

**Buckinghamshire County Council**

# **Business Assurance Update**

## **2016/17**

**Regulatory and Audit Committee**

**February 2017**



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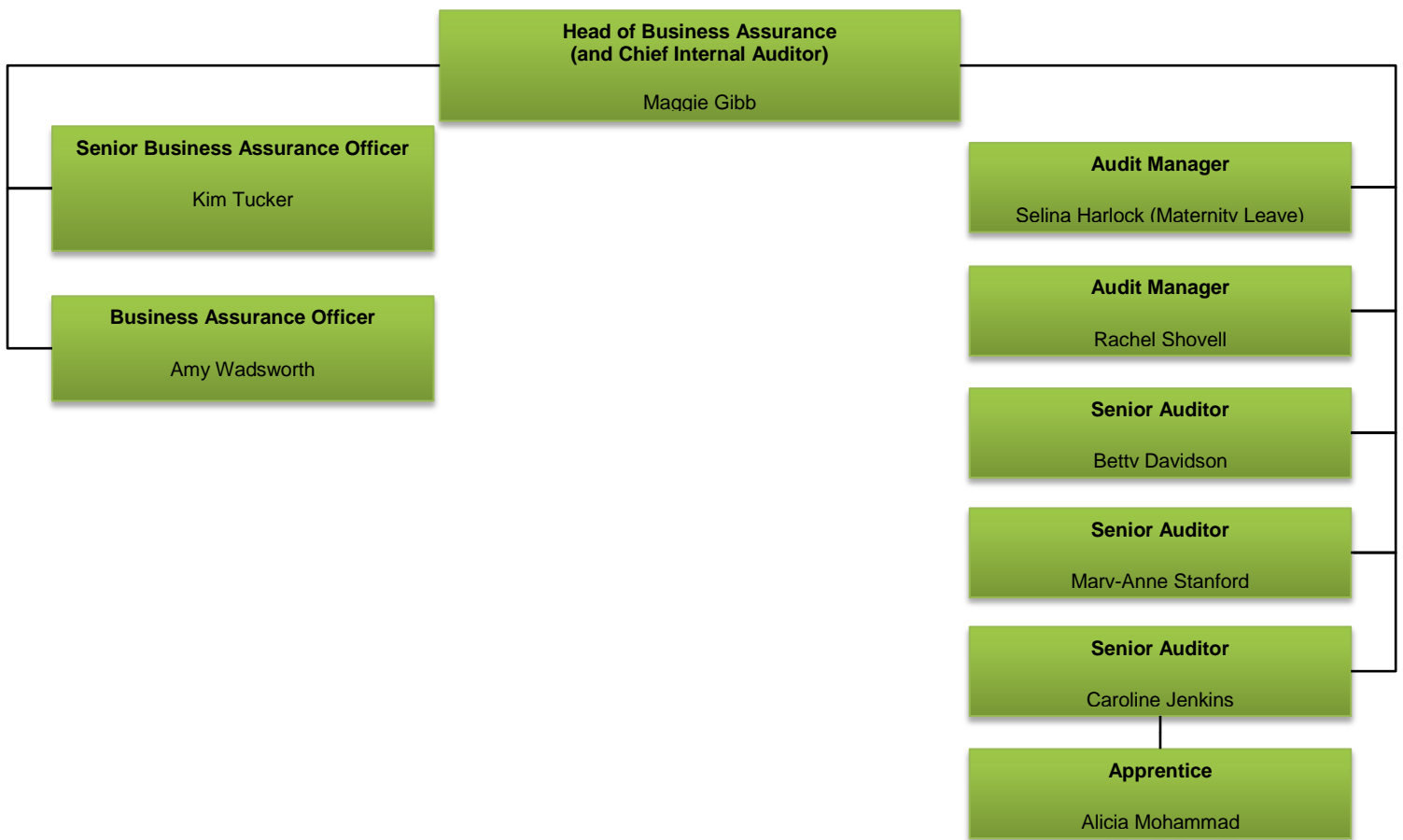
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## Introduction

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 has evolved during the year as the combined assurance model has matured, and a number of changes to the 2016/17 Internal Audit Plan have been discussed and agreed at the Audit Board. The changes have been as a result 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 (BAT) is fully resourced and consists of seven members of staff. One Audit Manager has been on maternity leave since August, and this post is being back-filled through the outsourced arrangements via the London Audit Framework agreement. They are also supporting the BAT in the delivery of the IT and contract audits planned for this year.



## Risk Management

7. The new Corporate Risk Management System (Covalent) went live on 1 February 2017. The launch has been supported by a number of training sessions for the system administrators and Risk Champions, as well as a number of key system users such as the Finance Directors. The first reporting from the new system will be in March 2017 to One Council Board and the Risk Management Group.
8. The Risk Management Group met on 18 January 2017, with the next meeting scheduled for 27 February 2017. Updates from both meetings will be reported to the next Regulatory and Audit Committee.
9. The Assurance and Risk Strategy is due for review and will be presented to the Regulatory and Audit Committee for approval in April 2017 to incorporate the requirements of the new Risk Management System.

## Internal Audit

10. The Internal Audit Function, supported by Mazars (through the London Audit Framework) have been progressing with 2016/17 audit assignments. There have been five audits finalised since the last update report, all with a reasonable level of assurance, and two that are currently at draft report stage.
11. The Audit Board, chaired by the Director of Assurance, met on 6 December 2016 and reviewed progress against the Business Assurance Strategy, in particular delivery of the Internal Audit Plan. The Board considered the requests for unplanned audit activity and the resulting impact on resourcing the current plan.
12. Any changes to the original 16/17 Internal Audit Plan are included in the table at Appendix 1 (highlighted in red).

## Internal Audit Activity since last update report:

Service	Audit	Opinion
HQ	<p><b>Capital Programme</b> This audit reviewed the framework in place to ensure that the capital programme effectively links capital expenditure and investment needs and supports the delivery of the Authority's objectives/ priorities.</p>	Reasonable
BSP	<p><b>General Ledger</b> This audit reviewed the quality and integrity of financial data recorded on the general ledger to provide assurance over the accuracy and completeness used to prepare the annual accounts.</p>	Reasonable
BSP	<p><b>IT Asset Management</b> This audit reviewed the policies and procedures in place to track and monitor IT assets including; hardware, servers, circuits, and software license compliance.</p>	Draft Report
CHASC	<p><b>Public Health Contracts and Commissioning</b> This audit reviewed the contract management arrangements in place, including reviewing the accuracy, completeness and timeliness of management information to enable effective and efficient decision making.</p>	Reasonable
TEE	<p><b>LEP Governance Audit</b> This audit was included in the plan following a request from the Managing Director of TEE to review the governance arrangements between BCC and the LEP</p>	Draft Report
CSC&L	<p><b>Princes Risborough Primary School</b> The audit activity focussed on the following key risk areas identified in the processes relating to the Princes Risborough Primary School: School Governance incl. Financial Skills, Policies and Procedures, Budget Setting, Budget Monitoring and Voluntary School Funds.</p>	Reasonable
HQ	<p><b>St Joseph's Catholic Infant School</b> The audit activity focussed on the following key risk areas identified in the processes relating to the St Joseph's Catholic Infant School: School Governance incl. Financial Skills, Policies and Procedures, Budget Setting, Budget Monitoring and Voluntary School Funds.</p>	Reasonable

## Internal Audit Action Tracker

13. All management actions raised during the individual internal audit reviews are included in the Audit Action Tracker and monitored on a regular basis. Progress towards implementing the actions is reported to the Business Unit Boards and One Council Board. The current status of audit actions is contained in Appendix 2.

## Business Assurance

14. The Assurance and Risk Strategy is currently under review, and will be presented to the Regulatory and Audit Committee in April 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.
15. The Assurance Mapping activity for CHASC and CSC&L has been completed and will be reported back to the Business Unit Senior Leadership Teams and One Council Board in February 2017, and then to Risk Management Group in March/April 2017.

Maggie Gibb,  
Head of Business Assurance (and Chief Internal Auditor)  
February 2017

# APPENDIX 1

## Regulatory & Audit Committee 8 February 2017 - Progress against 2016/17 Plan

Business Unit	Audit Title	Timing	Scope/ Objective of Audit	Progress as at 30 January 2017
ALL	Corporate Escalation Processes <b>(NEW AUDIT)</b>	<b>Q4</b>	This audit has been added to the plan to provide assurance over the escalation processes within each of the Business Units and HQ to ensure that emerging issues/risks are visible at an appropriate level. This audit was requested by the S151 and Monitoring Officers.	Planning
HQ	Decision Making/ Business Cases (Project Management)	<b>Q3</b>	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.	Delayed to Q1 17/18
HQ	Capital Programme	<b>Q2</b>	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.	<b>Reasonable</b>
HQ	Income Generation	<b>Q3</b>	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.	Delayed to Q2 17/18
HQ	Complaints Process	<b>Q3</b>	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.	Delayed to Q1 17/18
HQ	HQ BU Management Audit	<b>Q3</b>	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.	Changed to Corporate Escalation Process Audit
BSP	Contract Management - Bilfinger Contract	<b>Q3</b>	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	In Progress
BSP	P2P - including contract review of e-invoicing service provider and process mapping	<b>Q2</b>	End-to-end review of the P2P system to understand processes in place and adequacy of controls	In Progress
BSP	General Ledger Audit	<b>Q4</b>	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.	<b>Reasonable</b>
BSP	Payroll Audit	<b>Q4</b>	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.	In Progress
BSP	Pensions Audit	<b>Q4</b>	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.	Planning
BSP	Accounts Receivable/ Accounts Payables	<b>Q4</b>	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	Planning



Business Unit	Audit Title	Timing	Scope of Audit	Progress as at 30 January 2017
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.	Changed to Corporate Escalation Process Audit
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.	Reasonable
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	Reasonable
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.	Draft Report
BSP	PSN Audit (Network security and infrastructure resilience)	Q2	Review project implementation of PSN across the business including a review of expected benefits.	In Progress
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.	In Progress
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	In Progress
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.	Draft Report
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	Reasonable
CH & ASC	CHASC - Financial Processes	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.	Limited
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.	In Progress
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.	Limited

Business Unit	Audit Title	Timing	Scope of Audit	Progress as at 30 January 2017
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.	Delayed to 17/18
CH & ASC	Safeguarding*	Q1-2	The audit will evaluate the controls in place over, the Safeguarding Quality Assurance Framework, performance reporting, accuracy of client based information and Governance.	Substantial
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.	Changed to Corporate Escalation Process Audit
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.	Delayed to 17/18
CH & ASC	Buckinghamshire Care Governance and Financial Management (NEW AUDIT)	Q2	This audit was an addition to the approved 16/17 Internal Audit Plan following a request from the Managing Director of CH&ASC. The audit focussed on the controls in place over governance and financial management arrangements at Buckinghamshire Care which is one of the Council's alternative delivery vehicles.	Limited
CH & ASC	Buckinghamshire Care - Contract Management (NEW AUDIT)	Q3	This audit was an addition to the approved 16/17 Internal Audit Plan following a request from the Chief Executive to review the robustness of the contract management arrangements for Buckinghamshire Care	In Progress
CSC&L	Schools	Q2-Q4	<p>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.</p> <ol style="list-style-type: none"> <li>1. Bedgrove Infant – Draft Report</li> <li>2. Buckingham Park Primary - Planning</li> <li>3. Princes Risborough Primary – <b>Reasonable</b></li> <li>4. St Joseph's Catholic - <b>Reasonable</b></li> <li>5. St Peters CoE - Planning</li> <li>6. Wingrave CoE - Planning</li> </ol>	In Progress
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.	In Progress

Business Unit	Audit Title	Timing	Scope of Audit	Progress as at 30 January 2017
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.	Follow Up Audit Complete
CSC&L	Safeguarding (Transport Follow-Up)	Q4	This will be a follow-up of the audit actions identified in the limited opinion IA report.	Planning
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.	In Progress
CSC&L	Families First - Grant Funding	Q3	This is a review of how the grant is spent and compliances against the terms and conditions.	In Progress
CSC&L	Transfer Testing (NEW AUDIT)	Q4	The audit of eleven-plus (11-plus) was requested by the S151 Officer and Monitoring Officer during 2016/17 due to a high volume of FOI requests and complaints received during an 18 month period. The audit will examine the governance processes, including roles and responsibilities, and payments to schools.	In progress
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.	Changed to Corporate Escalation Process Audit
CSC&L	Adventure Learning Foundation Governance and Financial Management (NEW AUDIT)	Q4	This audit was an addition to the approved 16/17 Internal Audit Plan following a request from the Director of Assurance. The audit will focus on the controls in place over governance and financial management arrangements at the Adventure Learning Foundation which is one of the Council's alternative delivery vehicles.	In progress
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.	Planning
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.	In Progress
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.	In Progress

Business Unit	Audit Title	Timing	Scope of Audit	Progress as at 30 January 2017
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.	Delayed to 17/18
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.	Changed to Corporate Escalation Process Audit
TEE	LEP Governance Audit (NEW AUDIT)	Q3	This audit was included in the plan following a request from the Managing Director of TEE to review the governance arrangements between BCC and the LEP	Draft Report

## APPENDIX 2

### Audit Action Tracker as at 27 January 2017

Audit Title	Year	High			Medium			Total
		Completed	In Progress	N/A	Completed	In Progress	N/A	
<b>TEE = 13 Actions are currently In Progress</b>								
Governance and Financial Management (CBE)	2013/14	-	-	-	1	1	-	2
Governance and Financial Management (CBE)	2014/15	1	1	-	2	-	-	4
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
Client Transport Safeguarding	2015/16	1	1	-	-	-	-	2
TEE Financial Management	2015/16	3	-	-	5	1	-	9
TfB Street Lantern Replacement Scheme	2015/16	8	6	-	3	2	-	19
<b>Total</b>		<b>21</b>	<b>13</b>	<b>0</b>	<b>25</b>	<b>9</b>	<b>0</b>	<b>68</b>
<b>HQ = 5 Actions are currently In Progress</b>								
Review of Charges	2013/14	-	-	-	-	1	-	1
Contract Management Application	2014/15	5	2	-	-	1	-	8
Governance and Financial Management (BE & BSP)	2014/15	3	2	-	3	1	-	9
Governance and Financial Management (PPC)	2014/15	2	1	-	2	1	-	6
<b>Total</b>		<b>10</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>4</b>	<b>-</b>	<b>24</b>
<b>CSC&amp;L = 14 Actions are currently In Progress</b>								
Schools Accounts Payable	2012/13	1	1	-	2	-	2	6
CYP Safeguarding	2013/14	10	1	-	4	-	-	15
Governance and Financial Management CYP	2014/15	1	2	-	-	2	-	5
Client Transport Safeguarding	2015/16	-	1	-	-	-	-	1
Commissioning Residential Placements	2015/16	4	3	-	1	-	-	8
SEN	2015/16	3	6	-	2	-	-	11
<b>Total</b>		<b>19</b>	<b>14</b>	<b>-</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>46</b>

Audit Title	Year	High			Medium			Total
		Completed	In Progress	N/A	Completed	In Progress	N/A	
<b>CH&amp;ASC = 1 Action currently In Progress</b>								
Governance and Financial Management AFW	2014/15	2	1	-	1	-	-	4
<b>Total</b>		<b>2</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>BSP Non-Financial = 2 Actions are currently In Progress</b>								
Data Security Follow Up	2012/13	-	1	-	-	1	-	2
Health & Safety	2012/13	1	1	-	1	-	-	3
<b>Total</b>		<b>1</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>5</b>
<b>BSP - Financial = 18 Actions are currently In Progress</b>								
Accounts Payable	2015/16	1	4	-	-	-	-	5
Accounts Receivable	2015/16	5	2	-	3	-	-	10
Feeder Systems	2014/15	-	1	1	8	3	2	15
General Ledger	2014/15	1	-	-	1	1	2	5
General Ledger	2015/16	8	3	-	6	2	-	19
Payroll	2015/16	1	5	-	1	4	-	11
Pensions	2014/15	1	1	-	4	1	2	9
Pensions	2015/16	1	2	-	-	2	-	5
Purchase Cards	2016/17	-	-	-	-	4	-	1
<b>Total</b>		<b>18</b>	<b>18</b>	<b>1</b>	<b>23</b>	<b>17</b>	<b>6</b>	<b>80</b>
<b>Schools = 22 Actions are currently In Progress</b>								
Iver Village Junior School	2013/14	-	2	-	1	-	-	3
Mandeville School	2013/14	-	1	-	1	-	-	2
Meadows School	2014/15	-	2	-	2	1	-	5
Hannah Ball School	2015/16	14	15	-	4	8	-	41
Elmhurst School	2015/16	26	-	-	12	1	-	39
Beechview School	2015/16	35	2	-	13	-	-	50
<b>Total</b>		<b>75</b>	<b>22</b>	<b>-</b>	<b>33</b>	<b>10</b>	<b>0</b>	<b>140</b>