

Regulatory and Audit Committee 16 April 2014

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Regulatory & Audit Committee

Title:	Audit and Risk Management Progress Report
Date:	16 April 2014
Author:	Chief Internal Auditor
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Local members affected:	n/a

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

This report sets out the progress with the 2013/14 Internal Audit Plan, including a summary of the reports issued since the last progress report. Key to note in this report are the two “limited assurance” reports issued for the areas reviewed relating to both Adult and Children’s Safeguarding.

Recommendation

The Committee is recommended:

- a) note the report
- b) request reports from the Service Directors to the next meeting, detailing the progress made on the improvement plans following the internal audits on safeguarding systems and procedures.

Resource implications

None

Legal implications

None

Other implications/issues



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None

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

Not applicable

Background Papers

None

AUDIT & RISK MANAGEMENT SERVICE

INTERNAL AUDIT PROGRESS REPORT 2013/14

Introduction

1. The Internal Audit Plan is attached as appendix 1 to this report, and includes a progress status on the previously reported planned activity.

Resources

2. There have been no resourcing issues to report in Q4

Completed Audits

3. There have been 7 audits completed since the last report. A further 4 audits are at draft report stage. Summaries of the completed audits are attached as appendix 2.
4. The following audits have been completed:

Service	Audit	Opinion
CYP	Iver Village School	Reasonable
CYP	Governance Establishment (Aftercare Team)	Reasonable
AFW	Governance Establishment (Community Hospital Team)	Reasonable
RBT	Treasury Management	Substantial
RBT	Vodafone	Limited
CYP	Safeguarding	Limited
AFW	Safeguarding	Limited

Definition of Opinion Ratings:

SUBSTANTIAL:	There is a sound system of internal control in which risks are being managed to acceptable levels
REASONABLE	There is generally a sound system of internal control, however some

	significant risks have been noted and there is therefore the possibility that some objectives will not be achieved
LIMITED	The system of internal control is generally weak, and the exposure to risk is such that it is probable that objectives will not be, or are not being achieved. The system is open to the risk of significant error or abuse.

Other Audit Activity

5. The Purchase to Pay project is on-going The Chief Internal Auditor is on the project board; however, in addition the Audit Manager is providing advice and support to the project, which in time will include reviewing the controls being considered in the design of new systems and processes.
6. The Finance Business Partner (CYP) and the Chief Internal Auditor are currently reviewing the system of assurance to the Chief Finance Officer in relation to financial management in schools. This work was scheduled to conclude by the end of March 2014; however the project has been delayed in completion due to a lack of resources. The revised deadline has not yet been determined, but this matter has been reported to Finance and Commercial Services Leadership Team for action.
7. Internal Audit carried out an initial one day review of revised processes within the Property service.
8. A verification exercise was undertaken to confirm the validity of the Q4 Families First payment by results claim.
9. A detailed follow up review was carried out to confirm the status of management actions agreed following the 2012/13 Internal Audit of SEN. We found that, of the 26 original high and 7 medium priority management actions, 8 had been fully implemented, 9 had been partially implemented, 14 not implemented and 2 was no longer applicable. Outstanding actions will be followed up during Q1 of 2014/15.
10. A review of the Public Health Funding Grant return has been undertaken in advance of being signed off by the Service Director, Finance and Commercial Services. There were no issues from that review.
11. At the request of the Service Director internal audit has undertaken a special investigation into a complex case regarding a direct payment process for a service user. This was not an audit, but a walkthrough of the system and processes that have been applied to this service user, looking

at the interaction and communication between the social care team and the finance teams involved. The work has identified a number of system issues so a full audit has been commissioned for Q1 2014/15.

Counter-Fraud update

Investigations

12. There is one current investigation into suspected financial irregularity of a sum under £10000. No further details can be supplied as this is an active case that has not yet been concluded.

NFI is as follows; No significant matches have been noted. Progress has been made from the previous position. All concessionary travel pass matches have been investigated and the blue badge report has been opened and reviewed.

NFI Update;

13. Work on the NFI matches continues. All concessionary travel pass matches, and blue badge matches have been investigated. No significant issues have been noted.

Ian Dyson
Chief Internal Auditor
April 2014

APPENDIX 1 Regulatory & Audit Committee 16 April 2014 - Progress against 2013/14 Plan

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
General	1	<p>Annual Governance Statement We will be analysing the self-assessment Annual Governance Statement questionnaires returned from Service Directors. This will form key evidence for the production of the Annual Governance Statement. The Chief Internal Auditor will also be liaising with the Corporate Leads on the key control processes in compiling the AGS.</p>	Completed – AGS signed
General	1	<p>Assurance Mapping This work has started and will be piloted in Oxfordshire. Once the first review in Oxfordshire has been completed the model will be tested at BCC.</p>	On-going
Corporate	1	<p>Health and Safety (Legislation) Carried forward from 2012/13 this audit will review the system for ensuring statutory responsibility for Health and Safety is being effectively managed.</p>	Final Report - Reasonable
Corporate	3	<p>Governance and Financial Management</p> <p>This element of the governance and financial management audit focuses on the effectiveness of the corporate processes in place. Testing will follow on from the 2012/13 audits with areas being selected from the following:</p> <ul style="list-style-type: none"> • Authority and Governance. • Risk Management. • Financial Management. • Performance Management. • Human Resources. • Legislation. • Procurement. 	Fieldwork

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		<ul style="list-style-type: none"> • Information Governance. • Project Management. • Partnerships. <p>The outcome of the audit will be reported accordingly, enabling Service Directors to complete their self assessment as part of the annual governance process.</p>	
Corporate	4	<p>Payroll</p> <p>The Payroll process from starter to leaver is managed by HR and the 'Reward' and 'Employee Lifecycle' Teams which are part of the Support Services Centre. Payroll services are also provided by Bucks County Council to external organisations and some academy schools. Following on from last year's audit and other issues identified there is a Payroll Project Team in place to monitor the progress of any necessary actions.</p>	Draft Report
Corporate	4	<p>General Ledger</p> <p>The Council's objective for the system is to ensure that the internal controls for the monitoring of the General Ledger are adequate and effective. This audit will include a follow up of the previous audit completed in April 2013. The General Ledger system was categorised as high risk as part of the audit needs assessment exercise based on its relative importance to the achievement of the Council's objectives.</p>	Draft Report
Corporate	4	<p>Accounts Receivable (incl. Cash Receipting)</p> <p>The Council's objective for the system is to ensure that the internal controls for the monitoring of Accounts Receivable are adequate and effective. The Accounts Receivable and Income Management system was categorised as</p>	Exit meeting

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		high risk as part of the audit needs assessment exercise based on its relative importance to the achievement of the Council's objectives.	
Corporate	4	<p>Accounts Payable</p> <p>The Council's objective for the system is to ensure that the internal controls for the monitoring of Accounts Payable are adequate and effective. The Accounts Payable system was categorised as high risk as part of the audit needs assessment exercise based on its relative importance to the achievement of the Council's objectives.</p>	Fieldwork
CYP	1	<p>Mandeville School</p> <p>A request was received to undertake a full audit of Mandeville School, following the issue of a Notice of Concern, due to a significant year end overspend. The audit will focus on the following areas:</p> <ul style="list-style-type: none"> • Governance. • Financial Management (budget setting and budget monitoring). • Financial Control. • Payroll. • Procurement, contracts and leases. • Accounts Payable. • Purchasing Card. • Imprest. 	Final Report – Limited
CYP	1	<p>Bucks Learning Trust</p> <p>The Audit and Risk Management Team will continue to review the governance arrangements through the life of this project, including reviewing the operational systems and procedures being designed for the operation and management of</p>	This work is on-going

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		the contract with the LATC.	
CYP	2	Schools Thematic (Budget Setting and Budget Monitoring) The original audit has been suspended and replaced by an analytical review of the 2011/12 and 2012/13 budget information for all schools in Buckinghamshire, identifying trends and issues. The evidence will be used to inform a service led review of the S151 system of assurance over financial management in schools, including a review of roles and responsibilities. That review is being managed as a project, sponsored by the Chief Internal Auditor and led by the Finance Business Partner.	Project initiated – work to be continued into 2014/15
CYP	2 and 4	Families First This work involved a review of the governance arrangements and data control processes in place in order to verify and sign off the grant claim for the government's Troubled Families results-based payments claim.	Complete
CYP	2	Safeguarding The audit activity focussed on the following key risk areas identified in the processes relating to the Safeguarding system: <ul style="list-style-type: none"> • Quality Assurance – case files • Quality Assurance – supervision • Monitoring of compliance with statutory key social work processes 	Final Report - Limited
CYP	2	Schools Admissions The audit involved a review of the adequacy and effectiveness of the system of internal controls over the School Admission process for September 2013 Primary and Secondary school entry.	Final Report - Substantial
CYP	2	SEN Follow Up	Complete

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
CYP	3	<p>Schools Thematic (Payroll & Recruitment)</p> <p>This audit is a thematic review of the payroll and recruitment processes in place within schools. The audit will involve visiting a sample number of schools to review their processes, as well as the involvement and system in place centrally.</p>	Removed – review replaced by individual school audits
CYP	3	<p>6th Form Grant Funding</p> <p>This audit will involve a review of the accuracy of the Local Authority's 16-19 Grant Return.</p>	Complete
CYP	3	<p>Follow Up of Schools Audit Actions</p> <p>This work will involve following up the audit actions agreed as part of the 2012/13 school visit audits.</p>	Removed – review replaced by individual school audits
CYP	3	<p>Pebble Brook School</p> <p>The audit of Pebble Brook School is being undertaken as part of the 2013/14 Internal Audit plan. Testing will focus on the adequacy and effectiveness of the system of internal control that is in place to manage and mitigate financial and non-financial risks.</p>	Final Report - Limited
CYP	3	<p>Iver Village School</p> <p>The audit of Iver Village School is being undertaken as part of the 2013/14 Internal Audit plan. Testing will focus on the adequacy and effectiveness of the system of internal control that is in place to manage and mitigate financial and non-financial risks.</p>	Final Report - Reasonable

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
CYP	4	<p>School Visit 3 – TBC</p> <p>The school audit (TBC) is being undertaken as part of the 2013/14 Internal Audit plan. Testing will focus on the adequacy and effectiveness of the system of internal control that is in place to manage and mitigate financial and non-financial risks.</p>	Removed
CYP	3	<p>Governance Establishment (Aftercare Team)</p> <p>This review is being undertaken as part of the Governance and Financial Management audit work, focussing on the effectiveness of the governance and financial management arrangements in place. The outcome of the audit will form part of the overall assurance for the Service Directors to complete their self assessment as part of the annual governance process.</p>	Final Report - Reasonable
CYP	3	<p>Governance and Financial Management</p> <p>This is an annual audit to review governance and financial management arrangements in place within the service areas. The programme of work will be completed over the remainder of the year, and will include testing on compliance with key corporate processes. Testing will follow on from the 2012/13 audits with areas being selected from the following:</p> <ul style="list-style-type: none"> • Authority and Governance. • Risk Management. • Financial Management. • Performance Management. • Human Resources. • Legislation. 	Fieldwork

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		<ul style="list-style-type: none"> • Procurement. • Information Governance. • Project Management. • Partnerships. <p>The outcome of the audit will form part of the overall assurance for the Service Directors to complete their self assessment as part of the annual governance process.</p>	
CYP	4	<p>Chiltern Gate Follow Up</p> <p>To follow up on the actions agreed as part of the 2012/13 Chiltern Gate audit.</p>	Complete
AFW	1	<p>Local Authority Trading Company</p> <p>The Audit and Risk Management Team will continue to review the governance arrangements through the life of this project, including reviewing the operational systems and procedures being designed for the operation and management of the contract with the LATC.</p>	This work is on-going
AFW	1	<p>Fuel Poverty Grant</p> <p>This work is an audit of the allocation of the DECC Fuel Poverty Grant, reviewing the supporting documentation that details how the grant has been allocated and spent.</p>	Complete
AFW	2	<p>Safeguarding</p> <p>The audit activity focused on the following key risk areas identified in the processes relating to the Safeguarding system:</p> <ul style="list-style-type: none"> • Quality Assurance – case files 	Final Report - Limited

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		<ul style="list-style-type: none"> Quality Assurance – supervision Monitoring of compliance with key care management processes 	
AFW	3	<p>Governance Establishment (Coroner Service)</p> <p>This review is being undertaken as part of the Governance and Financial Management audit work, focussing on the effectiveness of the governance and financial management arrangements in place. The outcome of the audit will form part of the overall assurance for the Service Directors to complete their self assessment as part of the annual governance process.</p>	Final Report - Reasonable
AFW	3	<p>Governance Establishment (Community Hospital Team)</p> <p>This review is being undertaken as part of the Governance and Financial Management audit work, focussing on the effectiveness of the governance and financial management arrangements in place. The outcome of the audit will form part of the overall assurance for the Service Directors to complete their self assessment as part of the annual governance process.</p>	Final Report - Reasonable
AFW	3	<p>Governance and Financial Management</p> <p>This is an annual audit to review governance and financial management arrangements in place within the service areas. The programme of work will be completed over the remainder of the year, and will include testing on compliance with key corporate processes. Testing will follow on from the 2012/13 audits with areas being selected from the following:</p> <ul style="list-style-type: none"> Authority and Governance. Risk Management. Financial Management. 	Fieldwork

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		<ul style="list-style-type: none"> • Performance Management. • Human Resources. • Legislation. • Procurement. • Information Governance. • Project Management. • Partnerships. <p>The outcome of the audit will form part of the overall assurance for the Service Directors to complete their self assessment as part of the annual governance process.</p>	
PH	4	<p>Public Health Grant</p> <p>A high level review of the Public Health Grant to enable the organisation to submit the required Statement of Assurance.</p>	Complete
CBE	1	<p>Joint Waste Committee Return</p> <p>This work is an audit of the Annual Return 2012/13 for the Buckinghamshire Joint Committee on Waste.</p>	Complete
CBE	1	AMEY Contract	Final Report - Limited
CBE	1	Highways Contract - Capital Maintenance	Final Report - Limited
CBE	2	<p>ADEPT Accounts</p> <p>This work is an audit of the Association of Directors of Environment, Economy, Planning & Transportation accounts, of which the Strategic Director,</p>	Complete

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		Communities and Built Environment, is the Honorary Secretary & Treasurer.	
CBE	2	<p>Capital Programme Management This audit was requested by the Cabinet Member. The audit will review how the schemes in the programme are being managed, with particular focus on project slippage.</p>	Completed - Recommendations made
CBE	3	<p>Governance and Financial Management</p> <p>This is an annual audit to review governance and financial management arrangements in place within the service areas.. The programme of work will be completed over the remainder of the year, and will include testing on compliance with key corporate processes. Testing will follow on from the 2012/13 audits with areas being selected from the following:</p> <ul style="list-style-type: none"> • Authority and Governance. • Risk Management. • Financial Management. • Performance Management. • Human Resources. • Legislation. • Procurement. • Information Governance. • Project Management. • Partnerships. <p>The outcome of the audit will form part of the overall assurance for the Service Directors to complete their self assessment as part of the annual governance process.</p>	Fieldwork

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
CBE	4	<p>Governance Establishment (Drug Action Team)</p> <p>This review is being undertaken as part of the Governance and Financial Management audit work, focussing on the effectiveness of the governance and financial management arrangements in place. The outcome of the audit will form part of the overall assurance for the Service Directors to complete their self assessment as part of the annual governance process.</p>	Draft Report
CBE	4	<p>Property Mobilisation</p> <p>This is a review of processes being developed in line with the new structure at the request of the Senior Manager (PLACE).</p>	Complete
RBT	1	<p>Vodafone</p> <p>The audit will document the current processes in place for administering and monitoring the use of Vodafone mobile phones across the Council.</p>	Final Report - Limited
RBT	2	<p>Growth and Optimisation Gateway Review</p> <p>The Support Services Transformation Programme commenced in 2010. An outline Business Case for Growth and Optimisation was presented to Members in July 2012. The Internal Transformation, with Selective Partnering or Outsourcing, was agreed by Members as the preferred way forward and an updated Business Case was approved in April 2013.</p> <p>The work will involve a gateway review of the programme to assess the robustness of the Business Case, programme governance, project management and strategic fit with the Council's objectives.</p>	Complete
RBT	2	<p>Review of Charges</p>	Final Report -

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		The audit will review how charges made by the Council comply with legislation and regulations and how those charges are aligned to the Income Generation Strategy. At an operational level the audit will consider the application of those charges and for a sample the systems for collection of fees charged.	Reasonable
RBT	2	Income Collection (Zipporah) Following on from the Review of Charges audit, this review will evaluate the effectiveness of how the Council's income collection system (Zipporah) is utilised.	Removed
RBT	2	Payroll Project Following the "Limited" Payroll audit report for 2012/13, a project was initiated to address the issues identified. This work will oversee project progress, advising on the controls being implemented and the overall delivery of the project. The work will also inform the 2013/14 Payroll review.	Complete
RBT	2	Purchase to Pay Project This work will support the Purchase to Pay Project, advising on any revisions to procurement processes. The work will also aim to ensure the appropriate control mechanisms are in place, prior to their submission to the Project Board for approval.	Complete
RBT	3	Governance and Financial Management This is an annual audit to review governance and financial management	Fieldwork

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		<p>arrangements in place within the service area. The programme of work will be completed over the remainder of the year, and will include testing on compliance with key corporate processes. Testing will follow on from the 2012/13 audits with areas being selected from the following:</p> <ul style="list-style-type: none"> • Authority and Governance. • Risk Management. • Financial Management. • Performance Management. • Human Resources. • Legislation. • Procurement. • Information Governance. • Project Management. • Partnerships. <p>The outcome of the audit will form part of the overall assurance for the Service Directors to complete their self assessment as part of the annual governance process.</p>	
RBT	3	<p>Treasury Management</p> <p>The Treasury Management Team manages the Council's investments and cash flows, its banking, money market and capital market transactions. This includes the effective control of the associated risks and the pursuit of optimum performance consistent with those risks.</p>	Final Report - Substantial
RBT	4	Pensions	Draft Report

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		<p>The Council's objective for the system is to ensure that the system of internal controls for the monitoring of Pensions is adequate and effective. The Pensions system was categorised as high risk as part of the audit needs assessment exercise based on its relative importance to the achievement of the Council's objectives.</p>	
PPC	3	<p>Governance and Financial Management</p> <p>This is an annual audit to review governance and financial management arrangements in place within the directorate. The programme of work will be completed over the remainder of the year, and will include testing on compliance with key corporate processes. Testing will follow on from the 2012/13 audits with areas being selected from the following:</p> <ul style="list-style-type: none"> • Authority and Governance. • Risk Management. • Financial Management. • Performance Management. • Human Resources. • Legislation. • Procurement. • Information Governance. • Project Management. • Partnerships. <p>The outcome of the audit will form part of the overall assurance for the Service Directors to complete their self assessment as part of the annual governance</p>	Fieldwork

Directorate	Qtr Start	Audit	Progress as at 4 April 2014 (Bold = complete)
		process.	

APPENDIX 2 Summary of completed audits

Note for information:

We categorise our management actions according to their level of priority:

High	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Medium	Significant issue that requires prompt action and improvement by the local manager.

IVER VILLAGE SCHOOL – REASONABLE

Our overall conclusion is Reasonable. Internal Audit identified that there is generally a sound system of internal control in place. It is acknowledged that in the last year the Headteacher and Business Manager have made significant changes to working practices that ensures that the level of control is satisfactory.

The main finding under Governance is that out of the three governors on the Finance, Premises and Personnel Committee only one has attended financial management training. Three governors have not attended any induction courses. In regard to Payroll the processes are adequate except there is no independent check of the payroll report. The Accounts Payable testing revealed that access rights to FMS do not provide adequate separation of duties and passwords are not changed termly. Within the Income process there is no independent check of the income received to the bank statement.

GOVERNANCE ESTABLISHMENT (AFTERCARE TEAM) – REASONABLE

The audit activity focussed on the following key areas:

- Policies and procedures
- Budgetary control
- Payroll
- Human Resources
- Procurement
- Income/banking
- Assets
- Information security
- Imprest accounts
- Business Continuity
- Risk Management
- Performance Management
- Project Management

- Partnerships

Internal Audit identified that there is generally a sound system of internal control in place. Risks are being mitigated to acceptable levels, except for the risks noted. The key areas related to the following:

- Financial Service Level Agreements in draft form.
- SAP variation narrative not up to date.
- Receipts not being retained to support expense claims and expense claims not being submitted on a monthly basis.
- The annual review of staff receiving Critical Car User Allowance not being completed.
- The team being unaware it was their responsibility to investigate and chase up aged debts.
- Members of the team not completing the data protection e-learning module.
- An Imprest Account being shared by different teams.
- No independent check of the Imprest Account reconciliation.

There are 2 'High' priority actions and 10 'Medium' priority actions agreed following this audit.

GOVERNANCE ESTABLISHMENT (COMMUNITY HOSPITAL) TEAM – REASONABLE

The audit activity focussed on the following key areas:

- Policies and procedures
- Budgetary control
- Payroll
- Human Resources
- Procurement
- Income/banking
- Assets
- Information security
- Imprest accounts
- Business Continuity
- Risk Management
- Performance Management
- Project Management
- Partnerships

Internal Audit identified that there is generally a sound system of internal control in place. Risks are being mitigated to acceptable levels, except for the risks noted. The key areas related to the following:

- The new starter Induction Checklist not always being completed.
- Receipts not being retained to support expense claims and expense claims.
- Although it is BCC policy that qualified Social Workers are required to have a DBS recheck after three years, five members of staff had not been re-checked within this period.
- Purchase Orders being generated and approved within Business Support.
- Members of the team not completing the data protection e-learning module.
- The team did not have a copy of the relevant portfolio Business Continuity Plan (BCP).
- The team did not have a copy of the latest Discharge Policy. The copy on site is dated November 2008 and shows a revision due date of October 2010.

There are 5 'High' priority actions and 2 'Medium' priority actions agreed following this audit.

TREASURY MANAGEMENT – SUBSTANTIAL

Internal Audit identified that there is generally a sound system of internal control in place. Risks are being mitigated to acceptable levels, except for the significant risks noted, and there is therefore the possibility that some objectives will not be achieved. There is a risk register in place for Treasury Management which shows high level risks, the risks are scored and mitigating actions included. Treasury Management is included in the Finance Business Continuity Plan however it still refers to the HSBC bank account and the risk analysis shows some areas where confirmation of power supply is needed. There is an up to date approved Treasury Management Strategy in place, Policies and Procedures have been reviewed on a regular basis. These comply with CIPFA guidelines and statutory requirements Treasury Management transactions are recorded and reconciled to SAP. However the brought forward figure is not recorded on the reconciliation sheet and the reconciliations are not dated. In one case a transaction was not shown on the reconciliation sheet.

Three management actions were raised in the previous Treasury Management audit report. Two of these related to reconciliations, these have been partially implemented however reconciliations are still not being dated; this has been restated in the audit findings below. The other action regarding recording interest on SAP has been actioned.

VODAFONE – LIMITED

In our opinion limited assurance can be provided that relevant risks are effectively identified, managed and controlled. The system of internal control is generally weak, and the exposure to risk is such that it is probable that objectives will not be, or are not being achieved. The system is open to the risk of significant error or abuse. The High priority issues identified include:

- Walkthroughs found that a standard Vodafone process is not being consistently applied across the Council.
- The current process enables any employee to apply for a mobile phone, without the approval of their line manager and/or cost centre manager.
- Users are not requested to sign a form that confirms they agree to comply with the corporate policy on mobile phone usage.
- There is no formal sanction against the misuse or loss of a mobile phone.

There are 6 'High' priority actions and 13 'Medium' priority actions agreed following this audit.

CYP SAFEGUARDING - LIMITED

Internal Audit identified that the system of internal control is generally weak, and the exposure to risk is such that it is probable that objectives will not be, or are not being achieved. The system is open to the risk of significant error or abuse. It is acknowledged that in the last year the service has undergone significant operational change as a result of a service restructure and implementing the new Munro social work model in response to the Munro review of child protection. At the time of audit, the Munro social work model was still at the early stages of being embedded into operational practice.

A Draft Quality Assurance Framework is in place with assurance activities to be reported to the Quality Assurance (QA) Group. The first set of results for quarter 3 will go to the QA Group in January 2014. Audit was unable to ascertain the effectiveness of the reporting and monitoring of the QA framework as it was work in progress.

Audit completed a review of the frequency of individual supervision and noted that 56% of social care staff were not compliant with the supervision policy and having regular supervisions on a monthly basis. From review of supervision notes we noted references to clients by initials or full names, this presents a risk that the data would be releasable to a subject access request. The frequency, quality and recording of the weekly unit team meetings, and formal individual monthly supervisions is not being monitored by the service to ensure that practice supervision is adequate and robust.

A programme is in place to update the CYP policies and procedures with owners assigned. The programme includes several procedures which require update and review, five of which have had no plans received from the owners with a plan for review. We noted that there are no detailed plans to update the ICS User guides following the upgrade to version 8 in March 2013.

Access to the Child Social Care system is not granted until ICS training has been completed. However, evidence that appropriate DBS checks are in place was not requested from Internal Audit prior to ICS access being granted.

At the time of the audit the service was due to review the geographical split of area teams following the implementation of the Munro model to re-distribute work across the service, as some teams have higher caseloads than others. Where the service is distributing casework by geographical location, rather than capacity there is a risk that the geographical split will require regular review to ensure that the distribution of work is appropriate in responding to the changes in demand across Buckinghamshire.

We noted instances where transfer trays had not been reviewed and cleared on a daily basis and allocated to a unit team.

Due to the high workloads of unit teams, cases are held with the Consultant Social Workers and effectively not worked on until there is capacity within the team for the case to be allocated to a social worker. There is no consistent process in place for the management of this risk across the service. Audit reviewed 10 Consultant Social Workers (CSW) work trays to ascertain instances where a C&F assessment was being held and could not be allocated to a social worker. Of the three CSWs holding C&F assessments we noted from the start of the C&F assessment to the date of audit, that 39, 46, 47, and 55 days had elapsed where no evidence was on file that the child had been seen. Currently there is no reporting of cases not allocated to a social worker to enable an open review, discussion and risk management of the volume of work and the services capacity to meet that demand.

Through discussion with the Consultant Social Worker's (CSW) we noted that there is a lack of scrutiny of work trays in a CSW's absence. CSWs have established informal buddying systems to support each other during absences, but due to the volume of work in unit teams, this does not provide robust scrutiny of the work trays.

From review of the First Response process dated 08/11/13, consistent with the Working Together to Safeguard Children document 2013, the contact and referral record should be completed within one working day. Audit testing of 10 Child Looked After children in the system identified five contact and referral records that were not compliant, the delays ranged from 2 to 14 working days.

There is no Information Management Framework in place which captures all of the reports produced, the frequency and reporting structure to enable the service to

review where there are gaps and additional data is required. Audit identified that the current performance reports available to do not enable effective operational and strategic scrutiny.

There are 11 'High' priority actions and 4 'Medium' priority actions agreed following this audit.

AFW SAFEGUARDING – LIMITED

The system of internal control is generally weak, and the exposure to risk is such that it is probable that objectives will not be, or are not being achieved. The system is open to the risk of significant error or abuse. There is no Quality Assurance Framework (QAF) within Adult Social Care which details the quality assurance activity and reporting structures to disseminate lessons learnt and issues arising. The results of Safeguarding Vulnerable Adult (SVA) audits are not reported to Senior Management despite the audits highlighting key operational practice and recording issues. In the absence of a QAF there are no clear expectations of the number of SVA audits which should be completed, there is no escalation mechanism in place for non-compliance and engagement with the audit process across the service is low.

Current audit activity focuses on the clarity of recording of the safeguarding investigation. There are no peer audits completed which focus on the quality of care management practice and improving outcomes for vulnerable adults. The SVA audit focuses on the most recent safeguarding alert and does not review the history of the file to ascertain if there are ongoing and unresolved issues requiring further escalation and prioritisation.

There is no supervision policy in place. Internal Audit sample testing identified 60% non-compliance with six weekly supervision requirements. There is no quality assurance activity in place to monitor and report on the frequency and quality of supervisions.

There are no operational flowchart/procedures which determine the SVA process and timelines. There is no analysis of multiple client, provider and alleged perpetrator SVA alerts to identify links/trends/issues arising to assist with the direction of care management and contract monitoring activity. The Safeguarding Lead's role, their responsibilities and guidance available for screening the safeguarding mailboxes, and the format for monitoring spread sheets, is not standardised or consistent across the service. Furthermore, there is no overarching monitoring role in place for ensuring that SVA investigations and resulting communications are completed satisfactorily and in a timely manner.

Internal audit testing noted SVA alerts are not routinely recorded in Swift, and inconsistent recording of key safeguarding data. Swift management reports are not routinely utilised by area teams to populate/correct data errors.

The Adult Social Care (ASC) Performance Scorecard does not include indicators which review the complete safeguarding workflow and bottlenecks arising, to enable management to effectively scrutinise and manage the operational and strategic safeguarding risks.

We noted separate instances of out-of-county clients slipping through the net and not being monitored/reviewed by Bucks.

There are 21 'High' priority actions and 5 'Medium' priority actions agreed following this audit.

Regulatory & Audit Committee

Title: Internal Audit Strategy and Q1 Plan

Date: 16 April 2014

Author: Chief Internal Auditor

Contact officer: Ian Dyson, 01296 387327

Electoral divisions affected: n/a

Summary

The Internal Audit Strategy outlines how the resources of Audit and Risk Management Service will be applied, and the methodology that will be adopted to ensure that Internal Audit activity is effective and enables the Chief Internal Auditor to provide an annual opinion on the Council's Systems of Internal Control.

Recommendation

The Committee are **RECOMMENDED** to approve the Internal Audit Strategy and the work plan for Q1

Resource implications

There are no resource implications. Internal audit will be delivered through the Internal Audit Services Collaboration with Oxfordshire County Council.

Legal implications

It is a statutory requirement for the Council to have an adequate and effective Internal Audit Service. The Chief Internal Auditor is obliged under the CIPFA code of practice to provide an annual opinion on the Council's framework of control. The Regulatory & Audit Committee is obliged to monitor audit outcomes throughout the course of the year and be mindful of these when considering the Annual Governance Statement. The Chief Internal Auditor will report to the Committee on a quarterly basis.



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Other implications/issues

The Accounts and Audit Regulations require the Council to undertake a review of its system of internal control. The work reported by the Chief Internal Auditor fulfils part of that requirement but coordination will be required to ensure full coverage of the Assurance Framework.

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

Not applicable

Background Papers

Public Sector Internal Audit Standards 2013
Accounts and Audit Regulations 2011

BUCKINGHAMSHIRE COUNTY COUNCIL
AUDIT & RISK MANAGEMENT SERVICES
STRATEGY 2014/15

Ian Dyson
Chief Internal Auditor

April 2014

AUDIT & RISK MANAGEMENT SERVICES

STRATEGY 2014/15

1. Introduction

- 1.1 This paper details the Internal Audit Strategy, including the resources available and how we will be delivering our service in 2014/15. Detailed work plans will be prepared on a quarterly basis and will be presented to the Regulatory and Audit Committee for approval. The Quarter 1 work-plan for 2014/15 is attached as appendix 2 to this Strategy.

2. Internal Audit Strategy

- 2.1 The Accounts and Audit Regulations 2011 (S6) state that the Council needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with the proper internal audit practices; these are defined as the Public Sector Internal Auditing Standards 2013.
- 2.2 The Public Sector Internal Auditing Standards defines “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”
- 2.3 The Chief Internal Auditor is required to provide an annual report on the System of Internal Control which is used to inform the Council’s Annual Governance Statement. In providing this opinion we are required to review annually the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis. The methodology for identifying areas for audit is detailed in section 3 of this report.
- 2.4 The assurance work that contributes to the Chief Internal Auditor's annual opinion on the system of internal control is performed by two teams within the Audit and Risk Management Service:
- The Risk Assurance team focus on the system of risk management, and the performance risks within the key services, including the development of new Delivery Units and major projects. In routinely monitoring the risk management system, it enables the Risk Manager to identify service risks that require an internal audit.
 - The Internal Audit team reviews the key control processes across the organisation, including those supporting critical service areas. The activity focusses on governance, and internal control, including financial management and fraud risk.

- 2.5 In March 2014 the Cabinet approved plans for a new operating framework, under the heading of Future Shape. The operating framework is due to go live from April 2015, but 2014/15 will see the transition to the Future Shape model. The new operating framework will see fundamental changes to the assurance framework, including governance, risk management and the system of internal control. To support the transition, and to develop the future governance and assurance mechanisms, the Risk Manager has been seconded into a new finance team focussed on supporting future shape. During the secondment, which is for 4 days a week, the Risk Manager will continue to have a dotted line reporting to the Chief Internal Auditor. The Regulatory and Audit Committee, as a key stakeholder, will be regularly consulted on throughout the development of the new governance and assurance framework.
- 2.6 The Internal Audit resource needs from 2015/16 will be determined by the outcome of the new governance and assurance framework, including the local systems of control applied within the Business Units. As there is uncertainty over the future needs, the resourcing of the service for 2014/14 will be a one year strategy.
- 2.7 The key resourcing matters for 2014/14 are; as stated above, the Risk and Insurance Manager is seconded to a dedicated finance team focussing on the Future Shape Programme; A Senior Auditor from the in house team is also taking up a year-long secondment as a development opportunity; IT audit resource will be sourced through the collaboration with Oxfordshire.
- 2.8 The impact of the secondments will be managed by increasing the Audit Manager resource provided through the collaboration, and sourcing internal audit resources through the existing call off contract we have in place for Audit Services.
- 2.8 The key priority for 2014/15 will be the development of the governance and assurance framework for the new Future Shape, including mapping the assurance process for the operations within the new Business Units. This will be used to determine the need and scope of future Internal Audit activity, and skills required. There will remain a significant emphasis for internal audit activity reviewing key financial systems and compliance with the governance framework; however, financial management across Directorates, including local financial systems, and financial management in schools will be a key priority for audit.
- 2.9 Following on from 2013/14, contract audit will continue, as commissioning and procurement remains core to the delivery of the Council's services. The Council's main source of assurance on contract management should be taken from the recently implemented Contract Management Application; Internal Audit will test that management control during 2014/15, to ensure that it is complete and providing accurate and effective management information.

- 2.10 An IT needs assessment was completed in 2013/14, and there is currently an assurance mapping exercise being completed by Internal Audit to help prioritise that work for 2014/15. The IT Audit activity will be resourced through the collaboration.
- 2.11 There will be no separate Counter-Fraud plan for 2014/15; however, with the emphasis of audit activity being on contract audit, financial management and financial systems, fraud risks will be reviewed through those audits. Internal Audit will continue to register and follow up on reported financial irregularity including suspected fraud, and will co-ordinate the response for the 2014/15 National Fraud Initiative (NFI) data matching exercise. The Chief Internal Auditor in conjunction with the Service Director, Finance and Commercial Services (S151 Officer) will undertake fraud awareness training when necessary.
- 2.12 Internal Audit will continue to lead on the preparation of the Annual Governance Statement including the coordination and review of the annual self-assessment and statement on control by the Service Directors. This is a key source of assurance for the Council; the quality of the assessments will be tested by Internal Audit through a programme of routine governance audits.

3. Audit Planning Methodology

- 3.1 The quarterly internal audit and risk assurance plan will be produced, in consultation with the Risk and Insurance Manager and with consideration to the risk registers. This will be agreed with the Service and Strategic Directors during quarterly meetings.
- 3.2 The Quarterly plans will be presented to the Regulatory and Audit Committee for their consideration and comment.
- 3.3 The Audit Plans, once considered by the Regulatory and Audit Committee will be shared with the Select Committees, to ensure there is information sharing and co-ordination where similar areas are being reviewed.
- 3.4 Maintaining the risk management system is a key function of the Audit and Risk Management Team. The Risk and Insurance Officer works directly with COMT in the risk assessment, mitigation planning and monitoring of the strategic risk register; and the team work closely with the Service Managers in the development and monitoring of service based risk registers. The Risk and Insurance Manager is a member of the Risk Management Group and routinely reports on key risks and emerging issues to that Group.

4. Resources

4.1 The Audit and Risk Management Service is resourced as follows:

	2014/15
Gross days – In house team	913
OCC/Contract Staff	568
Total Gross days	1481
Overheads	178
Non Chargeable Days	51
Total Chargeable days available	1252
Chargeable Days – non assignment (including Strategic Insurance / Strategic Risk Management) and secondment of Risk and Insurance Manager to Future Shape Programme	204
Chargeable days – External Clients	102
Chargeable days – assurance based	946

4.2 It is planned that Internal Audit Services will deliver a minimum of 946 days on Assurance Assignments that will be designed to provide reasonable assurance on the system of internal control. This is reduction of 88 days on the assurance based chargeable days in 2013/14, and is a consequence of the secondment arrangements that exist in 2014/15.

4.3 As outlined above the quarterly plans will be presented to the Regulatory and Audit Committee, with Q1 attached as appendix 2 to this report. The type of audit activity will be:

Key Financial Systems	We will test any changes to the existing systems, and will undertake walkthrough test to confirm the system. We will agree with
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	External Audit the key controls to be tested, and undertake the compliance/substantive testing.
Governance	We will undertake testing across Directorates of compliance against the governance and regulatory framework, including the key control processes covering HR, ICT, Financial Management, Risk Management, Project Management, Performance, and Procurement. This will provide evidence to the Directors for completion of their annual assurance statement.
Schools	We will seek assurance through analytical review and with targeted visits and thematic reviews as required.
IT Audit	We will undertake a programme of IT audits to provide assurance that the network and IT infrastructure is secure and managing our data and information needs effectively.
Contract Audit	Contract Management will continue to be the key focus of our audit activity. This area will include a review of the new Contract Management Application.
Operational Risk	Performance systems for key operational risks ascertained through the risk management process and in consultation with Strategic and Service Directors will be reviewed and tested.
Strategic Risk	Performance systems for the management of strategic risk, for example major procurement and projects will be reviewed and tested.
Counter Fraud	Fraud risks will be reviewed as part of the financial management and financial systems audits. In 2014/15 the biennial NFI data matching exercise will be undertaken
Follow Up	We will continue to monitor and report on the implementation of agreed management action.

5 Performance Monitoring / Reporting

- 5.1 The proposed performance indicators for 2014/15 are attached as appendix 1 to this report.
- 5.2 The Regulatory and Audit Committee will receive a quarterly report, including the next quarters plan for approval, a status update on the approved work plans, and a summary of the outcomes of completed audits.

6. Recommendation

The Committee are **RECOMMENDED** to approve the Internal Audit Strategy and Q1 Plan.

Ian Dyson

Chief Internal Auditor

April 2014

APPENDIX 1 Proposed PERFORMANCE INDICATORS 2014/15

	Performance Measure	Target	Frequency reporting	of	Method
1	Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	Quarterly report to R&A Committee.		Internal Audit Performance Monitoring System
2	Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Quarterly report to R&A Committee.		Internal Audit Performance Monitoring System
3	Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Quarterly report to R&A Committee.		Internal Audit Performance Monitoring System
4	% of planned audit activity completed by 30 April 2014	100%	Quarterly report to R&A Committee.		Internal Audit Performance Monitoring System
5	% of management actions implemented	90% of all management actions	Quarterly report to R&A Committee.		Action Management Tracking System

APPENDIX 2 – Audit and Risk Management Plan Quarter 1 2014/15

Governance	
Annual Governance Statement	We will be analysing the self assessment Annual Governance Statement questionnaires returned from Service Directors. This will form key evidence for the production of the Annual Governance Statement. The Chief Internal Auditor will also be liaising with the Corporate Leads on the key control processes in compiling the AGS
Financial Management / Financial Systems	
AFW - Direct Payments	The audit will consider the results of the special investigation undertaken in 13/14, and will work with the Service Director and teams to review current systems and processes to ensure that the operations provide effective management assurance for both the S151 Officer in respect of the financial system, but also the Service Director in respect of duty of care to service users.
AFW - Payments to Providers	The audit will look at the systems and processes for the payments to providers of adult social care services, including residential and domiciliary care.
AFW - Debt Management	The audit will look at the systems and processes for the management of client debt, including the management of deferred debt charges.
Strategic Risk	
Future Shape	This will be an on-going activity looking at the development of the governance, risk management and assurance policies and procedures for the new operating framework. Regular updates on progress will be presented to the Committee and the Risk Management Group.
Bucks Law Plus	A review of the risk management in relation to the creation of Bucks Law Plus, a new delivery vehicle for the provision of legal services.

AFW - Care Bill	The new Care Bill will have major operation and financial implications for the Council. A project has been established to manage this. This review will look at the risk management of the Care Bill implementation
Contract Audit	
PLACE - Property Services	This audit will look at the contract management arrangements for two recently awarded contracts with regards to the Estates and Valuation Service, and Planned and Reactive Maintenance. The audit will also review the procurement process for works over £25K, and the management control over that process.
Schools	
Financial Management	This will be activity on-going throughout the year. The work on reviewing the S151 Officers assurance process on Schools Financial Management is progressing; internal audit will look at key areas being highlighted through that review. In Q1 this will include looking at the performance with regards to outturn for 13/14, and the budget setting process for 14/15. A small sample of schools will also be audited.
IT Audit	
IT Audit Assurance Mapping	An audit, started at the end of 13/14 will be concluded in Q1, mapping the management assurance processes for the key IT systems and controls. The output from this will help form a detailed plan of Internal Audit activity during 14/15.

Internal Audit - Forward Plan for Q2-Q4

- Governance - annual audit of key control processes across Directorates
- Governance - review of the Contract Management Application
- Governance - S106 agreements
- Governance - Business Continuity

Key Financial Systems - annual audit of the core financial systems
CYP - Financial Management - Placement Budgets
CYP - Safeguarding
CYP - SEN Follow Up
CYP - AMEY Contract - Follow Up
CYP Contract Management and Commissioning (Sample of Contracts)
AFW - Safeguarding
AFW - Adult Information System implementation
AFW - Contract Management and Commissioning (sample of contracts)
Financial Systems:
 - Car Parking
 - Payments to Foster Carers
 - Client Charging
PLACE - TfB Contract
PLACE - Contract Management and Commissioning (Sample of contracts)
PLACE - Planning
Public Health - Financial Management
Public Health - Contract and Commissioning

