

**Buckinghamshire County Council**

# **Business Assurance Update**

## **2019/20**

**Regulatory and Audit Committee**

**February 2020**



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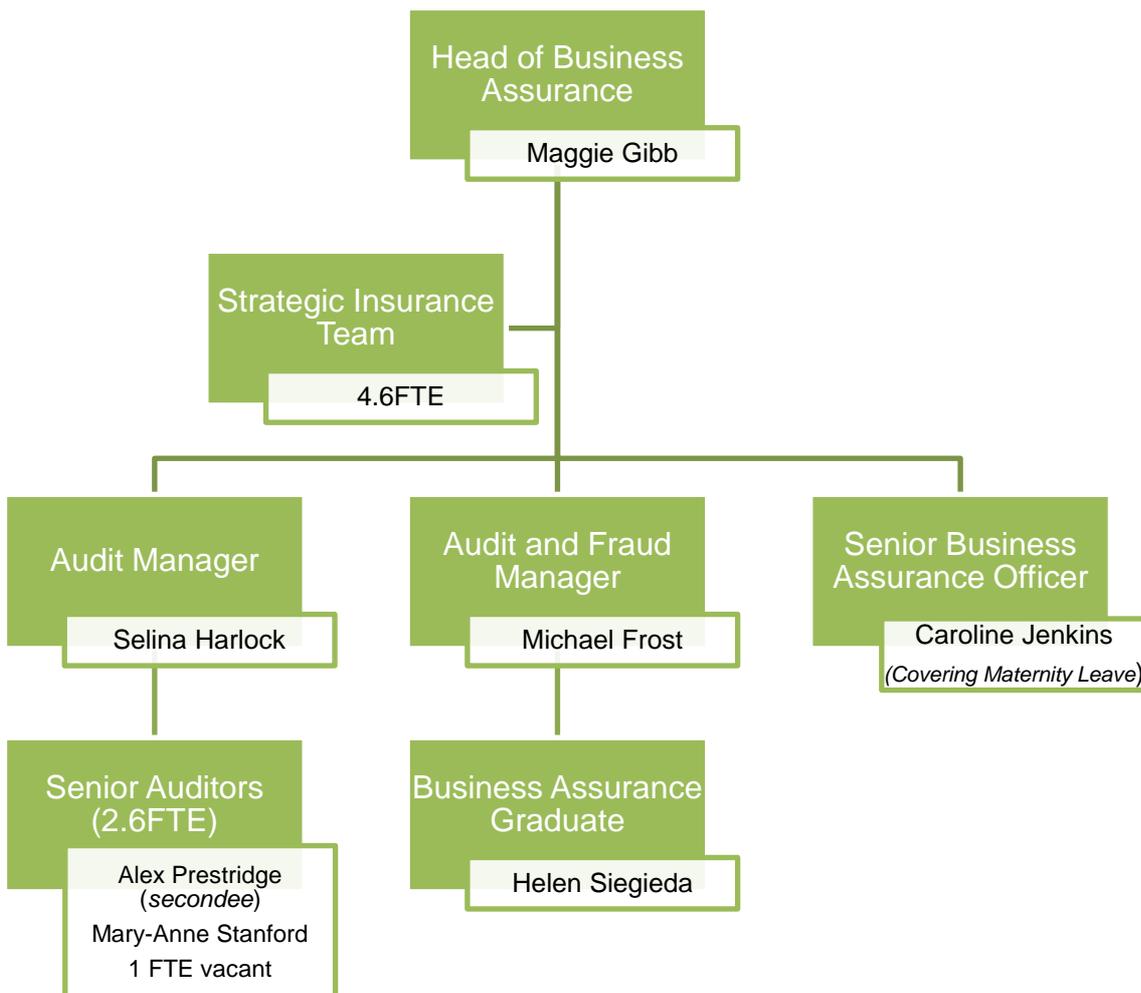
## Introduction

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.
2. This report outlines the Internal Audit, Risk Management and Assurance work being undertaken by the Business Assurance Team for the year ending 31 March 2020. The Council continues to work towards a combined assurance model, with Internal Audit operating as the third line of assurance. The first line of assurance is achieved by the management controls and systems, and the second line of assurance from the Professional Leads monitoring the key governance frameworks such as finance, HR and IT. The model continues to operate the governance reporting process during 2019/20, which will include reporting to the Business Unit Boards, Corporate Management Team, Audit Board and the Regulatory and Audit Committee.
3. The 2019/20 Internal Audit, Risk Management and Assurance work plans were produced with reference to the Strategic and Business Unit Risk Registers and informed through discussion with the Senior Leadership Team for each Business Unit. Quarterly meetings with the Business Units, and the Statutory Officers Group continue to take place to ensure that the plan is kept under continuous review to reflect emerging risks and priorities across the Council.
4. Delivery of the Business Assurance work plan helps ensure that there is an appropriate governance and control framework in place and that risk management is embedded across the Council.

5. In quarter three the team continued to progress with the current year plan and any pressures/changes have been discussed and agreed at the Audit Board. The changes made to the approved plan have been due to unplanned investigations and reactive audit activity, including unitary assurance work placing constraints on the Business Assurance Team.
6. The risk management work plans have been progressing, as the team continues to deliver training across the services; and to co-ordinate the combined assurance reporting which includes monitoring and reviewing the completeness of the management control, (first line of assurance) and the professional lead statements, (second line of assurance). Quarterly updates are also produced for each of the Business Units.
7. Counter-fraud remains a key responsibility for the Business Assurance Team to lead on, and the focus has been on overseeing the investigation of NFI data matches, responding to referrals of suspected fraud and financial irregularity, and delivery of fraud awareness training across the Council.

## Resources

8. The Business Assurance Team (BAT) is currently carrying one vacancy which is being backfilled through a secondment arrangement. The audit activity is delivered through a mixed economy approach of an in-house team and an outsourced arrangement with Mazars via the APEX London Audit Framework agreement. One Senior Auditor is seconded into the Senior Business Assurance Officer role to cover for maternity leave and this post is being backfilled through outsourcing arrangement. Mazars are also supporting the BAT in the delivery of IT and other specialist audits.
  
9. The Strategic Insurance Team (4.6FTE) also sits under the management of the Head of Business Assurance, however work delivered by this service is not reported as part of the Business Assurance Team and is managed and overseen separately.



## Risk Management

10. Following the successful implementation a new Pentana landing page for Children's Services in July 2019, a new Pentana landing page has now been rolled out for the remaining Business Units. This new landing page will allow easier navigation to the risk / audit / performance sections in Pentana. The new landing page also has a 'My Responsibilities' section so individuals can now easily locate risks / risks actions / audit actions / performance indicators assigned to them.
  
11. The Business Assurance Team has continued to ensure that risk management and the use of the Corporate Risk Management system remains embedded across the organisation. With the support from the Risk Champions network, we continue to make sure that new risks are identified where appropriate, risks are regularly reviewed and risks are escalated through the appropriate channels where required and in a timely manner. Regular reporting also continues to be provided to the Corporate Management Team; Business Unit Boards and the Risk Management Group.
  
12. In quarter three the team has also been supporting a number of council-wide programmes. Work undertaken includes the review of the iCares Project Risk and Issues Management Strategy Plan; and supporting the Unitary Programme Boards and workstreams by reviewing the identified risks and descriptions.

## Internal Audit and Counter Fraud

### Internal Audit

13. The Internal Audit Function, supported by Mazars (through the APEX London Audit Framework) has been progressing with the delivery of the approved 2019/20 audit assignments. For quarters one, two and three the team have completed 15 audits (included nine which were “carried forward” audits reported as part of the Chief Internal Auditor’s Annual Report), 14 grant validation reviews (including two school grants reviews which were delivered as part of the traded service); nine audits are currently at draft report stage; and a further eight audits are in-progress.
14. Whilst we have an agreed Internal Audit plan which was approved as part of the Business Assurance Strategy, we continue to apply a fluid approach in the delivery of the plan. The Internal Audit activity is continuously reviewed and amended as required and remains flexible to react to emerging issues/ risks.
15. Unitary priorities and fraud investigations continue to have substantial impact on the Business Assurance Team; and the Internal Audit Plan is continuously being reviewed and updated to reflect the demand on the team resources as well as the services. In particular the Head of Business Assurance is heavily involved in the Risk and Assurance workstream and one Audit Manager is supporting the Finance workstream. Any changes to the audit plan that are requested by the services or are as a result of resourcing pressures within the Business Assurance Team are presented to the Audit Board for approval prior to being reflected on the plan.
16. The Audit Board, chaired by the Director of Finance and Procurement (S151), met on 22 January 2020 and reviewed progress against the Business Assurance Strategy, in particular delivery of the Internal Audit Plan. The Board considered and approved the requests for deferring some audit activity and the resulting impact on resourcing the current plan.

17. The Internal Audit Plan was reviewed with consideration of unplanned activity, and the priority was agreed for each of the remaining audits as follows:

<b>CRITICAL</b>	Audit activity to progress as planned
<b>MEDIUM</b>	Audit activity to be reviewed in Q4 in response to unitary priorities
<b>LOW</b>	Audit activity to be cancelled

18. Any changes to the original 2019/20 Internal Audit Plan are included in the table at Appendix 1 as follows:

Deferred/cancelled audits (as agreed by Audit Board)
New audits (as agreed by Audit Board)

### Counter Fraud

19. The Statutory Officers Group met on 5<sup>th</sup> February 2020 to discuss the current investigations/whistleblowing cases. The detailed report is attached at Appendix 3 (private paper).

20. Work continues on the National Fraud Initiative (NFI). The Counter Fraud Team continues to work with various teams to facilitate and manage workloads in each work stream. The Business Assurance Graduate Project Officer has completed most of this work and has supported resource stretched departments in investigating the potential irregularities. The current NFI results are as follows (number of matches investigated in brackets):

### **Closed/completed**

- 54 Pensions to Payroll (175)
- 55 Pensions to Payroll (242)
- 58 Pensions to Injury Benefits (1)
- 66 Payroll to Payroll (43)
- 67.1 Payroll to Payroll - Phone Number (5)
- 68.1 Payroll to Payroll - Phone Number (5)
- 78 Payroll to Pensions (10)
- 170 Blue Badge Parking Permit to Blue Badge Parking Permit (13)
- 170.1 Blue Badge Parking Permit to Blue Badge Parking Permit (1)

- 172.1 Blue Badge Parking Permit to Benefits Agency Deceased Persons (1505)
- 700 Duplicate Creditors by Creditor Reference (33)
- 701 Duplicate Creditors by Creditor Name (390)
- 703 Duplicate Creditors by Bank Account Number (372)

### **Open and Pending Completion/Closure**

- Private Residential Care Homes;
- Personal Budgets; and
- Creditors.

21. A total of 515 Blue Badges have been cancelled through work on the NFI. This equates to a total potential saving to the council of £296,125. The NFI equate the savings of £575 per Blue Badge cancelled in lost parking revenue. The blue badge focus is ongoing and is being managed by the counter fraud team. The Business Assurance Graduate Project Officer has been shortlisted for an Annual Workplace Hero award in recognition of the outstanding work she has completed in this area.

22. Included with match number 172.1 is a prosecution case picked up by our Graduate Project Officer. This case is being run and supported as a joint working prosecution case with our colleagues at WDC. The case was originally picked up as a false Blue Badge renewal claim from a deceased person. Investigations have led to further multiple offences such as but not limited to; identity fraud, false declarations, two National Insurance Numbers and various benefit fraud offences. Discussions with the Legal Services Team are ongoing.

23. Proactive fraud awareness sessions continue to be held across the county with the team trying to reach as many departments and business units as possible. The team present fraud training focusing on the definitions of fraud, bribery and corruption and promote the Whistleblowing hotline. Requests for presentations have increased to at least five per month, reaching as far afield in the county as Black Park (more sessions requested to accommodate all staff) and other country parks. The take up and feedback has been positive with an increase in referrals and Whistleblowing. Eight members of staff have raised concerns over various issues requesting whistleblower status. These are being managed with the support of various departments and HR.

## Internal Audit Activity 2019/20 Progress Update Report:

Audit Scope	Allocated Days	Status	Overall Opinion
<b>Resources</b>			
<p><b>HR Income</b>            HR services are marketed and sold to external organisations by the Business Development team on behalf of HR. The billing process is carried out by the Business Support Team and HR income is processed by the Accounts Receivable Team. HR services that generate income for the Council include Payroll Operations, Employee Relations, Occupational Health, courses and ad hoc services including recruitment and DBS checks. For 2018/19 BCC received £2.8m of income for HR services provided to external organisations. The majority of this comes from schools for services purchased through the Council's Shop4Support portal. Other customers who buy the Council's HR services include construction/maintenance companies, social care providers and charities. The audit is reviewed the following risk areas; Policies and Procedures, Governance Arrangements, SLA with customers, Billing, Income Collection, Income Reconciliations, Monitoring and Reporting of Income and Risk Management.</p>	12	<b>Final Report (Partial)</b>	<p>A <b>Partial</b> level of assurance has been given because of the key issues that have been raised in this report, including five high priority and four medium priority management actions. Please refer to appendix 1.2 for a summary of key findings noted.</p>
<p><b>K2 System Application Audit (IT Audit)</b>            K2 is a Corporate Asset Management system that is used by the Property, Projects, Strategic Assets and Strategic Programmes Teams for management of corporate assets. The system manages capital and revenue asset activities including recording work orders for each asset and the associated approvals to enable payment of invoices. The system interfaces with SAP and reconciliations between the two systems are undertaken on ensure that there are no discrepancies. The audit will evaluate the effectiveness of the controls in place for the following risk areas; Application Management and Governance, System Security, Interface Controls and Processing, Data Input, Data Output, Change Controls, System Resilience and Recovery and Support Arrangements.</p>	12	Draft Report	<p>The audit findings are currently being discussed with process owners and management actions are being agreed to address the identified findings.</p>
<p><b>Respond System Application Audit (IT Audit)</b>            Respond is a relatively new system that was primarily procured to manage corporate complaints. The system is also used for other purposes such as; the management of FOI requests and SARS. The audit will evaluate the effectiveness of the controls in place for the following risk areas; Application Management and Governance, System Security, Interface Controls and Processing, Data Input, Data Output, Change Controls, System Resilience and Recovery and Support Arrangements.</p>	12	Draft Report	<p>The audit findings are currently being discussed with process owners and management actions are being agreed to address the identified findings.</p>

Audit Scope	Allocated Days	Status	Overall Opinion
<b>Resources</b>			
<p><b>Client Charging Follow-Up</b></p> <p>In 2018/19 a limited level of assurance was given because of the issues that were identified, including five high and two medium priority management actions. The follow-up work covered the arrangements currently in place and the areas of controls that were previously found to be weak or ineffective to provide assurance. These include; Policies and Procedures, Streams of Income and Activity Monitoring, Financial Assessments, Charging for Services and Management Information.</p>	5	<b>Final Report (Reasonable)</b>	<p>It should be noted that the 2019/20 assurance opinion is based on the follow-up work only as this review did not re-assess all of the control processes relating to Client Charging in the Finance Assessments Team. We have placed reliance on the 2018/19 work in respect of risk assessment and controls testing where the controls were previously judged to be operating effectively. The overall conclusion for this review is <b>Reasonable</b>. The Financial Assessments Team has made efforts to make the necessary changes to address the control weaknesses highlighted in the 2018/19 audit review. However there are a few outstanding actions that have not been fully implemented, please refer to appendix 1.2 for a summary of key findings noted.</p>
<p><b>Corporate Debt Management</b></p> <p>Prompt and full collection of monies owed is crucial to ensure that the Council has sufficient cash flow in order to carry out its activities and duties. The profile of outstanding debt has been significantly raised throughout the organisation and progress to manage the outstanding debt is being closely monitored by the Corporate Management Team (CMT) and the Regulatory and Audit Committee. The objective of the audit is to assess the management and control processes in place, relating to the Business Units' approach to debt recovery in line with the Council's Corporate Debt Strategy.</p>	15	Draft Report	<p>The audit findings are currently being discussed with process owners and management actions are being agreed to address the identified findings.</p>
<b>TEE</b>			
<p><b>LEP Growth Hub Fund (Grant Validation Review)</b></p> <p>For the year 2018/19 a £287,000 grant was received from Business, Energy and Industrial Strategy (BEIS) to support the further development of Growth Hubs. The review verified that the amount claimed was correct to expenditure. The review also involved taking a sample of transactions to ensure that the costs claimed were eligible under the grant conditions.</p>	3	Completed	<p>In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.</p>
<p><b>Bus Subsidy Grant</b></p> <p>The Local Authority received £464,608 ring-fenced revenue funding in May 2018 for FY 2018/19. The grant is to be used for the supporting bus services or for the provision of infrastructure supporting such services. The grant review will verify that the grant has been used for eligible expenditure under the grant conditions.</p>	3	Completed	<p>In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.</p>

Audit Scope	Allocated Days	Status	Overall Opinion
<b>TEE</b>			
<p><b>Bus Subsidy Grant</b>            The Local Authority received £464,608 ring-fenced revenue funding in May 2018 for FY 2018/19. The grant is to be used for the supporting bus services or for the provision of infrastructure supporting such services.            The grant review will verify that the grant has been used for eligible expenditure under the grant conditions.</p>	3	Completed	In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.
<p><b>Pot Hole Action Fund and Flood Resilience Fund</b>            BCC received £593,292 capital funding to help repair potholes and to protect local roads from severe weather.            The grant review will verify that the grant has been used for eligible expenditure under the grant conditions.</p>	3	Completed	In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.
<p><b>Safer Roads Fund</b>            BCC received £879,000 from DfT for FY 2018/19 following a successful bid for the funds in 2017.            The grant review will verify that the grant has been used for eligible expenditure under the grant conditions.</p>	3	Completed	In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.
<p><b>Additional Highway Maintenance</b>            The Local Authority received £4,645,000 capital funding in November 2018 for FY 2018/19. The funding is for local highways maintenance, including the repair of potholes, to keep local bridges and structures open and safe, as well as to help aid in other minor highways works that may be needed.            The grant review will verify that the grant has been used for eligible expenditure under the grant conditions.</p>	3	Completed	In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.
<p><b>National Productivity Investment Fund</b>            For FY 2018/19 through Local Transport Capital Block Funding Grant Determination BCC received the first instalment payment of £1,517,760 in April 2018; and the second instalment of £890,500 was received in September 2018. The funding is for the A418 corridor improvements and for the A40 London Road improvements.            The grant review will verify that the grant has been used for eligible expenditure under the grant conditions.</p>	3	Completed	In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.

Audit Scope	Allocated Days	Status	Overall Opinion
<b>TEE</b>			
<p><b>TfB (Cost Modelling)</b>  TfB is an integrated service delivery organisation consisting of Buckinghamshire County Council (BCC) and Ringway Jacobs working collaboratively to manage maintain and improve Buckinghamshire's transport network. 2019/20 is a 10<sup>th</sup> year of this arrangement. The budget given to TfB is determined by the BCC's Medium Term Financial Plan (MTFP) and TfB works with the BCC to agree a service level, cost of the services agreed, prioritizing works, and bidding for funding. The total capital budget for 2019-20 is just over £24.6 million and the total revenue budget is over £16.4 million. The audit will review the following risk areas: Build up, Forecasting, Management of Budget Variances, Internal Sign Off, Change Control and Reporting.</p>	15	Fieldwork In-Progress	Testing is still being undertaken.
<p><b>Routewise System Application Audit (IT Audit)</b>  The Routewise system holds all Client Transport information; this includes the client details (journey details) and the contract information (taxi or bus contract with expected costs and period of transport provision). Client Transport includes home to school transport, transport for Special Educational Needs (SEN) pupils, transport required for children in the care of the Local Authority and vulnerable adults requiring transport as required by Adult Social Care. The system interfaces with SAP to enable payments to be made to the providers. The audit will evaluate the effectiveness of the controls in place for the following risk areas; Application Management and Governance, System Security, Interface Controls and Processing, Data Input, Data Output, Change Controls, System Resilience and Recovery and Support Arrangements.</p>	12	Fieldwork In-Progress	Testing is still being undertaken.
<p><b>Home to School Transport</b>  The objective of this review was to carry out an independent assessment of the control processes and arrangements in place over the aspects which are believed to have contributed to the disruption of the service.</p>	10	Draft Report	The audit findings are currently being discussed with process owners and management actions are being agreed to address the identified findings.

Audit Scope	Allocated Days	Status	Overall Opinion
<b>Children's Services</b>			
<p><b>Panels Audit</b></p> <p>There are five main Children's Panels held on a regular basis which are supported by a number of supplementary and ad-hoc panels. Children's Panels are tasked with making advisory decisions to support Social Care, Education and Health needs for children placed in the Council's care. The services served by the panels had a combined budget of £41 million in 2018-19, the largest of which is the Children's Care Service with a budget of £27 million. The audit review will focus on the Resources Panel as a significant proportion of the services budget is spent supporting the Children that go through this panel. The audit will evaluate the effectiveness of the controls in place for the following risk areas; Policies and Procedures, Governance, Referrals to Panel, Compliance with Panel Processes and Panel Decisions.</p>	10	Fieldwork In-Progress	Testing is still being undertaken.
<p><b>Commissioning of Residential Placements</b></p> <p>This audit work will focus on the commissioned placements (children's homes and residential schools) and exclude foster care placements and any other non-commissioned placements. It should also be noted that this work will not cover the panel process as it will be covered as part of a separate audit. For the purpose of this audit, we will assess whether the placement decisions are supported by the panel approval but we will not be examining how the panel arrives at their decisions.</p>	20	Fieldwork In-Progress	Testing is still being undertaken.
<p><b>Budget Management</b></p> <p>The objective of the audit is to assess the management and control processes in place, relating to the management of Children's Services' budget. The audit will evaluate the effectiveness of the controls in place for the following risk areas; Roles and Responsibilities, Policies and Procedures, Spend Data, Budget Monitoring and Forecasting, Management of Budget Variances and Reporting.</p>	10	Fieldwork In-Progress	Testing is still being undertaken.
<p><b>SEND EP Processes Review</b></p> <p>Educational Psychologists (EPs) are key contributors to help enable the development of an effective Education Health and Care Plan (EHCP). EPs have a statutory role on providing advice and information to the Council for children and young people with special educational needs and/or disability (SEND), and are undergoing a statutory needs assessment (Reg 6 (1) (d) SEND Regulations 2014).</p> <p>The SEND service currently have a recovery plan in place which identifies a number of actions that the service are implementing to make the processes compliant with statutory requirements, efficient and effective in its service provision. In order to facilitate in the identification of further process improvements, Internal Audit have been commissioned to undertake a review of the EPs processes.</p>	10	Draft Report	The audit findings are currently being discussed with process owners and management actions are being agreed to address the identified findings.

Audit Scope	Allocated Days	Status	Overall Opinion
<b>Children's Services</b>			
<p><b>Legal Spend</b></p> <p>During 2018/19, £3.1M (£1.9M for hours in value and £1.2M for disbursements) was spent on the legal costs for Children's Services. The objective of this audit is to examine the internal process in respect of accessing, monitoring and tracking legal advice. The scope of this audit includes, but is not limited to, the following key risk areas of legal costs for Children's Services: Policies and Procedures, Referrals, Initiation and Expectation, Monitoring and Tracking of Referred Cases, Forecasting Legal Costs on Referred Cases.</p>	15	Fieldwork In-Progress	Testing is still being undertaken.
<p><b>Schools Thematic Audit Programme – Quanton CofE Combined School</b></p> <p>Following a review of key systems and process, including an evaluation of prior school audit findings, we selected the HR and Payroll processes as the theme for our 19/20 audit review. Internal Audit carried out a risk assessment and evaluated all LA schools by the following key areas; SFVS returns, high spend on additional payroll costs (e.g. overtime), forecasting, high spend on agency and 'professional services, high % volume of starters and leavers. The outcomes of this assessment resulted in the identification of a sample of schools that will be reviewed as part of the 19/20 agreed theme. The scope of the audit includes the following risk areas; HR Governance, Recruitment and Performance, Payroll and Data Security.</p>	6	<b>Final Report (Reasonable)</b>	The Quanton Church of England School HR Processes Audit provided a <b>Reasonable</b> level of assurance. There is a good system of internal control in place which should ensure objectives are generally achieved, but some issues were identified. Please refer to appendix 1.2 for a summary of key findings noted.
<p><b>Schools Thematic Audit Programme – Grendon Underwood Combined School</b></p> <p>The scope of the audit includes the following risk areas; HR Governance, Recruitment and Performance, Payroll and Data Security.</p>	6	<b>Final Report (Reasonable)</b>	The Grendon Underwood Combined School HR Processes Audit provided a <b>Reasonable</b> level of assurance. There is a good system of internal control in place which should ensure objectives are generally achieved, but some issues have been raised from the review undertaken. Please refer to appendix 1.2 for a summary of key findings noted.
<p><b>Schools Thematic Audit Programme – St Michael CofE Combines School</b></p> <p>The scope of the audit includes the following risk areas; HR Governance, Recruitment and Performance, Payroll and Data Security.</p>	6	Draft Report	The audit findings are currently being discussed with process owners and management actions are being agreed to address the identified findings.

Audit Scope	Allocated Days	Status	Overall Opinion
<b>Children's Services</b>			
<p><b>Schools Thematic Audit Programme – Millbrooke Combined School</b> The scope of the audit includes the following risk areas; HR Governance, Recruitment and Performance, Payroll and Data Security.</p>	6	Draft Report	The audit findings are currently being discussed with process owners and management actions are being agreed to address the identified findings.
<p><b>Schools Thematic Audit Programme – Iver Village Infant School</b> The scope of the audit includes the following risk areas; HR Governance, Recruitment and Performance, Payroll and Data Security.</p>	6	<b>Final Report (Reasonable)</b>	The Iver Village Infant School HR Processes Audit provided a <b>Reasonable</b> level of assurance. There is a good system of internal control in place which should ensure objectives are generally achieved, but eight audit issues were identified. Please refer to appendix 1.2 for a summary of key findings noted.
<p><b>Schools Audit Programme – William Harding Combined School</b> The Head Teacher was new in post September and has requested an audit review of the financial management and procedures at the school. The audit reviewed the key financial risk areas within the school including governance and data security.</p>	8	Draft Report	N/A The audit findings are currently being discussed with process owners and management actions are being agreed to address the identified findings.
<p><b>Schools Thematic Audit Programme – East Claydon School</b> The scope of the audit includes the following risk areas; HR Governance, Recruitment and Performance, Payroll and Data Security.</p>	6	Fieldwork In-Progress	N/A Testing is still being undertaken.
<p><b>Families First Claims – Claim 1</b></p> <p>The Troubled Families Programme is supporting families with multiple and complex problems; changing lives and services for the better. The programme uses the payments by results methodology, such that the Local Authority is able to claim funds based on the outcomes achieved. In May 2019 the claim made was for: 55 families making 'Significant and Sustained Progress' £44,000 19 families who have moved off benefits and into 'Continuous Employment' £15,200. Total claim of £59,200.</p> <p>The audit review verified that the amount claimed was correct to expenditure. The review also involved taking a sample of transactions to ensure that the costs claimed were eligible under the grant conditions.</p>	3	Completed	Assurance Opinion is N/A In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.

Audit Scope	Allocated Days	Status	Overall Opinion
<b>Children's Services</b>			
<p><b>Families First Claims – Claim 2</b></p> <p>The Troubled Families Programme is supporting families with multiple and complex problems; changing lives and services for the better. The programme uses the payments by results methodology, such that the Local Authority is able to claim funds based on the outcomes achieved. In June 2019 the claim made was for:  82 families making 'Significant and Sustained Progress' £65,600  9 families who have moved off benefits and into 'Continuous Employment' £7,200.  Total claim of £72,800</p> <p>The audit review verified that the amount claimed was correct to expenditure. The review also involved taking a sample of transactions to ensure that the costs claimed were eligible under the grant conditions.</p>	3	Completed	<p>In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.</p>
<p><b>Families First Claims – Claim 3</b></p> <p>Based on our verification work we can provide assurance that the families on the results based claim for September 2019 are valid and should be approved accordingly.</p> <p>This current claim is for:  85 families under Sustained and Significant Progress (SSP) 85 x £800 = £68,000  8 families under Continuous Employment (CE) 8 x £800 = £6,400  1 family under Subsequent Continuous Employment (CE+) = £0 (there is no payment as the family was on a previous SSP claim but these families are recorded to indicate that further progress has been made.)  Total financial claim for 93 families @ £800 each = £74,400</p>	3	Completed	<p>In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.</p>
<p><b>Families First Claims – Claim 4</b></p> <p>Based on our verification work we can provide assurance that the families on the results based claim for September 2019 are valid and should be approved accordingly.</p> <p>This current claim is for:  52 families under Sustained and Significant Progress (SSP) 52 x £800 = £41,600  11 families under Continuous Employment (CE) 11 x £800 = £8,800  1 family under Subsequent Continuous Employment (CE+) = £0 (there is no payment as the family was on a previous SSP claim but these families are recorded to indicate that further progress has been made.)  Total financial claim for 63 families @ £800 each = £50,400</p>	3	Completed	<p>In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.</p>

Audit Scope	Allocated Days	Status	Overall Opinion
<b>Children's Services</b>			
<p><b>Families First Claims – Claim 5</b>  Based on our verification work we can provide assurance that the families on the results based claim for December 2019 are valid and should be approved accordingly. The current claim window will include the October review and December review figures.  December 2019 claim numbers are:  50 families under Sustained and Significant Progress (SSP) 50 (x £800) = £40,000  4 families under Continuous Employment (CE) 4 (x £800) = £3,200  Combined with the October 2019 figures, the totals for this claim window are:  Sustained and Significant Progress (SSP) 102 (x £800) = £81,600  Continuous Employment (CE) 15 (x £800) = £12,000  Continuous Employment Plus (CE+) (there is no payment as the family was on a previous SSP claim but these families are recorded to indicate that further progress has been made) <b>Total Payment by Results (PbR) = £93,600</b></p>	3	Completed	In accordance with grant conditions we confirmed that monies were expended to cover those eligible costs as specified in the grant offer letter.
<b>CHASC</b>			
<p><b>Implementation of Medications Policy (Commissioned Services)</b>  Medicines support is any support that enables a person to manage their medicines. In practical terms, this covers; prompting or reminding people to take their medicines; helping people remove medicines from packaging; and administering some or all of a person's medicines. For services that are commissioned by Buckinghamshire County Council (BCC), they should have robust medicines support processes in place; that medicines are administered safely and appropriately following the National Institute for Health and Care Excellence (NICE). The scope of the audit included the following risk areas; Medications Policy and Procedures, Recording of Medications, Training of Staff, Storage, Monitoring Compliance against the Medications Policy; and Concerns and Incidents with Medications.</p>	12	<b>Final Report (Partial)</b>	The Medications Policy (for Commissioned Services) Audit is concerned with the Council's processes to ensure that the care providers' medications management is in accordance with the expected standards and guidance. A <b>Partial</b> level of assurance has been given because of the key issues that have been raised in this report, including three high and seven medium priority findings. Please refer to appendix 1.2 for a summary of key findings noted.
<p><b>Income Processes</b>  The main source of income for CHASC include library fees, non-residential charges, residential charges, Centre for Buckinghamshire Studies and Registration Services. In 2018-19, the planned income for CHASC was £35M. In order to ensure that CHASC collects all of the income that is due from the services offered, it is important that a robust income process is maintained. The scope of the audit will include the following risk areas; Policies and Procedures, Customer Data Maintenance, Record of Income Generating Activities, Invoicing and Client Debt Management.</p>	10	Fieldwork In-Progress	Testing is still being undertaken.

Audit Scope	Allocated Days	Status	Overall Opinion
<b>CHASC</b>			
<p><b>Virtual Wallet</b></p> <p>Direct Payments are provided to individuals to enable them to gain independence, flexibility, choice and control over how they meet their assessed eligible care needs. There are three ways in which a Direct Payment can be paid: through transfer to a bank account set up by the service user, via a pre-paid card issued on behalf of the Council or through an online Virtual Wallet account. As of March 2019, 60% of the Council's Direct Payment service users received their Direct Payment through the Virtual Wallet system. The Virtual Wallet provider, PCG, holds the funds on behalf of Direct Payment recipients in a client bank account. The account can be managed by the client, their representative or the Virtual Wallet team. The service user's care schedule is entered onto the system showing who is providing the care, when and how much it costs. The Council has responsibility for ensuring that an individual's care needs are assessed appropriately, a Care Plan is in place and that the Virtual Wallet Direct Payment is spent to meet the identified needs.</p>	15	Draft Report	The audit findings are currently being discussed with process owners and management actions are being agreed to address the identified findings.
<p><b>Budget Management</b></p> <p>The Adult Social Care budget need is growing to reflect demographic changes. In particular there is an increased life expectancy with a linked increase in complexity of need and an increase in the numbers of people who have paid for their own care but have depleted their funds. For Adult Social Care in 2018-19 the planned spend was £132M (38.4% of the Council total). For 2019-20, this has been increased to £136M. For Community Services the planned spend was £9.04M in 2018-19 and £9M in 2019-20, a reduction was required to meet the Council's needs to prioritise spend in other areas such as adult social care. The audit work focused on the Adult Social Care budget given the high level of spend and the controls in the following risk areas were reviewed; Roles and Responsibilities, Policies and Procedures, Spend Data, Budget Monitoring and Forecasting, Management of Budget Variances and Reporting.</p>	10	<b>Final Report (Partial)</b>	A <b>Partial</b> level of assurance had been given based on the control processes and key issues verified during the fieldwork, as well as the overall budget performance of CHASC where the service is forecasting a significant overspend at the end of 2019/20. Please refer to appendix 1.2 for a summary of key findings noted.

Audit Scope	Allocated Days	Status	Overall Opinion
<b>CHASC</b>			
<p><b>Deprivation of Liberty Safeguard (DoLS)</b></p> <p>DoLS ensures people who cannot consent to their care arrangements in a care home or hospital are protected (i.e. kept safe from harm) if those arrangements deprive them of their liberty. Arrangements are assessed to check they are necessary and in the person's best interests. Representation and the right to challenge a deprivation are other safeguards that are part of DoLS. It was noted that prior to 2014, BCC was completing assessments and making authorisations within the required timescales. However since 2014, there has been an increase of referrals that has led to a backlog of assessments and authorisations being made. This is a national issue amongst many other local authorities. The scope of the audit included the following risk areas; DoLS Referrals, Monitoring of DoLS, DoLS Authorisations, DoLS Training and Checks for Assessors, DoLS Record Keeping.</p>	10	<b>Final Report (Partial)</b>	<p>The DoLS Audit examined the Council's processes to ensure that the DoLS standard authorisation requests are administered in accordance with the expected standards, guidance and legislation. A <b>Partial</b> level of assurance has been given because of the backlog of referrals and the number of referrals that are not meeting the statutory timeframe. However, this is a national issue and it is important to recognise that within the level of resource currently available, there was evidence of good practice and an adequate level of controls in respect of the process operated by the Council's DoLS team. Please refer to appendix 1.2 for a summary of key findings noted.</p>

Note; Appendix 2.1 is included in the private papers in accordance with paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

## Internal Audit - Management Actions

24. All of the BUs continue to engage with the audit process, and were in full agreement with the actions raised to improve the control environment. All audit actions are closely monitored through the Council’s Corporate Audit Action Tracker (Pentana), and progress is reported on a quarterly basis to the BU SLT/Board meetings and CMT Budget Board. All limited and partial assurance audit areas are subject to a detailed follow-up audit during the following financial year to obtain evidence that the weaknesses have been addressed. Should there be any delays in implementing the actions, or any other concerns brought to the attention of Internal Audit, then these will be escalated to the Service Directors and Executive Directors as appropriate.
25. The current status of audit actions is as follows; a total of 481 management actions have been raised on the system, of which 422 have been completed (88%), 59 (12%) are open and are in progress.
26. The responsible officers continue to take accountability for implementing the audit actions. In quarter four the Business Assurance Team will be reviewing all open management actions to determine if they will still be relevant for the new organisation. We anticipate that the majority of the actions that are open within the Resources Business Unit will be closed as these actions relate to finance processes that are being reviewed as part of the unitary readiness. Action owners will be reminded to complete open actions prior to the end of the financial year, however for actions relating to CHASC and Children’s where process will largely remain the same we will continue to monitor these and carry them forward into the new organisation. The status of **ALL** (FY 2017/18 to date) audit actions in the Pentana Risk, Audit and Performance System is summarised below and Appendix 2 (private paper) provides the detailed summary of all the management actions that are outstanding:

	CHASC	CS	Resources	TEE
In Progress	14	17	27	1
Completed	58	128	212	24
<b>Total</b>	<b>72</b>	<b>145</b>	<b>239</b>	<b>25</b>

*\*Status as at 5 February 2020*

Maggie Gibb,  
 Head of Business Assurance (and Chief Internal Auditor)  
 February 2020

# APPENDIX 1

## Regulatory & Audit Committee February 2020 - Progress against 2019/20 Internal Audit Plan

Audit	Timing	Progress as at 15 January 2020	Priority as agreed at Audit Board January 2020
<b>Cross Cutting</b>			
National Fraud Initiative	Q1-Q4	On-going	<b>CRITICAL</b>
Pro-Active Anti-Fraud Activity (incl. Continuous Auditing)	Q1-Q4	On-going	<b>CRITICAL</b>
Contract Audits	Q3-Q4	Fieldwork in progress	N/A
Debt Management	Q3	Draft Report	N/A
Governance	Q2	Deferred (agreed by Audit Board)	<b>LOW</b>
Unitary Transition	Q1-Q4	On-going	<b>CRITICAL</b>
<b>Resources</b>			
K2 System – Application Audit	Q2-Q3	Draft Report	N/A
HR Income	Q2-Q3	Final Report	N/A
Property and Capital Programme Governance	Q1	Deferred (agreed by Audit Board)	<b>LOW</b>
Procurements	Q1	Deferred (agreed by Audit Board)	<b>LOW</b>
Pensions	Q4	Planning in progress	<b>MEDIUM</b>
Key Financial Systems	Q4	Planning in progress	<b>MEDIUM</b>
Respond System – Application Audit	Q3-Q4	Draft Report	N/A
Information Management and Data Quality	Q4	Planning in progress	<b>CRITICAL</b>
Client Charging Follow-up	Q3	Final Report	N/A

Audit	Timing	Progress as at 15 January 2020	Priority as agreed at Audit Board January 2020
<b>TEE</b>			
Transport for Buckinghamshire (TfB) – Cost Modelling	Q4	Planning in progress	<b>CRITICAL</b>
LEP Governance	Q4	Planning in progress	<b>CRITICAL</b>
Safer Roads Fund Grant	Q2	Grant Verification complete	N/A
LEP Growth Hub	Q1	Grant Verification complete	N/A
Pot Hole Grant Fund	Q2	Grant Verification complete	N/A
Bus Subsidy Grants	Q2	Grant Verification complete	N/A
Additional Highway Maintenance	Q2	Grant Verification complete	N/A
Local Transport Capital Funding	Q3	Grant Verification complete	N/A
National Productivity Investment Fund	Q2	Grant Verification complete	N/A
<a href="#">Client Transport Deep Dive Review</a>	Q4	<a href="#">Deferred (agreed by Audit Board)</a>	<b>CRITICAL</b>
Home to School Transport	Q3	Draft Report	N/A
Routewise System Audit	Q3-Q4	Fieldwork in progress	N/A
<b>CHASC</b>			
Implementation of Medications Policy (Commissioned Services)	Q2-Q3	Final Report	N/A
<a href="#">Implementation of Medications Policy (In-house Services)</a>	Q3/4	<a href="#">Deferred (agreed by Audit Board)</a>	<b>MEDIUM</b>
<a href="#">Quality Assurance Framework (QAF)</a>	Q3/4	<a href="#">Deferred (agreed by Audit Board)</a>	<b>CRITICAL</b>
<a href="#">Integrated Commissioning</a>	Q4	<a href="#">Deferred (agreed by Audit Board)</a>	<b>MEDIUM</b>
Income Processes	Q3-Q4	Draft Report	N/A
Virtual Wallet	Q3	Final Management Letter	N/A
Budget Management	Q3	Final Report	N/A

Audit	Timing	Progress as at 15 January 2020	Priority as agreed at Audit Board January 2020
<b>CHASC</b>			
Deprivation of Liberty Safeguard (DoLS)	Q3	Final Report	N/A
CHC Follow-Up	Q3	Final Report	N/A
Seeleys Follow-Up	Q4	Planning in progress	<b>CRITICAL</b>
<b>Children's Services</b>			
Budget Management	Q4	Fieldwork in progress	N/A
Legal Spend	Q3-Q4	Fieldwork in progress	N/A
Housing of Care Leavers	Q3	Deferred (agreed by Audit Board)	<b>MEDIUM</b>
Early Years 3/4yr entitlement	Q4	Deferred (agreed by Audit Board)	<b>LOW</b>
Families First – Claim 1	Q1	Grant Verification completed	N/A
Families First – Claim 2	Q2	Grant Verification completed	N/A
Families First – Claim 3	Q2	Grant Verification completed	N/A
Families First – Claim 3	Q3	Grant Verification completed	N/A
Families First – Claim 3	Q3	Grant Verification completed	N/A
Safeguarding Board	Q4	Defer to 19/20 as there is new statutory guidance that has been introduced that is currently being implemented and new chair was appointed August 2019, need to give him time to settle into the role.	<b>CRITICAL</b>
Schools – Thematic Audit Programme	Q2-Q4	Fieldwork in progress	N/A
Commissioning Residential Placements	Q3-Q4	Fieldwork in progress	N/A
Panels Audit	Q2-Q4	Fieldwork in progress	N/A
SEND EP Process – Assurance Review (Requested by Service)	Q3	Draft Management Letter	N/A