

Buckinghamshire County Council

Audit & Risk Management Service Annual Report of the Chief Internal Auditor 2012/13

Annual Report 2012/13

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1 Background

- 1.1 The Account and Audit Regulations 2011 require the Council to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The CIPFA Code of Practice 2006 (the Code), which sets out proper practice for Internal Audit, requires the Chief Internal Auditor to provide an annual report to those charged with governance, which should include an opinion on the overall adequacies of the internal control environment.

2 Responsibilities

- 2.1 It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.
- 2.2 The role of the Internal Audit Service is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:
- The Council can establish the extent to which they can rely on the whole system; and
 - Individual managers can establish how reliable the systems and controls for which they are responsible are.

3. Basis of Audit Opinion

- 3.1 The Internal Audit Service has an approved Strategy which complies with the CIPFA Code. Internal Audit is required to objectively examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 3.2 The Regulatory & Audit Committee agreed the quarterly Internal Audit Plans, which focussed specifically on financial management, and corporate processes. There were no constraints placed on the scope of audit work.
- 3.3 A summary of the work undertaken during the year forming the basis of the audit opinion on the internal control environment is shown in Appendix 1. Summaries of the outcomes of each audit are shown in Appendix 2.
- 3.4 The system of risk management was changed in 2012/13. The configuration of the software used for risk registers was reviewed, and a series of workshops held across Departments to review and refresh current risks, and their mitigations. The strategic risk register was also reviewed and is subject to regular monitoring by COMT. The profile of risk management as an essential business management process continues to improve, and it is now

integrated into the management reporting process. The focus for the Risk Management Team in 2012/13 has been the development of the system, and overseeing the refresh of the risk registers. This is providing the foundation for the integration of the risk management system with the internal audit planning and assurance system. In 2013/14 this needs to be developed further. During 2013/14 it will be necessary to procure a new Risk Management System that will operate in conjunction with the integrated reporting solution also under development.

- 3.5 Schools continue to form part of the Internal Audit Plan. In 2012/13, thematic reviews were undertaken in the areas of governance and procurement/payments. This included reviewing the corporate processes for supporting and monitoring the schools in these areas, and also testing the systems operating at a sample of schools.
- 3.6 Contract audit was not resourced in 2012/13. This has been addressed for 2013/14, as the audit team now includes a principal auditor who has significant experience of contract audit. As a result of resources not being in place in 2012/13, the planned audits are now being completed in Q1 of 2013/14. For the purposes of the opinion on the system of internal control, assurance has been taken from the development of the contract management framework, the work of the Risk Management Group, which has focussed on two major projects Energy From Waste and the Bucks Learning Trust; and, also the monitoring and reporting of breaches of Contract Standing Orders by the Commercial Services team.
- 3.7 The key focus for internal audit has been establishing a new programme for governance audits, and testing of the key control processes across all departments including corporate ownership and monitoring. The programme of governance audits will continue to be developed and refined during 2013/14, but will remain as core activity.
- 3.8 During the year Audit and Risk Management have also supported the organisation with key projects including Bucks Learning Trust; Procurement Cards; Contract Management Framework and Contract Management System; and, the on going Purchase to Pay project.
- 3.9 In arriving at our opinion on the system of internal control, we have taken into account:
 - The results of all audits completed in 2012/13
 - The results of management actions to address issues highlighted in audit reports.
 - Whether or not 'high risk' recommendations have been accepted by management and the consequent risks.
 - The effects of any material changes in the Authority's objectives or activities or risk profile.
 - Whether any limitations have been placed on the scope of audit.

- The scope of internal control environment - which comprises the whole network of systems and controls established to manage BCC to ensure that its objectives are met. It includes financial and other controls, and also arrangements for ensuring that BCC is achieving value for money from its activities.

3.10 In giving our audit opinion, it should be noted that assurance can never be absolute. The most that the Internal Audit Service can provide to the Accountable Officers and Committee is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

4. Opinion on the Council's Internal Control Environment Summary

4.1

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

4.2 This opinion is consistent with the outcomes of the individual audits, in which of the 46 audits completed 85% had opinions of "reasonable" or "substantial" assurance. There have been seven audits with opinions of "limited" assurance; management have responded positively to these audits and have initiated appropriate action plans to address the issues raised. These will be subject to follow up by Internal Audit in 2013-14.

5. Anti-Fraud

5.1 Whilst the Authority has a sound anti-fraud and corruption strategy, the process of assurance on the effectiveness of that strategy is limited. There is no evidence to indicate fraud is an issue within BCC, in fact there have been no material fraud investigations required in 2012/13; however, proactive counter-fraud activity remains a priority for 2013/14.

5.2 The National Fraud Initiative (NFI) data matching exercise was completed in January 2013, and the internal audit team are now overseeing the review and investigation of the highlighted matches which will continue through 2013/14.

6. The Audit Team

- 6.1 The Internal Audit Team continues to be resourced predominantly in-house, including the shared resources through the collaboration with Oxfordshire County Council. The structure is reviewed at least annually to ensure the right balance of skills is maintained. There have been gaps identified during 2012/13, and recruitment has not been successful; however to provide resilience there is a call off contract in place with Deloitte PSIA who provide skilled resources on request.
- 6.2 There is also an arrangement in place with Wokingham Borough Council to provide management of the Counter-Fraud Plan, and to provide expert resource for any special investigations. Under that arrangement it has been agreed to buy in a small number of audit days to support the in-house team.
- 6.3 It is a requirement to notify the Regulatory and Audit Committee of any conflicts of interest that may exist in discharging the internal audit activity. There is only one matter to report. The Chief Internal Auditor, and the Senior Auditor who leads on counter-fraud in the team are related. To management that conflict, the CIA has no direct management of the Senior Auditor, and their line manager reports directly to the CIA's line manager on all personnel and performance matters.

Ian Dyson, Chief Internal Auditor June 2013.

Appendix I - Summary of audit outcomes for year.

Audit Methodology

For each audit an opinion was determined firstly on the framework of controls that exist for that operational area and secondly on compliance with the controls. From this an overall audit opinion is given for each audit. An opinion on the quality of risk management in place is also provided. Work has been planned and performed so as to obtain all the information and explanations which were considered necessary to provide sufficient evidence in forming an audit opinion. The range of overall audit opinions is:-

- **Substantial** - All controls are in place to give assurance that the system's objectives will be met.
- **Reasonable** - Most controls are in place to give assurance that the system's objectives will be met but there are some minor weaknesses.
- **Limited** - There are not the necessary controls in place to give assurance that the system's objectives will be met.

The following table sets out the range of opinions for risk management and the framework of controls for each audit.

	Type / Area	Audit	2012/13 Overall Opinion
1	Key Financial System	Budgetary Control	Reasonable
2	Key Financial System	General Ledger	Reasonable
3	Key Financial System	Accounts Payable	Reasonable
4	Key Financial System	Accounts Receivable inc. Income Management	Reasonable
5	Key Financial System	Pensions	Reasonable
6	Key Financial System	Treasury Management	Reasonable
7	Key Financial System	Payroll	Limited
8	Governance	AFW Governance	Reasonable
9	Governance	Establishment Audit – Community Team 2	Limited
10	Governance	Establishment Audit – Seeleys Day Services	Reasonable
11	Governance	Establishment Audit – Seeleys Respite Unit	Limited

12	Governance	Establishment Audit – Winslow Centre	Reasonable
13	Governance	Follow-up audit – SWIFT Data Quality	Reasonable
14	Governance	CBE Governance and Financial Management	Reasonable
15	Governance	Establishment Audit – Black Park	Reasonable
16	Governance	Follow-up audit – K2 system	Reasonable
17	Governance	Follow-up audit – On Street Car Parking	Reasonable
18	Governance	PPC Governance and Financial Management	Reasonable
19	Governance	Follow-up audit – Performance Management	Reasonable
20	Governance	RBT Governance and Financial Management	Reasonable
21	Governance	Follow-up audit – Data Security	Reasonable
22	Governance	Follow-up audit – Feedback and Complaints	Reasonable
23	Governance	Follow-up audit – Gifts and Hospitality	Reasonable
24	Governance	Follow-up audit – Officers Code of Conduct	Substantial
25	Governance	CYP Governance and Financial Management	Reasonable
26	Governance	Establishment Audit -FAST Desborough Road	Reasonable
27	Governance	Establishment audit – Fostering Team	Reasonable
28	Governance	Establishment audit – Prevention and Commissioning Team	Substantial
29	Governance	Follow-up audit – Members Allowances	Reasonable
30	Governance	Decision Making	Reasonable
31	Governance	Imprest Accounts	Reasonable
32	Governance	SAP Governance	Limited
33	Risk	Broadband	Substantial
34	Risk	Local Priorities Delegated Budget	Reasonable
35	Risk	Public Sector Network Project	Substantial

36	Risk	SVA Quality Assurance Framework	Limited
37	Risk	Special Education Needs	Limited
38	Schools	Schools Governance Framework	Reasonable
39	Schools	Beechview School – Governance and Accounts Payable	Reasonable
40	Schools	Buckingham Primary School – Governance and Accounts Payable	Reasonable
41	Schools	Chiltern Way Federation – Governance and Accounts Payable	Reasonable
42	Schools	Naphill & Walters Ash School – Governance and Accounts Payable	Reasonable
43	Schools	Thomas Hickman School – Governance and Accounts Payable	Limited
44	Schools	Wendover Junior School – Governance and Accounts Payable	Reasonable
45	Schools	William Harding School – Governance and Accounts Payable	Reasonable
46	Counter-fraud	Purchasing Cards	Reasonable

Appendix 2 - Summary of completed audits not previously reported to the Regulatory and Audit Committee

The overall opinion ratings of Substantial, Reasonable, and Limited are defined at the beginning of Appendix 1.	
The priority of the findings and actions are defined as follows:	
High	Immediate action is required to ensure that the objectives for the area under review are met.
Medium	Action is required within six months to avoid exposure to significant risks in achieving the objectives for the area under review.
Low	Action advised within 9 months to enhance control or improve operational efficiency.

1 BUDGETARY CONTROL - REASONABLE

The Council aims to correctly and consistently account for all financial transactions in compliance with proper accounting practice and regulatory obligations. This can be achieved by ensuring that all staff act in compliance with their duties; the reliable operation of budget monitoring at all levels; accounting transactions are recorded accurately; and information is provided to allow for effective monitoring.

In addition to the findings summarised below, we also identified the following examples of good practice:

- The Medium Term Financial Plan is in place, approved by Council and available to staff;
- From a sample of 20 virements: 20 had populated standard forms in place by both the requestor and authorisers; a detailed explanation of the virement; and approved as per the Scheme of Delegation; and
- Information from tabled reports populated by the Finance Transaction Team could be traced through the monthly portfolio reports, COMT reports and Cabinet reports.

Some areas for improvement were identified. No High priority issues were identified. Two issues were found, both classed as Medium priority, and these are listed below:

- Discussions with the different Business Partners identified that there is no prescribed method for determining the frequencies of cost centre budget forecasting and that they are not documented between cost centre managers and management accountants; and
- From a sample of 20 cost centres, seventeen were not being reviewed in line with the detail documented in the Budget Monitoring Frequency spreadsheet.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within Budgetary Control.

Area	Risks	Issues		
		High	Medium	Low
Budgetary Control Framework	<ul style="list-style-type: none"> • Following re-structuring within the services/implementation of organisational change, roles and responsibilities for budgetary control may not be clearly documented; • Incorrect setup of budgets on SAP may result in the Council objectives not being delivered due to funds being incorrectly allocated; • The budgetary control timetable for monitoring and review is not established or adhered to; and • There are no effective budgetary control reporting mechanisms in place to ensure service responsibility and accountability. 	0	0	0
Budget monitoring	<ul style="list-style-type: none"> • Ineffective budget monitoring and variance analysis is occurring within the services and at corporate level; • Inadequate explanations are provided for budget over/under spends; and • Inadequate or lack of budget forecasting, resulting in budget over/under spends. 	0	2	0

Area	Risks	Issues		
		High	Medium	Low
Alterations and virements	<ul style="list-style-type: none"> Budget alterations and virements are incomplete, inaccurate and not processed in a timely manner; and Corrective action has not been agreed at the appropriate level and in accordance with the Financial Scheme of Delegation. 	0	0	0
Financial and performance management reporting	<ul style="list-style-type: none"> Budget monitoring information is incomplete, inaccurate and not processed in a timely manner to enable effective monitoring and decision making; Budget monitoring reports do not adequately highlight areas for concern and identify appropriate corrective action; and Budget information is not reported to senior management and members, resulting in poor budget performances not being identified and addressed in a timely manner. 	0	0	0
TOTAL		0	2	0

2 GENERAL LEDGER – REASONABLE

The Council aims to correctly and consistently account for all financial transactions in compliance with proper accounting practice and regulatory obligations. This can be achieved by ensuring that all staff act in compliance with their duties; the reliable operation of the general ledger system; accounting transaction are recorded accurately; and information is provided to allow for effective monitoring.

In addition to the findings summarised below, we also identified the following examples of good practice:

- Financial management responsibilities have been set in the Financial Regulations, they are up to date and available to staff;
- From a sample of 20 new account codes: all 20 had been restricted to certain responsible officers and had followed the appropriate authorisation process;
- Final accounts have been completed, signed by the Service Director of Finance & Commercial Services, approved by the Regulatory & Audit Committee and an unqualified audit opinion provided by external auditors;

- The authorisation of starters, transfers, leavers and access changes were performed in line with Council policy; and
- Financial data is collated and reported monthly to provide financial information to COMT.

Some areas for improvement were identified. All High priority issues are listed below:

- The review found that there is no segregation of duties and officers are able to create and process Supporting People invoices; and
- From a sample of 20 batch journals, ten did not have supporting documentation available to explain the reason for the journal transaction.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within General Ledger.

Area	Risks	Issues		
		High	Medium	Low
Policies, procedures, training and risk management	<ul style="list-style-type: none"> • Staff may not be appropriately trained and statutory obligations and CIPFA guidance may not be complied with; • Staff fail to act prudently and consistently in compliance with the Council's Financial Regulations; and • The risks regarding General Ledger may be managed in isolation from risk management within the directorate. 	0	0	0
Coding structure	<ul style="list-style-type: none"> • There are inadequate access controls on the creation, amendment and freezing of cost centres and these may not be authorised appropriately; and • There is inadequate separation of duties between requesting, authorising and creating codes. 	0	0	0

Area	Risks	Issues		
		High	Medium	Low
Feeder systems	<ul style="list-style-type: none"> Data may not be promptly and accurately transferred from feeder systems to the General Ledger; and Reconciliations between feeder systems and the General Ledger may not occur regularly, are not signed off and any discrepancies are not investigated appropriately. 	1	2	0
Journals and internal transactions	<ul style="list-style-type: none"> Any journals raised may not have the appropriate documentation attached, nor have been allocated a unique reference number and may not have been signed off appropriately by relevant officers. 	1	0	0
Suspense and holding accounts	<ul style="list-style-type: none"> Suspense accounts may not be monitored, investigated and cleared regularly and appropriately. 	0	2	0
Final Accounts	<ul style="list-style-type: none"> Final accounts may not be closed in accordance with the year end procedures or within the required timescale. 	0	0	0
Security of data	<ul style="list-style-type: none"> Financial data integrity may not be maintained through access restriction controls and access monitoring. 	0	0	0
Financial information	<ul style="list-style-type: none"> Financial reporting is not provided to management regularly, directly from the General Ledger system in a timely manner. 	0	0	0
TOTAL		2	4	0

3 ACCOUNTS PAYABLE - REASONABLE

The Council aims to ensure that all outgoings are completely, accurately, validly recorded in a timely manner by ensuring that: up to date policies and procedures

are in place, vendors are accurately set up and amended on the SAP system; and control account reconciliations.

In addition to the findings summarised below, we also identified the following examples of good practice:

- For a sample of 20 purchase orders, all 20 had evidence of goods receipting; and
- For a sample of 20 credit memos, all 20 have been processed appropriately against the relevant cost centre.

No High priority issues were identified.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within the Accounts Payable System.

Area	Risks	Issues		
		High	Medium	Low
Payments	<ul style="list-style-type: none"> • Fraudulent or unauthorised BACS and cheque payments are made resulting in financial loss to the Council; and • Payment runs are not reviewed, authorised and approved for payment. 	0	0	1
Control account reconciliations	<ul style="list-style-type: none"> • Variances between the accounts payable control account and General Ledger are not identified; and • Control account reconciliations are not reviewed and discrepancies are not followed up and corrected. 	0	0	1
Amendments to AP transactions and records	<ul style="list-style-type: none"> • Inadequate separation of duties within the vendor set up process and invoice payment; • Inappropriate vendors set up and made available to the rest of the Council for use; and • Unauthorised amendments to supplier records and transactions. 	0	0	0

Area	Risks	Issues		
		High	Medium	Low
Purchase order processing	<ul style="list-style-type: none"> • Incomplete, inaccurate, invalid and untimely purchase orders placed for goods / services; • Purchase orders are raised after goods / services have been received; • Purchase orders fragmented to bypass approval rules; and • Purchase order approval does not agree to the approved Scheme of Delegation. 	0	2	0
Goods receipting	<ul style="list-style-type: none"> • Goods / services received are incomplete, inaccurate, invalid and untimely; • Goods / services are not processed and recorded in respect of goods / services ordered; and • Payment made against invoices which do not accurately reflect the goods / services received. 	0	0	0
Invoice processing	<ul style="list-style-type: none"> • Invoices received are inaccurately or invalidly recorded, misappropriated or processed in an untimely manner; • Financial loss due to a lack of segregation of duties; and • Inaccurate or incomplete invoices are fully paid. 	0	0	0
Supplier credit/refund	<ul style="list-style-type: none"> • Invalid, inaccurate, incomplete or untimely processing of supplier credit / refunds; and • Supplier / credit refunds are not allocated on time or against the correct cost centre. 	0	0	0
TOTAL		0	2	2

4 ACCOUNTS RECEIVABLE (INCLUDING INCOME MANAGEMENT) – REASONABLE

The Council aims to ensure that all payments to the Council are completely, accurately, validly recorded in a timely manner by ensuring that: up to date policies and procedures are in place; customers are accurately set up and amended on the SAP system; and income is allocated correctly to the right cost centre.

In addition to the findings summarised below, we also identified the following examples of good practice:

- For a sample of 20 days of income allocation, all 20 had been cleared into the appropriate cost centres in a timely manner;
- There is a spreadsheet in place that is maintained by central finance that lists all the departments that have access to a credit card machine; and
- For a sample of 20 write offs, all 20 have supporting documentation in place and have been approved appropriately.

Some areas for improvement were identified. The only High priority issue is listed below:

- Financial instructions on Debt Management and Income are not available.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within Pensions.

Area	Risks	Issues		
		High	Medium	Low
Accounts Receivable Framework	<ul style="list-style-type: none"> • Roles and responsibilities regarding Accounts Receivable (including Income Management) not known or understood by Officers; • Performance around the Accounts Receivable function may not be known, leading to poor performance not being rectified / explained; and • Changes to legislations may not be identified, communicated and reflected in the Council's charging activities. 	1	0	0
Risk Management	<ul style="list-style-type: none"> • Risks within the Accounts Receivable process are not identified and managed effectively. 	0	0	0
Raising invoices and creation of customers	<ul style="list-style-type: none"> • The process to raise invoices is not adequately controlled; • Access to create or amend customer standing data is not limited or monitored; and • Discounts and adjustments are not appropriately authorised. 	0	1	0

Area	Risks	Issues		
		High	Medium	Low
Collection	<ul style="list-style-type: none"> • Lack of or inadequate working instructions available to staff for recording, banking, accounting for and securely handling income. • Income received is not fully receipted and recorded against the relevant invoice or customer account; • Inappropriate arrangements in place for cash and cheque collection, recording, securely handling and banking. • Errors and discrepancies not identified and investigated: and • Segregation of duties between cash collection, reconciliation and system maintenance is inadequate. 	0	0	0
Debit and credit card payments	<ul style="list-style-type: none"> • Customer payment card details are not held securely resulting in loss/theft of data. • Inappropriate or unauthorised debit or credit card charges are applied. 	0	0	0
Debt recovery and enforcement	<ul style="list-style-type: none"> • Prompt and appropriate recovery action is not undertaken when required; • Debts cancelled or written off without the appropriate authorisation; • Inconsistent approach to collection of debts in place; and • Management unaware of level of debt. 	0	0	0
Bank reconciliations	<ul style="list-style-type: none"> • Income accounted for does not agree to the amount received in the bank account. • Holding, suspense and control accounts are not adequately managed leading to the general ledger not being up to date. • Reconciliations are inaccurately or invalidly recorded or processed in an untimely manner; • Reconciliations are not reviewed by a senior officer; and • Discrepancies are not identified and therefore appropriate corrective action is not taken. 	0	1	0
TOTAL		1	2	0

5 PENSIONS - REASONABLE

The Council aims to ensure that the Pension Fund is effectively administered and appropriately monitored, and to manage expectations and regulatory requirements. At Bucks CC, this is accomplished on through the following mechanisms: record keeping of employees' contributions; governance of income from contributions; governance of payments to those eligible; and the use of available funds i.e. investments.

In addition to the findings summarised below, we also identified the following examples of good practice:

- Pension Funds investments; and
- Risk and performance management.

Some areas for improvement were identified. The only High priority issues is listed below:

- There is no consistent method for monthly reconciliations of income contributions provided by employers.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within Pensions.

Area	Risks	Issues		
		High	Medium	Low
Regulatory, organisational and management requirements	<ul style="list-style-type: none"> • The Communications Policy statement has not been updated within the last 12 months. 	0	1	0
Transactions	<ul style="list-style-type: none"> • There is no consistent method for monthly reconciliations of income contributions provided by employers; and <p>For a sample of 20 days of daily investments:</p> <ul style="list-style-type: none"> • One did not have a signed off balance sheet on file. 	1	0	1
TOTAL		1	1	1

6 TREASURY MANAGEMENT – REASONABLE

The Treasury Management system is designed to manage the Council's cash balances effectively through investing surpluses and borrowing from approved counterparties in line with the Council's needs. This audit also includes a follow up of the agreed action plan from the 2011/12 audit.

In addition to the findings summarised below, we also identified the following examples of good practice:

- Legislation, policies and procedures; and
- Risk and performance management.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within Treasury Management.

Area	Risks	Issues		
		High	Medium	Low
Treasury transactions and records	<ul style="list-style-type: none"> • Reconciliations for fixed term investments are not conducted regularly and by two separate officers in a timely manner. 	0	1	0
Cashflow forecasting	<ul style="list-style-type: none"> • There is currently no accurate method of identifying the correct amount of interest earned by money market loans in the vendors Payden & Rygel and Barclays Bank PLC 	0	1	0
Investments and borrowings	<ul style="list-style-type: none"> • Reconciliations for money market loans are not conducted regularly and by two separate officers in a timely manner. 	0	1	0
TOTAL		0	3	0

7 PAYROLL – LIMITED

The payroll processes managed by Human Resources Payroll services are provided to over 14,000 employees, including schools. Academy schools can also buy into payroll services. Recruitment has moved back in house since April 2012. The HR Operations team input starters, leavers and any changes to the SAP HR module on receipt of an electronic form authorised by the Line Manager. The Payroll Manager has recently left and there is currently a temporary Payroll Manager in place. Many of the processes, such as reconciliations between the payroll account and bank account carried out by the former Payroll Manager, were not documented. This has led to, for example, bank reconciliations not taking place since September 2012. There are also historic suspense account balances which have not been cleared. The Payroll Team, working with Finance, have identified these and other issues with the payroll accounts and there is a plan in place to resolve any of these that affect 2012/2013 year end closing. Going forward, processes will need to be developed to ensure that all payroll accounts are up to date.

HMRC's statutory change to RTI (Real Time Information) means that from July 2013 employee's earnings information has to be reported to HMRC every time a payroll is processed. The information will be transmitted electronically using the secure Government Gateway via the BACS process. This will change the way that payroll is processed for academy schools, the money will be taken directly from each academy's bank account rather than going through the Bucks County Council bank account.

There are process notes in place for some of the payroll procedures which the previous Payroll manager was updating, many of these process notes date back to 2008.

As part of the audit a sample of leavers were tested, for three in the sample the leavers form were not in the files. The Employee Lifecycle Manager confirmed that the forms had not yet been filed by filing room clerks. The earliest being for someone who left in December 2012. If forms are not filed promptly anyone accessing the file has incomplete information leading to the risk of inaccurate reporting and/or decision making.

In addition to the findings summarised below, we also found the following examples of good practice

- The HR Systems team run regular reports to allow monitoring of payroll payments.
- Electronic forms have been revised to make the starters, leavers and variations process more efficient.

Some areas for improvement were identified. All High priority issues are listed below:

- The PAYE Control Account is reconciled on a monthly basis, however there are still some historical balances, dating back to 2006, to be reconciled. The net pay a/c reconciliation spreadsheet was reconciled by the previous Payroll Manager up to September 2012.
- The Payroll Controls suspense account was being monitored by the previous Payroll Manager, in the main the balances relate to academies. Going forward a process needs to be put in place to ensure that balances are reconciled on a regular basis.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within the Payroll audit.

Area	Risks	Issues		
		High	Medium	Low
Starters	<ul style="list-style-type: none"> • Payments are not in accordance with the authorised establishment. • Payments are made to people who are not bona fide employees. 	0	0	1
Leavers	<ul style="list-style-type: none"> • Overpayments are made due to late notification/late processing of leavers form. 	0	0	0
Permanent and Temporary variations	<ul style="list-style-type: none"> • Permanent and temporary variations are not authorised. • Variations are not paid at the authorised / correct rate. • Payment is made for overtime not worked. 	0	0	0
Overpayments	<ul style="list-style-type: none"> • Overpayments are not identified/identified promptly. • Overpayments are not recovered in a timely manner. 	0	1	0
Multiple roles	<ul style="list-style-type: none"> • There is a breach of Working Time Directives leading to a possible fine. 	0	1	0

Area	Risks	Issues		
		High	Medium	Low
Monthly pay run controls	<ul style="list-style-type: none"> Payments made are not accurate, not made in a timely manner and/or not authorised. 	0	1	0
Reconciliation and suspense account	<ul style="list-style-type: none"> Transactions are not accurately reflected in the Council's accounts. 	2	0	0
Deductions	<ul style="list-style-type: none"> Deductions are not accurate, not paid in a timely manner and/or not authorised. 	0	1	0
Master data – pay rates and increments	<ul style="list-style-type: none"> Increments/changes to pay rates are inaccurate, not paid in a timely manner and/or not authorised. 	0	0	0
Academies	<ul style="list-style-type: none"> Services provided to academies are not in accordance with the terms and conditions of the contract/agreement and/or are incorrectly charged for. 	0	1	0
TOTAL		2	5	1

8 AFW GOVERNANCE – REASONABLE

A review of Governance and Financial Management in all service areas was undertaken in 2012/13. This formed part of the agreed 2012/13 Internal Audit Plan. The outcome of the review will form part of the assurance that enables Service Directors to complete their self assessment as part of the annual governance process. The objective of this review was to evaluate the area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The audit review also included carrying out testing in a sample of establishments/teams throughout the Council. The sample was selected on a risk basis following discussions with Service Directors and this year included Community Team 2, Seeleys Respite Centre, Seeleys Day Centre and Winslow Adult Learning Centre.

Adults and Family Wellbeing includes three service areas. Service Provision, Culture and Learning and Commissioning and Service Improvement.

The overall audit assurance for Adults and Family Wellbeing is reasonable. This is based on the adequacy of risk management techniques, the existing control

framework and compliance with the framework. The opinion reflects findings related to Adults and Family Wellbeing in other audits i.e. Budgetary Control, General Ledger, establishments audits and audit follow ups as listed below:

- Community Team 2 – limited opinion.
- Seeleys Respite Centre – limited opinion.
- Seeleys Day Centre – reasonable opinion.
- Winslow Adult Learning Centre – reasonable opinion.
- Swift Data Quality Follow Up – 3 outstanding actions for ICT.

During service area and establishment audit testing some areas for improvement were identified which apply to many service areas across the Council:

- Schemes of Financial Delegation do not reflect approval limits on SRM.
- Gifts and hospitality registers are in differing formats across service areas. Not all registers include whether the gift or hospitality offered has been accepted or declined.
- Not all risk registers on Performance Plus are up to date, it should be ensured that risks are being monitored and reviewed on a regular basis.
- Not all staff are printing out expenses forms, attaching receipts and sending to Business Support.
- Not all service areas have identified data quality champions to ensure that performance is accurately reported on.
- Not all sick leave is being recorded on SAP, which may lead to ineffective monitoring.
- The Health and Safety Team confirmed to Audit that not all staff who use display screen equipment have registered on the Cardinus system for workstation assessments.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Opinion		
		Service Provision	Culture and Learning	Commissioning and Service Improvement
Authority and Governance	<ul style="list-style-type: none"> Authority, responsibility and accountability are not clearly defined. Governance policies and procedures are not followed. Staff are unaware of their responsibilities relating to governance. Directorates do not act on findings of external improvement mechanisms (including Internal Audit and external inspection bodies). 	Reasonable	Reasonable	Reasonable
Risk Management	<ul style="list-style-type: none"> Key risks are not identified, assessed and effectively mitigated and monitored to reduce risks to an appropriate level. 	Reasonable	Reasonable	Reasonable
Financial Management	<ul style="list-style-type: none"> Budgets are not based on accurate and realistic financial information. Budgets are not managed effectively. Accurate and timely financial information is not available. Corporate policies and procedures are not followed for all financial transactions including income and expenditure transactions, cash receipting and safeguarding of assets. 	Reasonable	Reasonable	Reasonable
Performance Management	<ul style="list-style-type: none"> Objectives and targets are not set or are not appropriate. Objectives and targets are not monitored on a regular basis. Performance information is not accurate or up to date. 	Reasonable	Not tested 2012/13	Not tested 2012/13
Human Resources	<ul style="list-style-type: none"> There are no mechanisms in place to ensure that staff are aware of their responsibilities and comply with BCC policies relating to HR. Individual performance is not monitored, appraisals, 1:1s, sickness monitoring, identification of training needs is not carried out. Poor performance is not acted upon. Staff are employed that are not entitled to work in the UK/BCC or are not qualified for the post. Personal data is not held securely. 	Reasonable	Reasonable	Reasonable

Area	Risks	Opinion		
		Service Provision	Culture and Learning	Commissioning and Service Improvement
Legislation	<ul style="list-style-type: none"> There are no mechanisms in place to identify and comply with statutory and regulatory requirements. 	Reasonable	Not tested 2012/13	Reasonable
Procurement	<ul style="list-style-type: none"> Council Policies in regard to procurement are not followed. Legislation is not complied with. Appropriate procurement methods are not used and transactions are not authorised. 	Reasonable	Reasonable	Reasonable
Information Governance	<ul style="list-style-type: none"> Legislation including the Data Protection Act and Corporate Information Security policies and procedures are not complied with. Staff are unaware of responsibilities relating to information governance. 	Reasonable	Reasonable	Reasonable
Project Management	<ul style="list-style-type: none"> Projects are not appropriately authorised or effectively managed. Objectives are not achieved and projects not completed within required timescales or budget. 	Not tested 2012/13	Not tested 2012/13	Not tested 2012/13
Partnerships	<ul style="list-style-type: none"> Partnerships are entered into which do not meet BCC objectives. A formal agreement is not in place which defines governance arrangements and partners are not aware of their roles and responsibilities in regard to the partnership. Operational performance is not managed to ensure partnerships work effectively and achieve objectives. Pooled budgets are not effectively managed. 	Not tested 2012/13	Not tested 2012/13	Not tested 2012/13

9 COMMUNITY TEAM 2 – LIMITED

Community Team 2 provides an in house home care provision for service users in the south of the County. The team consists of facilitators who carry out risk assessments, arrange home care and ensure that it is still provided when the regular carer is not available. There are also over 70 home carers and 3 Team Clerks, one of whom is based at Winslow. The Home Care service was due to be

phased out in 2012 however there have been problems with external Home Care providers which has delayed the decision to close the internal provision.

The Team Leader currently has line management responsibility for all the staff in her team which has led to supervisions and appraisals being delayed although the Community Facilitator (Community South 1) has carried out some of the supervisions and appraisals.

Home Carers' time is recorded on TCO which is a four weekly time recording and payroll system which interfaces to SAP payroll. Data is input to TCO and time sheets checked by the Team Clerks on a weekly basis.

In addition to the findings summarised below, we also found the following examples of good practice

- Risk assessments are carried out for all new service users before home care commences.
- An audit is undertaken on a sample of service users' files on a regular basis, any issues found are discussed with the appropriate Community Facilitator.

Some areas for improvement were identified. All High priority issues are listed below:

- Complaints should be reported to the Adult Social Care Customer Care Manager as necessary to ensure that they are recorded and escalated appropriately.
- The budget should be monitored on a regular basis going forward and the forecast updated on SAP at frequencies agreed with Finance to ensure that any predicted underspend can be reported in a timely manner.
- The details of the CRB clearance for a Home Carer are not recorded on the CRB spreadsheet. The missing CRB certificate should be chased up and details recorded on the spreadsheet to ensure that the carer has an up to date CRB check in place.
- The appropriate courses should be arranged for staff as soon as possible to ensure that mandatory training is up to date.
- A decision should be taken by senior management on line management responsibilities to ensure that supervision and appraisals can be carried out on a regular basis and performance monitored.
- Sensitive/confidential information should be sent by encrypted email or a method agreed with the Data Protection Officer to prevent emails being received and accessed by an inappropriate person.
- All staff should undertake the Information Governance/Data protection elearning. This is now mandatory for all BCC staff.
- The Business Continuity/Emergency Plan should be reviewed on a regular basis to ensure that it is fit for purpose should an emergency

arise. It should also be tested before winter to ensure that it works should there be severe weather conditions.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Issues		
		High	Medium	Low
Policies and Procedures	Staff are unaware of their roles and responsibilities	1	1	0
Budgetary Control	Significant variances in the budget, fraud and error are not identified.	1	0	0
Payroll	Error or fraud occurring in the payroll system	0	1	0
Human Resources	HR processes are not in place or complied with	3	2	0
Procurement	Value for money is not achieved. Payments made are not for genuine purchases.	0	0	0
Income/Banking	All income expected is not accounted for	Not Applicable		
Assets	BCC assets are not protected from theft.	0	1	0
Information Security	Date protection requirements are not complied with.	2	0	0
Imprest Accounts	Imprest monies are not properly accounted for.	Not Applicable		
Business Continuity	In an emergency mission critical activities may not take place.	1	0	0
Risk Management	Key risks may not be identified, assessed or mitigated.	0	0	0
Performance Management	Objectives and targets may not be achieved.	0	0	0
Project Management	Projects may not be effectively managed leading to failure or delay.	Not Applicable		
TOTAL		8	5	0

10 SEELEYS DAY SERVICES – REASONABLE

Seeleys Day Centre is in Beaconsfield and offers service users with learning/physical disabilities and mental health difficulties are independent living skills, further education, work experience placements, leisure opportunities and personal care. The clients staying at Seeleys Respite Centre also attend the day centre.

In addition to the findings summarised below, we also found the following examples of good practice:

- Budget forecasts have been completed in line with budget monitoring requirements; and
- Starters' / leavers' start / end dates have been authorised appropriately in line with Council procedures.

Some areas for improvement were identified. All High priority issues are listed below:

- A review of all staff training identified that only one officer had completed the mandatory Data Protection elearning. All staff should complete the training.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Issues		
		High	Medium	Low
Policies and Procedures	Staff are unaware of their roles and responsibilities	0	2	0
Budgetary Control	Significant variances in the budget, fraud and error are not identified.	0	0	0
Payroll	Error or fraud occurring in the payroll system	0	0	0
Human Resources	HR processes are not in place or complied with	0	4	0
Procurement	Value for money is not achieved. Payments made are not for genuine purchases.	0	2	0
Income/Banking	All income expected is not accounted for	0	1	0
Assets	BCC assets are not protected from theft.	0	1	0

Information Security	Date protection requirements are not complied with.	1	0	0
Imprest Accounts	Imprest monies are not properly accounted for.	0	0	0
Business Continuity	In an emergency mission critical activities may not take place.	0	0	1
Risk Management	Key risks may not be identified, assessed or mitigated.	0	0	0
Performance Management	Objectives and targets may not be achieved.	0	0	0
Project Management	Projects may not be effectively managed leading to failure or delay.	0	0	0
TOTAL		1	10	1

11 SEELEYS RESPITE UNIT – LIMITED

Seeleys Respite Unit provides a respite service for adults with severe learning disabilities and/or physical disabilities. It is a 12 bedded unit and provides care 7 nights a week. It is attached to Seeleys Day Care Centre which respite clients go to during the day. Bookings for the unit are made through the Central Access Team. There is currently an Interim Manager in place who has managed the unit since November 2012; from 1 March 2013 the unit will be managed by the Day Opportunities Manager. The Unit is run by 3 Unit Co-ordinators who work shifts. Following a restructure of day care services, and since April 2012, 12 members of staff have left the unit and 10 new members of staff have joined.

Whilst Internal Audit was on site a Health and Safety Audit was being carried out by BCC Health and Safety Team and a report issued. It should be ensured that the actions arising from the Health and Safety report are actioned by the date stated in the report.

In addition to the findings summarised below, we also found the following examples of good practice

- Supervision meetings take place with all staff on a regular basis and a supervision agreement is in place.
- Records of client pocket money are maintained and the money is held securely.

Some areas for improvement were identified. All High priority issues are listed below:

- All sick leave should be recorded on SAP to ensure that sickness data is accurate and effective monitoring can take place.

- A monitoring process should be put in place to ensure that CRB checks are applied for in a timely manner.
- One purchasing card for a member of staff who left in September 2012 was still active on the purchasing card system at the time of the audit. There has been no spend against this card since September. Finance have now been informed that the card should be cancelled.
- Unit Co-ordinators should ensure that the client charging spreadsheet is updated when financial assessment letters are received and the Business Support Administrator should be informed of any updated fees to ensure that clients are invoiced for the correct amount.
- All staff should undertake the Data Protection elearning on SAP, this is now mandatory for all BCC staff.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Issues		
		High	Medium	Low
Policies and Procedures	Staff are unaware of their roles and responsibilities	0	3	0
Budgetary Control	Significant variances in the budget, fraud and error are not identified.	0	0	0
Payroll	Error or fraud occurring in the payroll system	1	1	0
Human Resources	HR processes are not in place or complied with	1	0	0
Procurement	Value for money is not achieved. Payments made are not for genuine purchases.	1	4	1
Income/Banking	All income expected is not accounted for	1	1	0
Assets	BCC assets are not protected from theft.	0	1	0
Information Security	Date protection requirements are not complied with.	1	0	0
Imprest Accounts	Imprest monies are not properly accounted for.	Not Applicable		

Business Continuity	In an emergency mission critical activities may not take place.	0	0	0
Risk Management	Key risks may not be identified, assessed or mitigated.	0	0	0
Performance Management	Objectives and targets may not be achieved.	0	0	0
Project Management	Projects may not be effectively managed leading to failure or delay.	Not Applicable		
TOTAL		5	10	1

12 WINSLOW CENTRE – REASONABLE

The Winslow Centre is an Adult Learning establishment where day and evening courses are run, the site is also used by other BCC services but to a lesser extent than previously. The team at the Winslow Centre is operational and their role is to provide frontline administrative, customer services and premises support for Adult Learning delivery in the centre and off site locations in the Aylesbury Vale and Chiltern Districts. There are 10.5 FTE members of staff that support Winslow and other adult learning centres at Quarrendon, Amersham and Chesham. The District Learning Operations Manager has line management responsibility for the majority of staff and the Facilities Manager has line management responsibility for site staff. The Winslow Centre has two cost centres. The first is Skills Funding Agency funded with a financial year from August to July, the annual budget for 2012/13 is £347,239 and the budget holder is the District Learning Operations Manager. The second is the operational budget that runs from April to March, the annual budget for 2012/13 was £108,127 and the budget holder is the Facilities Manager. All staff have access to SAP which is used for finance, procurement, HR and staff performance management.

In addition to the findings summarised below, we also found the following examples of good practice:

- Personal details of learners are kept secure.
- Quotes are obtained in line with Financial Regulations.
- Limit orders are used appropriately.
- Health and Safety checks are well documented and comprehensive.

Some areas for improvement were identified. All High priority issues are listed below:

- Income is not banked intact.
- Imprest sub accounts are operated.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Issues		
		High	Medium	Low
Policies and Procedures	Staff are unaware of their roles and responsibilities			
Budgetary Control	Significant variances in the budget, fraud and error are not identified.			
Payroll	Error or fraud occurring in the payroll system		1	
Human Resources	HR processes are not in place or complied with			
Procurement	Value for money is not achieved. Payments made are not for genuine purchases.		1	
Income/Banking	All income expected is not accounted for	1	6	
Assets	BCC assets are not protected from theft.		2	
Information Security	Date protection requirements are not complied with.			
Imprest Accounts	Imprest monies are not properly accounted for.	1	2	
Business Continuity	In an emergency mission critical activities may not take place.			
Risk Management	Key risks may not be identified, assessed or mitigated.			
Performance Management	Objectives and targets may not be achieved.			
Project Management	Projects may not be effectively managed leading to failure or delay.			
TOTAL		2	12	0

13 SWIFT DATA QUALITY FOLLOW UP AUDIT

The objective of this follow up exercise was to provide an update on the implementation of the management actions agreed as part of the previous audit review of SWIFT Data Quality. The scope was restricted to verifying the specific

management actions documented in the Audit report issued September 2011. The method of verification included review of documentary evidence, discussion with responsible officers and brief sample testing where appropriate.

We found that, of the 15 original management actions, 10 had been fully implemented, 3 had not been implemented and 1 was no longer applicable. The findings and any additional actions required are detailed in Appendix A. There was 1 low priority action, number 6, in the original report which has not been followed up.

Any additional or repeated management actions have been discussed with the relevant action owners and will be entered onto the Council's performance management system (InPhase). These will be monitored as part of the regular reporting to Regulatory and Audit Committee.

14 COMMUNITIES AND BUILT ENVIRONMENT GOVERNANCE AND FINANCIAL MANAGEMENT - REASONABLE

A review of Governance and Financial Management in all service areas was undertaken in 2012/13. This formed part of the agreed 2012/13 Internal Audit Plan. The outcome of the review will form part of the assurance that enables Service Directors to complete their self assessment as part of the annual governance process. The objective of this review was to evaluate the area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The audit review also included carrying out testing in a sample of establishments/teams throughout the Council. The sample was selected on a risk basis following discussions with Service Directors and this year included Black Park Country Park.

Communities and Built Environment includes two service areas: Place Service covers Planning and Environment, Waste, Transport, and Property Services. Localities and Safer Communities includes the Drug and Alcohol Team, Community Cohesion and Equalities, Trading Standards, Resilience Team, Locality Services and Safer Communities.

The overall audit assurance for Communities and Built Environment is **reasonable**. This is based on the adequacy of risk management techniques, the existing control framework and compliance with the framework. The opinion reflects findings related to Communities and Built Environment in other audits i.e. Budgetary Control, establishments audits and audit follow ups as listed below:

- Black Park Country Park – reasonable opinion.
- On-Street parking Follow Up – 1 outstanding action.
- K2 Application Audit Follow Up – 6 outstanding actions.

During service area and establishment audit testing some areas for improvement were identified which apply to many service areas across the Council:

- Schemes of Financial Delegation do not reflect approval limits on SRM.
- Gifts and hospitality registers are in differing formats across service areas. Not all registers include whether the gift or hospitality offered has been accepted or declined.
- Not all risk registers on Performance Plus are up to date, it should be ensured that risks are being monitored and reviewed on a regular basis.
- Not all staff are printing out expenses forms, attaching receipts and sending to Business Support.
- Not all service areas have identified data quality champions to ensure that performance is accurately reported on.
- Not all sick leave is being recorded on SAP which may lead to ineffective monitoring.
- The Health and Safety Team confirmed to Audit that not all staff who use display screen equipment have registered on the Cardinus system for workstation assessments.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Opinion	
		Place	Localities and Safer Communities
Authority and Governance	<ul style="list-style-type: none"> • Authority, responsibility and accountability are not clearly defined. • Governance policies and procedures are not followed. • Staff are unaware of their responsibilities relating to governance. • Directorates do not act on findings of external improvement mechanisms (including Internal Audit and external inspection bodies). 	Reasonable	Reasonable
Risk Management	<ul style="list-style-type: none"> • Key risks are not identified, assessed and effectively mitigated and monitored to reduce risks to an appropriate level. 	Reasonable	Reasonable

Area	Risks	Opinion	
		Place	Localities and Safer Communities
Financial Management	<ul style="list-style-type: none"> Budgets are not based on accurate and realistic financial information. Budgets are not managed effectively. Accurate and timely financial information is not available. Corporate policies and procedures are not followed for all financial transactions including income and expenditure transactions, cash receipting and safeguarding of assets. 	Reasonable	Reasonable
Performance Management	<ul style="list-style-type: none"> Objectives and targets are not set or are not appropriate. Objectives and targets are not monitored on a regular basis. Performance information is not accurate or up to date. 	Reasonable	Reasonable
Human Resources	<ul style="list-style-type: none"> There are no mechanisms in place to ensure that staff are aware of their responsibilities and comply with BCC policies relating to HR. Individual performance is not monitored, appraisals, 1:1s, sickness monitoring, identification of training needs is not carried out. Poor performance is not acted upon. Staff are employed that are not entitled to work in the UK/BCC or are not qualified for the post. Personal data is not held securely. 	Reasonable	Reasonable
Legislation	<ul style="list-style-type: none"> There are no mechanisms in place to identify and comply with statutory and regulatory requirements. 	Not tested 2012/13	
Procurement	<ul style="list-style-type: none"> Council Policies in regard to procurement are not followed. Legislation is not complied with. Appropriate procurement methods are not used and transactions are not authorised. 	Reasonable	Not tested 2012/13
Information Governance	<ul style="list-style-type: none"> Legislation including the Data Protection Act and Corporate Information Security policies and procedures are not complied with. Staff are unaware of responsibilities relating to information governance. 	Reasonable	Reasonable
Project Management	<ul style="list-style-type: none"> Projects are not appropriately authorised or effectively managed. Objectives are not achieved and projects not completed within required timescales or budget. 	Not tested 2012/13	

Area	Risks	Opinion	
		Place	Localities and Safer Communities
Partnerships	<ul style="list-style-type: none"> Partnerships are entered into which do not meet BCC objectives. A formal agreement is not in place which defines governance arrangements and partners are not aware of their roles and responsibilities in regard to the partnership. Operational performance is not managed to ensure partnerships work effectively and achieve objectives. Pooled budgets are not effectively managed. 	Not tested 2012/13	

15 BLACK PARK - REASONABLE

Black Park Country Park is one of three country parks owned by Bucks County Council. The Country Parks Service Business Manager is based at Black Park but also manages the other two parks at Langley and Denham. The Country Parks Service is well run by experienced members of staff. It was agreed in 2011 that the Country Parks Service should become self financing and to that end a Commercial Parks Commercial Manager has been employed since November 2012 to secure additional sources of income.

In addition to the findings summarised below, we also found the following examples of good practice:

- The budget is closely monitored by the Country Parks Service Business Manager.
- Staff are trained in all aspects of health and safety including the use of equipment.
- Risks and performance are reported on regularly as part of the Place Service management information pack.

Some areas for improvement were identified. All High priority issues are listed below:

- Amended letters of authority to drive official vehicles should be obtained as soon as possible to ensure that drivers are authorised and insured whilst driving BCC vehicles.
- The approvers on SAP for Place Service should be reviewed and amended to ensure that purchase orders are authorised by an appropriate member of staff and in accordance with the Place scheme of delegation.

- There is a lack of separation of duties within the process for receiving and recording income. A process should be put in place to check income received and banked against what is recorded on SAP.
- The keys to the safes and to the strong room and the spare key should be held in a separate building outside of business hours to ensure that in the event of a break in the insurance is not made invalid.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Issues		
		High	Medium	Low
Policies and Procedures	Staff are unaware of their roles and responsibilities	0	0	0
Budgetary Control	Significant variances in the budget, fraud and error are not identified.	0	0	0
Payroll	Error or fraud occurring in the payroll system	0	0	0
Human Resources	HR processes are not in place or complied with	1	0	0
Procurement	Value for money is not achieved. Payments made are not for genuine purchases.	1	1	0
Income/Banking	All income expected is not accounted for	2	3	1
Assets	BCC assets are not protected from theft.	0	0	0
Information Security	Date protection requirements are not complied with.	0	0	0
Imprest Accounts	Imprest monies are not properly accounted for.	N/A	N/A	N/A
Business Continuity	In an emergency mission critical activities may not take place.	0	0	0
Risk Management	Key risks may not be identified, assessed or mitigated.	0	0	0
Performance Management	Objectives and targets may not be achieved.	0	0	0

Project Management	Projects may not be effectively managed leading to failure or delay.	N/A	N/A	N/A
TOTAL		4	4	1

16 K2 SYSTEM FOLLOW UP AUDIT - REASONABLE

The objective of this follow up exercise was to provide an update on the implementation of the management actions agreed as part of the previous audit review of the K2 Application. The scope was restricted to verifying the specific management actions documented in the Audit report issued in November 2011. The method of verification included review of documentary evidence, discussion with responsible officers and brief sample testing where appropriate.

We found that, of the fifteen management actions, five had been fully implemented, one was partially implemented and three were no longer relevant. Six further / repeated management actions have been identified and discussed with the action owner.

17 ON STREET CAR PARKING FOLLOW UP AUDIT – REASONABLE

The Internal Audit review of On-Street Parking was undertaken as part of the 2011/12 Internal Audit Plan and was carried out during January 2012. A management letter was issued 20 April 2012 to assist the Council in improving the internal controls in relation to On-Street Parking Services. A follow up review was carried out in September 2012 and January 2013 confirming positive assurance that all but one of the actions has been completed, the outstanding action has a completion date of 31 March 2013. The review comprised of discussion with management to ascertain the extent of the implementation of the original agreed management actions. No formal testing was carried out and it is anticipated that the audit will be followed up later in the year. At that time the method of verification will include review of documentary evidence, discussion with responsible officers and brief sample testing, where appropriate.

18 POLICY, PERFORMANCE AND COMMUNICATIONS – REASONABLE

A review of Governance and Financial Management in all service areas was undertaken in 2012/13. This formed part of the agreed 2012/13 Internal Audit Plan. The outcome of the review will form part of the assurance that enables Service Directors to complete their self assessment as part of the annual governance process. The objective of this review was to evaluate the area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The audit review also included carrying out testing in a sample of establishments/teams throughout the Council. The sample was selected on a risk basis and this year did not include a team from Policy Performance and Communications. A follow up of the Performance Management Audit March 2012 was completed as part of the review, there were 6 recommendations outstanding.

The overall audit assurance is **Reasonable**. This is based on the adequacy of risk management techniques, the existing control framework and compliance with the framework. A follow up of the Performance Management Audit March 2012 was completed in March 2013 there were 6 recommendations outstanding which were partially completed.

During service area and establishment audit testing some areas for improvement were identified which apply to many service areas across the Council:

- Schemes of Financial Delegation do not reflect approval limits on SRM.
- Gifts and hospitality registers are in differing formats across service areas. Not all registers include whether the gift or hospitality offered has been accepted or declined.
- Not all staff are printing out expenses forms, attaching receipts and sending to Business Support.
- Not all service areas have identified data quality champions to ensure that performance is accurately reported on.
- Not all sick leave is being recorded on SAP which may lead to ineffective monitoring.
- The Health and Safety Team confirmed to Audit that not all staff who use display screen equipment have registered on the Cardinus system for workstation assessments.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Opinion
Authority and Governance	<ul style="list-style-type: none"> • Authority, responsibility and accountability are not clearly defined. • Governance policies and procedures are not followed. • Staff are unaware of their responsibilities relating to governance. • Directorates do not act on findings of external improvement mechanisms (including Internal Audit and external inspection bodies). 	Reasonable
Risk Management	<ul style="list-style-type: none"> • Key risks are not identified, assessed and effectively mitigated and monitored to reduce risks to an appropriate level. 	Reasonable

Area	Risks	Opinion
Financial Management	<ul style="list-style-type: none"> • Budgets are not based on accurate and realistic financial information. • Budgets are not managed effectively. Accurate and timely financial information is not available. • Corporate policies and procedures are not followed for all financial transactions including income and expenditure transactions, cash receipting and safeguarding of assets. 	Reasonable
Performance Management	<ul style="list-style-type: none"> • Objectives and targets are not set or are not appropriate. • Objectives and targets are not monitored on a regular basis. • Performance information is not accurate or up to date. 	Reasonable
Human Resources	<ul style="list-style-type: none"> • There are no mechanisms in place to ensure that staff are aware of their responsibilities and comply with BCC policies relating to HR. • Individual performance is not monitored, appraisals, 1:1s, sickness monitoring, identification of training needs is not carried out. Poor performance is not acted upon. • Staff are employed that are not entitled to work in the UK/BCC or are not qualified for the post. • Personal data is not held securely. 	Not tested 2012/13
Legislation	<ul style="list-style-type: none"> • There are no mechanisms in place to identify and comply with statutory and regulatory requirements. 	Reasonable
Procurement	<ul style="list-style-type: none"> • Council Policies in regard to procurement are not followed. • Legislation is not complied with. • Appropriate procurement methods are not used and transactions are not authorised. 	Not tested 2012/13
Information Governance	<ul style="list-style-type: none"> • Legislation including the Data Protection Act and Corporate Information Security policies and procedures are not complied with. • Staff are unaware of responsibilities relating to information governance. 	Reasonable
Project Management	<ul style="list-style-type: none"> • Projects are not appropriately authorised or effectively managed. • Objectives are not achieved and projects not completed within required timescales or budget. 	Not tested 2012/13
Partnerships	<ul style="list-style-type: none"> • Partnerships are entered into which do not meet BCC objectives. • A formal agreement is not in place which defines governance arrangements and partners are not aware of their roles and responsibilities in regard to the partnership. • Operational performance is not managed to ensure partnerships work effectively and achieve objectives. • Pooled budgets are not effectively managed. 	Not tested 2012/13

19 PERFORMANCE MANAGEMENT FOLLOW-UP AUDIT - REASONABLE

The objective of this follow up exercise was to provide an update on the implementation of the agreed management actions as part of the previous audit review of Performance Management. The scope was restricted to verifying the specific management actions documented in the Audit report issued in March 2012. The method of verification included review of documentary evidence, discussion with responsible officers and brief sample testing, where appropriate.

We found that, of the 9 original management actions, 3 had been fully implemented, 6 had been partially implemented.

20 RESOURCES AND BUSINESS TRANSFORMATION GOVERNANCE AND FINANCIAL MANAGEMENT - REASONABLE

A review of Governance and Financial Management in all service areas was undertaken in 2012/13. This formed part of the agreed 2012/13 Internal Audit Plan. The outcome of the review will form part of the assurance that enables Service Directors to complete their self assessment as part of the annual governance process. The objective of this review was to evaluate the area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The audit review also included carrying out testing in a sample of establishments/teams throughout the Council. The sample was selected on a risk basis and this year did not include a team from Resources and Business Transformation.

At the time of the audit testing Resources and Business Transformation covered five service areas; Human Resources, Legal and Democratic Services, Finance and Commercial Services, Customer Contact, Service Transformation. This has now been increased to six service areas to include Support Services which were formally part of Finance and Commercial Services, Human Resources and Service Transformation. Resources and Business Transformation has responsibility for all corporate policies, any findings which relate to corporate policies and procedures have therefore been included in this report.

1.1 The overall audit assurance for Resources and Business Transformation is **Reasonable**. This is based on the adequacy of risk management techniques, the existing control framework and compliance with the framework. The opinion also reflects findings from other audits carried out including:

- Treasury Management (Reasonable).
- Payroll (draft opinion Limited).
- Budgetary Control (Reasonable).
- General Ledger (Reasonable).
- Accounts Payable (draft report issued - reasonable).

- Accounts Receivable (draft report issued - reasonable).
- Officers' Code of Conduct Follow Up (all actions completed).
- Gifts and Hospitality Follow Up (6 outstanding actions).
- Feedback and Complaints Follow Up (3 outstanding actions).
- Data Security (External Transfers and End User Developments) Follow Up (4 outstanding actions).
- Swift Data Quality Follow Up (3 outstanding actions – ICT).
- On-Street Parking Follow Up (all Finance actions completed).
- Performance Management Follow Up (1 outstanding action – Finance).

During service area and establishment audit testing some areas for improvement were identified which apply to many service areas across the Council:

- Schemes of Financial Delegation do not reflect approval limits on SRM.
- Gifts and hospitality registers are in differing formats across service areas. Not all registers include whether the gift or hospitality offered has been accepted or declined.
- Not all risk registers on Performance Plus are up to date, it should be ensured that risks are being monitored and reviewed on a regular basis.
- Not all staff are printing out expenses forms, attaching receipts and sending to Business Support.
- Not all service areas have identified data quality champions to ensure that performance is accurately reported on.
- Not all sick leave is being recorded on SAP which may lead to ineffective monitoring.
- The Health and Safety Team confirmed to Audit that not all staff who use display screen equipment have registered on the Cardinus system for workstation assessments.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Opinion	Finding Reference	Related Audits
Authority and Governance	<ul style="list-style-type: none"> Authority, responsibility and accountability are not clearly defined. Governance policies and procedures are not followed. Staff are unaware of their responsibilities relating to governance Services do not act on findings of external improvement mechanisms (including Internal Audit and external inspection bodies) 	Reasonable	1,8,11	<ul style="list-style-type: none"> Officers' Code of Conduct Follow Up Gifts and Hospitality Follow Up Feedback and Complaints Follow Up
Risk Management	<ul style="list-style-type: none"> Key risks are not identified, assessed and effectively mitigated and monitored to reduce risks to an appropriate level. 	Reasonable	2,13	Corporate and Service area testing
Financial Management	<ul style="list-style-type: none"> Budgets are not based on accurate and realistic financial information. Budgets are not managed effectively. Accurate and timely financial information is not available. Corporate policies and procedures are not followed for all financial transactions including income and expenditure transactions, cash receipting and safeguarding of assets. 	Reasonable	3,4,6,10,12,14,15	<ul style="list-style-type: none"> Treasury Management Payroll Budgetary Control General Ledger Accounts Payable Accounts Receivable
Performance Management	<ul style="list-style-type: none"> Objectives and targets are not set or are not appropriate. Objectives and targets are not monitored on a regular basis. Performance information is not accurate or up to date. 	Reasonable	N/A	Swift Data Quality Follow Up Corporate and Service area testing

Area	Risks	Opinion	Finding Reference	Related Audits
Human Resources	<ul style="list-style-type: none"> There are no mechanisms in place to ensure that staff are aware of their responsibilities and comply with BCC policies relating to HR. Individual performance is not monitored, appraisals, 1:1s, sickness monitoring, identification of training needs is not carried out. Poor performance is not acted upon. Staff are employed that are not entitled to work in the UK/BCC or are not qualified for the post. Personal data is not held securely. 	Reasonable	N/A	Corporate and Service area testing
Legislation	<ul style="list-style-type: none"> There are no mechanisms in place to identify and comply with statutory and regulatory requirements. 	Not tested		
Procurement	<ul style="list-style-type: none"> Council Policies in regard to procurement are not followed. Legislation is not complied with. Appropriate procurement methods are not used and transactions are not authorised. 	Reasonable	N/A	Corporate and Service area testing
Information Governance	<ul style="list-style-type: none"> Legislation including the Data Protection Act and Corporate Information Security policies and procedures are not complied with. Staff are unaware of responsibilities relating to information governance. 	Reasonable	5,7	Data Security (External Transfers and End user Developments) Follow Up
Project Management	<ul style="list-style-type: none"> Projects are not appropriately authorised or effectively managed. Objectives are not achieved and projects not completed within required timescales or budget. 	Not tested		

Area	Risks	Opinion	Finding Reference	Related Audits
Partnerships	<ul style="list-style-type: none"> • Partnerships are entered into which do not meet BCC objectives. • A formal agreement is not in place which defines governance arrangements and partners are not aware of their roles and responsibilities in regard to the partnership. • Operational performance is not managed to ensure partnerships work effectively and achieve objectives. • Pooled budgets are not effectively managed 		Not tested	

21 DATA SECURITY FOLLOW-UP AUDIT - REASONABLE

The objective of this follow up exercise was to provide an update on the implementation of the management actions agreed as part of the previous audit review of Data Security. The scope was restricted to verifying the specific management actions documented in the Audit report issued May 2012. The method of verification included review of documentary evidence, discussion with responsible officers and brief sample testing where appropriate.

We found that, of the 17 management actions, seven had been fully implemented, six were partially, but not yet fully, implemented. Four actions, shown as no longer applicable, have been combined into one new action aimed at delivering the agreed improvements. Work on this additional action is in progress and expected to be completed by 31 October 2013.

22 FEEDBACK AND COMPLAINTS FOLLOW-UP AUDIT - REASONABLE

The objective of this follow up exercise was to provide an update on the implementation of the agreed management actions as part of the previous audit review of Feedback and Complaints. The scope was restricted to verifying the specific management actions documented in the Audit report issued January 2012. The method of verification included review of documentary evidence, discussion with responsible officers and brief sample testing, where appropriate.

We found that, of the 9 original high and medium priority management actions, 5 had been fully implemented, 3 had been partially implemented (completion date amended) and 1 was no longer applicable. There was 1 low priority action, number 6, in the original report which has not been followed up.

23 GIFTS AND HOSPITALITY FOLLOW-UP AUDIT – REASONABLE

The objective of this follow up exercise was to provide an update on the implementation of the agreed management actions as part of the previous audit review of Gifts and Hospitality. The scope was restricted to verifying the specific management actions documented in the Audit report issued May 2012. The method of verification included review of documentary evidence, discussion with responsible officers and brief sample testing, where appropriate.

We found that, of the nine original management actions, three had been fully implemented and six had not been implemented; there were none that were no longer applicable. The findings and any agreed additional actions are detailed in Appendix A.

24 OFFICERS CODE OF CONDUCT FOLLOW-UP AUDIT – SUBSTANTIAL

The objective of this follow up exercise was to provide an update on the implementation of the agreed management actions as part of the previous audit review of the Officers' Code of Conduct. The scope was restricted to verifying the specific management actions documented in the Audit report issued May 2012. The method of verification included review of documentary evidence, discussion with responsible officers and brief sample testing, where appropriate.

We found that, of the 2 original management actions, both had been fully implemented. There were no additional actions required.

25 CYP GOVERNANCE AND FINANCIAL MANAGEMENT - REASONABLE

A review of Governance and Financial Management in all service areas was undertaken in 2012/13. This formed part of the agreed 2012/13 Internal Audit Plan. The outcome of the review will form part of the assurance that enables Service Directors to complete their self assessment as part of the annual governance process. The objective of this review was to evaluate the area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The areas included in the review can be seen in section 1.6. The audit review also included carrying out testing in a sample of establishments/teams throughout the Council. The sample was selected on a risk basis following discussions with Service Directors and this year included The Fostering Team, Wycombe Family Centre and CYP Commissioning Team.

Children and Young People includes two service areas. Children and Families Service covers Assessment and Protection, Early Help and Intervention, Care Management, Care Services and Youth Services. Learning, Skills and Prevention

Service covers Prevention and Commissioning, Access and Youth Provision, Children's Partnerships, Learning Trust and Special Educational Needs.

The overall audit assurance for is **reasonable**. This is based on the adequacy of risk management techniques, the existing control framework and compliance with the framework. The opinion reflects findings related to Children and Young People in other audits i.e. Budgetary Control and establishments audits listed below:

- Fostering Team – reasonable opinion
- Wycombe Family Centre – reasonable opinion
- CYP Commissioning Team – substantial opinion.

During service area and establishment audit testing some areas for improvement were identified which apply to many service areas across the Council:

- Schemes of Financial Delegation do not reflect approval limits on SRM.
- Gifts and hospitality registers are in differing formats across service areas. Not all registers include whether the gift or hospitality offered has been accepted or declined.
- Not all staff are printing out expenses forms, attaching receipts and sending to Business Support.
- Not all service areas have identified data quality champions to ensure that performance is accurately reported on.
- Not all sick leave is being recorded on SAP which may lead to ineffective monitoring.
- The Health and Safety Team confirmed to Audit that not all staff who use display screen equipment have registered on the Cardinus system for workstation assessments.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Opinion	
		Children and Families	Learning, Skills and Prevention
Authority and Governance	<ul style="list-style-type: none"> • Authority, responsibility and accountability are not clearly defined. • Governance policies and procedures are not followed. • Staff are unaware of their responsibilities relating to governance. • Directorates do not act on findings of external improvement mechanisms (including Internal Audit and external inspection bodies). 	Reasonable	Reasonable
Risk Management	<ul style="list-style-type: none"> • Key risks are not identified, assessed and effectively mitigated and monitored to reduce risks to an appropriate level. 	Reasonable	Reasonable
Financial Management	<ul style="list-style-type: none"> • Budgets are not based on accurate and realistic financial information. • Budgets are not managed effectively. Accurate and timely financial information is not available. • Corporate policies and procedures are not followed for all financial transactions including income and expenditure transactions, cash receipting and safeguarding of assets. 	Reasonable	Reasonable
Performance Management	<ul style="list-style-type: none"> • Objectives and targets are not set or are not appropriate. • Objectives and targets are not monitored on a regular basis. • Performance information is not accurate or up to date. 	Reasonable	Reasonable
Human Resources	<ul style="list-style-type: none"> • There are no mechanisms in place to ensure that staff are aware of their responsibilities and comply with BCC policies relating to HR. • Individual performance is not monitored, appraisals, 1:1s, sickness monitoring, identification of training needs is not carried out. Poor performance is not acted upon. • Staff are employed that are not entitled to work in the UK/BCC or are not qualified for the post. • Personal data is not held securely. 	Reasonable	Reasonable
Legislation	<ul style="list-style-type: none"> • There are no mechanisms in place to identify and comply with statutory and regulatory requirements. 	Reasonable	Reasonable

Area	Risks	Opinion	
		Children and Families	Learning, Skills and Prevention
Procurement	<ul style="list-style-type: none"> • Council Policies in regard to procurement are not followed. • Legislation is not complied with. • Appropriate procurement methods are not used and transactions are not authorised. 	Reasonable	Reasonable
Information Governance	<ul style="list-style-type: none"> • Legislation including the Data Protection Act and Corporate Information Security policies and procedures are not complied with. • Staff are unaware of responsibilities relating to information governance. 	Reasonable	Reasonable
Project Management	<ul style="list-style-type: none"> • Projects are not appropriately authorised or effectively managed. • Objectives are not achieved and projects not completed within required timescales or budget. 	Not tested 2012/13	Not tested 2012/13
Partnerships	<ul style="list-style-type: none"> • Partnerships are entered into which do not meet BCC objectives. • A formal agreement is not in place which defines governance arrangements and partners are not aware of their roles and responsibilities in regard to the partnership. • Operational performance is not managed to ensure partnerships work effectively and achieve objectives. • Pooled budgets are not effectively managed. 	Not tested 2012/13	Not tested 2012/13

26 FAST DESBOROUGH ROAD – REASONABLE

The core work of the Family Assessment and Support team is to provide and deliver an effective and intensive needs led service to work in partnership with families. The overall aim is to bring about change, identify and reduce risk of harm and improve upon outcomes for vulnerable children aged from 0-12. Children referred to the FAS team meet the criteria for Section 17 services.

In addition to the findings summarised below, we also found the following examples of good practice:

- Regular supervision meetings with staff;
- Secure maintenance of confidential information for both staff and clients; and
- Maintenance of training records.

Some areas for improvement were identified. All High priority issues are listed below:

- CRB checks should be applied for in a timely manner to ensure that staff have current certificates in place.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Issues		
		High	Medium	Low
Policies and Procedures	Staff are unaware of their roles and responsibilities	0	0	0
Budgetary Control	Significant variances in the budget, fraud and error are not identified.	0	0	0
Payroll	Error or fraud occurring in the payroll system	0	2	0
Human Resources	HR processes are not in place or complied with	1	1	0
Procurement	Value for money is not achieved. Payments made are not for genuine purchases.	0	0	0
Income/Banking	All income expected is not accounted for	0	0	0
Assets	BCC assets are not protected from theft.	0	0	1
Information Security	Date protection requirements are not complied with.	0	0	0
Imprest Accounts	Imprest monies are not properly accounted for.	0	2	0
Business Continuity	In an emergency mission critical activities may not take place.	0	1	0
Risk Management	Key risks may not be identified, assessed or mitigated.	0	0	0
Performance Management	Objectives and targets may not be achieved.	0	0	0
Project Management	Projects may not be effectively managed leading to failure or delay.	0	0	0
TOTAL		1	6	1

27 FOSTERING TEAM -

The Fostering Team is part of the Buckinghamshire Fostering Service which is managed by the Head of Children's Care Services. The team supports and supervises the foster carers who provide short-term, long-term, emergency care and parent and child placements. The Fostering Service underwent an Ofsted inspection in 2012 and was judged to be 'good'. The Head of Children's Care Services has been in post since May 2012.

In addition to the findings summarised below, we also found the following examples of good practice:

- Regular supervision meetings take place which includes performance, attendance and workload; this is underpinned by a supervision contract.
- Appropriate documentation to practice Social Work are checked on an annual basis.

Some areas for improvement were identified. All High priority issues are listed below:

- There is a 'Health and Safety Lone Working' course which is mandatory for all Newly Qualified Social Workers and all relevant staff. It is not evident from training records that staff have attended this course
- From training records it is evident that not all staff in the team had completed the mandatory e-learning for data protection and information security.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas within listed below.

Area	Risks	Issues		
		High	Medium	Low
Policies and Procedures	Staff are unaware of their roles and responsibilities	0	0	0
Budgetary Control	Significant variances in the budget, fraud and error are not identified.	0	1	0
Payroll	Error or fraud occurring in the payroll system	0	1	0
Human Resources	HR processes are not in place or complied with	2	0	0
Procurement	Value for money is not achieved. Payments made are not for genuine purchases.	0	0	0

Income/Banking	All income expected is not accounted for	Not applicable		
Assets	BCC assets are not protected from theft.	0	0	1
Information Security	Date protection requirements are not complied with.	2	0	0
Imprest Accounts	Imprest monies are not properly accounted for.	Not applicable		
Business Continuity	In an emergency mission critical activities may not take place.	0	0	0
Risk Management	Key risks may not be identified, assessed or mitigated.	0	0	0
Performance Management	Objectives and targets may not be achieved.	0	1	0
Project Management	Projects may not be effectively managed leading to failure or delay.	Not applicable		
TOTAL		4	3	1

28 PREVENTION AND COMMISSIONING TEAM

The Prevention and Commissioning Service area is part of the Children and Young People portfolio. The service covers several areas: Admissions, Performance and Information, School Commissioning, EYC Commissioning (Sufficiency), EYC Commissioning (Monitoring and Compliance) and Operations (OM) Commissioning. It was found that the approval limits in the Scheme of Delegation for Learning Skills and Prevention Service did not match the SRM approval limits on SAP. This has been reported in the audit report for Governance and Financial Management 2012/13, Children and Young People Portfolio.

In addition to the findings summarised below, we also found the following examples of good practice

- Policies and procedures are kept up to date with current guidance.
- Budget monitoring is carried out appropriately in accordance with requirements.

Some areas for improvement were identified and there was one high priority issue:

- Data Protection e-learning has not been completed by all staff.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on governance and financial management areas that are listed below.

Area	Risks	Issues		
		High	Medium	Low
Policies and Procedures	Staff are unaware of their roles and responsibilities			
Budgetary Control	Significant variances in the budget, fraud and error are not identified.			
Payroll	Error or fraud occurring in the payroll system			1
Human Resources	HR processes are not in place or complied with			
Procurement	Value for money is not achieved. Payments made are not for genuine purchases.		1	
Income/Banking	All income expected is not accounted for		1	
Assets	BCC assets are not protected from theft.			
Information Security	Date protection requirements are not complied with.	1		
Imprest Accounts	Imprest monies are not properly accounted for.			
Business Continuity	In an emergency mission critical activities may not take place.			
Risk Management	Key risks may not be identified, assessed or mitigated.			
Performance Management	Objectives and targets may not be achieved.			
Project Management	Projects may not be effectively managed leading to failure or delay.			
TOTAL		1	2	1

29 MEMBERS ALLOWANCES FOLLOW-UP AUDIT – REASONABLE

The objective of this follow up exercise was to provide an update on the implementation of the agreed management actions as part of the previous audit review of Members' Allowances. The scope was restricted to verifying the specific management actions documented in the Audit report issued August

2011. The method of verification included review of documentary evidence, discussion with responsible officers and brief sample testing, where appropriate.

We found that, of the 11 original management actions, 3 had been fully implemented, 4 had been partially implemented, 4 had not been implemented and no actions were found to be no longer applicable.

30 DECISION MAKING - REASONABLE

A review of the Decision Making Process has been carried out by Internal Audit following discussions with the Service Director (Service Transformation). This work forms an element of the Internal Audit review of the project management governance framework being undertaken to determine the effectiveness of project management disciplines across the organisation.

The objective of the review was to gain an understanding of how project information is being recorded and reported throughout the business, to establish the relationships between the various boards and to clarify the decision making process.

Summary of Issues:

1) Overview

This exercise has raised more questions than answers. There is a commonly held view that there are too many Boards, that too much time is spent at meetings and that the project management and decision making process is unclear. However, the Council is a complex entity and project management, reporting lines and governance will therefore necessarily be complex.

With current arrangements, the Senior Management team and Cabinet Members are likely to see projects at more than one Board and referrals to other groups and Boards are likely during the project lifecycle.

Therefore from a project manager's point of view, at the outset of a project, it is not clear what path a project will follow with regards approval and scrutiny.

The review focussed on the main Corporate Boards of COMT, AOP, Commercial, BIG, Property, Information Governance. These form the recognisable governance structure for projects and programmes at the Council. The Terms of Reference for the main Corporate Boards and Transformation (AOP) Boards were reviewed to identify any gaps in scope, purpose, escalation lines. Memberships were also reviewed.

All Strategic and Service Directors were then interviewed to further clarify Boards and Groups that are relevant to decision making, projects, programmes, statutory partnerships and general partnerships.

The Directors were asked for feedback on the current governance structure and decision making process to gain an understanding of how things work in practice and to identify any concerns or issues.

The Boards and Partnerships that had been identified were then mapped out on Visio. The maps demonstrate the reporting lines and escalation routes from Service areas up to Cabinet (see attached).

2) Corporate Boards (COMT, AOP, Commercial, BIG, Property, Information Governance)

Common Membership

The same Directors and Members are represented on numerous Corporate Boards.

The membership of COMT and AOP are broadly similar – COMT is without a Member or the Service Director for Transformation.

The membership of Commercial and BIG are broadly similar (three Service Directors are present on both).

This implies there may be duplication of project review by the same staff and Members, even at the Corporate level.

The Corporate Boards structure and number of Boards were challenged by several interviewees with several suggesting the combination of Commercial and BIG.

It should also be noted that some interviewees are satisfied with the current arrangements.

Terms of Reference, Scope, Escalation,

There is a general lack of clarity surrounding the interactions between the boards and how new pieces of work should be initiated, approved and progressed to completion.

The Corporate Boards Terms of Reference (ToR) are incomplete in some cases. Roles, scope, purpose are not defined clearly for all Boards.

The ToR for Commercial and Information Governance Boards have been reviewed in 2012 and the BIG Terms of Engagement is in the process of being refreshed. However, ToR for COMT, AOP and Property have not been prepared in the standard format and contain less information.

At the AOP/Transformation level, there is no ToR for the AFW RttC Board.

The scope for Commercial is most straightforward, relating to the value of project expenditure.

However, the scopes for COMT, AOP, Property and BIG are not clearly defined. It is noted that the BIG Terms of Engagement will clarify the relevant value for capital project review.

Decision Making and Scrutiny requirements

Frustration exists at the scale of reporting that is typically produced during a project lifecycle. This is exacerbated by the lack of clarity around which Boards and Groups would need to see something and when. There is a feeling that project reporting and progress follows a random walk rather than an efficient and structured process.

Recommendation

- Strategic Directors to review governance arrangements within their Portfolios to improve where ever possible any elements of duplication, transparency, project and reporting information and decision making flows.
- The Strategic Director for Transformation be tasked through AOP board to improve Programme and Project management arrangements for the authority as part of the preparations for Transformation Phase 2

These recommendations have been agreed by COMT and actions planned and being monitored by the Group.

31 IMPREST ACCOUNTS - REASONABLE

The Council has over 90 imprest accounts, excluding school accounts across its services. The use varies from reimbursement of petty cash items, e.g. refreshments for meetings, day-to-day expenditure for a children's home, payment of allowances to vulnerable adults under the Council's Finance Deputies Team and payment of allowances and expenses for children and young people under the Council's Children in Care and After Care Teams.

We found the following examples of good practice

- The Council has through Financial Instruction 5, Imprest Accounts and Imprest Account guidance, clear processes for officers to follow regarding opening, operating, changing and closing an imprest account.
- The Finance Service Desk have good procedures in place for the opening of new imprest accounts in conjunction with the IT Service Desk and the Council's bankers to ensure that new imprest accounts are opened in a timely manner.
- The review of imprest accounts where the expenditure is recharged, either to another service or to a contractor, confirmed that adequate controls are in place to identify and recharge the expenditure on a timely basis.

- The Finance Service Desk has effective procedures in place to obtain the annual certificate from each imprest account holder and to review and investigate any variances between the year-end reconciliation and the imprest level. This enables the information to be forwarded onto the Council's Finance Centre of Expertise Team for inclusion in the Council's Annual Statement of Accounts.

Some areas for improvement were identified. There were no high priority issues identified.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within Imprest Accounts.

Area	Risks	Issues		
		High	Medium	Low
Opening and Closing of Imprest Accounts	• An imprest account has been opened without the approval of the S151 Officer.	0	3	1
	• Imprest Accounts are not closed when the business need for the account has ceased.	0	2	0
Changes to Imprest Account Holders, Cheque Signatories, Credit Open Agreements	• The record of Imprest Account Holders and cheque signatories held by the Finance Service Desk may not reflect the operation of individual imprest accounts.	0	2	0
Changes to Imprest Account Levels	• Imprest Accounts operating with imprest account levels that are either insufficient or excessive for business needs.	0	0	0
Operation of Imprest Accounts	• Imprest Account(s) do not reconcile to the Imprest Advance Level.	0	5	1
	• Imprest Account expenditure is not authorised and appropriate.	0	2	0

TOTAL		0	14	2
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32 SAP GOVERNANCE – LIMITED

The SAP Governance area was categorised as high risk based on its relative importance to the achievement of the Council’s corporate objectives. The Council’s objective for the area is to provide assurance that SAP development is aligned to business requirements and that appropriate security is provided over access to the system.

SAP is the ‘enterprise resource management’ system of the Council. It supports the following functions:

- Finance and Accounting
- HR and Payroll
- Customer Relationship Management
- Procurement

A SAP Projects Review Group meets to discuss SAP project plans and progress.

A total of eight improvement recommendations have been raised as a result of this audit, relating to SAP development, reporting, management of SAP roles and security administration.

High priority issues identified in the audit are listed below:

- The SAP password reset transaction is highly sensitive and its use should be strictly limited.
- Current controls do not ensure that requests for higher risk transactions, or combinations of transactions, receive appropriate attention and approval before they are actioned.
- The approach and procedures used when implementing changes to posts and post holders on SAP can result in a person retaining SAP roles and access privileges that no longer apply to their job.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focused on the main business objectives within SAP Governance. A summary of issues identified is shown below.

Risk	Areas	Issues		
		High	Medium	Low
Arrangements for governance of SAP development are ineffective.	Management of SAP developments		1	
Procedures are not adequate to restrict access to SAP and its data.	Management of SAP roles	2	1	
Management of the security and administration of the SAP system is ineffective	Security policies and procedures		2	
	Management reporting		1	
	Administration of security	1		
TOTAL		3	5	0

33 BROADBAND – SUBSTANTIAL

Two years ago the Government released a National Broadband Strategy entitled “Britain’s Superfast Broadband Future.” The objective being to stimulate private sector investment to deliver superfast broadband speeds, i.e. >24Mbps to 90% of premises and >2Mbps to the remaining 10%.

In line with the government’s agenda on localism, local bodies are responsible for the development, sourcing and delivery of their broadband.

Buckinghamshire County Council (BCC) and Hertfordshire County Council have embarked on a joint project to achieve this. Buckinghamshire Business First (BBF) is undertaking the work on this project on BCC’s behalf. A number of BCC staff, including the Programme Manager, are seconded to BBF.

Broadband Delivery UK (BDUK), a vehicle within the Department for Culture Media & Sport (DCMS), created to deliver the Government’s policies relating to broadband rollout have allocated funding of £1.96m to BCC for this project. The release of this money, which will be paid to the successful bidder following the tender process, is dependent on a number of requirements being met at various assurance checkpoints throughout the life cycle of the project.

The project has already passed several of the checkpoints. The State Aid consultation period ended on 14 December and the final Invitation to Tender will be released in early January with the contract to be awarded in Spring 2013.

Objective and scope of the review

The objective of the review was to evaluate the governance, partnership, and management arrangements with a view to delivering reasonable assurance as to the adequacy of the controls in place and their operation in practice to ensure successful delivery of the project.

From discussion with the Project Manager and review of documentation held in the Data Room and provided on request it is evident that the project has been well managed and controlled to date. At this stage of the project there are no areas where we consider there to be a need to strengthen controls.

34 LOCAL PRIORITIES DELEGATED BUDGET – SUBSTANTIAL

The role of Local Area Forums is to strengthen local democratic accountability by empowering locally elected councillors to take decisions, shape and influence service delivery and Council priorities in the local community area. Prior to this financial year the funding of these Forums was made up of the Local Priorities revenue budget to be allocated in line with the priorities agreed by the LAF in its local area planning process, plus its share of the Transportation budget. From April 2012 these two budgets were merged to form a single Local Priorities budget in order to give greater flexibility to each LAF to spend its budget as it determines according to its agreed local priorities. In practice, however, the split in expenditure between transport and other schemes is much the same as previously although this is expected to change next financial year. The total amount delegated by Buckinghamshire County Council to LAFs in 2012/13 is £880,000.

The total amount delegated by Buckinghamshire County Council to the 19 LAFs, or equivalent bodies, for 2012/13 is therefore not one of the areas of highest financial risk. The key risks with regard to this budget are that it is not used for the purposes intended or in a fair and transparent manner. Our overall conclusion of reasonable assurance was made on the basis that the control system designed to ensure that these risks do not materialise is largely sound although the fact that it was not always being applied as intended made this a borderline opinion.

Issues summary:

In order to provide an assurance on the extent to which risks are managed, our review focussed on the main business objectives within the Local Priorities Delegated Budget.

Area	Risks	Issues		
		High	Medium	Low
Governance	Lack of clear governance and guidelines on permissible use of the local priorities delegated budget leading to funds being used for purposes not intended.		2	
Local Area Plan	Funds are allocated to schemes that do not meet the priorities in the local area plan with the result that best value is not obtained for local communities and the possibility that the Council could be accused of favouritism and open to challenge.		2	
Justification and Approval	Lack of authorisation and documentary evidence to justify decisions to allocate funding, with the possibility that the Council could be accused of favouritism and open to legal challenge.		3	
Alternative Funding Sources	The LAF delegated budget is allocated to schemes for which other funding is available with the result that more deserving schemes miss out on funding and best value is not obtained for BCC or local communities.		1	1
Accounting	Transactions are not transparently and correctly recorded in the accounts meaning it is not possible to gain assurance that the budget has been allocated as intended.		1	1

Confirmation of Spend	Once allocated to a specific scheme there are no safeguards preventing money being spent on something else		1	
TOTAL			10	2

35 PUBLIC SECTOR NETWORK - SUSTANTIAL

The objective of the Public Service Network (PSN) project is to procure a managed telecommunications network service that is compliant with Government Public Sector Network standards. The project scope includes other network infrastructure services that will require procurement in the future.

The Council's strategy is to move towards a managed service delivery. An in-house team will manage the contract and ensure the supplier provides best value and performance throughout the contract. Also the network will further enable Council plans to deliver as many services as possible from the "Cloud".

Partner organisations such as the District Councils, should be able to access services direct from the supplier. Other Councils outside of the Buckinghamshire have expressed a potential interest in joining the PSN when their current contracts expire.

An OJEU restricted procurement approach was followed.

The audit activity focused on the following areas and risks:

Area	Risk
Governance arrangements	Project governance arrangements may be inappropriate
Project management	The project is not managed or documented in accordance with project management standards.
Procurement approach and procedures	The project does not comply with sound procurement practices
	Supplier selection decisions cannot be evidenced or justified

At the time of the audit field work, July 2012, evaluation of tender responses was in progress.

Our overall audit opinion is **Substantial**. The audit identified that controls are in place to give assurance that the project's risks are being mitigated. During the audit we found the following examples of good practice:

- Significant attention has been given to involving and consulting interested parties at each stage of the project via the Project Stakeholder Board.
- An experienced, PRINCE2 accredited project manager has managed the project in line with BCC and PRINCE 2 project management standards.
- Comprehensive documentation and records are held in an electronic project folder.
- Representatives of Procurement, Finance and Legal Services are members of the project team and contribute specialist support to the project.

There were a small number of minor issues considered during the audit, and it was concluded that they were not material to the outcome of this project. The issues in general relate to standard practice in project management, so will be discussed with the corporate process owners to consider whether they are areas for improvement within our current operating procedures/guidance for Project Management.

36 SAFEGUARDING VULNERABLE ADULTS QUALITY ASSURANCE FRAMEWORK - LIMITED

The audit was undertaken at the request of the Service Director (Service Provision), to support the changes being made within the directorate. The opinion has been based on controls in place at the time of the audit and is providing assurance as to the effectiveness of those controls. The audit was undertaken during November 2012.

Key issues identified within the audit are as follows;

- There is currently no assurance being obtained over the effectiveness of the safeguarding care provided to adults, nor the adequacy of the related information in SWIFT.
- There is potential for there to be a perceived limited creditability to the results of the SVA reviews, due to the arrangements of how they have been previously completed.
- No form of management review or monitoring takes place over the audit process, as such there is no form of quality checks over the results or advice being given. Nor is there any opportunity to oversee any trends in issues.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within the SVA audit process.

Area	Risks	Issues		
		High	Medium	Low
SVA audit process	<ul style="list-style-type: none"> No assurance is currently being gained over the SVA process. 	1	0	0
Review	<ul style="list-style-type: none"> There is no formal review process over progress of SVA audits, follow up of actions, or any form of trends highlighted within areas of poor practice. 	2	1	0
Credibility/Quality Assurance	<ul style="list-style-type: none"> There is no formal quality control review over the work. Credibility issues over the recommendations from the work are also present. 	1	0	0
TOTAL		4	1	0

37 SPECIAL EDUCATION NEEDS – LIMITED

SPECIAL EDUCATION NEEDS – overall opinion “Limited” assurance

The SEN team, supported by Business Support, co-ordinate the statutory assessment process, allocate school placements for statemented pupils, attend annual reviews, and review and amend statements where appropriate.

The rights of parents with a child with SEN are set out in the Education Act 1996 and supporting regulations. There is also an SEN Code of Practice to which Local Authorities must comply. The local authority SEN policy should ensure that the authority fulfils its statutory duties and achieves consistency of practice.

The Service Director Learning Skills & Prevention, requested the internal audit of SEN be undertaken, and has already identified some of the key issues raised in this report following a review of SEN by Lind Associates in October 2011. Following the review in 2011, strand work has been established and management actions identified to address these weaknesses and are in progress of being implemented.

Issues Summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within SEN:

Area	Risks	Issues		
		High	Medium	Low
Policies Procedures and Training	Policies and procedures may not be in place resulting in inconsistent SEN decisions being made.	1	4	0
Assessment and Statementing	Bucks is failing in its duty to identify and make a statutory assessment of children who have special educational needs and who may need a statement.	9	2	0
Transfer of statements	Monitoring of out-of-county statements is not robust which could result in inadequate service provision, and additional costs to the council.	1	0	0
Annual Reviews	Local Authority attendance and involvement with the Annual Review process is inadequate which could result in inadequate challenge and monitoring of SEN provision.	13	1	0
Budgetary Control	Budgets are not adequately monitored which could result in SEN budgets being mismanaged and overspent.	2	0	0
TOTAL		26	7	0

A review of the Annual Review process in Buckinghamshire will be completed by Service Director Learning Skills & Prevention and SEN Lead & Principal Educational Psychologist. Development of Annual Review officer roles, responsibilities, data and monitoring systems will be completed by SEN Manager - Service Delivery and Corporate Business Support Team Leader. A review will be completed of the ONE system and additional fields required to meet the service delivery needs within SEN, with a view to improving both the

quality of the data for monitoring purposes, improve system functionality and increase performance and output of the SEN Admin team.

38 SCHOOLS GOVERNANCE FRAMEWORK - REASONABLE

The Governors Guide to the Law sets out the statutory requirements relating to maintained school governing body responsibilities. Each Local Authority should have a Scheme for Financing Schools that is approved by the Schools Forum. Below that sits the Local Management Handbook for Schools which includes Financial Regulations, Financial Instructions and other financial requirements and guidance. The LA Governor Support Service provides governors with an accessible source of expertise on the full range of governance issues. The Team ensures that governing bodies are kept up to date with their legal responsibilities and that they have access to training and advice on educational and procedural issues to support their contribution to school improvement. There is also the Governor Zone on the LA website which is accessible with a password. On the Governor Zone there is information and guidance for school governors including model policies, model Standing Orders, model Terms of References, meeting minutes and agendas for the school, Governor Development course directory and the Governor Times.

The following schools were visited as part of this audit.

Beechview School Buckingham Primary School Chiltern Way Federation - Prestwood Campus Chiltern Way Federation - Wendover Campus John Hampden School Naphill & Walters Ash School St Mary's Church of England School Thomas Hickman School Wendover Church of England Junior School William Harding Combined School

Overall the Local Authority support given to schools to assist in their governance framework is good. Governor Support Services is held in high esteem by governors and Headteachers. The role of governor support is to advise and provide expertise on governance issues however decisions are made by individual school governing bodies.

In addition to the findings summarised below, we also found the following examples of good practice

- Support for governing bodies is very good with competent clerks.
- Comprehensive governor training including induction and financial management is provided.

Some areas for improvement were identified and the one High priority issue is listed below:

- The Scheme for Financing Schools has not been updated since 2009 and does not reflect the latest statutory changes from the Department for Education.

Issues summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within School's Governance Framework.

Area	Risks	Issues		
		High	Medium	Low
Framework and Guidance	<ul style="list-style-type: none"> • There is no up to date Governance Framework for Schools. • There is no up to date Financial Framework for Schools. 	1	3	
Responsibility and Accountability	<ul style="list-style-type: none"> • Roles and responsibilities have not been defined. • A lack of clear accountability. 		3	1
Transparency of Decision Making	<ul style="list-style-type: none"> • Regular Governing Body and Committee meetings are not held. • Minutes not taken and decisions not recorded. • Inappropriate decision making. 		7	
Governor Induction and Training	<ul style="list-style-type: none"> • Governor's induction is ineffective. • Governor development does not address any training requirements. • Ongoing governor support does not identify and address any weaknesses. 		3	
TOTAL		1	16	1

39 BEECHVIEW SCHOOL – GOVERNANCE AND ACCOUNTS PAYABLE

The audit activity focused on the following audit assignments and areas:

Audit Assignment	Audit Area	Audit Opinion
Schools' Governance	Framework and Guidance	Reasonable
	Accountability	
	Transparency of Decision Making	
	Governor Training	
Schools' Accounts Payable	Accounts Payable	Reasonable
	Purchasing Cards	
	Local Bank Account	

40 BUCKINGHAM PRIMARY SCHOOL – REASONABLE

The audit activity focused on the following audit assignments and areas:

Audit Assignment	Audit Area	Audit Opinion see Appendix B for definition
Schools' Governance	Framework and Guidance	Reasonable
	Accountability	
	Transparency of Decision Making	
	Governor Training	
Schools' Accounts Payable	Accounts Payable	Substantial
	Purchasing Cards	
	Local Bank Account	

41 CHILTERN WAY FEDERATION - REASONABLE

The audit activity focused on the following audit assignments and areas:

Audit Assignment	Audit Area	Audit Opinion see Appendix B for definition
Schools' Governance	Framework and Guidance	Reasonable
	Accountability	
	Transparency of Decision Making	
	Governor Training	
Schools' Accounts Payable - Prestwood Campus	Accounts Payable	Reasonable
	Purchasing Cards	
	Local Bank Account	

42 NAPHILL & WALTERS ASH SCHOOL - REASONABLE

The audit activity focused on the following audit assignments and areas:

Audit Assignment	Audit Area	Audit Opinion see Appendix B for definition
Schools' Governance	Framework and Guidance	Reasonable
	Accountability	
	Transparency of Decision Making	
	Governor Training	
Schools' Accounts Payable	Accounts Payable	Reasonable
	Purchasing Cards	

43 THOMAS HICKMAN SCHOOL - LIMITED

The audit activity focused on the following audit assignments and areas:

Audit Assignment	Audit Area	Audit Opinion see Appendix B for definition
Schools' Governance	Framework and Guidance	Reasonable
	Accountability	
	Transparency of Decision Making	
	Governor Training	

Audit Assignment	Audit Area	Audit Opinion see Appendix B for definition
Schools' Accounts Payable	Accounts Payable	Limited
	Purchasing Cards	

The Accounts Payable processes including the use of purchasing cards was rated as "Limited" as the systems in place lack effective separation of duties.

44 WENDOVER JUNIOR SCHOOL - REASONABLE

The audit activity focused on the following audit assignments and areas:

Audit Assignment	Audit Area	Audit Opinion see Appendix B for definition
Schools' Governance	Framework and Guidance	Reasonable
	Accountability	
	Transparency of Decision Making	
	Governor Training	
Schools' Accounts Payable	Accounts Payable	Reasonable
	Purchasing Card	

45 WILLIAM HARDING SCHOOL - REASONABLE

The audit activity focused on the following audit assignments and areas:

Audit Assignment	Audit Area	Audit Opinion see Appendix B for definition
Schools' Governance	Framework and Guidance	Reasonable
	Accountability	
	Transparency of Decision Making	
	Governor Training	
Schools' Accounts Payable	Accounts Payable	Reasonable
	Purchasing Cards	
	Local Bank Account	

46 PURCHASING CARDS - REASONABLE

The review of Purchasing Cards was undertaken following discrepancies identified within monitoring reports. The review was carried out after the reports identified the following issues; items were not being coded correctly, single item transaction limits were being bypassed, excessively high numbers of transactions appeared on some users cards and some users were exceeding average spend considerably on occasions. The purchasing cards were switched to Barclaycard in April 2012 and the proactive exercise was undertaken during November/December 2012, once questionable patterns and practices had started to arise within the monitoring reports.

On a monthly basis cardholders spend is sent through to the relevant approver, whether that be a cost centre manager or budget holder, to review and approve the expenditure. Prior to this the cardholder is expected to code their transactions to the relevant cost centre code. This is done one of two ways; corporate spend and chequebook school spend are coded in a SAP bolt on (Cogent), and non-chequebook school spend is coded directly into the Barclaycard Spend Management System. Barclaycard send files through daily which are uploaded to SAP (Cogent).

We ran 30 reports from system to analyse the spend, and through the analysis identified the following fraud risks:

1. Miscoding - using an inappropriate GL code to disguise the nature of the purchase.
2. Exceeding Transaction Limits - spending up to single transaction limit on consecutive transactions in short time span, for single purchase
3. Excessively High Purchases - review of top suppliers
4. Questionable transactions - transactions that do not appear consistent with usual business activity
5. Malpractice - in reviewing a sample of transactions we considered the application of the system controls by staff, i.e. logging in to the system and verifying transactions.

From the analysis we investigated 80 transactions, and found no evidence of fraud. There are three key findings;

Instances were noted where transactions were coded incorrectly highlighting a potential lack of review by the authorising officer; however further investigation found a software configuration error causing incorrect GL code to default, as being a reason behind some of the miscoding - this error has been corrected.

We identified instances where staff have used multiple card transactions for a single purchase as a means of circumventing the single transaction limits set on cards. We investigated these instances and found there was a business requirement for the purchase and that those purchases had been authorised; the issue was that those staff should have applied for a temporary or permanent increase to their spend limits. This is a training issue that will be considered as part of the post project review currently being commissioned.

There was one instance of significant controls failure identified at one school, whereby the deputy head teacher was the card holder and the head teacher was responsible for authorising the transactions; however, the bursar had the logon and password details written down for both log ins and was found to be logging into the system under each user to code and approve the transactions, moreover the card was left in an unsecured cabinet and was also used by the caretaker, who knew the pin number. This is clearly poor practice that has been reported to the school, but our review of transactions did not identify any fraud or irregular transactions.

Our sample of transactions investigated included irregular items such as purchase of holidays, theatre tickets and theme park tickets. These were all transactions from schools, and we found there were legitimate business reasons behind the purchases with proper process being followed.

Our overall conclusion was "reasonable assurance" on the PCard process. The controls within the system are well designed and operating satisfactorily to mitigate the risk of fraud to an acceptable level.