

Regulatory and Audit Committee 6 September 2017

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Regulatory and Audit Committee

Title: Business Assurance Update and Audit Action Tracker

Date: Wednesday 6 September 2017

Author: Maggie Gibb, Head of Business Assurance (& Chief Internal Auditor)

Contact officer: Maggie Gibb 01296 387327

Local members affected:

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

Summary

The attached report provides an update on the progress of work within the Business Assurance Team.

Recommendation

To **note** the report.

Supporting information to include the following if a decision is being requested:

Resource implications

None

Legal implications

None

Other implications/issues

None

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



N/A

Background Papers

2017/19 Business Assurance Strategy

Buckinghamshire County Council

Business Assurance Update

2017/18

Regulatory and Audit Committee

September 2017



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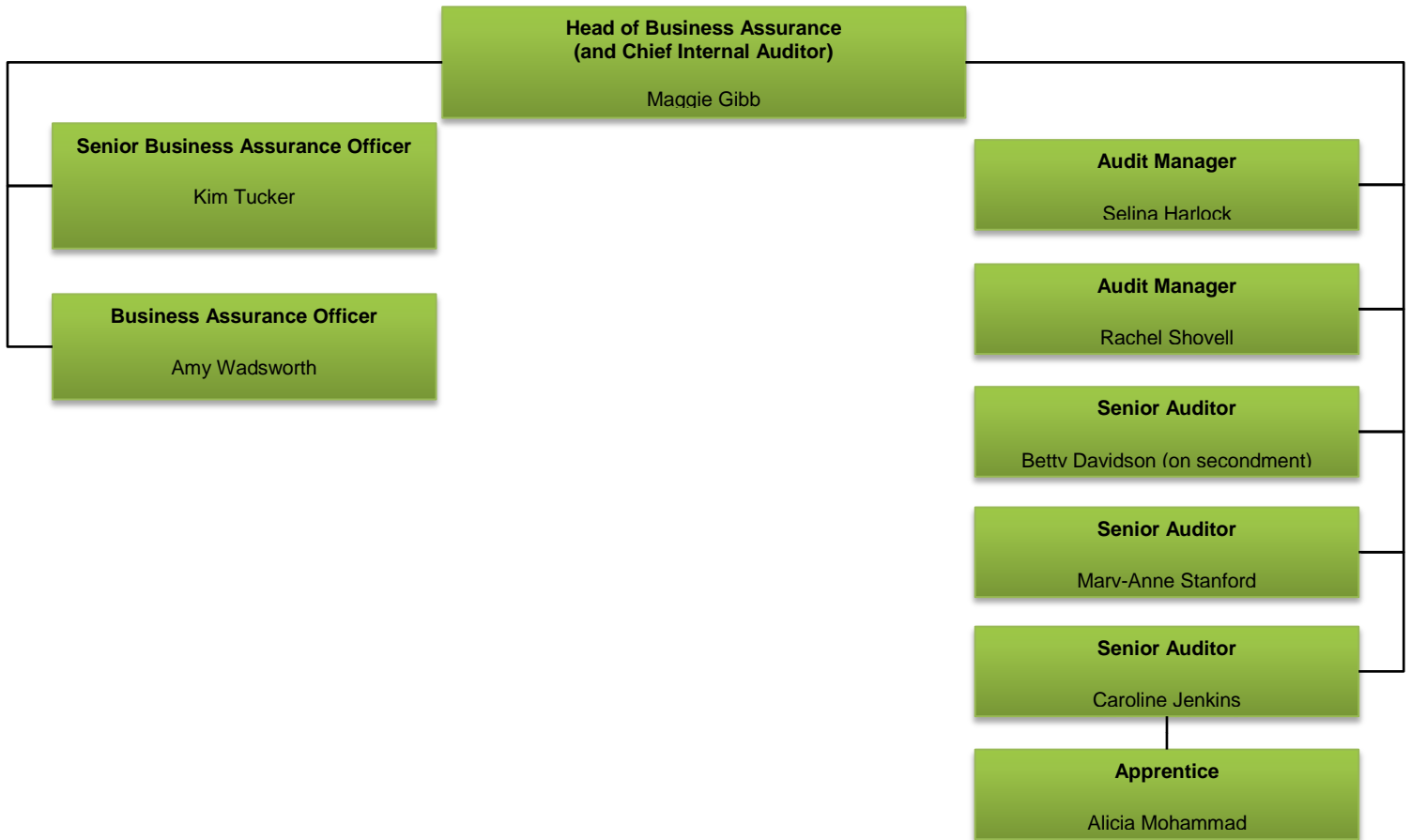
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Introduction

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 first few months of the financial year and any pressures/changes 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 2017/18 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 in Appendix 3.
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 July 2017.

Resources

6. The Business Assurance Team (BAT) is fully resourced and consists of seven members of staff. One of the Audit Managers is on a phased return from maternity leave and one Senior Auditor is currently on secondment to the Finance Team. The posts are being back-filled through the outsourced arrangements with Mazars via the London Audit Framework agreement. Mazars are also supporting the BAT in the delivery of the IT and contract audits planned for this year.



Risk Management

7. Work has been continuing to embed the Corporate Risk Management System (Covalent) across the organisation. All Business Units are now using the system with support from the network of Risk Champions. Regular reporting is provided to the Corporate Management Team; Customer, Information and Digital Board; Business Unit Boards and Risk Management Group.
8. A number of risk training workshops have been facilitated by the Senior Business Assurance Officer to enable a thorough review and challenge of the Business Unit risk registers. A new risk escalation process has also been embedded as part of this training programme to encourage greater visibility and better accountability of the management of risks within the Business Units.
9. The Risk Management Group met on 3 August 2017, and an update is provided to the Regulatory and Audit Committee on 6 September.

Internal Audit

10. The Internal Audit Function, supported by Mazars (through the London Audit Framework) have been completing the final 2016/17 audits assignments and progressing with 2017/18 audit assignments. There have been eight audits finalised since the last update report, all with a reasonable level of assurance, and three that are currently at draft report stage.
11. The Audit Board, chaired by the Director of Assurance, met on 30 August 2017 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 1718 Internal Audit Plan are included in the table at Appendix 1 (highlighted in red).

Internal Audit Activity since last update report:

Service	Audit	Opinion
ACES	<p>Governance and Escalation Processes (16/17) The audit activity focussed on the following key risk areas, as identified at the audit planning stage: Risk Area 1. Governance Structures within Business Units Risk Area 2. Performance and Financial Management and Monitoring Risk Area 3. Risk Management and Escalation Arrangements .</p>	Reasonable
Resources	<p>Purchase to Pay (P2P) (16/17) This audit reviewed the following areas relating to the P2P process:</p> <ul style="list-style-type: none"> • Policies, Procedures and Training • Purchase Orders • Invoice Handling • Service Compliance • Managing Transformation • Contractor Performance and Scanning • System Access, Data Security and Integrity • Vendor Creation and Amendments 	Reasonable
TEE	<p>Waste Management (17/18) This audit reviewed the controls in place for the following key risk areas identified in the processes relating to the Waste Management System: Risk Area 1. Recycling Credits Risk Area 2. Trade Waste .</p>	Reasonable
CSC&L	<p>Dedicated Schools Grant (DSG) (16/17) The audit activity focussed on the following key risk areas identified in the processes relating to the Dedicated Schools Grant: Risk Area 1: Allocation of Grant Risk Area 2: Use of Grant Risk Area 3: Other services funded by the DSG</p>	Reasonable
TEE	<p>Local Enterprise Partnership (LEP) (16/17) The audit activity focussed on how assurances relating to the LEP programmes are being recorded and reported by the involved parties, including establishing the relationships between the various Boards and the decision making processes.</p>	Reasonable
TEE	<p>Transport for Bucks (Ringway Jacobs) Contract (16/17) This audit reviewed the contract management arrangements in place specifically focussing on the following key risk areas identified in the financial processes: Risk Area 1: Application for Payment Risk Area 2: Capital Programme Outputs</p>	Reasonable
Resources	<p>IT Asset Management (16/17) This audit reviewed the following areas:</p> <ul style="list-style-type: none"> • Policies, Procedures and Training • IT Asset Inventory • Additions • Loan of IT Equipment • Disposal • Physical Verification • Management Reporting 	Reasonable

Resources	<p>IT Governance (16/17) This audit focussed on the following key risk areas: Risk Area 1: IT and Digital Strategies Risk Area 2: IT and Digital Governance Structure Risk Area 3: Performance Management and Monitoring Risk Area 4: Risk Management Arrangements Risk Area 5: Management of IT and Digital Resources</p>	Reasonable
Resources	<p>Medium Term Financial Planning (17/18) This audit reviewed the controls in place over the following key areas:</p> <ul style="list-style-type: none"> • Governance Arrangements • Business Cases (Including Three Year Savings/Growth Targets) • Delivery and Management of MTFP 	Draft Report
Resources	<p>Payroll (16/17) This audit reviewed the controls in place over the following key areas:</p> <ul style="list-style-type: none"> • Policies, Procedures and Training • System Access, Data Security and Integrity • Starters, Leavers and Movers • Expenses • Variations • Deductions • Master Data • Overpayments • Monthly Pay Run Controls • Reconciliations and Suspense Account • Other Payroll Services 	Draft Report
All BUs	<p>Financial Processes – Follow Up Audits (17/18) The follow-up audits reviewed the progress of implementation of actions arising from the 16/17 Financial Processes audits to provide assurance that the control environment over the key financial processes is robust.</p>	Draft Reports

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 November 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 initial Assurance Mapping activity for all of the Business Units has been completed and will be reported back to the Business Unit Senior Leadership Teams during Q3, and then to Risk Management Group as part of routine reporting.

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

APPENDIX 1

Regulatory & Audit Committee 6 September 2017 - Progress against 2017/18 Plan

Audit Activity 2017/18	Priority - High (H) Medium (M)	Timing	Progress as at 6 September 2017
	<i>Link to Strategic Risk</i>		
CORPORATE/CROSS CUTTING THEMES			
National Fraud Initiative	H <i>CMT – 11 Fraud and Corruption</i>	Q1-4	In progress
Pro-Active Anti-Fraud Activity (incl. Continuous Auditing)	H <i>CMT – 11 Fraud and Corruption</i>	Q1-4	In progress
Reactive Anti-Fraud Activity/Investigations	H <i>CMT – 11 Fraud and Corruption</i>	Q1-4	On-going
Grant Validation	H	Q1-4	On-going
Contract Management Audits	H <i>CMT – 04 Major contract / commissioning &/or market failure</i>	Q1-4	Planning in progress
Debt Management	H <i>CMT – 09 Failure to deliver financial plans</i>	Q3	Planning in progress
Scheme of Delegations	H <i>CMT – 01 Governance Failure</i>	Q3	Planning in progress
ACES			
General Data Protection Regulation	H <i>CMT – 06 Technology breaches/failure</i>	Q2	Planning in progress
Corporate Governance	H <i>CMT – 01 Governance Failure</i>	Q2	Fieldwork in progress

Audit Activity 2017/18	Priority - High (H) Medium (M)	Timing	Progress as at 6 September 2017
	<i>Link to Strategic Risk</i>		
RESOURCES			
Key Financial Systems	H <i>CMT – 01 Governance Failure</i>	Q4	
Medium Term Financial Planning	H <i>CMT – 09 Failure to deliver financial plans</i>	Q1	Fieldwork complete
Health and Safety	H	Q2	Planning in progress
IT – Data Security	H <i>CMT – 06 Technology breaches/failure</i>	Q2	Planning in progress
IT – BCP/Disaster Recovery	H <i>CMT – 06 Technology breaches/failure</i>	Q2	Planning in progress
Financial Processes Follow Up	H <i>CMT – 09 Failure to deliver financial plans</i>	Q2	Fieldwork complete
IR35	H <i>CMT – 01 Governance Failure</i>	Q3	Planning in progress
TRANSPORT, ENVIRONMENT AND ECONOMY			
LEP Grants	H	Q2	Completed
Bus Subsidy Grants	H <i>CMT – 14 Infrastructure and services</i>	Q3	
Follow Up TFB Street Lanterns	H	Q2	Fieldwork complete
Transport Modelling Processes	M <i>CMT – 14 Infrastructure and services</i>	Q3/4	
Financial Processes Follow Up	H <i>CMT – 09 Failure to deliver financial plans</i>	Q2	Fieldwork complete

Audit Activity 2017/18	Priority - High (H) Medium (M)	Timing	Progress as at 6 September 2017
	Link to Strategic Risk		
CHILDRENS SERVICES			
Follow Up Schools S151 Assurances	H	Q2	Fieldwork complete
Schools Audit Programme – Theme: Contracts and Procurement Arrangements	M	Q3/4	Planning in progress
Local Authority Designated Officer	H <i>CMT – 02 Failure to improve services to children</i>	Q3	
SEND Placements	H <i>CMT – 02 Failure to improve services to children CMT – 16 Unexpected inspections</i>	Q3	
Families First Grant	H	Q3	
Financial Processes – Follow Up	H <i>CMT – 09 Failure to deliver financial plans</i>	Q2	Fieldwork complete
Hannah Ball School – Follow Up	H <i>CMT – 02 Failure to improve services to children</i>	Q1	Fieldwork complete
Elmhurst School – Follow Up	H <i>CMT – 02 Failure to improve services to children</i>	Q1	Fieldwork complete
Mandeville School – Follow Up	H <i>CMT – 02 Failure to improve services to children</i>	Q3	
Commissioning Placements Follow Up	H <i>CMT – 02 Failure to improve services to children</i>	Q2	Fieldwork in progress

Audit Activity 2017/18	Priority - High (H) Medium (M)	Timing	Progress as at 6 September 2017
	<i>Link to Strategic Risk</i>		
COMMUNITIES, HEALTH & ADULT SOCIAL CARE			
Digital Direct Payments Self Service and Supported Service (Inc. follow up of Direct Payments Limited 16/17 Audit Report)	H <i>CMT – 03 Unintentional consequences on the vulnerable (adults)</i>	Q4	
Avoiding Delayed Transfers of Care Pathways between Health and Social Care	H <i>CMT – 03 Unintentional consequences on the vulnerable (adults)</i>	Q3	
Business Continuity	M <i>CMT – 03 Unintentional consequences on the vulnerable (adults)</i>	Q3	
Prevention Agenda	H	Q4	
Financial Processes Follow Up	H <i>CMT – 09 Failure to deliver financial plans</i>	Q2	Fieldwork complete

APPENDIX 2

Audit Action Tracker as at 17 August 2017

Year	BSP - Financial	Assurance Opinion	High			Medium		
			Completed	In Progress	No longer applicable	Completed	In Progress	No longer applicable
25 Actions in Progress								
2015/16	Accounts Payable 2015/16	Reasonable	2	2	1	-	-	-
2015/16	Payroll 2015/16	Reasonable	-	1	-	-	-	-
2016/17	Payroll 2016/17	Limited	-	3	-	-	8	-
2016/17	Pensions 2016/17	Reasonable	1	2	-	-	1	-
2016/17	Accounts Receivable Follow Up 2016/17	Reasonable	-	3	-	-	1	-
2016/17	General Ledger 2016/17	Reasonable	5	0	-	5	3	-
2016/17	Purchase Cards 2016/17	Reasonable	-	-	-	3	1	-
			8	11	1	8	14	0
Year	BSP Non-Financial	Assurance Opinion	High			Medium		
			Completed	In Progress	No longer applicable	Completed	In Progress	No longer applicable
7 Actions in Progress								
2014/15	Property Contract Process and Procedure 2014/15	Limited	3	-	-	11	1	-
2016/17	IT Asset Management 2016/17	Reasonable	-	-	-	-	2	-
2016/17	PSN Contract Management with Updata 2016/17	Reasonable	-	-	-	-	1	-
2016/17	IT Governance 2016/17	Reasonable	-	1	-	-	2	-
			3	1	0	11	6	0
Year	CH&ASC	Assurance Opinion	High			Medium		
			Completed	In Progress	No longer applicable	Completed	In Progress	No longer applicable
7 Actions in Progress								
2014/15	Governance and Financial Management (AFW) 2014/15	Reasonable	2	1	-	1	-	-
2016/17	ASC Direct Payments 2016/17	Limited	-	-	-	4	1	-
2016/17	ASC Client Charging 2016/17	Reasonable	-	1	-	4	2	-
2016/17	Buckinghamshire Care Contract Management 2016/17	Limited	6	2	-	2	-	-
			8	4	0	11	3	0

Year	CSC&L	Assurance Opinion	High			Medium		
			Completed	In Progress	No longer applicable	Completed	In Progress	No longer applicable
8 Actions in Progress								
2012/13	Schools Accounts Payable 2012/13	Reasonable	1	1	-	2	2	-
2015/16	SEN 2015/16	Limited	7	2	-	2	-	-
2016/17	Families First Governance 2016/17	Reasonable	-	-	-	2	1	-
2016/17	Transfer Testing 2016/17	Reasonable	-	-	-	7	2	-
			8	3	0	13	5	0
Year	HQ	Assurance Opinion	High			Medium		
			Completed	In Progress	No longer applicable	Completed	In Progress	No longer applicable
21 Actions in Progress								
2013/14	Review of Charges 2013/14	Reasonable	-	-	-	-	1	-
2014/15	Governance and Financial Management (PPC) 2014/15	Reasonable	2	1	-	3	-	-
2016/17	Governance and Escalation Processes 2016/17	Reasonable	-	5	-	-	14	-
			2	6	0	3	15	0
Year	TEE	Assurance Opinion	High			Medium		
			Completed	In Progress	No longer applicable	Completed	In Progress	No longer applicable
1 Action in Progress								
2015/16	TfB Street Lantern Replacement Scheme 2015/16	Limited	13	1	-	5	-	-
			13	1	0	5	0	0
Year	Schools	Assurance Opinion	High			Medium		
			Completed	In Progress	No longer applicable	Completed	In Progress	No longer applicable
44 Actions in Progress								
2013/14	Mandeville School 2013/14	Limited	11	2	-	6	1	-
2015/16	Hannah Ball School 2015/16	Limited	24	5	-	5	7	-
2016/17	Bedgrove Infant School 2016/17	Reasonable	-	-	-	-	4	-
2016/17	Buckingham Park Church of England Primary School 2016/17	Reasonable	1	1	-	2	8	-
2016/17	St Joseph's Catholic Infant School 2016/17	Reasonable	-	-	-	8	4	-
2016/17	Wingrave Church of England Combined School 2016/17	Reasonable	1	3	-	1	9	-
			37	11	0	22	33	0

Regulatory & Audit Committee Forward Plan – Forward Plan

Date of meeting	Items ^ = to OCB
8 Nov 2017	<ul style="list-style-type: none"> • Treasury Management Update ^ (JE) • Value for Money Conclusion (Grant Thornton) • Operating Framework Update ^ (MG) • Business Assurance and Risk Strategy^ (MG) • Anti-Money laundering Policy^ (MG) • Business Assurance Update and Audit Action Tracker ^ (MG) • Effectiveness of Debt Management Strategy ^ (MS) • Annual Enforcement C&YP (Protection from Tobacco) ^(AP) • Annual Governance Statement Action Plan ^(MG) • Compliments and Complaints^ (KR) • Risk Management Group Update (MG) • Limited Assurance Internal Audit Reports^ • Fraud Update (via Statutory Officers Group)
Jan 18	<ul style="list-style-type: none"> • External Auditors Audit Plan • Quality Assurance Framework ^ (JS) • Risk Management Group Update (MG) • Limited Assurance Internal Audit Reports^ • Fraud Update (via Statutory Officers Group)

Regulatory & Audit Committee Forward Plan – Forward Plan

PAST MEETINGS	
<p>6 Sept 2017</p>	<ul style="list-style-type: none"> • Business Continuity Management ^ • Business Assurance Update and Audit Action Tracker ^ • Contract Management Update (including CMA) ^ • Anti-Fraud and Corruption Strategy and Money Laundering Policy ^ (MG) • Whistleblowing Policy ^ (Ann Nicholls) • Risk Management Group Update • Limited Assurance Internal Audit Reports^ • Fraud Update (via Statutory Officers Group) • Appointment of External Auditors ^ (RS) •
<p>26 July 2017</p> <p>PART 2 ITEMS</p>	<ul style="list-style-type: none"> • Audit of Accounts ^ • Draft Annual Governance Statement ^ • Annual Report of Chief Auditor ^ • Business Assurance Update and Audit Action Tracker ^ • Effectiveness of Debt Management Strategy ^ • Mandatory Training Compliance Update^ • Petitions Process Review (Scope)^ • Risk Management Group update • Forward Plan • Limited Assurance Internal Audit Reports^ • Fraud Update (via Statutory Officers Group) • Private session with Chief Auditor • Private Session with Grant Thornton
<p>15 June 2017</p> <p>PART 2 ITEMS</p>	<ul style="list-style-type: none"> • Y/E Treasury Management Update ^ • Contract Standing Orders - Exemptions/Breaches ^ • Whistleblowing Policy - incidents and effectiveness ^

Regulatory & Audit Committee Forward Plan – Forward Plan

	<ul style="list-style-type: none"> • 17/18 Draft Business Assurance Strategy (incl. Internal Audit Plan) ^ • Limited Assurance Internal Audit Reports ^ • Buckinghamshire Care Update ^ <ol style="list-style-type: none"> 1. Transition Plan 2. Contract Management
<p>24 May 2017</p> <p>PART 2 ITEMS</p>	<ul style="list-style-type: none"> • Draft Statement of Accounts ^ • Grant Thornton Audit Plan • Grant Thornton Pension Fund Audit Plan • Business Assurance Update ^ • Risk Management Group update • Forward Plan • Limited Assurance Internal Audit Reports ^ • Fraud Update (via Statutory Officers Group)
<p>26 April 2017</p> <p>PART 2 ITEMS</p> <p>MEETING CANCELLED</p>	<ul style="list-style-type: none"> • Contract Standing Orders - Exemptions/Breaches ^ - JUNE • Business Continuity Management ^- SEPT • Whistleblowing Policy - incidents and effectiveness ^ - JUNE • Outside Bodies Update ^- TBC • 17/18 Draft Business Assurance Strategy (incl. Internal Audit Plan) ^- JUNE • Business Assurance Update and Audit Action Tracker - JULY • Inspection RIPA Covert Surveillance Inspection ^- TBC • Grant Thornton Audit Plan ^- MAY • Grant Thornton Pension Fund Audit Plan ^ - MAY • Mandatory Training - Compliance Update ^- JULY • Assurance and Risk Strategy ^ - SEPT • Risk Management Group Update - JULY • Forward Plan

Regulatory & Audit Committee Forward Plan – Forward Plan

	<ul style="list-style-type: none"> • Limited Assurance Internal Audit Reports ^ • Fraud Update (via Statutory Officers Group) - DELETE • Buckinghamshire Care Update
8 February 2017	<ul style="list-style-type: none"> • Business Assurance Update and Audit Action Tracker (to Audit Board) • Treasury Management Annual Strategy ^ • Effectiveness of Debt Management Strategy ^ • Business Continuity Management Update ^- APRIL MEETING • Contract Management Application Performance Report ^ • Limited Assurance Internal Audit Reports ^ - NONE • Fraud Update (to Statutory Officers) – APRIL MEETING • TfB ^
3 January 2017	<ul style="list-style-type: none"> • Business Assurance Update and Audit Action Tracker (to Audit Board) • Annual Report on Feedback and Complaints Procedure ^ • Hearing the Customer's View – Annual Report Children and Young People's Social Care ^ • Adult's Social Care Complaints Procedure, Making Experiences Count ^ • Vexatious Complaints (TBC) • Business Assurance and Risk Strategy ^- APRIL MEETING • Risk Management Group Update • Forward Plan • Limited Assurance Internal Audit Reports ^ • Fraud Update (to Statutory Officers) • Buckinghamshire Care ^
9 November 2016	<ul style="list-style-type: none"> • External Audit Appointment • Treasury Management Update • Contract Standing Orders – Breaches/Exemptions • Annual Enforcement C&YP (Protection from Tobacco)

Regulatory & Audit Committee Forward Plan – Forward Plan

	<ul style="list-style-type: none">• Report of Chief Surveillance Commissioner• Risk Management Group Update• Annual Governance Statement Action Plan• Public Sector Internal Audit Standards• Forward Plan
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Regulatory & Audit Committee Forward Plan – Forward Plan

Date of meeting	Items
21 September 2016	<ul style="list-style-type: none">• Future External Audit Arrangements• Business Assurance Update and Audit Action Tracker• Mandatory Training - Compliance Update• Anti-Fraud & Corruption Strategy and Money Laundering Policy• Special Education Needs Update• Bucks Learning Trust Update• Transport for Bucks Update• Forward Plan
28 July 2016	<ul style="list-style-type: none">• Audit of Accounts by end of July• Final Annual Governance Statement• Business Assurance Update and Audit Action Tracker• Effectiveness of Debt Management Strategy• Business Continuity Management Update• Risk Management Group update• Forward Plan• Private session with Chief Auditor• Private Session with Grant Thornton

Regulatory & Audit Committee Forward Plan – Forward Plan

Date of meeting	Items
25 May 2016	<ul style="list-style-type: none"> • Statement of Accounts by end of May • Annual Governance Statement • Annual Report of Chief Auditor • Treasury Management Update • Risk Management Group update • Forward Plan
27 April 2016	<ul style="list-style-type: none"> • Contract Standing Orders - Exemptions/Breaches • Contract Management Application Update • Whistleblowing Policy - incidents and effectiveness • Outside Bodies Update • 16/17 Draft Business Assurance Strategy (incl. Internal Audit Plan) • Business Assurance Update and Audit Action Tracker • Inspection RIPA Covert Surveillance Inspection • Pension Fund Audit Plan • Bucks Learning Trust Update • Future External Audit Arrangements • Risk Management Group Update • Forward Plan

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

