas of operation, making managers more risk aware in the performance of their duties. Greater assurance is gained that actions necessary to mitigate risk are implemented and less time is spent by both Internal Audit and management in ensuring audit reports are agreed. A greater breadth of assurance is given to management with the same Internal Audit resource and the approach to risk assessment mirrors the corporate approach to risk classification as recorded in covalent. Internal Audit can also demonstrate the benefit of the work it carries out in terms of the reduction of the risk faced by the Council.
- 3.4 Table 2 below summarises the assurance placed on those audits completed with more detail regarding each audit and the risks identified and action plans agreed provided in Appendix A.

Table 2

<b>Audit</b>	<b>Assurance Level</b>
Car Parking	<b>Limited</b>
Street Lighting Scheme	<b>Satisfactory</b>
Direct Payments	<b>Satisfactory</b>
Information and Security Retention Policy	<b>Limited</b>
Debtors	<b>Satisfactory</b>
Main Accounting System	<b>Satisfactory</b>
Integra System Controls	<b>Satisfactory</b>
Youth Offending	<b>Satisfactory</b>
ITU Private Hire	<b>Limited</b>
Budgetary Control	<b>Satisfactory</b>
Public Mental Health Services	<b>Satisfactory</b>
Social Care Financial Assessment	<b>Satisfactory</b>

For Members information, Table 3 below defines what the levels of assurance Internal Audit places on the audits they complete and what they mean in practice:

Table 3

<b>Assurance Level</b>	<b>Meaning</b>
Satisfactory Assurance	Controls are operating satisfactorily and risk is adequately mitigated.
Limited Assurance	A number of key controls are not operating as intended and need immediate action.
No Assurance	A complete breakdown in control has occurred needing immediate action.

- 3.5 Car Parking has been judged as limited assurance. This was due to the fact that legislation states that it is a requirement for the regular appraisal of the Parking Policy to include certain items. The review of the policy in 2013 did not include all of the recommended items. The same document also details the requirements of an annual report which should be published each year. A report had been produced and published online for 2014/15 but it did not include all of the information noted as a minimum requirement in the guidance.

Car Parking Machines all have an integral modem which connects each machine to a router and on to stand alone PC located with the enforcement team. The system is currently offline which means that;

- any machine failures are not visible to staff so cannot be acted upon,
- any warnings such as low ticket roll or machine close to capacity cannot be seen and acted upon before it results in a machine failure,
- statistics from the machines are not being retained.

The Integra financial system cannot link to the Gateway Parking system to ensure that fines paid off are reflected in the Gateway system and no reconciliation or other reporting is undertaken.

Actions have been agreed with the Car Parking Services Manager that will mitigate the risks identified. These actions are in the process of being implemented, which will lead to reasonable assurance being placed in this area in the future.

- 3.6 Information and retention security policy has been judged as limited assurance. This was due to the fact that an assessment of HBC policies and procedures undertaken established that although there are some written record management policies/procedures across the authority there is no overarching policy that sets out the authority's processes for ensuring that data is only retained for a specified period and disposed of correctly. An action plan has been developed by the Information Governance Group to evaluate action required and to prioritise those actions with a corporate Records Management policy to be implemented in 2016.
- 3.7 ITU Private Hire has been judged as limited assurance. This was due to the fact that the current booking system used is inefficient and staff time intensive. It was also noted that for a two month period, invoices paid had been overcharged with a refund due to the Council. Actions have been agreed with the Passenger Transport Services Team Leader that will mitigate the risk identified. These actions are in the process of being implemented which will lead to an improved assurance level.
- 3.8 As well as completing the audits previously mentioned, Internal Audit staff have been involved with the following working groups:

- Information Governance Group.
- Performance and Risk Management Group.

3.9 Table 4 below details the audits that were ongoing at the time of compiling the report.

**Table 4**

<b>Audit</b>	<b>Objectives</b>
Manor Residents Association/ Who Cares North East	To give an opinion on the adequacy of the arrangements in place to manage and expend funding received from HBC.
Fens Primary	Ensure school finance and governance arrangements are in line with best practice.
Leisure Centre's	Ensure adequate controls exist in the areas of income, expenditure, system access, petty cash, vending machine, health & safety, stocks, DBS and purchase cards.
ITU Fuel Management	Ensure adequate controls are in place regarding the ordering, storage, usage and recording of fuel consumption.
Child And Families Act	Ensure controls are in place that ensures all aspects of legislative requirements are adhered too.
Stores	Ensure stock and stores are adequately secured, recorded and monitored.
Recruitment	Ensure all legislative requirements are adhered to and operate in practice.
ITU Child and Adult Provision	Ensure transport services meet service user needs.
Tanfield Nursery	Ensure stocks and stores are adequately secured, recorded and monitored. Ensure adequate cash handling procedures are in place.
Creditors	Ensure payments are valid accurate and authorised and adequate division of duties is in place.
Disclosure and Barring Service	Ensure all relevant checks are carried out in accordance with legislative requirements and policies and procedures are up to date.
Tourism	Ensure that adequate cash handling procedures are in place and that services are delivered in line with budgetary requirements.
Benefits	Ensure all relevant legislative requirements are adhered to and awards are made in line with statute.
Catering	Ensure adequate control is present in the delivery of the service.
Better Care Fund	Ensure management of the Better Care Fund addresses the risks faced by HBC and the ability of the Better Care Fund to achieve its aims and objectives within the governance framework that has been set up
Empty Homes Scheme	Ensure that effective project management arrangements are in place, including the reporting of outcomes for the previous empty homes scheme. A consistent approach to selecting and procuring empty houses is in place which ensures that Local / national objectives are achieved.
Voluntary Appointeeship	Ensure that policies and procedures are in line with current legislative requirements resulting in compliance with legislation.
Housing Options Centre	Ensure adequate arrangements are in place to manage services provided in line with statutory requirements.
Home Care	Ensure in house and commissioned home care services are adequately controlled.
Cash/Bank	Review the procedures and processes in place for Security, Cash (and other income) collection, banking and reconciliations.
Loans and Investments	Provide assurance that activities are consistent with legislative/regulatory requirements and involved a review of practices undertaken compared to CIPFA's Treasury Management Code of Practice.
Benefits	Review processes including Local Housing Allowance (LHA) payments; claims processing including backdated claims and changes in circumstances; disputes and appeals; payments of benefits including arrangements for recovering overpayments; Discretionary Housing Payments (DHP); Fraud prevention and detection and data security.

Day Centres	Ensure adequate arrangements are in place for the day to day management of the centres.
VAT	Ensure compliance with legislative requirements.
Payroll	Ensure adequate arrangements are in place for the payment of salaries.

- 3.10 The work completed and currently ongoing is in line with expectations at this time of year, and audit coverage to date has allowed Mazars to place reliance on the scope and quality of work completed when meeting their requirements under the Audit Code of Practice.

#### **4. RISK IMPLICATIONS**

- 4.1 Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.

#### **5. FINANCIAL CONSIDERATIONS**

- 5.1 There are no financial considerations.

#### **6. LEGAL CONSIDERATIONS**

- 6.1 There are no legal considerations.

#### **7. CHILD AND FAMILY POVERTY CONSIDERATIONS**

- 7.1 There are no child and family poverty considerations.

#### **8. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 8.1 There are no equality and diversity considerations.

#### **9. STAFF CONSIDERATIONS**

- 9.1 There are no staff considerations.

#### **10. ASSET MANAGEMENT CONSIDERATIONS**

- 10.1 There are no asset management considerations.

#### **11. RECOMMENDATIONS**

- 11.1 It is recommended that Members note the contents of the report.

#### **12. REASON FOR RECOMMENDATIONS**

- 12.1 To ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan.

**13. BACKGROUND PAPERS**

13.1 Internal Audit Reports.

**14. CONTACT OFFICER**

14.1 Noel Adamson  
Head of Audit and Governance  
Civic Centre  
Victoria Road  
Hartlepool  
T24 8AY

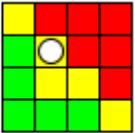
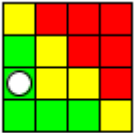
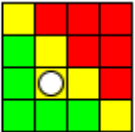
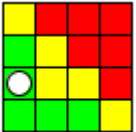
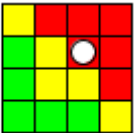
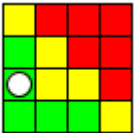
Tel: 01429 523173

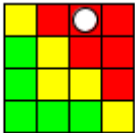
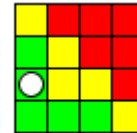
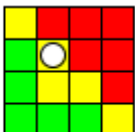
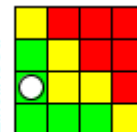
Email: [noel.adamson@hartlepool.gov.uk](mailto:noel.adamson@hartlepool.gov.uk)



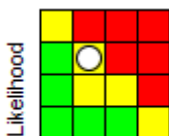
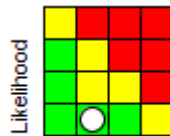
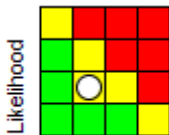
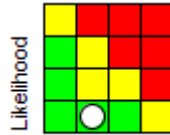


## Appendix A

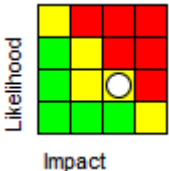
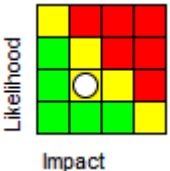
Audit	Objective	Assurance Level		
<b>Car Parking</b>	Ensure that all statutory requirements are met and income received is protected.			<b>Limited</b>
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
One annual report (2014/15) was available on HBC's internet site as part of the Transparency Code information; however the report does not contain all of the required items to comply with the guidance. Procedures in place may not be consistent with legislation.	 <p>Likelihood</p> <p>Impact</p>	We are planning to review the annual report we produce on the service. This would not only meet the statutory requirements, but also reflect some of the regular Freedom of Information requests we receive. The reporting mechanism within "Gateway" has been reported to ICES and this is subject to ongoing discussion between ICES / Northgate and CICT. The issues of IT roles and responsibilities are discussed as a further action point of this report.	 <p>Likelihood</p> <p>Impact</p>	
CPE operations may not operate in an efficient, effective and economic manner resulting in budget overspend.	 <p>Likelihood</p> <p>Impact</p>	Admin Support are not informed when salary bands change and potentially extend into a higher salary band. They do receive a monthly deduction lists from payments but this merely shows the monthly payments taken from the officers salary. The team do however complete a full annual inspection of deductions against salary banding. Any irregularity should be highlighted at this stage and underpayments recovered by arranged payment(s) with the staff concerned.	 <p>Likelihood</p> <p>Impact</p>	
Income received may not be banked fully and intact or may be misappropriated and go unnoticed.	 <p>Likelihood</p> <p>Impact</p>	The IT link was removed by Northgate when HBC sold The Church Street Building. The IT links were all based in Church Street and fed Edgar Phillips where the enforcement team are based and the none networked PC was located. Despite several communications from Mick Dunn /Northgate / CICT this is still unresolved, although it does appear to have taken a higher priority of late. IT communication is now back in place although there are concerns that the systems cannot be supported by Windows 7. The hardware used for both the "parkeon" and DVLA vehicle record checks, were both un-	 <p>Likelihood</p> <p>Impact</p>	

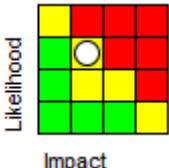
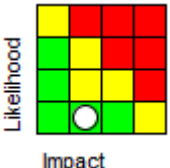
		<p>networked and have been affected since the communication links were severed.</p> <p>I understand that discussions are ongoing with all parties in an effort resolve this issue and the hardware has been replaced in anticipation of the need to run the system on an upgraded version. However, both systems are as yet still unavailable to the team which is causing justifiable concerns in relation to the audit and reporting facilities.</p> <p>The problems are however IT related rather than service issues and I have therefore allocated this task to Paul Diaz to resolve as he has both the technical knowledge and ability to liaise with the various partners needed to resolve this matter. He also has an understanding of the ongoing issues we are experiencing.</p>	
<p>Integra financial system cannot link to the Gateway Parking system to ensure the monies paid off are reflected in the Gateway system and no reconciliation or other reporting is undertaken. Effective arrangements may not be in place to enforce traffic contraventions.</p>	<p>Likelihood</p>  <p>Impact</p>	<p>The INTEGRA reporting facility needs to be adapted in order to allow the report detailing bailiff recovery cases to be matched with Gateway. At present all cases referred to Bailiffs for recovery remain “open” although the income is being credited to the Gateway system. Although there is no risk that income is being received by the authority, the current measures are unable to reconcile income with individual cases.</p>	<p>Likelihood</p>  <p>Impact</p>
<p>The reporting function of the Car Parking Management Information System (Gateway) is not operating as intended at present. When producing reports not all relevant and requested information held in the database is being correctly pulled into the report generated. Effective arrangements may not be in place to enforce traffic contraventions.</p>	<p>Likelihood</p>  <p>Impact</p>	<p>ICES have been asked to investigate and resolve the reporting issues within GATEWAY. The calls have been logged and although they have made some progress to resolve this issue, the reporting mechanism is still inaccurate. ICES have been made aware of the concerns of this report and have been asked to resolve the issues as a matter of urgency.</p>	<p>Likelihood</p>  <p>Impact</p>

Audit	Objective			Assurance Level
<b>Street Lighting Scheme</b>	Ensure adequate controls exist in the following areas; compliance with relevant legislation, regulations and/or guidance, project delivery including budget monitoring.			<b>Satisfactory</b>
<b>Risk Identified</b>		<b>Risk Level prior to action implemented</b>	<b>Action Agreed</b>	<b>Risk Level after action implemented</b>
No unmitigated risk identified.				

Audit	Objective			Assurance Level
Direct Payments	Ensure adequate controls are in place around the processes in place after the calculation has been agreed. Authorisation of the initial Direct Payment will be reviewed.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Signed copies of agreements were not available on 10 occasions; responsibilities of parties involved may not be effectively communicated.		 Likelihood Impact	There are issues with the content of the agreements that the contracted support service have highlighted. This has led to a number of agreements not being signed whilst the issue is resolved. The parties involved are addressing these issues. The Direct Payment process and guidance/flowchart for staff has been updated to reflect steps required in setting up a Direct Payment. This process has been rolled out to staff in January to raise awareness. These steps will address the issues of unsigned agreements going forward.	 Likelihood Impact
Payments may be authorised by personnel with insufficient levels of seniority and go unnoticed.		 Likelihood Impact	A worker who enters a CPLI onto Controcc cannot go on to authorise the same CPLI (service). As it stands now, we have the system set up so that any user/worker can add a service/CPLI, or they can authorise a CPLI - but no worker can do both on the same record, i.e. a clerk could not add on a CPLI and then authorise it. We can update our security model to set up a limited list of people who would be authorisers only, i.e. team	 Likelihood Impact

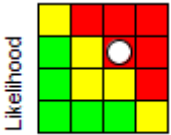
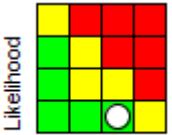
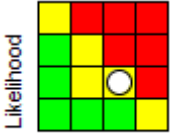
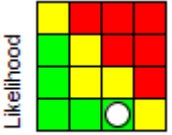
		managers, Heads of Service etc - this would mean that we could tie down authorising of CPLI's to a limited number of people. We could create a report that shows all CPLI's authorised in a period, e.g. authorised this week. This could be run on any frequency.	
There may be no evidence that service user needs are being met and that payments are used for the purposes intended.	<p>Likelihood</p> <p>Impact</p>	<p>Process and guidance have been updated in January 2016 and rolled out to staff.</p> <p>Issue has been escalated to SMT</p>	<p>Likelihood</p> <p>Impact</p>
Reconciliations including client user contributions are not carried out as per agreed guidance leading to misuse of direct payment funding not being identified.	<p>Likelihood</p> <p>Impact</p>	<p>Given the timescales involved, the focus of the outstanding reconciliations will now be on the 17 that relate to the current financial year and these are in the process of being followed-up and reviewed. Procedures are now in place to ensure reconciliations are requested, followed-up and completed in a timely manner. Of the current years 17 outstanding reconciliations, 8 clients have transferred to Penderels, 3 clients are deceased, 5 clients the service has ended and 1 has been a request from the family.</p>	<p>Likelihood</p> <p>Impact</p>
Reconciliations including client user contributions are not carried out as per agreed guidance leading to misuse of direct payment funding not being identified.	<p>Likelihood</p> <p>Impact</p>	<p>Reconciliations, by their nature, only ever provide an indication of a balance at a point in time. In requesting return of funds from the client in most cases it is an indicative balance which will bring the bank account balance back to nil. The two differences referred to (i) one was less than £10 which wasn't material to follow-up the reasons and (ii) one was more funding than requested however it was assumed that further funding eg. Interest, invoice not paid, must have been received into the account after the reconciliation was completed. Any material difference would always be investigated.</p>	<p>Likelihood</p> <p>Impact</p>

Audit	Objective			Assurance Level
<b>Information Security and Retention Policy</b>	Ensure policies and procedures are up to date and adhered to.			<b>Limited</b>
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
<p>Poor Records Management may lead to the following risks occurring: poor decisions based on inadequate or incomplete information, financial loss because reliable evidence is not available, reputational damage because of criticism by the Information Commissioner for failing to comply with the information legislation he regulates, failure to handle confidential information with the required level of security, failure to protect information vital to the continued functioning of the organisation, costs incurred because records are being kept for longer than they are needed or staff wasting time considering issues previously addressed and resolved.</p>			<p>An action plan has been developed and this will be used by the Information Governance Group to evaluate whether action is required and to prioritise those actions that are necessary. This will be a risk based evaluation. An initial action to create and agree a corporate Records Management policy is to be implemented in 2016.</p>	

Audit	Objective			Assurance Level
<b>Debtors</b>	Ensure debtors system operates in line with best practice.			<b>Satisfactory</b>
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
<p>Potential loss of income if the correct person / organisation are not charged the correct amount and / or at the correct time for goods/services.</p>			<p>Arrangements that are similar to those already operated by the RN Civic Level 1 team will be implemented. All invoice instructions sent to admin staff will now be 'filed' on a central network drive once they have been actioned as opposed to being left on an individual's own email account. This will avoid these instructions</p>	

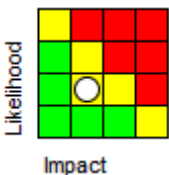
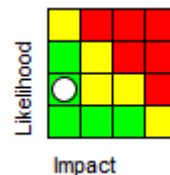
		<p>potentially being deleted whenever staff are under pressure to reduce mailbox sizes and will ensure a better audit trail exists.</p> <p>A credit note request form will also be introduced to fully capture those requests that currently seem to be made informally/verbally by some depot staff. Credit note requests made on emails and not on the standard form will continue to be accepted as long as they contain all of the necessary information. Staff will also be asked to more fully describe the circumstances when a credit note is used to correct an invoice raising error so it is obvious why it has been done. No changes or credit notes should now be raised without the appropriate written instructions.</p> <p>Sample 8 refers to car crossings and where customer payments are made within the set timescale and so trigger a discount. A pre-defined report is generated from Integra showing the actual payments received by a customer against their original invoice and an automated calculation of the 10% discount amount which can be applied via a credit note is also displayed on the report. The Integra report will be filed on the shared drive so that referencing is easier in future.</p>	
--	--	---	--

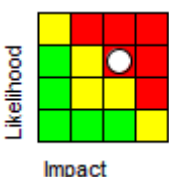

Audit	Objective			Assurance Level
<b>Main Accounting System</b>	Ensure identified risks are managed at an acceptable level with regard to legislative and regulatory requirements.			<b>Satisfactory</b>
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				



Audit	Objective	Assurance Level		
<b>Integra System Controls</b>	Ensure the following application areas of the system are adequately managed: access rights; password management; audit trail; data management; software change management; operating procedures.			<b>Satisfactory</b>
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
<p>There is no Data Retention Policy in place to determine the length of time data should be held on the system before being deleted. Data may be lost or corrupted or made available to unauthorised people.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>Policy and timetable to be finalised and implemented. This was started when archiving was undertaken last financial year and needs to be completed for all modules.</p> <p>Currently housekeeping is carried out each evening to purge the SYSDOC records and the reports, logs and files against set rules. At period end workflow records are purged for prior periods.</p> <p>Archiving has been carried out on PRL and RSS and parameter settings determine the number of periods to retain as "Live" records in each module. Currently set to the maximum of 24 months.</p> <p>NML archiving of transactions is completed by Northgate via scripts to move transactions to archive tables. Transactions have currently been archived for 2006/7 to 2011/12.</p> <p>A full Data Retention policy to be introduced following completion of the Integra2 upgrade.</p>	 <p>Likelihood</p> <p>Impact</p>	
<p>Unauthorised access could be gained to the system resulting in inappropriate access to personal / sensitive information that may be used fraudulently or maliciously.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>Procedures have been amended to ensure that all Resourcelink payroll numbers are attached to the Integra User Id. New users requests from departments are not actioned until the employee has had a post/employee number assigned. Previously Modern Apprentices were not given payroll numbers and we were reliant on Departments notifying Integra support of leavers. Procedures are now changed and all modern apprentices are assigned a payroll number.</p> <p>Monthly reports on leavers are received via CICT and these are checked to Integra users.</p> <p>Users identified by Audit have now been deactivated, in some instances the user had been deactivated on the</p>	 <p>Likelihood</p> <p>Impact</p>	




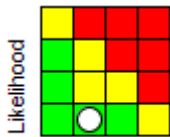
		login database and the security groups had not been removed which on the report used by Audit it appears that they are active when they are not.	
--	--	--	--


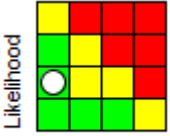




Audit	Objective			Assurance Level
<b>Youth Offending</b>	Ensure the following arrangements are adequate: overall governance arrangements, commissioning of services, service delivery including operational procedures, performance management and financial arrangements.			<b>Satisfactory</b>
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Services may not be commissioned in line with Council rules or be effectively managed to ensure service objectives are achieved.			YOS management team are to ensure that the current arrangements in place for the quarterly gathering and review of RJ stats (Via returns to the Youth Justice Board) are circulated to members of the YOS management board – via presentation of data from the commissioned service (Children's Society) and in paperwork format prior to the meetings.	

Audit	Objective			Assurance Level
<b>ITU Private Hire</b>	Ensure adequate arrangements are in place to manage the taxi hire contract.			<b>Limited</b>
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Without adequate database facilities staff time resolving queries will remain high.			Discussions have taken place with Support Services to develop a database (or suitable alternative process) to record and monitor all bookings; this will also assist with the processing of the incoming invoices. Further evaluation and discussion required	

Journeys may be overcharged if both parties are not using correct rates.		Invoices revised and resubmitted – audit showed a more accurate evaluation of mileage in line with the specification for the service. All invoices currently receiving 100% testing to ensure continuity.	
--	---	---	---

Audit	Objective		Assurance Level
<b>Budgetary Control</b>	Ensure Roles and responsibilities of officers and members are clearly defined in relation to the budget setting and budget monitoring processes. Budgets are prepared within the time frame set out in the budget timetable. The timetable is laid out in accordance with statutory requirements / deadlines.		<b>Satisfactory</b>
<b>Risk Identified</b>	<b>Risk Level prior to action implemented</b>	<b>Action Agreed</b>	<b>Risk Level after action implemented</b>
No unmitigated risk identified.			

Audit	Objective		Assurance Level
<b>Public Mental Health Services</b>	Review services provided in line with statutory requirements.		<b>Satisfactory</b>
<b>Risk Identified</b>	<b>Risk Level prior to action implemented</b>	<b>Action Agreed</b>	<b>Risk Level after action implemented</b>
Services may not be commissioned in line with Council rules or be effectively managed to ensure service objectives are achieved.		There are plans in place for January 2016 to review and refresh the membership, meeting content/format and the local implementation plan for this Teeswide Group which will bring performance monitoring into the agenda. In addition, the four mental health commissioning leads will meet quarterly with the providers to monitor performance.	

Audit	Objective	Assurance Level		
<b>Social Care Financial Assessments</b>	Evaluate the systems and procedures in place relating to Social Care Financial Assessments including the administration of the service, residential & non residential service user contribution calculations, reviews and deferred payments.	<b>Satisfactory</b>		
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
Without regular reviews changes in service user circumstances may not be identified resulting in potential under/overpayments of contributions.		Work is to be carried out with MIT to look at the best options available to close the current gap in Departmental practice. The work also needs to consider / review the overall non residential review process within UP&FT. In terms of the risk, I would suggest that this is minimal. In relation to under payment (i.e. loss of income to the Department), a client's contribution would only increase by an average of £36 annually, in relation to the example of a single person over 60. Any overpayment of contribution would be refunded to the client at the time that person's account was reconciled.		
There may be a security breach if files are not held in a secure manner		iClique has been set up so that all staff who work in Adult Services have full access (read & update) to Departmental records, except for Safeguarding, MAPPA documents etc. Team position to be considered in relation to giving other Departmental staff read only access to UP&FT documents.		
The differences between CONTROCC and the manual spreadsheet should be investigated to ensure that the data posted to Integra is accurate		Prior to receipt of this report, a piece of work had commenced between UP&FT & Finance, which looked at and updated the detail of the manual spreadsheet Finance hold. This is because the figures that Finance previously accessed from Controcc, do not include adjustments for hospital admissions and any subsequent downrating, interest payments etc. UP&FT have now provided Finance with updated figures in relation to outstanding DPS as at 31/1/16, which Finance are going to use to update their manual		

		spreadsheet. UP&FT to test new version of Controcc in relation to DPS functionality once it is available, which will hopefully remove the need to complete this work manually.	
--	--	--	--

# AUDIT AND GOVERNANCE COMMITTEE

17 March 2016



**Report of:** Head of Audit and Governance

**Subject:** INTERNAL AUDIT PLAN 2016/17

## 1. PURPOSE OF REPORT

- 1.1 To inform Members of the direction of internal audit activity, and to seek approval of the annual operational Internal Audit Plan for 2016/2017 (Appendix A).

## 2. BACKGROUND

- 2.1 Under the Accounts and Audit Regulations 2015, the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. At Hartlepool, the authority for ensuring this responsibility is met has been delegated to the Chief Finance Officer.
- 2.2 To accord with the new Public Sector Internal Audit Standards (PSIAS) and to assist in ensuring the objectives of Internal Audit are achieved, audit activity must be effectively planned to establish audit priorities and ensure the effective use of audit resources.
- 2.3 Given available audit resources, all aspects of the Council's systems and arrangements cannot be audited in one year. In recognition of this a Strategic Audit Plan has been prepared using a risk model based on the model accredited by the Chartered Institute of Public Finance and Accountancy, which factors include:
- System Factors
  - Managerial and Control environment
  - Value of transactions
  - Volume of transactions
  - Opinion critical
  - May incur legal penalties

- 2.4 The Strategic Audit Plan is produced in a way that ensures all relevant risk areas are covered. This allows the most relevant and comprehensive annual opinion on the Councils control environment to be given to the Audit and Governance Committee. Additionally, the audit plan has been tailored to add value to the Council following a process of discussion and consideration by Corporate Management Team, of their current operational issues.

### **3. INTERNAL AUDIT RESOURCES 2016/2017**

- 3.1 Hartlepool Borough Council Internal Audit establishment consists of a Head of Audit and Governance and 5 FTE audit staff. When taking into account operational costs of providing the service and income generated, the net budget for the provision of Internal Audit is £230,000, which equates to approximately £225 per audit day provided. Income generated from providing Internal Audit Services to schools and Cleveland Fire Authority totals £29,000, which equates to 13% of the services gross costs.
- 3.2 A total of 61 planned areas of audit coverage will form the basis of the mainstream Internal Audit work for 2016/17. The plan includes fundamental systems such as salaries, debtors, creditors, risk management etc., which are identified, for the purpose of the plan, as single audits. However, these will include system and probity audits in each or some of the departments, in support of the main system reviews.
- 3.3 In addition to the planned audit work, advice and support will be provided on an ad hoc basis throughout the financial year together with unplanned reactive work wherever necessary and appropriate.
- 3.4 For 2016/17, we are contracted to provide 100 days of audit work to the Cleveland Fire Authority.
- 3.5 Further details are provided in Appendix A of the focus of coverage across the council. In order to support members in the process of reviewing proposed audit coverage, the Better Governance Forum guidance on approving Internal Audit plans is also attached for information. This takes the form of a number of questions members may want to consider when reviewing the plan.

### **4. DELIVERING THE AUDIT**

- 4.1 Regular liaison is an essential feature of an effective and responsive audit function. In this context, Internal Audit will:
- Have frequent meetings with departments to discuss the short term audit program, any current departmental issues which may

benefit from an audit review and provide the opportunity to raise any concerns with the audit services provided;

- Following audit reviews agree action plans, identifying responsibilities and timescales for action;
- Carry out follow up work to monitor the effectiveness of management in implementing action plans;
- Ensure action plans are focused on improving controls and delivering benefits to the Council;
- Provide feedback to the Chief Finance Officer and Members on progress on the audit plan and the outcomes of audit work.

## **5. INTEGRATION**

- 5.1 Although Internal Audit and Mazars carry out their work with different objectives, it is good professional practice that both parties should work closely together, which is a principle that the Council has always been committed to.
- 5.2 The arrangements for ensuring effective joint working are formalised into a Joint Protocol Agreement, which ensured that the overall audit resources are most effectively focused and duplication is minimised.

## **6. FINANCIAL CONSIDERATIONS**

- 6.1 There are no financial considerations.

## **7. LEGAL CONSIDERATIONS**

- 7.1 There are no legal considerations.

## **8. CHILD AND FAMILY POVERTY CONSIDERATIONS**

- 8.1 There are no child and family poverty considerations.

## **9. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 9.1 There are no equality and diversity considerations.

## **10. STAFF CONSIDERATIONS**

- 10.1 There are no staff considerations.

## **11. ASSET MANAGEMENT CONSIDERATIONS**

- 11.1 There are no asset management considerations.

**12. RECOMMENDATION**

- 12.1 It is recommended that Members review and approve the 2016/2017 Internal Audit Plan and note the Internal Audit budget for 2016/17 of £230,000.

**13. REASON FOR RECOMMENDATIONS**

- 13.1 To ensure that the Audit and Governance Committee meets its remit, it is important that it satisfies itself that Internal Audit coverage is adequate and effective.

**14. BACKGROUND PAPERS**

- 14.1 - Accounts and Audit Regulations 2015  
- UK Public Sector Internal Audit Standards (PSIAS).

**15. CONTACT OFFICER**

- 15.1 Noel Adamson  
Head of Audit and Governance  
Civic Centre  
Victoria Road  
Hartlepool  
T24 8AY  
Tel: 01429 523173  
Email: [noel.adamson@hartlepool.gov.uk](mailto:noel.adamson@hartlepool.gov.uk)



## Appendix A

Department Name		Assistant Director	2016/17
Chief Executives	Attendance Management	Andrew Atkin	5
Chief Executives	Benefits - Housing	Chris Little	25
Chief Executives	Budgetary Control	Chris Little	20
Chief Executives	Cash/Bank	Chris Little	10
Chief Executives	Computer Audit	Chris Little	50
Chief Executives	Contract Audit	Chris Little	10
Chief Executives	Council Tax	Chris Little	25
Chief Executives	Creditors	Chris Little	20
Chief Executives	Debtors	Chris Little	20
Chief Executives	Employees Registers of Interest/Gifts and Hospitalities	Peter Devlin	5
Chief Executives	Fraud Awareness	Chris Little	50
Chief Executives	Information/Data Management Security	Andrew Atkin	30
Chief Executives	Loans & Investments	Chris Little	5
Chief Executives	Local Council Tax Support Scheme	Chris Little	15
Chief Executives	Main Accounting	Chris Little	20
Chief Executives	Members Allowances/Travel/Subsistence	Peter Devlin	5
Chief Executives	NFI	Chris Little	10
Chief Executives	NNDR	Chris Little	20
Chief Executives	Officers Expenses	Chris Little	10
Chief Executives	Risk Management	Andrew Atkin	5
Chief Executives	Salaries and Wages	Chris Little	20
Chief Executives	V.A.T.	Chris Little	5
Child and Adult Services	Adult Education	Danielle Swainston	10
Child and Adult Services	Barnard Grove Primary School	Mark Patton	5
Child and Adult Services	Better Care Fund	Jill Harrison	5
Child and Adult Services	Children's Homes	Jill Harrison	5
Child and Adult Services	Early Years Provision	Danielle Swainston	5
Child and Adult Services	Eldon Grove Primary School Academy	Mark Patton	15
Child and Adult Services	Grange Primary School	Mark Patton	5
Child and Adult Services	Greatham C Of E Primary School	Mark Patton	5
Child and Adult Services	Owton Manor Primary School Academy	Mark Patton	15
Child and Adult Services	Sacred Heart Primary School	Mark Patton	5
Child and Adult Services	Social Care - Direct Payments	Jill Harrison	10
Child and Adult Services	Social Care - Financial Assessments	Jill Harrison	5
Child and Adult Services	Social Fund/Section 17	Jill Harrison	5
Child and Adult Services	Springwell Special School	Mark Patton	5
Child and Adult Services	St. Aidans Primary School	Mark Patton	5
Child and Adult Services	St. Begas Primary School	Mark Patton	5
Child and Adult Services	St. Hilds Secondary School	Mark Patton	10
Child and Adult Services	Stranton Primary School Academy	Mark Patton	15
Child and Adult Services	Throston Primary School	Mark Patton	5
Child and Adult Services	Troubled Families Grant	Jill Harrison	15
Child and Adult Services	Ward Jackson Primary School	Mark Patton	5
Public Health	Dental Public Health Services	Louise Wallace	7
Public Health	Local Work Place Health Initiative	Louise Wallace	7
Public Health	Public Health Services 0 - 5 Year Olds	Louise Wallace	8
Regeneration and Neighbourhoods	Car Parking - Income	Alastair Smith	5

Regeneration and Neighbourhoods	Close Circuit TV	Alastair Smith	8
Regeneration and Neighbourhoods	Localism Act - Community Infrastructure Levy	Damien Wilson	5
Regeneration and Neighbourhoods	Economic Development	Damien Wilson	25
Regeneration and Neighbourhoods	Emergency Planning	Alastair Smith	5
Regeneration and Neighbourhoods	Energy Management	Alastair Smith	8
Regeneration and Neighbourhoods	Highways - Confirm System	Alastair Smith	10
Regeneration and Neighbourhoods	Housing Management	Damien Wilson	20
Regeneration and Neighbourhoods	Industrial Estate Lettings/Rental	Damien Wilson	5
Regeneration and Neighbourhoods	Integrated Transport Unit - Private Hire	Alastair Smith	5
Regeneration and Neighbourhoods	NSD Income Generation	Alastair Smith	10
Regeneration and Neighbourhoods	Procurement	Denise Ogden	10
Regeneration and Neighbourhoods	Staff Lottery	Alastair Smith	5
Regeneration and Neighbourhoods	Stores	Alastair Smith	15
Regeneration and Neighbourhoods	Tanfield Road Nursery	Alastair Smith	10
	<b>ADMINISTRATION</b>		
Corporate	Training/Development		50
Corporate	Administration		70
Corporate	Contingency/Advice/Support/Special Investigations		90
	<b>CFA</b>		100
	<b>TOTAL</b>		1023

## Reviewing the Audit Plan

At least once a year, but possibly more frequently, both your internal and external audit teams will ask you to review their audit plans and approve them. If you aren't familiar with audit plans, you may well be asking yourself how to do this and how you can add value. In this article, I will discuss:

- Why draw up an audit plan?
- Who is involved?
- How is the audit plan produced?
- What does the audit plan cover?
- When is the audit plan written?
- Your role in relation to the audit plan

I will finish with a "dashboard" of key questions for you to ask to satisfy yourself that the plan has been drawn up appropriately and will deliver the assurance that you need as an audit committee member. While I concentrate on your role in relation to internal audit, many of these points also relate to external audit.

### ***Why draw up an audit plan?***

An audit plan is needed to ensure that your auditors address all the main areas of risk within your organisation and can provide assurance to support your Annual Governance Statement or Statement on Internal Control. At the end of each year the head of internal audit provides an opinion on the effectiveness of the control environment so it is vital that the plan is sufficient to support that opinion. It is also needed to ensure auditors use their limited resources (budget, time, people and expertise) to best effect. Almost inevitably audit needs outstrip audit resources and the plan will help your audit team set its priorities, in discussion with you.

### ***Who is involved?***

The audit plan is normally drawn up by the head of internal audit, in consultation with directors and members of the audit team. As the internal audit plans and external audit plans should be aligned, each should consult the other as part of this process.

### ***How is the audit plan produced?***

The audit plan is 'risk-based' to address the financial and non-financial risks faced by your organisation and your key priorities. Your organisation's risk register and the effectiveness of risk management will be reviewed to help develop the plan. The plan may also include work to be undertaken on behalf of your external auditor. The identified audits will be balanced against the resources available and the plan drawn up accordingly.

### ***What does the audit plan cover?***

The audit plan should show how your internal audit strategy is going to be achieved in accordance with the section's terms of reference. Plans include a combination of planned work and allowances for reactive work. They are always flexible so that they can reflect the changing risks and priorities within your organisation. Plans will also include allowances for "non-chargeable" time.

Planned audit work consists of a series of reviews of different aspects of your organisation's operations. The plan will include some high risk areas, for example areas of significant financial risk or high profile projects or programmes. Or they could be areas where there are concerns about poor performance, fraud or emerging risks. Some higher risk audits may feature annually in audit plans. Other areas, particularly financial systems, may be audited regularly even if they are well controlled because of their significance to the financial statements. The frequency will usually be agreed

with the external auditor. Other parts of the plan will reflect the risks and priorities of the organisation and the judgement of the head of internal audit.

Reactive audit work may include investigations, giving advice, supporting working groups and other such matters. Non-chargeable time includes annual leave, training, administration, team meetings etc. A working year is approximately 260 days. A typical auditor (not a trainee or a manager) will carry out about 200 audit days/year.

### ***When is the audit plan written?***

Detailed audit plans normally cover the organisation's financial year, although this is not mandatory. The audit plan is, therefore, generally written a few months before the start of the audit year for approval by the audit committee at the meeting before the start of that year. As the plan has to be flexible, you should be kept informed of minor changes and receive a revised plan for approval if there are any significant changes during the year.

There may also be a strategic plan that outlines the main direction for the audit team over a longer period than a year (perhaps three years). This is particularly useful to understand the wider coverage of risks and controls.

### ***The audit committee's role***

The audit committee should be both challenging of the plan and supportive in its delivery. You need to be sure that the organisation's risks and priorities are considered, that the plan is aligned with the audit strategy and terms of reference, that internal and external audit have liaised in drawing up their plans and that your auditors have exercised their independence and have not been unduly influenced by others in deciding what they will or (even more importantly) will not examine. You could review the audit strategy and terms of reference at the same time to ensure that they are still relevant and appropriate.

You also need to consider how the plan relates to other sources of assurance to support the Annual Governance Statement or Statement on Internal Control, for example assurance from the risk management process or management assurances. Taken as a whole, will you get the assurance you need?

Once the plan has been approved, your role is then to monitor activity and outcomes against that plan. Is it being delivered? Is the audit work delivering the expected outcome? You may also need to support your auditors, if they are struggling to get auditee engagement or experience a shortfall in resources. Above all, you are there to get action as a result of audit work.

## **Key questions to ask:**

- 1. Who did the head of internal audit liaise with in drawing up this plan? Did this include external audit?**
- 2. How does this audit plan link to our risk register and our strategic plans?**
- 3. What audits have you left off this plan and why? When do you plan to carry out this work?**
- 4. How does the audit plan fit with other assurance work? Are there any gaps or is there duplication?**

**Elizabeth Humphrey**

Senior Associate, CIPFA Better Governance Forum

## North Tees and Hartlepool NHS Foundation Trust

### CQC Update Report

March 2016

#### Care Quality Commission (CQC)

The CQC inspection team visited the Trust during the 7<sup>th</sup> to 10<sup>th</sup> July 2015. This Trust felt that the inspection went well with giving a good account of our services and performance.

The CQC inspection is split into five domains, asking are services safe, caring, responsive, effective and well-led and rates each of them from inadequate, requiring improvement, good and outstanding.

The inspectors rated the University Hospital of Hartlepool **good** for safe, caring and responsive and requiring improvement for effectiveness and well-led care. The way the rating system works is that two or more requiring improvements out of five results, gives a rating of requiring improvement. However, it's good for staff, patients and the public to know that three out of the five areas were rated as good. The Trust was very open with the inspectors about areas which were thought could be improved and the Trust were already taking action to address these areas.

The inspectors rated the University Hospital of North Tees good for caring and responsive services but as requiring improvement for safe, effective and well-led services. Again the Trust was very open with the inspectors before, during and after the visit about areas we thought could be improved and we are already taking action to address these areas.

The CQC rated the Trust as '**requiring improvement**'. There were **85** individual ratings of which the Trust was rated as good for **65**. A number of areas were identified as good practice, including surgery, critical care, end-of-life care, the trust's simulation suite, community services and the trust's services at One Life Hartlepool.

#### Overall ratings for the Trust

Overall rating for this trust	Requires improvement
-------------------------------	----------------------

Are services at this trust safe?	Good
Are services at this trust effective?	Requires improvement
Are services at this trust caring?	Good
Are services at this trust responsive?	Good
Are services at this trust well-led?	Requires improvement

The following tables demonstrate the ratings for the North Tees site, Hartlepool site, Minor injuries unit/One Life Centre and community health services.

## University Hospital of North Tees

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and emergency services	Requires improvement	Requires improvement	Good	Good	Requires improvement	Requires improvement
Medical care	Good	Requires improvement	Good	Good	Requires improvement	Requires improvement
Surgery	Good	Good	Good	Good	Good	Good
Critical care	Good	Good	Good	Good	Good	Good
maternity and gynaecology	Requires improvement	Requires improvement	Good	Good	Requires improvement	Requires improvement
Services for children and young people	Good	Good	Good	Good	Requires improvement	Good
End-of-life care	Good	Good	Good	Good	Good	Good
Outpatients and diagnostic imaging	Good	Good	Good	Good	Requires improvement	Good
Overall	Requires improvement	Requires improvement	Good	Good	Requires improvement	Requires improvement

## University Hospital Hartlepool

	Safe	Effective	Caring	Responsive	Well-led	Overall
Medical care	Requires improvement	Requires improvement	Requires improvement	Requires improvement	Inadequate	Requires improvement
Surgery	Good	Good	Good	Good	Good	Good
maternity and gynaecology	Good	Requires improvement	Not rated	Good	Requires improvement	Requires improvement
Services for children and young people	Good	Good	Good	Good	Requires improvement	Good
Outpatients and diagnostic imaging	Good	N/A	Good	Good	Requires improvement	Good
Overall	Good	Requires improvement	Good	Good	Requires improvement	Requires improvement

## Minor Injuries Unit, One Life Centre

	Safe	Effective	Caring	Responsive	Well-led	Overall
Urgent and emergency services	Good	Good	Not rated	Good	Good	Good
Overall	Good	Good	N/A	Good	Good	Good

### Community health services

	Safe	Effective	Caring	Responsive	Well-led	Overall
Community health services for adults	Good	Good	Good	Good	Requires improvement	Good
Community health services for children	Good	Requires improvement	Good	Good	Good	Good
End-of-life care	Good	Good	Good	Good	Good	Good
Community dental services	Good	Good	Good	Good	Good	Good
Overall	Good	Good	Good	Good	Good	Good

### Progress to date

The report has been shared with all staff and available via internet. The Trust has produced an overarching action plan using a thematic approach. Core services have developed individual action plans reflecting actions identified specifically in relation to their areas.

A system for monitoring of the action plan will be via CQC board meetings supported by communications department.