Buckinghamshire County Council

Business Assurance Update

2016/17

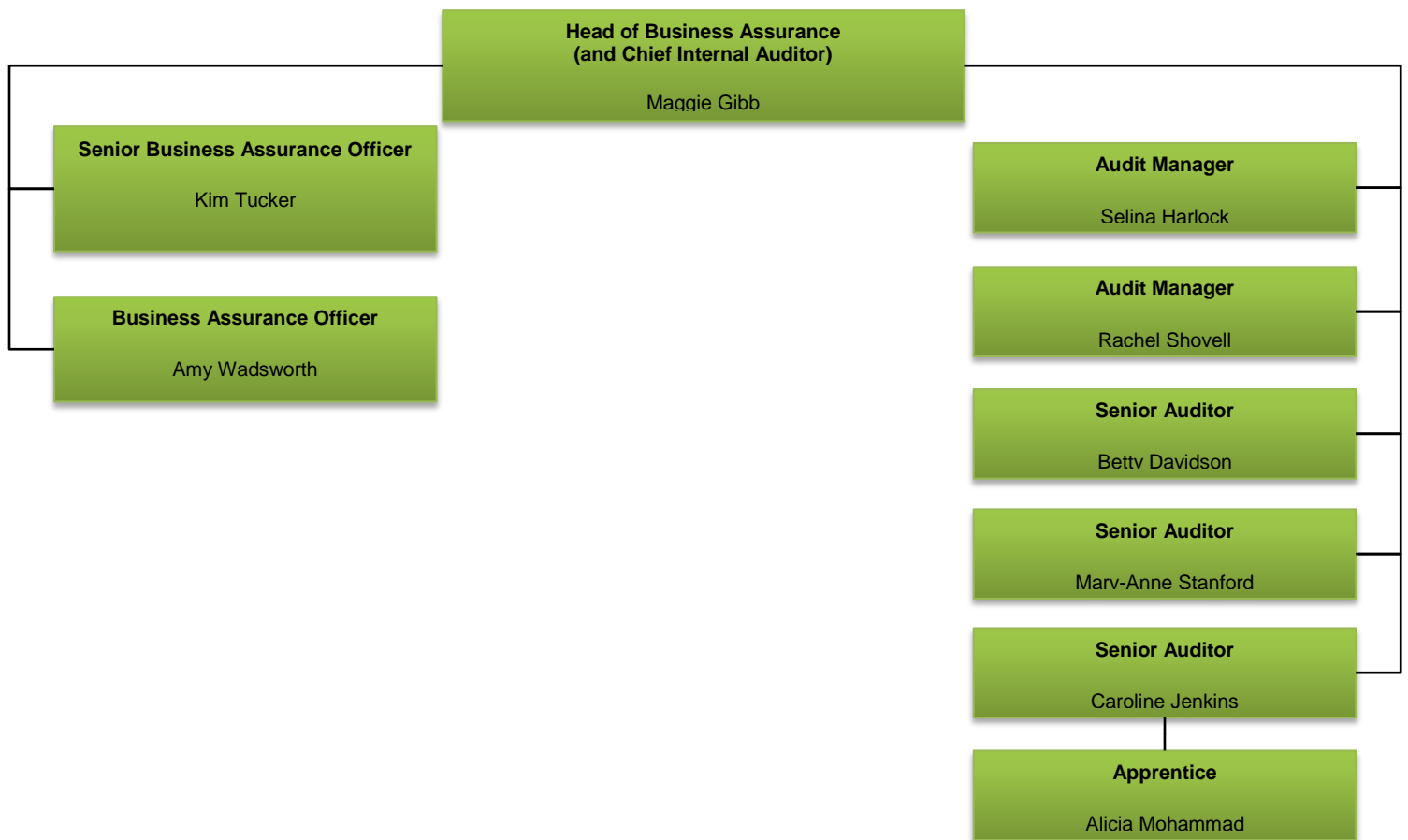**Regulatory and Audit Committee**

July 2016

Contents

Introduction

1. The Business Assurance Team is responsible for implementing the Council's Assurance and Risk Strategy through delivery of work programmes covering the following areas of activity:

    ➢ Risk Management;

    ➢ Internal Audit;

    ➢ Counter Fraud; and

    ➢ Assurance Framework.

2. Delivery of the Business Assurance work programmes helps ensure that there is an appropriate governance and control framework in place and that risk management is embedded across the Council.

3. The Internal Audit Plan will evolve during the year as the combined assurance model matures; as the assurance mapping exercises in CHASC and CSC&L develop, and as new risks emerge. A priority in the first quarter has been to complete the audit activity which was been "carried forward" from the 2015/16 Internal Audit Plan due to a number of unplanned investigations and urgent audit activity placing constraints on the Business Assurance Team.

4. Counter-fraud remains a key responsibility for the Business Assurance Team to lead on, and in 2016/17 continual focus will be placed upon overseeing the investigation of NFI data matches, and responding to referrals of suspected fraud and financial irregularity, as well as the proactive activity detailed above.

5. This report provides details of progress to date against each of the agreed work programmes included in the Business Assurance Strategy as approved by the Regulatory and Audit Committee in May 2016.

Resources

6. The Business Assurance Team is now fully resourced and consists of seven members of staff. The Business Assurance Officer returned from maternity leave in June; however we have one Audit Manager due to commence maternity leave from August. Outsourced arrangements via a Framework Agreement have been agreed with the London Borough of Croydon to cover the Audit Manager and to provide specialist Internal Audit services in the delivery of the IT and contract audits planned for this year.

An Apprentice has been appointed and joined the Business Assurance Team on 18 July 2016. We will also have a CIPFA Trainee on secondment from August until January 2017, who will assist in the delivery of the Internal Audit activities.

Head of Business Assurance (and Chief Internal Auditor)

Maggie Gibb

Senior Business Assurance Officer

Kim Tucker

Business Assurance Officer

Amy Wadsworth

Audit Manager

Selina Harlock

Audit Manager

Rachel Shovell

Senior Auditor

Betty Davidson

Senior Auditor

Mary-Anne Stanford

Senior Auditor

Caroline Jenkins

Apprentice

Alicia Mohammad

Risk Management

7. A project is underway to implement a new corporate Risk Management System to replace the interim solution currently in use. As part of this project, and following a request at the Risk Management Group (RMG) meeting, a full detailed review is being carried out to challenge/cleanse the risk data held within each of the Business Unit risk registers to ensure that the data transferred to the new system is of the appropriate quality. This exercise is being facilitated by the Business Assurance Team and assisted by each of the Risk Champions within the Business Units.

8. The Risk Management Group met on 5 July 2016, and an update from that meeting is included as a separate item on the Regulatory and Audit Committee agenda.

9. The Assurance and Risk Strategy is due for review and will be presented to the Regulatory and Audit Committee for approval in September. The Operating Framework was reviewed and updated during Q1, including the relevant section relating to Assurance and Risk, and a training and awareness plan will be communicated in due course.

Internal Audit

10. In Q1 the Internal Audit function has been working on completing the carry forward activities from the prior year and progressing with the 2016/17 audit assignments. There have been seven audits finalised since the last update report, and two that are currently at draft report stage. A summary of the completed audits is provided in Appendix 3.

Internal Audit Activity since last update report:

Service	Audit	Opinion
BSP	**2015/16 Accounts Payable Audit** The audit reviewed the Council's process for raising orders and paying invoices, to ensure only authorised goods are paid for.	Reasonable
BSP	**2015/16 Pensions Audit** This audit reviewed the Council's processes for managing the Pension Fund, as well as the processes for administering members of the scheme.	Reasonable
BSP	**2015/16 Accounts Receivable (incl. Cash Receipting)** This review focused on the effectiveness of the processes and controls adopted by the Council for administering income due and managing its debts. The audit also included a review of the Council's cash receipting processes.	Limited
BSP	**2015/16 Payroll** The audit reviewed the processes for delivering payroll services to ensure that employees are paid correct amounts on a timely basis.	Reasonable
TEE	**TfB Street Lantern Replacement Audit** The audit focused specifically on the Street Lantern Replacement Scheme and included a review of the: programme of work, Salix funding, approval and completion of works, payments and management information.	Final Draft (for OCB)
CSC&L	**SEN** The audit reviewed the adequacy of and compliance with controls for mitigating risks in the following SEN areas: Policies, Procedures and Training; EHC Needs Assessment; Special School Admissions; SENDIST Appeals; Transfer of	Limited
CH&ASC	**Safeguarding** The audit evaluated the controls in place over, the Safeguarding Quality Assurance Framework, performance reporting, accuracy of client based information and Governance.	Draft Report
CSC&L	**Meadows School Follow-Up** This was a follow-up of the audit actions identified in the limited opinion IA report.	Management Letter - Reasonable
CSC&L	**Beechview School** Testing focused on the adequacy and effectiveness of the system of internal control that is in place to manage and mitigate financial and non-financial risks.	Limited

Two audits relating to LEP (Local Enterprise Partnership) and LGF (Local Growth Fund) grants were undertaken; both are verification audits checking the accuracy and completeness of grant claims and statement of accounts. There were no significant issues arising from these audits.

Internal Audit Action Tracker

11. A detailed forensic review of the Internal Audit Action Tracker was undertaken at the request of the Regulatory and Audit Committee. There are currently 105 audit actions that are open and in-progress. The table below highlights the status of all the actions in the tracker from 2011/12 to date; and Appendix 2 provides a detailed summary on actions that are over one year past the due date for implementation.

Internal Audit Action Tracker as at 30 June 2016

Audit Title	Year	High			Medium			Total
		Completed	In Progress	N/A	Completed	In Progress	N/A	
TEE = 17 Actions are currently In Progress								
Capital Contract Management Iver Village Junior School	2011/12	-	-	1	-	-	3	**4**
Client Transport Safeguarding	2015/16	-	**2**		-	-		**2**
Governance and Financial Management (CBE)	2013/14	-	-	-	1	**1**	-	**2**
Governance and Financial Management (CBE)	2014/15	1	**1**	-	2	-	-	**4**
Highways Contract Capital Maintenance Programme	2013/14	3	-	-	14	-	-	**17**
Planning Application (14/00519/APP)	2014/15	1	**2**	-	4	-	-	**7**
Property Contract Process and Procedure	2014/15	2	**1**	-	7	**5**	-	**15**
S106 and CIL	2014/15	5	**2**	-	3	-	-	**10**
TEE Financial Management	2015/16	3	-	-	3	**3**	-	**9**
Total		**15**	**8**	**1**	**34**	**9**	**3**	**70**
HQ = 15 Actions are currently In Progress								
Contract Management Application	2014/15	-	**7**	-	-	**1**	-	**8**
Data Security Follow Up	2012/13	1	-	-	-	-	-	**1**
Governance and Financial Management (BE & BSP)	2014/15	3	**2**	-	2	**2**	-	**9**
Governance and Financial Management (PPC)	2014/15	2	**1**	-	2	**1**	-	**6**
Review of Charges	2013/14	-	-	-	-	**1**	-	**1**
Total		**6**	**10**		**4**	**5**		**25**
CSC&L = 20 Actions are currently In Progress								
Buckinghamshire Learning Trust Governance	2015/16	15	-	1	10	-	-	**26**
Client Transport Safeguarding	2015/16	-	**1**	-	-	-	-	**1**
Commissioning Residential Placements	2015/16	-	**7**	-	-	**1**	-	**8**
CYP Safeguarding	2013/14	6	**5**	-	3	**1**	-	**15**
Governance and Financial Management CYP	2014/15	1	**2**	-	-	**2**	-	**5**
Income Management	2011/12	-	-	-	1	-	-	**1**
S106 and CIL	2014/15	6	-	-	4	-	-	**10**
Schools Accounts Payable	2012/13	1	**1**	-	2	-	2	**6**
Schools Governance Framework	2012/13	-	-	-	3	-	-	**3**
SEN	2012/13	3	-	-	2	-	-	**5**
Total		**32**	**16**	**1**	**25**	**4**	**2**	**80**
BSP Non-Financial = 2 Actions are currently In Progress								
Data Security Follow Up	2012/13	-	**1**	-	-	-	1	**2**
Governance and Financial Management (BE & BSP)	2014/15	2	-	-	1	-	1	**4**
Health & Safety	2012/13	1	**1**	-	1	-	-	**3**
Total		**3**	**2**	**-**	**2**	**-**	**2**	**9**

Audit Title	Year	High			Medium			Total
		Completed	In Progress	N/A	Completed	In Progress	N/A	
BSP - Financial = 42 Actions are currently In Progress								
Accounts Payable	2011/12	-	-	-	1	-	1	2
Accounts Payable	2013/14	2	1	2	4	1	3	13
Accounts Payable	2014/15	-	-	2	-	1	2	5
Accounts Receivable	2012/13	1	-	-	-	-	-	1
Accounts Receivable	2013/14	2	-	-	-	-	-	2
Accounts Receivable	2014/15	-	-	-	4	-	1	5
Accounts Receivable	2015/16	2	5	-	3	-	-	10
Feeder Systems	2014/15	-	1	1	6	5	2	15
General Ledger	2014/15	1	-	-	1	1	2	5
General Ledger	2015/16	4	7	-	3	5	-	19
Payroll	2013/14	5	1	-	3	-	1	10
Payroll	2014/15	-	-	-	4	-	1	5
Payroll	2015/16	-	6	-	-	5	-	11
Pensions	2013/14	2	-	1	7	-	3	13
Pensions	2014/15	1	1	-	4	2	1	9
Review of Charges	2013/14	1	-	-	1	-	-	2
Treasury Management	2015/16	1	-	-	-	-	-	1
Total		**22**	**22**	**6**	**41**	**20**	**17**	**128**
CH&ASC = 9 Actions are currently In Progress								
AFW Debt Management	2014/15	11	-	-	8	1	-	20
AFW Payments to Providers	2014/15	7	-	1	7	-	1	16
AFW Safeguarding Follow Up	2014/15	2	-	-	-	-	-	2
ASC Payments to Providers Follow Up	2015/16	-	1	-	-	2	-	3
Business Continuity Management (BCM)	2014/15	15	1	1	1	2	-	20
Client Transport Safeguarding	2015/16	-	1	-	-	-	-	1
Direct Payments	2014/15	-	-	-	4	-	-	4
Governance and Financial Management AFW	2013/14	3	-	-	8	-	-	11
Governance and Financial Management AFW	2014/15	2	1	-	1	-	-	4
Review of Charges	2013/14	-	-	-	1	-	-	1
Swift Data Quality Follow Up	2012/13	-	-	-	2	-	-	2
Total		**40**	**4**	**2**	**32**	**5**	**1**	**84**

Note:
- *Between FY 2011/12 to date, Internal Audit have completed 55 audits where management actions were raised.*
- *A total of 396 management audit actions are recorded in the tracker.*
- *To date, 256 of the actions have been completed and 35 are no longer relevant.*
- *105 actions are in-progress consisting of, 62 HIGH priority and 43 MEDIUM priority.*

Counter - Fraud

12. There have been a number of irregularities reported to the Business Assurance Team under the Council's Anti-Fraud and Corruption Strategy that have required investigation and management review. The Business Assurance Team is either involved directly in the investigation activity, or have an overseeing role of management investigations.

13. Internal Audit is currently investigating a report of potential conflicts of interest and financial irregularity relating to a third party contractor engaged with a number of schools. The investigation is on-going with the support of legal colleagues and the MOD Police.

14. Internal Audit has been working with CHASC and the Department of Work and Pensions (DWP) to investigate a potential fraud relating to a Direct Payments case. The DWP have confirmed that sufficient evidence has been found to proceed with further action, and we will collaborate with them on next steps.

15. An end of contract review of a major provider within CHASC highlighted concerns over the accuracy of payments to the provider, and specifically the Council being charged for services in breach of the contract. Internal Audit carried out some further verification work on the time recording information and care records and confirmed that there were irregularities. The situation has been referred to the Deputy Head of Legal for advice, and is currently being progressed.

Business Assurance

16. The Assurance and Risk Strategy is currently under review, and will be presented to the Regulatory and Audit Committee in September for approval. The review will be carried out with consideration of the new Risk Management System with an aim of increasing the understanding and visibility of risks across the Council. The review will also incorporate learnings from the first year of working towards a Combined Assurance approach. The Business Assurance Team is liaising with the Professional Leads to ensure that actions are being implemented, and progress will be reported through the Risk Management Group.

17. The Assurance Mapping activity for CSC&L and the Joint Commissioning Unit (JCU) has now started and will potentially influence changes to the Risk and Internal Audit plans.

Maggie Gibb,

Head of Business Assurance (and Chief Internal Auditor)

July 2016

APPENDIX 1
Regulatory & Audit Committee 28 July 2016 - Progress against 2016/17 Plan

Business Unit	Audit Title	Timing	Scope/ Objective of Audit	Progress as at 13 July 2016 (Bold = complete)
HQ	Decision Making/ Business Cases (Project Management)	**Q3**	The audit will review the policies and procedures in place to ensure the effective management of projects. This will include a review of the tools that are available, how these are being utilised and the management information that is available to ensure effective and timely decision making.	
HQ	Capital Programme	**Q2**	The objective of the audit is to ensure that the capital programme effectively links capital expenditure and investments needs and supports the delivery of the Authority's objectives/ priorities.	
HQ	Income Generation	**Q3**	The objective of the audit is to ensure that the Income Generation Strategy has been embedded across the organisation. This will include an understanding of how the Council is maximising its potential to generate income, how income generation opportunities are identified and initiated.	
HQ	Complaints Process	**Q3**	The audit will review the policies and procedures in place to manage complaints. This will include a review of how complaints are recorded, addressed and reported.	
HQ	HQ BU Management Audit	**Q3**	The purpose of this review will be to continue to strengthen our Corporate Governance position, align with leading practices and identify any potential gaps that may require further prioritisation.	
BSP	Contract Management - Bilfinger Contract	**Q3**	The objective of the audit is to ascertain service contract management arrangements in place, including reviewing the accuracy, completeness and timeliness of management information to enable effective and efficient decision making	
BSP	P2P - including contract review of e-invoicing service provider and process mapping	**Q2**	End-to-end review of the P2P system to understand processes in place and adequacy of controls	
BSP	General Ledger Audit	**Q4**	The main objective of the audit is to ensure that quality and integrity of financial data recorded on the General Ledger is accurate and complete to be used to prepare the annual accounts.	
BSP	Payroll Audit	**Q4**	The main objective of the Payroll process is to pay the right person the right amount at the right time, and to produce all the required statutory returns.	
BSP	Pensions Audit	**Q4**	The main objective of the Pension function is to ensure that the correct employer and employee contributions are received; retirees are paid the right amount at the right time, and the Pension Fund is management effectively and in line with legislative requirements.	
BSP	Accounts Receivable/ Accounts Payables	**Q4**	The Accounts Receivable Audit is concerned with billing, income collection and debt management. The primary objective of the AP function is to provide timely, accurate and efficient disbursement services to the organisation	

Business Unit	Audit Title	Timing	Scope of Audit	Progress as at 13 July 2016 (Bold = complete)
BSP	BU Management Audit	Q3	The purpose of this review will be to continue to strengthen our Corporate Governance position, align with leading practices and identify any potential gaps that may require further prioritisation.	
BSP	P-Cards - System Audit	Q1	To ensure the continued success of the Purchasing Card ("P-Card") Program; to determine if the established policies and procedures are adequate; and to ensure the amounts paid were valid, appropriately reviewed, and properly supported.	In Progress
BSP	P-Cards & Expenses Continuous Auditing	Q1 - 4	This will entail a review of expense reports and p-card usage for adherence to the Corporate policy	In Progress
BSP	Financial Management Audit	Q1	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.	In Progress
BSP	PSN Audit (Network security and infrastructure resilience)	Q2	Review project implementation of PSN across the business including a review of expected benefits.	
BSP	Shop 4 Support (E-Commerce System), including contract review	Q2/3	Review the new e-commerce system, including understanding the data quality and integrity, PCI compliance, interface feeds to SAP and management reporting.	
BSP	PSN Audit (Contract and Performance Management)	Q2	Review contract and performance management, project implementation of PSN across the business and schools; including a review of realised benefits against expected benefits per the initial business	
BSP	IT Asset Management	Q2/3	Review of policies and procedures in place to track and monitor IT assets including; hardware, servers, circuits, and software license compliance.	
CH & ASC	Public Health Contracts & Commissioning/Payment to Providers	Q2	The objective of the audit is to ascertain service contract management arrangements in place, including reviewing the accuracy, completeness and timeliness of management information to enable effective and efficient decision making	Planning
CH & ASC	CHASC - Financial Management*	Q1-2	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.	In Progress
CH & ASC	Client Charging	Q3	The audit will review the arrangements in place for client charging, including policies and procedures, financial assessments, quality of data and governance arrangements.	
CH & ASC	Direct Payments*	Q1-2	The audit will cover the arrangements currently in place for the management of direct payments including: Direct Payments Use, Nominated Person, Direct Payments Assessments and Arrangements, Client Contributions and Top Ups. The audit will also follow up on the management actions noted in the previous Direct Payments audit.	In Progress

Business Unit	Audit Title	Timing	Scope of Audit	Progress as at 13 July 2016 (Bold = complete)
CH & ASC	Better Care Fund	Q4	The audit will review the high level governance arrangements in place to support the management of the Better Care Fund and relationship with the CCGs.	
CH & ASC	Safeguarding*	Q1-2	The audit will evaluated the controls in place over, the Safeguarding Quality Assurance Framework, performance reporting, accuracy of client based information and Governance.	**Complete (Draft Report)**
CH & ASC	BU Management Audit	Q2	The purpose of this review will be to continue to strengthen our Corporate Governance position, align with leading practices and identify any potential gaps that may require further prioritisation.	
CH & ASC	Market Resilience	Q4	This is a cross cutting theme included by Neil Gibson for both Adults and Children's. The purpose of the audit is to focus is on the business continuity, providing assurance that services can continue to be delivered where viability or performance concerns are raised.	
CSC&L	Schools	Q2-Q4	A sample of schools to be audited based on: limited assurance reports, gaps in financial controls, academy status and/ or other intelligence received from the business.	
CSC&L	DSG*	Q1-2	This audit will review the assurance on how it is managed, including: allocation, monitoring and how the funds are spent.	
CSC&L	Safeguarding	Q2	The audit will evaluate the controls in place over, the Safeguarding Quality Assurance Framework, performance reporting, accuracy of client based information and Governance. This will take into account the OFSTED Report and the outcome of the last Internal Audit Report.	
CSC&L	Safeguarding (Transport Follow-Up)	Q4	This will be a follow-up of the audit actions identified in the limited opinion IA report.	
CSC&L	Financial Management	Q2	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.	
CSC&L	Families First - Grant Funding	Q3	This is a review of how the grant is spent and compliances against the terms and conditions.	
CSC&L	Market Resilience	Q2	This is a cross cutting theme included by Neil Gibson for both Adults and Children's. The purpose of the audit is to focus is on the business continuity, providing assurance that services can continue to be delivered where viability or performance concerns are raised.	
CSC&L	BU Management Audit	Q3	The purpose of this review will be to continue to strengthen our Corporate Governance position, align with leading practices and identify any potential gaps that may require further prioritisation.	

Business Unit	Audit Title	Quarter Start	Scope of Audit	Progress as at 13 July 2016 (Bold = complete)
TEE	Client Transport	Q3	The objective of the audit is to ascertain service management arrangements in place, including governance (decision making framework), budget monitoring, safeguarding, dispute resolution and reviewing the accuracy, completeness and timeliness of management information (financial and performance) to enable effective and efficient decision making.	
TEE	TfB Contract (Quality of Information/ Open Book Accounting)	Q2	The objective of the audit is to ascertain service contract management arrangements in place, including financial management, reviewing the quality, integrity and timeliness of financial and performance information to enable effective and efficient decision making.	
TEE	Waste	Q4	The objective of the audit is to ascertain service contract management arrangements in place, including reviewing the accuracy, completeness and timeliness of management information to enable accurate, effective and efficient payments and management decisions to be made. The review will also consider agreements and relationships in place with other organisations and third parties.	
TEE	Planning and Development Management	Q4	The main objective of the audit is to review the decision making process, roles and responsibilities and interaction with local parishes.	
TEE	BU Management Audit	Q2	The purpose of this review will be to continue to strengthen our Corporate Governance position, align with leading practices and identify any potential gaps that may require further prioritisation.	

APPENDIX 2
Summary of Audit Actions > 1 Year Overdue

Business Unit	Audit Period (Yr)	Audit Title	Risk	Management Action	Internal Audit Status Update
HIGH PRIORITY ACTIONS					
BSP (Non-Financial)	2012/13	Health & Safety	New staff maybe unaware of their health and safety responsibilities, resulting in increased injuries and possible claims made against the Council.	There is currently a strategic HR project which is reviewing Corporate Induction. The Corporate Training Advisor will liaise with the project lead to ensure that the Induction programme includes H&S awareness. This links to action point 5a.	Action is 30 months overdue and an update has not been received since 27/01/2016.
	2012/13	Data Security Follow Up	If information is not classified as to its security ranking, it may be handled incorrectly and not adequately protected.	The Information Asset Register will be fully populated and made available internally and externally.	3 years overdue, the action owner notes that this should be closed. However as risk remains IA is working with the BU to understand how risk is being managed until resolution.
TEE	2014/15	Planning Application (14/00519/APP)	Without a robust file of correspondence, discussions, meetings or site visits, there is a risk that any recommendations could be challenged and there is a perceived lack of transparency in the consultation process.	The team will introduce a Procedure Manual and / or Process Notes including details of records that should be maintained to support verbal conversations, site visits and office meetings, which clarify and provide a trail for any recommendation. The approach to maintaining any documentation will be based on scale of development. Once collated, the procedure will be circulated to all team members, to make them aware of the requirements.	This action is 12 months overdue. Process flows for all Highways DM activities have been created by the Business Improvement Team following a review undertaken by WSP/ Parsons Brinkerhoff. However the update received in July 2016 confirmed that the implementation of WSP/ Parsons Brinkerhoff review recommendations remains subject to resource.
	2014/15	Planning Application (14/00519/APP)	Without appropriate application supervision and clearly defined delegated authority, there is a risk that incorrect consultation decisions might be made.	A procedure will be introduced that clearly details what supervision and sign off is required for statutory responses. Once collated, the procured will be circulated to all relevant staff. Management will also undertake checks to ensure that the review and sign off procedure is being complied with.	This action is over 12 months overdue, however the action owner confirmed that they are awaiting the Deed of Delegation to be updated by Legal.
BSP (Financial)	2013/14	Accounts Payable	There is a risk that management are not receiving all relevant reports that enable them to make decisions based on up to date information.	The outcome of the Procure to Pay Project will include a suite of clear KPIs and there will be reporting to management on these KPIs.	Action is 30 months overdue, and the implementation of the action is reliant on the roll-out of the e-invoicing solution. KPIs are to be agreed once the solution has been embedded across the business.
	2013/14	Payroll	There is a risk that if not all reports are run and actioned data on SAP is not corrected leading to payroll errors.	Reports are currently being reviewed to understand resource requirements and deadline dates so we can ensure this is properly established within Employee Lifecycle Team as	This action is 26 months overdue. Internal Audit followed up progress against the action as part of the 15/16 Payroll audit and it was confirmed that implementation is still WIP with a revised

			part of Business As Usual		implementation date of March 2017.

Business Unit	Audit Period (Yr)	Audit Title	Risk	Management Action	Internal Audit Status Update
CSC&L	2012/13	Schools Accounts Payable	There is a risk that payments are made to false vendors or to persons that should be on the payroll and therefore in breach of HMRC tax law.	Schools Financial Instructions will be reviewed and the checks required for new vendors/creditors and changes to vendor details will be defined.	Action is 30 months overdue. Update received in June 2016 and action owner confirmed that due to resourcing issues and pending changes in school financing, this action is on hold
CSC&L	2013/14	CYP Safeguarding	Where supervisions are not held on a regular basis there is a risk that officers are not having adequate management oversight of casework and opportunity to support and challenge care management practice.	A mechanism will be in place to monitor and report on the frequency, quality and recording of weekly unit team meetings and formal monthly individual supervisions as part of the Quality Assurance Framework. The expectations in respect to supervision will be built into employee DSP objectives.	Internal Audit performed a follow up audit in October 2015. All actions are being addressed as part of the Children's Improvement Plan. There is a CYP Safeguarding audit that is on the 2016/17 audit plan, this audit actions will be followed up as part of this audit.
	2013/14	CYP Safeguarding)	Where there is no quality assurance activity being undertaken in respect to the new model of weekly unit team meetings and formal individual monthly supervisions, there is a risk that the quality of casework scrutiny may not be adequate.	A mechanism will be in place to monitor and report on the frequency, quality and recording of weekly unit team meetings and formal monthly individual supervisions as part of the Quality Assurance Framework. The expectations in respect to supervision will be built into employee DSP objectives.	Internal Audit performed a follow up audit in October 2015. All actions are being addressed as part of the Children's Improvement Plan. There is a CYP Safeguarding audit that is on the 2016/17 audit plan, this audit actions will be followed up as part of this audit.
	2013/14	CYP Safeguarding	Where Bucks cannot clearly demonstrate in the recording that there has been a management decision within one working day, there is a risk that we are not compliant with legislative guidance.	Referral records will be completed within one working day in accordance with the legislative guidance. The Information Management Framework referred to below will assist in reviewing compliance with the response time.	Internal Audit performed a follow up audit in October 2015. All actions are being addressed as part of the Children's Improvement Plan. There is a CYP Safeguarding audit that is on the 2016/17 audit plan, this audit actions will be followed up as part of this audit.
	2013/14	CYP Safeguarding)	In the absence of an Information Management Framework there is a risk that reports may be duplicated, and/or reports do not provide operational and strategic benefits to the service by highlighting key issues.	An Information Management Framework will be compiled to capture all of the reports produced, the frequency and reporting structure to enable the service to review where there are gaps and additional data as required.	Internal Audit performed a follow up audit in October 2015. All actions are being addressed as part of the Children's Improvement Plan. There is a CYP Safeguarding audit that is on the 2016/17 audit plan, this audit actions will be followed up as part of this audit.
	2013/14	CYP Safeguarding	Where Senior Management are not in the position where their performance reporting requirements have been fully appraised, there is a risk that data provided does not meet operational and strategic data that highlights key issues.	An Information Management Framework will be compiled to capture all of the reports produced, the frequency and reporting structure to enable the service to review where there are gaps and additional data as required.	Internal Audit performed a follow up audit in October 2015. All actions are being addressed as part of the Children's Improvement Plan. There is a CYP Safeguarding audit that is on the 2016/17 audit plan, this audit actions will be followed up as part of this audit.

Business Unit	Audit Period (Yr)	Audit Title	Risk	Agreed Management Action	Internal Audit Status Update
MEDIUM PRIORITY ACTIONS					
HQ	2013/14	Review of Charges	If a directory of fees and charges is not available on the Internet there is a risk that service users are unaware of the level of charge for a particular service and/or the justification behind the charge which may lead to a challenge.	It had previously been agreed that there should be a single landing page for fees and charges. The intention was for it to link to the service pages which hold the charges. There may be cases where the charges are not up to date, or even present within services pages, and we would not necessarily be sighted on where these are missing, so work will need to be undertaken with services to ensure they have their pages up-to-date.	Action is 21 months overdue. The Income Generation Strategy has been developed and approved. The charges are to go alongside the strategy and the Head of Strategic Finance is currently obtaining this information from business units.
	2014/15	Governance and Financial Management (BE & BSP)	Unless mechanisms are in place to identify and comply with statutory and regulatory requirements, there is a risk that staff may not be aware of legislation that is relevant to their role.	An approach to cascading legislative changes and updates will be included within the Assurance Framework Guidance. Once agreed, the guidance will be circulated to Business Units to adopt.	The Assurance Mapping activity for CHASC and CSC&L is now at a planning stage, resource has been allocated and the initial draft will be completed by the end of July. Last update was received on 23 June 2016.
TEE	2013/14	Governance and Financial Management (CBE)	There is a risk that in an emergency situation staff will be unaware of the procedure to follow leading to a possible loss of critical services.	The Business Continuity Plan will be reviewed and updated and will reflect any relevant issues identified in Exercise Trigger. Staff will be made aware of the procedure to follow in an emergency situation.	This action is 22 months overdue. TEE was asked by the Head of Resilience and Community Safety to rework the signed off BCP. The rework required included the Pandora Exercise from November, however due to resources and structural changes the rework is still working in progress.
CSC&L	2013/14	CYP Safeguarding	Where the governance arrangements for the QA Framework are not fully operational there is a risk that the monitoring of the effectiveness of the new social work model is not occurring.	The QA Group will ensure that they receive evidence from the strands of assurance activity that the practical application of the Quality Assurance Framework is effective. Where non-compliance is noted this will be escalated as appropriate.	Internal Audit performed a follow up audit in October 2015. All actions from this safeguarding audit are being addressed as part of the Children's Improvement Plan.
BSP (Financial)	2013/14	Accounts Payable	There is a risk of non-compliance with Financial Instructions that may result in purchases not following the full procurement process.	The Procure to Pay Project will include use of Invoices without Reference to Purchase Order.	The process for invoices without purchase orders is being developed as part of the e-invoicing solution. The e-invoicing solution is now live and is being rolled out across the business.
	2014/15	Pensions	Where procedure notes are not in place and regularly reviewed there is a risk of inconsistent and/or ineffective working practices being adopted within the Team.	The procedure notes for the pension administration processes are currently in production. The Principal Pensions Officer (Administration) has set a deadline of 31 December 2014 for these to be completed. These will then be reviewed and distributed to staff.	Internal Audit performed a follow up audit of this action as part of the 2015/16 audit plan. It was confirmed that this action was not being progressed due to resource pressures, which have now been addressed. Action expected to be completed by September 2016.

APPENDIX 3
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.

Accounts Payable (AP)

The primary objective of the AP function is to provide timely, accurate and efficient disbursement services to the organisation.

The audit activity focussed on the following key risk areas identified in the processes relating to the AP system:

- Risk Management
- Accounts Payable Framework
- System Access and Data Security
- Vendor Creation and Amendments
- Purchase Order Creation and Invoice Processing
- Payments
- Supplier Credit/ Refunds
- Control Account Reconciliations

The overall conclusion for AP is **Reasonable** Assurance. This is based on the adequacy of risk management techniques, the existing control framework and compliance with the existing framework. There have been five high priority actions agreed with Senior BSP Managers.

The key issues identified during the audit are:

- No compliance reports produced relating to fragmentation of orders;
- Inappropriate SAP role access;
- Retrospective creation of vendor accounts after order has been placed;
- Duplicate vendor accounts;
- Retrospective orders and no reporting of non-compliance;

Pensions

The main objective of the Pension function is to ensure that the correct employer and employee contributions are received; retirees are paid the right amount at the right time, and the Pension Fund is managed effectively and in line with legislative requirements.

The audit activity focussed on the following key risk areas identified in the processes relating to the Pensions system:

- Risk and Performance Management
- Pension Fund Governance and Strategy
- Pension Fund Transactions and Assets
- Pension Administration Framework and System
- Pension Scheme Administration and Transactions
- System Access, Data Security and Integrity
- Other Pension Schemes

The overall conclusion for Pensions is **Reasonable** Assurance. This is based on the adequacy of risk management techniques, the existing control framework and compliance with the existing framework. There have been three high and three medium priority actions agreed with Senior BSP Managers.

The key issues identified during the audit are:

- Provider contracts in place out of date and no contract extensions or renewals had been approved;
- Scheme members not notified of their Annual Allowance in a timely manner,
- Shared user accounts.

Accounts Receivable (AR)

The primary objective of the AR function is to provide billing, income collection and debt management services across the organisation.

The audit activity focussed on the following key risk areas identified in the processes relating to the AR system:

- Risk Management
- Income Management Framework
- System Access and Data Security
- Customer Creation and Invoice Collection
- Cash Receipting
- Debt Recovery and Enforcement
- Debit and Credit Card Payments
- Control Account Reconciliations
- Bank Reconciliations

The overall conclusion for AR 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 six high and three medium priority actions agreed with Senior BSP Managers.

The key issues identified during the audit are:

- Roles and responsibilities for Corporate Debt Management not clearly communicated and understood;
- Debt write-offs not approved in accordance with the Financial Instructions;
- Debt recovery action not taken in accordance with the strategy;
- Legal advice regarding debt write offs not actioned in a timely manner;
- Business Units not pursuing debts in accordance with the Corporate Debt Management Strategy.

The report was presented to One Council Board in May 2016, and their response was as follows:

The One Council Board has considered the final audit report for Accounts Receivable and the management responses to the issues raised. The report highlights a series of significant issues which need to be addressed as a matter of priority. We support the management actions raised and monitoring of implementation of the actions will be reported to Regulatory and Audit Committee through the Internal Audit Action Tracker.

Payroll

The main objective of the Payroll process is to pay the right person the right amount at the right time, and to produce all the required statutory returns. The payroll processing function is responsible for making the monthly payments to all employees and Councillors at BCC. This includes payment of salary, overtime, expenses and making deductions where appropriate. BCC also provides payroll processing services to 23 external customers, which consist of Academies and Charities.

The audit activity focussed on the following key risk areas identified in the processes relating to the Pensions system:

- Policies and Procedures
- System Access and Data Security
- Starters and Leavers
- Expenses
- Variations
- Overpayments
- Monthly Pay Run Totals
- Reconciliations and Suspense Accounts
- Deductions
- Master Data
- Other Payrolls

The overall conclusion for Payroll is **Reasonable** Assurance. This is based on the adequacy of risk management techniques, the existing control framework and compliance with the existing framework. There have been five high and five medium priority actions agreed with Senior BSP Managers.

The key issues identified during the audit are:

- Inappropriate access to SAP HR/Payroll roles
- Salary increases processed without the appropriate approval
- Receipts not retained for expense claims and the incorrect tax treatment applied
- Overpayment debts are not reported to Business Units
- Control account reconciliations not performed on a monthly basis
- National Fraud Initiative (NFI) data matches for payroll not investigated
- Use of long-term contractors with no formal contracts in place

Special Education Needs (SEN)

The audit activity focussed on the following key risk areas identified in the processes relating to the SEN:

- Education, Health and Care (EHC) Needs Assessment and EHC Plans
- Special School Admissions
- Special Educational Needs and Disability Tribunal (SENDIST) Appeals
- Conversion of SEN Statements to EHC Plans
- Annual Reviews of EHC Plans and Statements
- Allocation of Funding
- Policies, Procedures and Training

The audit also took into consideration the changes introduced since September 2014 following the Special Educational and Disability (SEND) Reforms, governance structures and risk management.

The overall conclusion for SEN 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 seven high priority and one medium priority actions agreed with Senior CSC&L Managers.

The key issues identified during the audit are:

- Professionals not providing information within statutory timescales;

- Completion of EHC plans not within statutory timescales;

- No contract/SLA in place for outsourced provider producing EHC plans;

- Panel decision sheets not completed in full or not available;

- Out of Area Placements paperwork not completed in full;

- Conversion of SEN statements to EHC Plans not within DfE timescales; and

- Annual reviews not completed.

The report was presented to One Council Board in June 2016, and their response was as follows:

The One Council Board has considered the final audit report and the management response. The report highlights a series of significant issues which need to be addressed as a matter of priority, and will be linked with the various other work streams currently underway relating to SEN. We support the management actions raised and monitoring of implementation of the actions will be reported to Regulatory and Audit Committee through the Internal Audit Action Tracker.

Beechview School

An audit of Beechview School was conducted in light of a number of key personnel changes including the Finance Officer, the plan for the school to become a sponsored Academy and a desire to provide assurances to the sponsor, as well as some reported concerns from the Interim Head Teacher regarding the financial management arrangements at the school.

The audit activity focussed on the following key risk areas identified in the processes relating to the Pensions system:

- Governance
- Budget Setting and Budget Monitoring
- Procurement Contract and Leases
- Accounts Payable
- Purchasing Card
- Income and Cash Management
- Imprest
- School Voluntary Fund
- Data Security

The Beechview School audit has resulted in a **Limited** level of assurance. There were several audit areas where we were unable to determine the adequacy of controls in place. There are some key issues that have been raised in this report including 37 high priority management actions.

The key findings are detailed below:

- Out of date Standing Orders and Terms of Reference for the IEB
- Changes to Financial Policies and Procedures without Head Teacher review and approval
- Register of Pecuniary Interests not complete by all governors
- Standards Financial Value Standard (SFVS) for school not submitted to the LA
- Budget monitoring not effectively performed and reported to the respective Committee
- A record of all the school contracts and leases is not maintained
- Limited contract information held therefore no evidence in place to demonstrate that the correct procurement process had been followed
- Accounts payable procedure not followed with required approval not being sought
- High value purchased made by staff using their personal funds
- Bank mandates were not in place to reflect the correct signatories
- Purchase card reconciliations not performed

- School Meal debt on Parent Pay system are not being chased
- Inadequate income records are maintained
- Bank reconciliations have not performed since November 2015
- VAT returns were not completed in line with the deadlines
- Income such as music lessons, school meals and school trips was not transferred to the School Main Account, this dates back to 2013/14
- Password controls and access rights to the School's Financial Management System FMS and SIMS are inadequate.
- Staff personnel files and Pupil files held in the same filing cabinet

The One Council Board has considered the final audit report and the management responses to the issues raised. The report raises a series of significant issues which need to be addressed as a matter of priority. The Interim Director of Education will work with Business Assurance to identify where cross-cutting issues exist and plan future audit activity accordingly. We support the management actions raised and monitoring of implementation of the actions will be reported to Regulatory and Audit Committee through the Internal Audit Action Tracker.