

APPENDIX 1 Regulatory & Audit Committee 23 September 2015 - Progress against 2014/15 Plan

Business Unit	Qtr Start	Audit	Progress as at 23 September 2015 (Bold = complete)
HQ	1	<p>Annual Governance Statement</p> <p>This work will involve collating and analysing the self-assessment Annual Governance Statement questionnaires returned from Managing Directors. This will form key evidence for the production of the Annual Governance Statement. The Chief Internal Auditor will also be liaising with the Professional Leads on the key control processes in compiling the AGS.</p>	Complete
HQ	2	<p>Governance & Financial Management</p> <p>This audit will focus on reviewing key control processes within the AGS across HQ, specifically:</p> <ul style="list-style-type: none"> - Performance Monitoring; - Budget Monitoring (incl. General Financial Management and Budget Setting); - Scheme of Financial Delegation (incl. any changes); and - Relationship between HQ and Bus 	Planning
HQ	3	<p>Compliance with Operating Framework</p> <p>The audit will review the compliance with the Council's Operating Framework, including reporting and escalation processes within the BUs and to HQ</p>	Planning
HQ	3	<p>Contract Management Application</p> <p>This audit will follow up on the progress of actions raised in the 2014/15 Internal Audit Report.</p>	Planning

Business Unit	Qtr Start	Audit	Progress as at 23 September 2015 (Bold = complete)
HQ	4	ICT Audits Areas to be confirmed	Planning
BSP	3	Financial Management The audit will review the financial management arrangements in place within the newly set up business units to ensure that systems and processes are in place which are compliant with agreed Council policies and support the delivery of the business unit's objectives.	Planning
BSP	3	Payroll The Payroll process from starter to leaver is managed by HR and the 'Reward' and 'Employee Lifecycle' Teams which are part of the BSP Business Unit. Payroll services are also provided by Bucks County Council to external organisations and some academy schools. The audit will review the processes for delivering payroll services to ensure that employees are paid correct amounts on a timely basis.	Planning
BSP	3	Pensions This audit will review the Council's processes for managing the Pension Fund, as well as the processes for administering members of the scheme.	Planning
BSP	4	General Ledger (incl. interfaces) The audit will review the internal controls in place for managing and monitoring the Council's General Ledger, to ensure they are adequate and effective.	Planning
BSP	3	Accounts Receivable (incl. Cash Receipting) This review will focus on the effectiveness of the processes and controls adopted by the Council for administering income due and managing its debts.	Planning

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		The audit will also include a review of the Council's cash receipting processes.	
BSP	4	Accounts Payable The audit will review the Council's process for raising orders and paying invoices, to ensure only authorised goods are paid for.	Planning
BSP	3	Bucks Law Plus This audit will look at the governance arrangements in place and the effectiveness of key management controls within BLP.	Planning
TEE	1	Joint Waste Committee Return This work is an audit of the Annual Return 2014/15 for the Buckinghamshire Joint Committee on Waste.	Complete
TEE	2	ADEPT Accounts This work is an audit of the Association of Directors of Environment, Economy, Planning & Transportation accounts, of which the Strategic Director, Communities and Built Environment, is the Honorary Secretary & Treasurer.	Complete
TEE	3	TfB Contract This review will focus on the contract management arrangements in place over the TfB contract, including financial management.	Planning
TEE	4	Bucks Local Enterprise Partnership Whilst the Bucks LEP is independent from Buckinghamshire County Council, the S151 Officer has accountability for ensuring there are adequate and effective accounting systems in place. This audit will review the financial systems and procedures, reporting to both the S151 Officer, and the Bucks LEP	Planning

Business Unit	Qtr Start	Audit	Progress as at 23 September 2015 (Bold = complete)
		Board.	
CSC&L	1	Client Transport – Safeguarding This audit covered the governance arrangements currently in place in relation to client transport safeguarding both under the AMEY contract and through other providers.	Complete (draft report)
CSC&L	1	Families First Grant This work involves 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
CSC&L	2	AMEY Contract – Follow Up The audit will follow up on the 13/14 "limited" assurance AMEY Contract audit and review progress in actioning any improvements required.	Complete (draft report)
CSC&L	2	CYP Safeguarding – Follow Up Audit A detailed follow up audit will be undertaken to confirm the status of the management actions agreed during the 2013/14 CYP Safeguarding audit (limited assurance).	Fieldwork in progress
CSC&L	2	BLT Governance The audit will focus on the adequacy and effectiveness of the system of internal controls and governance arrangements that are in place at BCC to enable robust management of the service agreement with the BLT; including due diligence over their operations and financial management.	Complete

Business Unit	Qtr Start	Audit	Progress as at 23 September 2015 (Bold = complete)
CSC&L	3	<p>Financial Management</p> <p>The audit will review the financial management arrangements in place within the newly set up business units to ensure that systems and processes are in place which are compliant with agreed Council policies and support the delivery of the business unit's objectives.</p>	Planning
CSC&L	3	<p>Schools S151 Assurance Processes</p> <p>The S151 Officers financial management assurance framework for Schools has been under development, with roles and responsibilities and management reporting being designed and established. This audit will review the effectiveness of the framework.</p>	Planning
CSC&L	4	<p>DSG</p> <p>The audit will review the process for allocating the Dedicated Schools Grant. This will include the approval and application of the grant formula and tracing through a sample of transactions to ensure compliance with the formula.</p>	Planning
CSC&L	2 - 4	<p>School Audits</p> <p>Four school audits will be undertaken as part of the 2015/16 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>	School 1 – fieldwork in progress
CH & ASC	3	<p>Financial Management</p> <p>The audit will review the financial management arrangements in place within the newly set up business units to ensure that systems and processes are in place which are compliant with agreed Council policies and support the delivery of the business unit's objectives.</p>	Planning

Business Unit	Qtr Start	Audit	Progress as at 23 September 2015 (Bold = complete)
CH & ASC	3	ASC Payments to Providers – Follow Up Audit A detailed follow up audit will be undertaken to confirm the status of the management actions agreed during the 2014/15 AFW Payments to Providers audit (limited assurance).	Planning
CH & ASC	3	Client Charging The audit will review the system of control designed to ensure that policies, systems and procedures in relation to charging for adult social care services, are being properly applied and maintained, including financial assessments.	Planning
CH & ASC	4	AFW Safeguarding - Follow Up Audit A further detailed follow up audit will be undertaken to confirm the status of the management actions agreed during the 2013/14 AFW Safeguarding audit (limited assurance).	Planning
CH & ASC	4	Direct Payments	Planning
CH & ASC	4	Better Care Fund	Planning
Public Health	3	Financial Management The audit will review the financial management arrangements in place within the newly set up business units to ensure that systems and processes are in place which are compliant with agreed Council policies and support the delivery of the business unit's objectives.	Planning
Public Health	3	Contract and Commissioning This review will evaluate the contract monitoring and commissioning arrangements in place within Public Health.	Planning

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.

CSC & L – BUCKINGHAMSHIRE LEARNING TRUST (BLT) GOVERNANCE

The (BLT) is an educational charity that delivers, on behalf of Buckinghamshire County Council (BCC), a range of services to schools and early years settings, including school and early years improvement, specialist teaching, continuing professional development and other key support services. As well as supporting schools and early years settings directly, the Trust works with Buckinghamshire County Council to fulfil its statutory duties for raising attainment and securing the best possible future for children and young people. The BLT is governed by a board of Trustees, made up of key stakeholder groups, including Local Authority (LA) elected trustees.

The audit activity focussed on the following key risk areas identified in the current governance arrangements in place:

1: Framework

- If there is no formal agreement with defined roles, responsibilities and decision making powers there is a risk that the BLT is not delivering to BCC requirements.
- Risks relating to the use of BLT to deliver services on behalf of BCC have not been assessed or mitigating actions are not in place.

2: Performance Measures

- Insufficient arrangements are in place for the monitoring of performance that may result in poor performance not being identified and addressed.

3: Service Delivery

- The grant terms and conditions are not adhered to that may result in the required services not being delivered.
- BCC are not promptly made aware of issues that can affect the service delivery.

The overall conclusion for BLT Governance is **Limited Assurance**. This is based on the adequacy of risk management techniques, the existing control framework

and compliance with the existing framework. There have been 13 high priority, and 8 medium priority actions agreed with Senior CSC&L Managers. The key issues identified during the audit are:

- The LA only has one out of a possible four trustees on the Board. There is currently no formal mechanism to approve the appointment of members to outside bodies. There are no guidelines to assist members in their role on outside bodies. BCC are not informed of the frequency and attendance by trustees at BLT Board meetings as required in the Funding Agreement. Internal Audit is aware of the development of a BLT Governance Proposal by the Monitoring Officer which should address some of the governance weaknesses. In addition it is noted that there is no formal documented escalation process within BCC to ensure that BCC senior management are kept informed of any emerging issues.
- There are several important documents that are still in the draft stage and have not yet been fully reviewed and approved. These include the Exit Plan, Business Continuity Plan, Risk Register and Complaints Procedure.
- The Contract Management Application (CMA) is used as a single repository for all BCC contracts and grant arrangements. The BLT Grant is recorded on the CMA system and is categorised as Platinum as it is over £1million and a critical contract. The CMA records specific tasks for the contract and documents are uploaded to the system. At the time of the audit the Platinum Contract Best Practice Assessment was partly completed, and the S11 Audit review by BLT was outstanding.
- Key Performance Indicators (KPIs) are documented in the BLT Funding Agreement, they are reviewed and agreed each year along with the Annual Activity Plan. KPIs are on each Termly Monitoring Meeting agenda. However the minutes for the Termly Monitoring Meeting do not indicate a robust challenge to the reported KPIs, nor any evidence that KPI's are reviewed for appropriateness.
- BLT requested an early payment of the 1 April 2015 grant due to cash flow problems. Whilst there is no question over the integrity of the payment, there was no clear audit trail to demonstrate the proper approval process had been followed or the business case for making the early payment. The payment of £2,454,911 was made on 2 March 2015 using an FB60 payment which bypasses workflow authorisation. The Director of Assurance (S151 Officer) and Managing Director, CSC&L have confirmed they were aware a payment in advance was to be made, but were not aware that it was for such a large amount.
- Financial reports from BLT are provided as part of the Termly Monitoring meetings but these do not include a forecast or narrative as required by the Funding Agreement. In addition the first year financial accounts for 2013/14 submitted to the Charities Commission and presented to the BCC Education, Skills And Children's Services Select Committee are for period

ending 30 June 2014. However the grant payments are made 1st August and 1st April therefore it would be expected that the accounting period year end would be 31st July.

- A report was commissioned by BCC from PricewaterhouseCoopers (PWC) which established that the Funding Agreement with BLT is classified as a contract for VAT purposes. This indicates that there is a need for a retrospective review of the procurement rules in relation to the BLT contract to ensure that there has been no breach of legislation.
- The Funding Agreement includes standard agenda items for Annual Review meetings and Termly Monitoring meetings along with standard items for the Annual Report. There has only been one Annual Review meeting so far for academic year 2013/14. At this meeting just one of the 15 standard agenda items detailed within the agreement was included on the agenda. None of the required 14 items were in the Annual Report.
- An example of good practice is that prior to the Termly Monitoring meetings the contact manager reviews in detail the two BLT Directors reports. From this he provides a summary of the report and any queries that should be raised, this is passed to other BCC officers who attend the meeting.