



BUCKINGHAMSHIRE COUNCIL

BUSINESS ASSURANCE STRATEGY and INTERNAL AUDIT PLAN 2021/22

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1. Introduction

- 1.1 This paper details the Business Assurance Strategy, including the Internal Audit plan, the resources available and how we will be delivering our service in 2020/21.
- 1.2 The Business Assurance Team delivers the Council's Risk Management, Assurance, Internal Audit and Counter Fraud services. The team operates under the Service Director for Corporate Finance within the Resources Directorate.
- 1.3 The draft Internal Audit plan for 2021/22 is attached as Appendix 2. The work plan will remain flexible and evolve during the year as the assurance framework continues to mature and to meet the needs of unplanned demands, especially in the context of the response to and recovery from the Covid-19 pandemic.
- 1.4 The scope for each of the audit areas will be discussed with the Corporate and/or Service Directors, and a brief summary of key risks areas for audits due in next quarter will be presented to the Audit and Governance Committee.

2. Internal Audit Strategy

- 2.1 The Accounts and Audit Regulations 2015 (S5) state that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance; these are defined as the Public Sector Internal Auditing Standards 2017.
- 2.2 The Public Sector Internal Auditing Standards defines "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."
- 2.3 The Chief Internal Auditor is required to provide an annual report on the system of internal control which is used to inform the Council's Annual Governance Statement. In providing this opinion, we are required to review annually the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis.
- 2.4 The Council will work 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. The model was supposed to be embedded into the governance reporting process during 2020/21, however this work was deferred due to Covid-19 as the Business Assurance Team was re-deployed to support the response to the pandemic. This work will be progressed as part of the 2021/22 governance reporting process which will include reporting to the Directorate Boards, Corporate Management Team and the Audit and Governance Committee. This work will be embedded alongside the Code of Corporate Governance for Buckinghamshire Council.

2.5 The priorities for the remainder of the first quarter are as follows:

- complete the audit activity which has been deferred from 2020/21 due to Covid-19 priorities;
- counter fraud investigations; and
- urgent Covid-19 related audit activity such as business support grants.

2.6 To provide an opinion on the system of internal control, the Chief Internal Auditor will use the work undertaken by the Business Assurance Team:

- The Senior Business Assurance Officer focusses on the system of risk management, and the performance risks within the key services, including the major contracts, projects and transformation programmes. It is also the responsibility of this team to co-ordinate the combined assurance reporting which includes monitoring and reviewing the completeness of the management control, (first line of defence) and the professional lead statements, (second line of defence). Quarterly updates and a year-end combined assurance report will be produced for each of the Directorates.
- The Internal Audit team reviews the key control processes across the organisation, including those supporting critical service areas. The activity focusses on governance, and internal control, including financial management and fraud risk. As the third line of assurance, it is the role of Internal Audit to consider the adequacy and effectiveness of the first two lines of assurance.

2.7 The Business Assurance Team will support the Professional Leads and Corporate Directors in developing their assurance frameworks, by providing advice and guidance. These frameworks will be implemented following the completion of the transformation programme in each Directorate, where service reviews are still in-progress, interim assurance arrangements will be put in place to maintain oversight.

3 Audit Planning Methodology

- 3.1 The Internal Audit plan is produced with reference to the Strategic and Directorate Risk Registers. The plan is also informed through discussion with the Senior Leadership Teams for each Directorate, Heads of Finance, and the Deputy Chief Executive. Quarterly meetings with the Corporate Directors and the Audit Board are scheduled to ensure the plan is kept under continuous review.
- 3.2 The plan will also be reviewed quarterly in conjunction with Strategic and Directorate Risk Registers and presented to the Audit Board and Audit and Governance Committee for consideration and comment.
- 3.3 The Audit Plan will continue to be influenced by external organisations and statutory bodies we work with and provide assurance to.
- 3.5 Improving the robustness of contract management across the Council is a priority, as this is a key fraud risk area. The audit activity in relation to contracts will support this programme of improvement and focus on a sample of major contracts and the overall management control in particular the refresh of the Contract Management Application as a key assurance tool, and the key financial processes including procurement of goods and services and payments to providers.

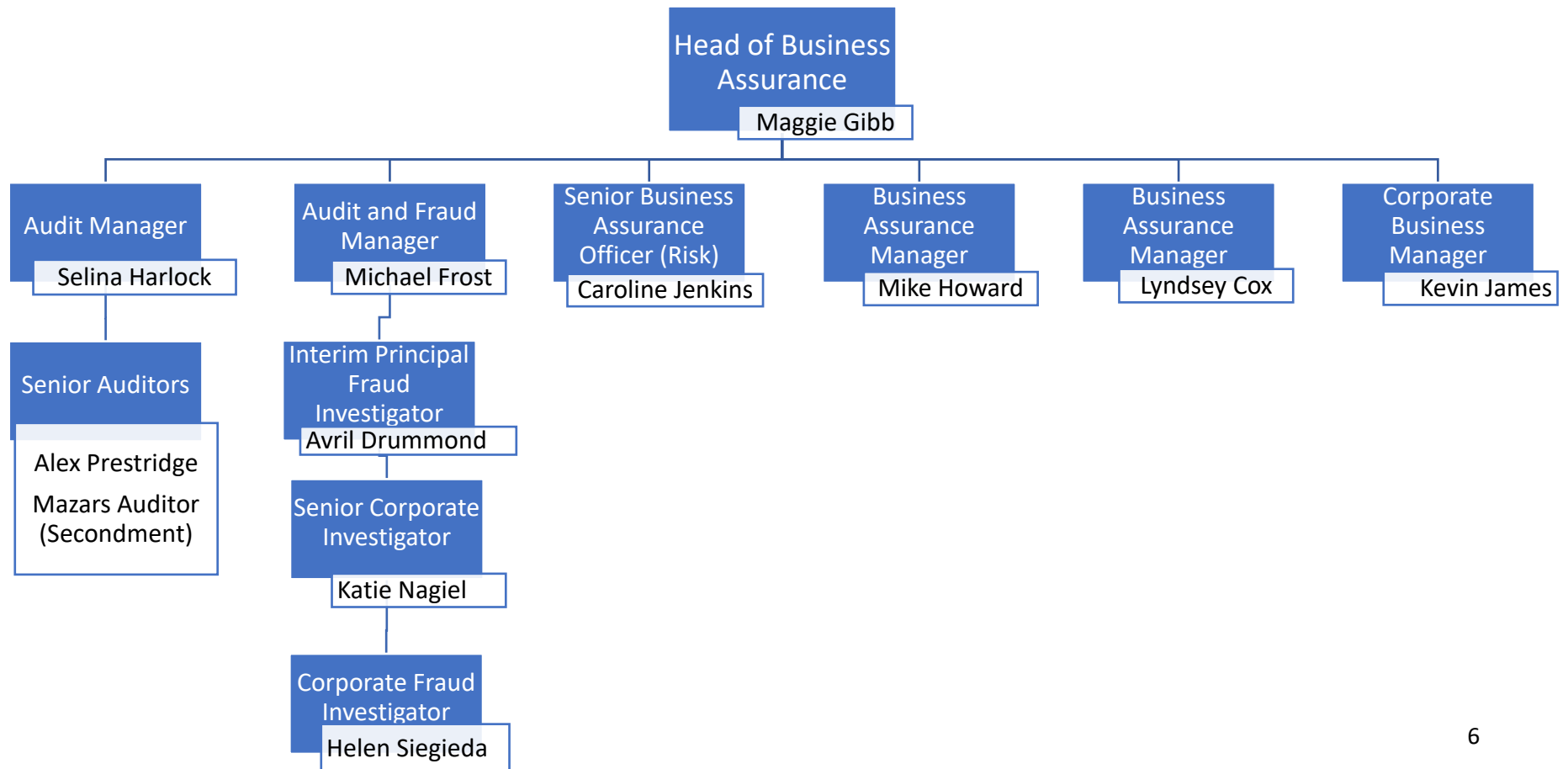
4. Counter Fraud

- 4.1 Counter-fraud is a key responsibility for the Business Assurance Team to lead on, and in 2021/22 this will be focussed on overseeing the investigation of NFI data matches, and responding to referrals of suspected fraud and financial irregularity, as well as a programme of pro-active activity which will be set-out in a Counter Fraud Plan. The Counter Fraud Plan is currently being developed through consultation with Senior Leadership Teams for each Directorate, through review of Directorate Risk Registers, information sharing with other Local Authorities (Support Forums) and sector Horizon Scanning Publications on known high risks/ threats to the sector. The objective of the Counter Fraud Plan is to underpin the Council's commitment to anti-fraud and corruption; and provide assurance that the first and second lines of assurance effectively prevent, detect and minimise the risk of fraud and corruption. It should be noted that managing the risk of fraud and corruption is the responsibility of Senior Management; however, the Counter Fraud Plan will seek to support management in assessing the adequacy and effectiveness of the measures in place to prevent and/or detect fraud and corruption within their services. The plan will consider both internal and external threats to the Council.

5. Resources

5.1 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.

Business Assurance Team Structure:



5.2 The approximate number of days available for the Business Assurance activity can be broken down as follows:

| Resource | Approximate available days* |
|--|------------------------------------|
| Head of Business Assurance (& Chief Auditor) | 150 |
| Audit Manager/Audit and Fraud Manager/Business Assurance Managers/Corporate Business Manager | 1000 |
| Senior Auditors | 400 |
| Senior Corporate Investigator/ Corporate Fraud Investigator | 360 |
| Principal Fraud Investigator | 200 |
| Senior Business Assurance Officer (Risk) | 200 |
| Specialist/Outsourced | 500 |
| Total | 2810 |

*including training and development, team meetings etc.

Overall the total planned days on Business Assurance activity is approximately 2810 days, of which 110 days is delivering an Internal Audit service to Buckinghamshire and Milton Keynes Fire Authority, and 20 days to Academies. This includes an approximate split across the various functions of risk management (200 days), internal audit and assurance (1600), and counter fraud work (860).

5.3 A number of contingency days have been set aside for unplanned events / issues that inevitably arise. The contingency is planned at 150 days.

6 Performance Monitoring / Reporting

- 6.1 The proposed Business Assurance performance indicators for 2021/22 are attached as Appendix 1 to this report and will form part of the Resources Directorate Plan monitoring.
- 6.2 The Audit and Governance Committee will receive a quarterly report, including the next quarters plan for approval, a status update on the approved work plans, and a summary of the outcomes of completed audits.

Appendix 1 – Business Assurance Team Key Performance Indicators

| No. | Key Performance Indicator (KPI) | 2021/22 Target |
|-----|--|----------------|
| 1 | Draft internal audit reports issued within 15 working days of exit meeting (monthly) | 90% |
| 2 | Final internal audit reports issued within 10 working days of management responses (monthly) | 100% |
| 3 | Internal audits completed to the satisfaction of the client (quarterly) | 95% |
| 4 | Audit actions in the draft internal audit report that are accepted by the client (monthly) | 90% |
| 5 | Delivery of Internal Audit Plan (annual measure) | 95% |
| 6 | Corporate Reporting Timelines being met (CMT/RMG/A&G) (monthly) | 95% |

KPI 1 Is monitored from the date of exit meeting.

KPI 2 is monitored from the date of which the last management response(s) is/are received

KPI 3 Is a Quality assessment of work done by internal audit.

KPI 4 Quality assessment which confirms the relevance and appropriateness of the work done by internal audit through the recommendations made.

KPI 4 Combined measure which requires collaboration to agree the importance of the work of internal audit and how it strengthens the whole control framework of the Council.

KPI 5 Is a performance control which confirms the annual audit plan is completed within year.

KPI 6 is monitored through the forward plans/reporting deadlines as set corporately.

Appendix 2 – 2021/22 Internal Audit Plan

| Directorate | Service | Audit Title | Objectives/Risk/Concerns | No. of Days |
|-------------------------------|--|---|---|-------------|
| Corporate | Corporate | Governance | Deferred from 2020/21 | 15 |
| | Corporate | Business Cases | Deferred from 2020/21 | 20 |
| | Corporate | Grants | Internal Audit grant assurance returns in line with the funding conditions. | 50 |
| | Corporate | Covid-19 Pre and Post Payment Assurance Plan | Looking at the assurance that we have taken reasonable steps to ensure that payments are made to legitimate businesses. | 40 |
| | Corporate | Covid-19 Response | Continue to provide assurance on the Covid-19 grants that are received from government departments to support the Council's response to Covid-19. | 40 |
| Deputy Chief Executive | Policy and Comms | GDPR – Council wide audit | Deferred from 20/21 | 30 |
| | Localities & Strategic Partnerships | Community Boards | Deferred from 20/21 | 20 |
| | Legal/ Dem Services | Legal Process Review | Deferred from 20/21 | 20 |
| | Legal/ Dem Services | Member Declarations and Member Complaints Process | End-to-end process review including completeness and accuracy of records | 10 |
| | Service Improvement | Assurance over Service Improvement Programme | On-going Assurance in line with the Service Reviews | 40 |

| Directorate | Service | Audit Title | Objectives/Risk/Concerns | No. of Days |
|-------------------------------|--|---|---|-------------|
| Deputy Chief Executive | Service Improvement | Digital | Shifting of content from legacy to new one; rationalising and redesigning, therefore need to ensure this is embedded. This is a one-year work programme, therefore audit to review the programme delivered to ensure delivery per objectives. | 20 |
| | Service Improvement | Workstyle Strategy | Two-year programme which is currently at the mid-point. Review that the objectives and expected outcomes are on track to be delivered with next steps recommendations. | 15 |
| | Localities & Strategic Partnerships | Assets of Community Value | Ensuring there is a robust process behind the decisions and the Localism Act is adhered to. High cost (potential legal challenges if process not adhered to) and reputational risk to the council. | 15 |
| | Legal/ Dem Services | Elections | Deferred from 20/21 | 10 |
| Resources | Finance | Pensions | Deferred from 20/21 | 12 |
| | Finance | Capital Programme | Deferred from 20/21 | 15 |
| | Finance | Contract Management | Deferred from 20/21 | 40 |
| | Finance | Asset Management | Deferred from 20/21 | 12 |
| | Finance | Budget Management | Deferred from 20/21 | 20 |
| | Finance/ HR/ IT | Service Now Review | Deferred from 20/21 | 15 |
| | Finance | Cash Receipting End-to - End Process Review | New system and process end-to-end assurance required to understand controls | 20 |

| Directorate | Service | Audit Title | Objectives/Risk/Concerns | No. of Days |
|------------------|--------------------|---|--|-------------|
| Resources | Finance/ HR | Expenses | New process being followed from the legacy districts, risk of receipts not being retained due to remote working | 15 |
| | Finance | Accounts Payable | Key Financial System: High volume and value activity | 15 |
| | Finance | Accounts Receivable and Income Management | Key Financial System: High volume and value activity. To ensure roles and responsibilities are understood with services clear about expectations | 30 |
| | Finance | General Ledger | Key Financial System | 12 |
| | Finance | Treasury Management | Key Financial System: High value activity, review process with Logotech system. | 10 |
| | Finance | Debt Management | Key Financial System: High volume and value activity | 15 |
| | Finance | Revs & Bens System Assurance Review | Major project and decommissioning assurance will be required | 20 |
| | Finance | CTAX | New system and process end-to-end assurance required to understand controls | 20 |
| | Finance | NNDR | New system and process end-to-end assurance required to understand controls | 20 |
| | Finance | Procurement | Evaluate implementation of the Procurement Strategy | 15 |
| | Finance | CTRS/HB | New system and process end-to-end assurance required to understand controls | 30 |
| | Finance | iCares Accounts Payable and Accounts Receivable | New system and process end-to-end assurance required to understand controls | 30 |

| | HR | IR35 | Deferred from 20/21 | 15 |
|--|------------------------------|---|---|-------------|
| Directorate | Service | Audit Title | Objectives/Risk/Concerns | No. of Days |
| Resources | HR | Apprenticeship Levy | Deferred from 20/21 | 15 |
| | HR | Payroll | Key Financial System | 15 |
| | IT | IT Asset Management | End to End Process Review | 15 |
| | IT | Audit work based on needs assessment review (to be confirmed) | | 20 |
| Planning, Growth & Sustainability | Property & Assets | Wycombe Old Library | Deferred from 20/21 | 10 |
| | Property & Assets | Project Governance | Deferred from 20/21 | 15 |
| | Property & Assets | Health & Safety | Deferred from 20/21 | 12 |
| | Housing & Regulatory Service | Enforcement (Housing) | Deferred from 20/21 | 15 |
| | Housing & Regulatory Service | Homelessness | Deferred from 20/21 | 15 |
| | Housing & Regulatory Service | Temporary Accommodation | Deferred from 20/21 | 15 |
| | Housing & Regulatory Service | Disability Facilities Grant | Link with Adults & Health | 15 |
| | Property & Assets | Property Maintenance | End-to-end review | 15 |
| | Planning & Environment | Climate Change | Big initiative for the Council linked to our strategy objectives. | 15 |

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|--|---|-------------------------------|--|--------------------|
| | Property & Assets | Property Repairs and Renewals | End-to-end review | 15 |
| Directorate | Service | Audit Title | Objectives/Risk/Concerns | No. of Days |
| Planning, Growth & Sustainability | Planning & Environment | Building Control | End-to-end review | 15 |
| | Planning & Environment | CIL/Section 106 | Deferred to 21/22 | 10 |
| | LEP | LEP Audit | Deferred to 21/22 | 10 |
| | Strategic Transport & Infrastructure | HIF Grant | Due to the value and the bid requirement to have IA continuous assurance | 15 |
| | Highways & Technical Services | Flood Management | 20/21 floods resulted in a number of residents requiring support, audit will evaluation the strategic management and reactive response/ support to local floods. | 10 |
| Communities | Neighbourhood Services | Taxi Licensing | Deferred from 20/21 | 15 |
| | Neighbourhood Services | Crematorium | Deferred from 20/21 | 15 |
| | Highways & Technical Services | Parking | Deferred from 20/21 | 15 |
| | Highways & Technical Services | Transport for Bucks | Scope to be agreed in consultation with the service | 15 |
| | Culture, Sports & Leisure | Libraries and Archives | Deferred from 20/21 | 15 |

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|----------------------------|--|--|---|--------------------|
| | Transport Services | Home to School Transport | End to end review to evaluate processes and controls in place for the new ONE system. | 20 |
| Directorate | Service | Audit Title | Objectives/Risk/Concerns | No. of Days |
| Communities | Neighbourhood Services | Household Recycling Centres | Includes the income management at the centres. | 15 |
| | Neighbourhood Services | Energy for Waste | Significant income levels generated - will include contract management. | 15 |
| Adults & Health | Adult Social Care | Implementation of Medications Policy - In-house services | Deferred from 20/21 | 15 |
| | Adult Social Care | Interface - Hospital Discharges and Social Care | Deferred from 20/21 | 15 |
| | Quality Standards & Performance | Quality Assurance Framework (QAF) | Deferred from 20/21 | 20 |
| | Integrated Commissioning | Choice and Charging Policy | Deferred from 20/21 | 15 |
| | All | Follow-Up Audits | Follow-up all the findings raised in the following audits: Implementation of Medications Policy – Commissioned services, Seeley’s Respite, DoLS | 10 |
| | Quality Standards & Performance | iCares System - IT Application Controls Audit | Deferred from 19/20 & 20/21 | 10 |
| | Integrated Commissioning | Direct Payments | End-to-end process review | 15 |

| | | | | |
|----------------------------|--|--|---|--------------------|
| | Integrated Commissioning | Supplier Viability | Evaluate the process in place to enable timely identification of suppliers under pressure and mechanisms in place to manage resilience. | 20 |
| Directorate | Service | Audit Title | Objectives/Risk/Concerns | No. of Days |
| Children's Services | Social Care | Fostering Services | Deferred from 20/21 | 15 |
| | Social Care | Social Work England Information Requests | Deferred to 21/22 | 15 |
| | Social Care | Care Leavers | Deferred from 20/21 | 15 |
| | Education | SEND – Complaints & SARs | Deferred from 20/21 | 15 |
| | Education | Early Years - Entitlement for 2/3/4 yrs. and Claims Payments | Deferred from 20/21 | 15 |
| | Social Care | Commissioning of Residential placements | Deferred from 19/20 & 20/21 | 20 |
| | Social Care | Children's Homes | Each home to be audited and reported on separately. | 30 |
| | Education | Schools - Thematic Review | Deferred from 20/21 – schools to be reviewed will be agreed in consultation with the service. | 50 |
| | Follow-Ups | | | 57 |
| BMKFA | Audit plan agreed to deliver 110days of audit activity for 21/22 | | | 110 |
| Academies | Audit activity to be agreed | | | 20 |
| Total Days | | | | 1600 |

