



Audit and Governance Committee

Business Assurance Update 2020/21

January 2021



1. Introduction

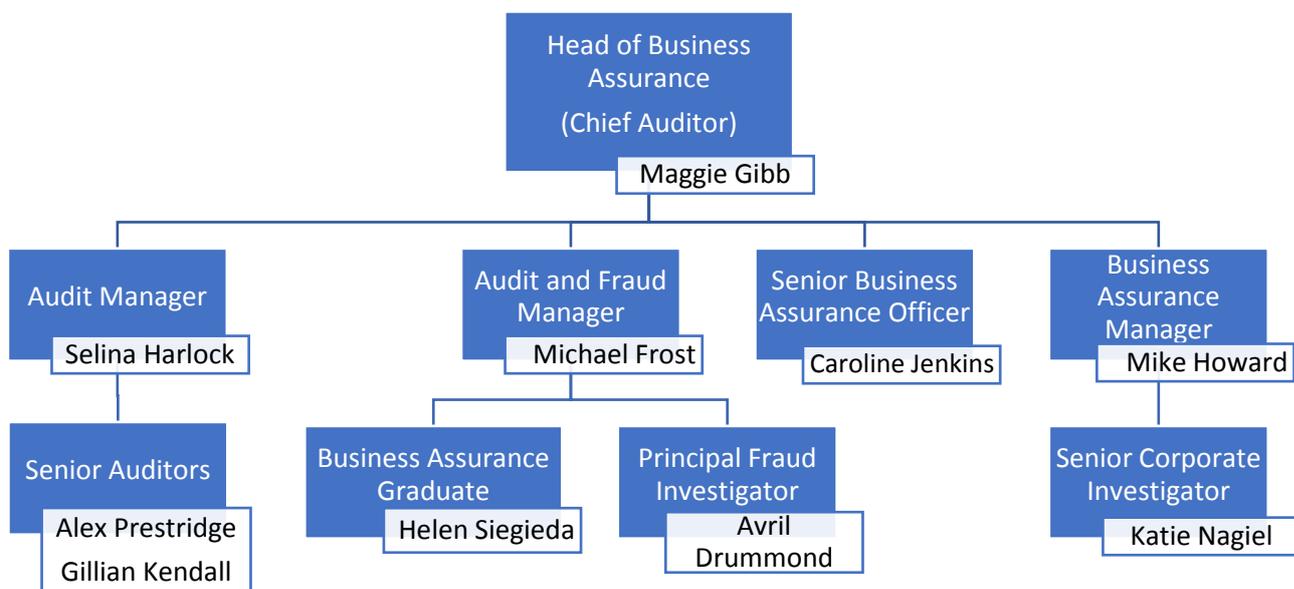
- 1.1 The Business Assurance Team is responsible for implementing the Council's Assurance and Risk Strategy through delivery of work programmes covering the following areas of activity:
- Internal Audit;
 - Risk Management;
 - Counter Fraud; and
 - Assurance.
- 1.1 This report outlines the work being undertaken by the Business Assurance Team for the year ending 31 March 2021. The 20/21 Internal Audit, Risk Management, Counter Fraud and Assurance work plans were produced with reference to the Strategic and Service Risk Registers from the sovereign councils. The plans were prepared in consultation with Senior Management including the Chief Executive, Corporate Directors, S151 and Monitoring Officers from the sovereign councils to ensure completeness and to capture any further input from the Leadership Team.
- 1.2 The Council is working towards a combined assurance model using the "three lines of defence" approach, with Internal Audit operating as the third line of defence. The first line of defence is achieved by the management controls and systems within each of the services, and the second line of defence from the professional leads responsible for monitoring the key governance frameworks such as finance, HR, technology, contract management and decision making. Progress towards embedding this model has been delayed in 20/21 due to the global pandemic, however we aim to embed into the governance reporting process during 21/22, which will include reporting to the Directorate Boards, Corporate Management Team and the Audit and Governance Committee. This is being developed alongside the Code of Corporate Governance for Buckinghamshire Council.
- 1.3 All plans continue to be dynamic in nature and are reviewed and realigned on a regular basis to take account of new, emerging and changing risks and priorities. The plans have had to be particularly fluid during 21/22 due to the Covid-19 pandemic. 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.
- 1.4 In Q1 of 20/21 a number of officers from the Business Assurance Team were redeployed to support the Council's response to Covid-19, and it was agreed that the continuation of "business as usual" within this team was not a high priority, and so the majority of audit and assurance activity was put on hold. The exception to this was the risk management activity to support the Covid-19 response,

and the work within the Counter Fraud team which has been focussed primarily on the Business Rate Grants process.

- 1.5 In Q2 and Q3 the team has made progress against plans and continue to respond and re-prioritise work based on availability and capacity across the Council.
- 1.6 As we enter Q4, we are once again in national lockdown and this has resulted in a request to release non-critical staff to the Mutual Aid pool of staff to support the response to the pandemic. We are currently reviewing priorities and assessing the impact of deferring further risk and assurance work.

2. Resources

2.1 The Business Assurance Team is currently resourced with a mix of in-house staff and a partnership arrangement with the APEX London Audit Framework. The framework is hosted by the London Borough of Croydon and the audit service is currently provided by Mazars. This arrangement allows for a flexible approach and enables us to respond swiftly to urgent requests for resource such as for investigations. The framework also enables us to request specialist resource such as IT auditors and contract auditors where the in-house team do not have the appropriate technical skills.



3. Risk Management

3.1 The Business Assurance Team has continued to embed risk management across Buckinghamshire Council and the final Directorate risks identified are being finalised so that they can be uploaded onto Pentana, the corporate risk management system. This has been complimented by a series of risk management training sessions that have been delivered across the organisation to ensure that officers are aware of their roles and responsibilities in relation to risk management. We have begun a

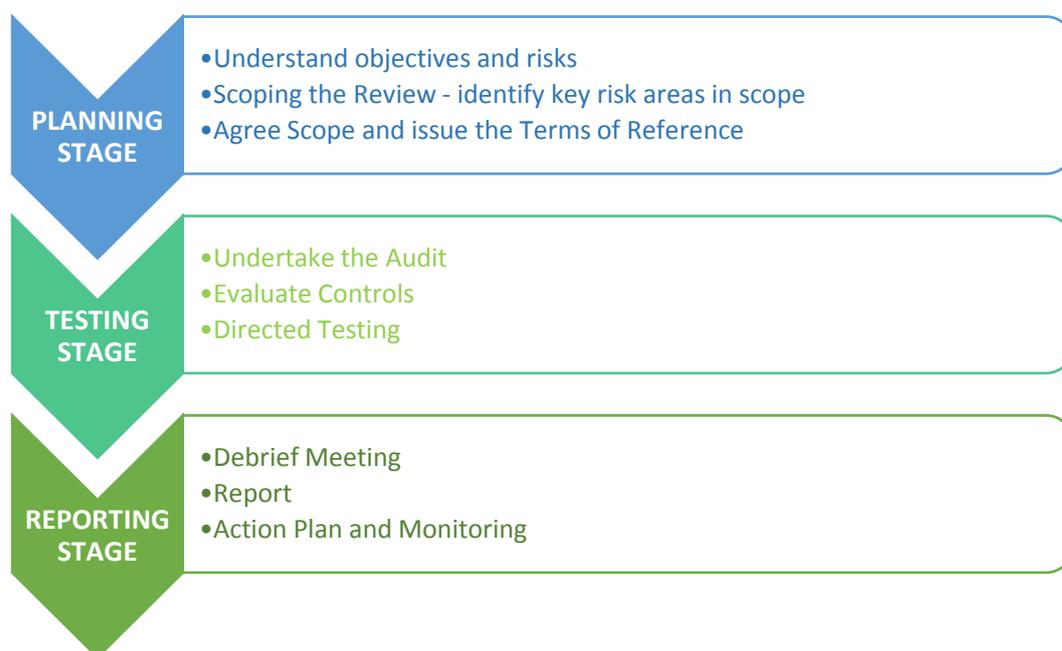
further review of risks to ensure that the magnitude of risks is understood and that there are appropriate internal controls and/or actions undertaken to mitigate risks and address some of the risk gaps identified.

- 3.2 As well as the business as usual activities, the Business Assurance team has continued to deliver a reporting framework for Covid-19 risks. Risks are identified through Covid-19 'cells' and reported to the Corporate Management Team and the Risk Management Group on a regular basis. Business Assurance has also been supporting the Council in terms of risk management for its EU Transition preparations and the Better Buckinghamshire Programme.
- 3.3 The last Risk Management Group meeting was held in December 2020 where the Children's Services Directorate presented their key risks.

4. Internal Audit

- 4.1 The Internal Audit function, supported by Mazars (through the APEX London Audit Framework) has been progressing with the delivery of the approved 20/21 audit assignments. The original 2020/21 Internal Audit Plan was reviewed and updated following the impact of the Covid-19 pandemic on both the risk profile of the organisation and the resources to deliver the internal audit activity. As at the end of December 2020 11 grant claim validation reviews have been completed; two audits are currently at draft report stage; and nine audits are at the fieldwork stage.
- 4.2 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/ risk and pressures from Covid-19. The Internal Team have been required to carry out assurance activity over the Covid-19 grant funding due to the significant values, and this will form part of the 20/21 Annual Audit Opinion.
- 4.3 The Audit Board, chaired by the Service Director for Corporate Finance (£151), met on 18 January 2021; 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. See **Appendix A** for the changes to the original 20/21 Internal Audit Plan.
- 4.4 In Q2 and Q3 the Business Assurance Team has been reporting to each Directorate SLT to ensure that senior management are aware of the audits in the plan, proposed time scaled for delivery and any changes that are to be made to the original plan. The team has also used these meeting as opportunity to make management aware of the approach that is taken when completing each audit

assignment. The audit methodology was outlined and a summary of the audit steps detailed as follows:



4.5 The Internal Audit function has an audit tool, 'Pentana', that is used for maintaining files and working papers and for capturing management actions (audit recommendations). At present the Pentana system only holds the open management actions for legacy BCC, and those from the legacy districts were being managed via spreadsheets. Following a review by Internal Audit, all 67 actions from the legacy districts have been closed as they were confirmed to be fully implemented or superseded by new processes due to unitary (**see Chart 1**). There were 151 open actions from legacy BCC and 49 of these remain open with 40 overdue, which relate to seven school audits. The overdue actions fell due at the end of December 2020, however due to national lockdown and pressures on schools a decision was taken to pause the follow-up of these actions. The outstanding management actions will be followed up once schools are open again. See **chart 2** below for a summary on the status of those legacy BCC actions.

Chart 1: Total number of management actions by legacy district council now completed

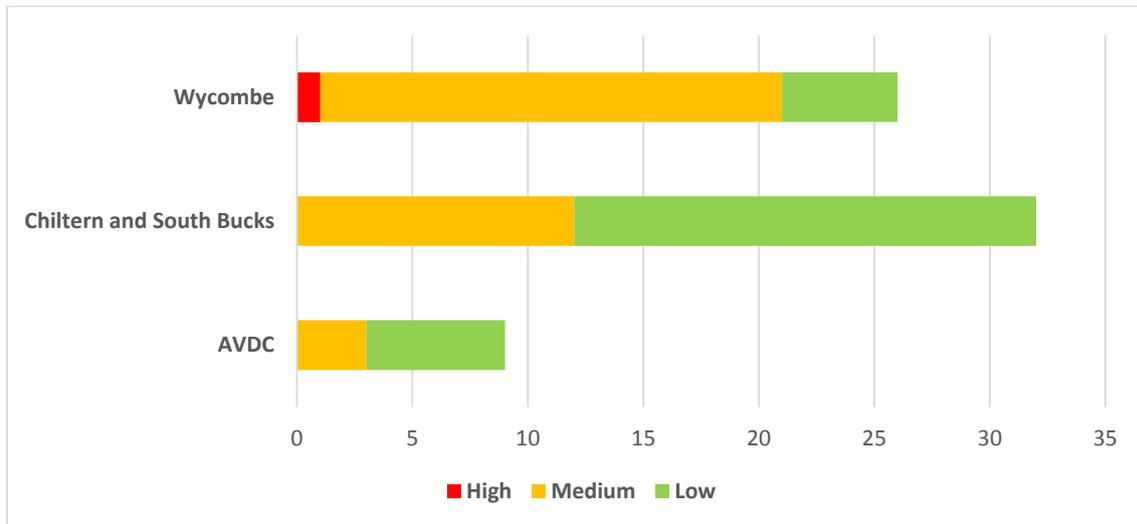
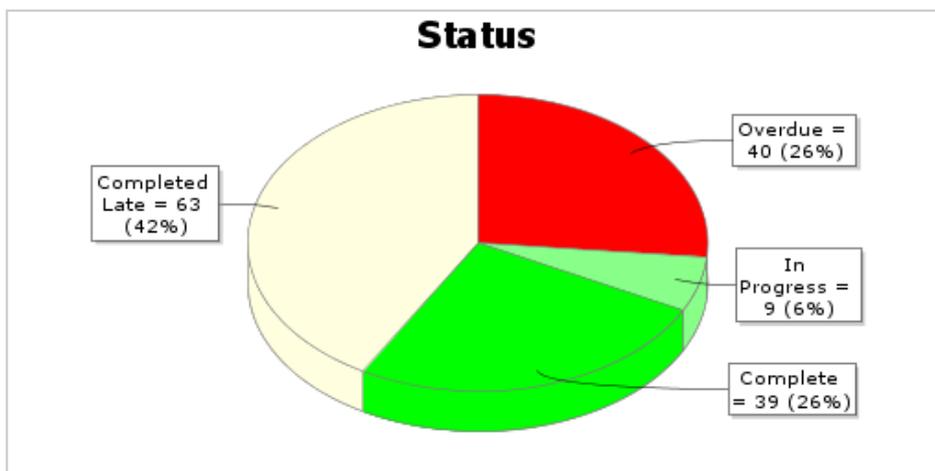


Chart 2: Total number and status of management actions for legacy BCC



*** 38 of the overdue actions are for schools and due to Covid-19 pressures, the follow-up of audit actions has been paused.**

The Business Assurance team continue to monitor the implementation of all open actions and progress on the management actions are regularly reported to Directorate SLTs, CMT and to the Audit and Governance Committee.

5. Business Assurance

- 5.1 Since unitary go-live a number of SAP issues were being raised with Heads of Finance, Finance Business Partners and via Service Now; and as a result a Finance Task and Finish Group was commissioned by the Service Director – Corporate Finance (S151) to review and understand the root cause of the problems that were being experienced and determine the appropriate actions to resolve the issues. This Task and Finish (T&F) Group was formed in June and was led by the Business Assurance Manager supported by the Finance Business Partner (PG&S). The T&F Group identified a number of actions within the following service areas:
- Accounts Payables;
 - Cash Receipting; and
 - Corporate Finance
- 5.2 Assurance reports were produced, and these detailed the 27 findings that required action. Internal Audit continues to work with these services to ensure that the identified weaknesses are rectified. Audit reviews will be undertaken in quarter four (Accounts Payable, Accounts Receivable and General Ledger) that will provide assurance on the effectiveness of the controls in place within this area and provide an opinion on the adequacy and effectiveness of the system of internal controls that are in place in those areas.
- 5.3 In quarter three Business Assurance started providing assurance over the Covid-19 grants that are being received into the Council. Due to the pace at which the grants activities are moving, the allocation and utilisation of the grants had been left to Services. However, with this approach there was a risk of overlap in the activities/schemes that are being delivered by the various grants, which would impact on how the Council is maximising the funding.
- 5.4 Business Assurance have put together a Covid-19 Grants Register that is reported to each Directorate Budget Board and then to CMT on a monthly basis. This register provides an update on the budget position for each grant, along with a risk rating which is based on the risk of over/underspending the grant and the identification of alternative schemes to utilise the potential underspends. For each grant, Business Assurance is reviewing the schemes that are being undertaken to ensure that they are permitted per the grant conditions and through deep dives of each scheme are working to ensure early identification of unallocated funds that can be utilised elsewhere.
- 5.5 Assurance is also being provided on the final reconciliations for the grants prior to the submissions to central government departments. Through these reviews, recommendations are being made for how

the administration and management of the grants can be improved to reduce the risk of error and enable effective and efficient reporting.

6. Counter Fraud

- 6.1 The primary responsibility for the prevention and detection of fraud, corruption and theft rests with Senior Management. The Business Assurance Fraud Team is responsible for developing and implementing the Anti-Fraud and Corruption Policy. All suspicions of theft, fraud and irregularity should be reported to the Chief Internal Auditor, in accordance with the policy. The Fraud Team investigate cases of suspected fraud and financial irregularities. In some cases, this may be delegated to the service itself following an assessment of risk and financial impact. All investigations are monitored to ensure that all suspected and/or reported irregularities are dealt with promptly and in accordance with this strategy; and that action is identified to improve controls and reduce the risk of recurrence.
- 6.2 Internal Audit also facilitate Buckinghamshire Council’s participation in the National Fraud Initiative (NFI), in which the Council’s data is matched with data supplied from other Local Authorities and external agencies to detect potentially fraudulent activity.
- 6.3 The Counter Fraud Team have been working closely with the Revenues and Benefits Teams to investigate any potentially fraudulent Business Rate Grant Claims. Below is a summary of the cases that the team have dealt with:

Business Rate Grant applications referred to Business Assurance	46
Additional Restrictive Grants applications referred to Business assurance	22
Number failed risk assessment (deemed to be low risk and so not investigated, or closed after initial investigation)	23
Number investigated (BRG and ARG)	45
Number of potential prosecution claims	10
Number of prosecution files being prepared for legal services as of 31 December 2020	4

- 6.4 Fraud awareness training sessions are being delivered across the Council, and the training is tailored to the respective teams receiving the training to help ensure greater understanding of risks and how to detect and report suspected fraud.
- 6.5 A Fraud Risk Register has been developed. The Fraud Risk Register considers the key fraud risks for each service. This will ensure where possible that risks have been identified and mitigation controls are in place for each identified risk.
- 6.6 We have several investigations that are in progress across the Council and updates are reported to the respective Service Directors and formally to the Statutory Officers Group.

Appendix A: 20/21 Internal Audit Plan

Directorate	Service	Audit Title	Revised Days 20/21	Notes
Deputy Chief Executive	Corporate	Governance	0	To be delivered through work with Corporate Governance Manager and Assurance Framework
	Corporate	Business Cases	0	Deferred to 21/22
	Corporate	Budget Management	20	Q4 planning in progress
	Corporate	Grants	40	High priority on-going
	Corporate	Post Payment Assurance Plan	40	On-going; looking at assurance that we have taken reasonable steps to ensure that payments are made to legitimate clients.
	Corporate	Covid-19 Response	40	On-going, this will include looking at supplier payments/emergency payments/decision making process etc
	PP&C	Information Governance	20	Draft reporting stage
	PP&C	Consultations	0	Deferred to 21/22
	PP&C	GDPR	0	Deferred to 21/22, new accountability framework from ICO will need to be implemented so service would like this to be included next year.
	L&SP	Community Boards	0	Deferred to 21/22
	L&SP	Lottery	10	Planning in progress, fieldwork commencing in November

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	L&SP	Devolution Funding	15	Deferred to 21/22
	SI	Transformation/projects	50	High priority - Service Reviews Assurance
	L&D	Legal Services	0	Deferred to 21/22
	L&D	Elections	0	Deferred to 21/22 due to canvassing currently in progress, election preparation is in progress and service review has commenced.
Resources	Finance	Treasury Management	15	Fieldwork in-progress
	Finance	Pensions	5	Deferred to 21/22. There are no process changes and no signification findings have been highlighted in the last few audits, therefore a follow-up of the open audit actions will be undertaken.
	Finance	Accounts Payable	20	Fieldwork in-progress
	Finance	Accounts Receivable	20	Fieldwork in-progress
	Finance	Capital Programme	0	Deferred to 21/22 as new governance process is being put together and a review is in progress led by Mark Preston, review to be undertaken once governance arrangements have been embedded
	Finance	General Ledger	15	Fieldwork in-progress
	Finance	Purchasing Card	15	Fieldwork in-progress

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Finance	Contract Management	40	Deferred to 21/22, some contract management assurance being provided via the Leisure Contracts Audit.
	Finance	SAP	40	High priority - being delivered partially through Finance Task and Finish Group
	Finance	Debt Management	20	Fieldwork in-progress
	Finance	CTRS/HB	25	High priority (Q4)
	Finance	Council Tax	25	High priority (Q4)
	Finance	NNDR	20	High priority (Q4)
	Finance	Feeder Systems	30	High priority (Q4)
	HR	Payroll	20	Fieldwork in progress
	HR	Contracts	0	Cancelled - No longer required as contracts are not manual as initially thought
	HR	Apprenticeship Levy	0	Deferred to 21/22
	HR	SAP Migration (Payroll)	0	Included in the payroll audit
	HR	IR35	0	Deferred to 21/22. IR35 audit was completed during unitary readiness and High Cost Interim are under scrutiny through CMT, plus there is currently a recruitment freeze.

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Business Ops	Business Continuity	0	BCP are currently under regular review due to Covid - review 21/22
	Business Ops	Blue Badges	0	Deferred to 21/22 not critical as processes have largely remained unchanged.
	Business Ops	End to End Processes/Reviews (e.g. Revs & Bens/CBS/Services to Schools)	0	Deferred to 21/22 (assurance to be provided though Service Reviews)
	ICT	Network/Cyber Security	25	In progress
	ICT	21/22 Audit Needs Assessment	20	Q4
	ICT	Remote Working	20	High priority Q4
Communities	Neighbourhood Services	Taxi Licensing	0	Deferred to 21/22 review to be undertaken after harmonisation of policies and service review has been completed.
	Neighbourhood Services	Street Cleansing	0	Deferred to 21/22
	Neighbourhood Services	Waste Collection Contract	15	High priority
	Neighbourhood Services	Crematorium	0	Deferred to 21/22, the predominant reason for this is that the service is gearing up to respond to a second covid19 peak and they are anticipating a period of increased demand on top of a normal already high demand winter period. Proposed the audit be undertaken in Q1 after new Crematorium Service Manager has been in post.

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Highways & Technical	Parking	15	Deferred to 21/22
	Highways & Technical	Transport for Bucks (Street Works)	15	Planning in-progress
	Transport	Integrated Transport	15	To be postponed as the new system will not be implemented until 20/21 and service do not have capacity to support an audit. Focus will be on follow up on audit actions raised last year full end to end review for next year.
	Culture, Sport and Leisure	Leisure Contracts	15	Planning in progress
	Culture, Sport and Leisure	Events Management	0	Deferred to 21/22
	Culture, Sport and Leisure	Libraries and Archives	0	Deferred to 21/22
Planning, Growth & Sustainability	Planning & Environment	CIL/Section 106	15	Planning in progress (Q3)
	Planning & Environment	TBC	0	Deferred to 21/22 (assurance to be provided though Service Reviews)
	Property and Assets	Wycombe Old Library	0	To be covered under Project Governance
	Property and Assets	Health and Safety	10	Deferred to 21/22
	Property and Assets	Project Governance	15	Deferred to 21/22

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Housing & Regulatory Service	Enforcement (housing)	0	Deferred to 21/22 as the service is getting ready for their service review - homelessness is higher risk
	Housing & Regulatory Service	Homelessness/Temporary Accommodation	15	Planning in Progress, to include improvement plan progress
	LEP	LEP	20	Deferred to 21/22
Adults & Health	All	Budget Management	0	To be included in Corporate Budget Management Audit
	All	Income Processes	0	Deferred to 21/22, income levels are lower due to Covid and this is being tracked closely for inclusion in the loss of income compensation claim
	All	Savings Plans	0	Deferred to 21/22
	Adult Social Care	Implementation of Medications Policy - Commissioning	0	Audit completed in 19/20 follow up will be undertaken in 21/22
	Adult Social Care	Implementation of Medications Policy - In-house services i.e. Seeleys	0	Due to Covid in-houses services were closed, defer to 21/22
	Adult Social Care	Deprivation of Liberty Safeguard - DoLS	0	Follow-up of audit actions to be undertaken - process remains the same as the new guidance has not yet been received.
	Adult Social Care	Interface - Hospital Discharges and Social Care	0	Deferred to 21/22
	PH, Early Help & Prevention	TBC		Deferred to 21/22

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Quality Standards & Performance	Quality Assurance Framework (QAF)	0	Deferred to 21/22
	Integrated Commissioning	Integrated Commissioning Governance	0	Deferred to 21/22 Team impacted by Covid
	Integrated Commissioning	Forward Planning	0	Deferred to 21/22
	Integrated Commissioning	Choice and Charging Policy	0	Deferred to 21/22, Policy is not live yet – impacted by Covid
	Integrated Commissioning	Self-Funders	0	Replaced with the Choice and Charging Policy per service request
Children's Services	Social Care	Case Management - Throughput of Case Loads	0	Deferred to 21/22
	All	HR Processes (incl. recruitment, disciplinarys & grievances)	20	Deferred to 21/22
	Social Care	Social Work England Information Requests	0	Deferred to 21/22
	All	Safer Recruitment	0	Deferred to 21/22
	Education	SEND - Complaints	10	Replaced with Appeals and Tribunals Audit – planning in progress
	Education	SEND - SARs	10	
	Education	Early Years - Entitlement for 2/3/4 yrs. and Claims Payments	0	Deferred to 21/22

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Social Care	Commissioning of Residential placements	0	Deferred to 21/22
	Social Care	Insurance - Compliance	10	Draft reporting stage
	Education	Schools - Thematic Review	70	Deferred to 21/22