



BUCKINGHAMSHIRE COUNCIL

Business Assurance Update and Progress against the Internal Audit Plan 2021/22

Maggie Gibb

Head of Business Assurance (& Chief Internal Auditor)

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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.

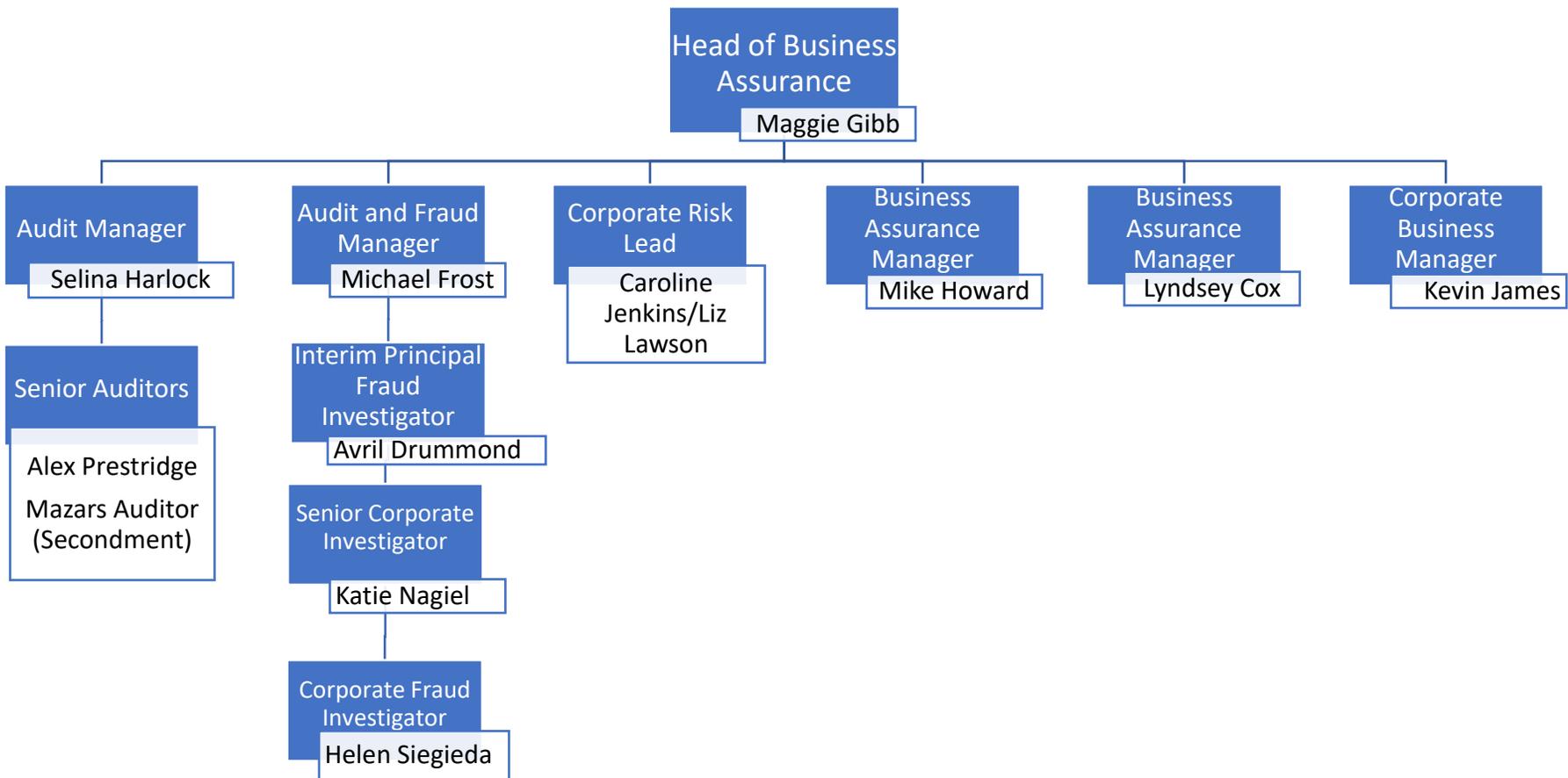
1.2 This report outlines the work being undertaken by the Business Assurance Team during quarter one and two of 21/22. The Internal Audit, Risk Management, Counter Fraud and Assurance work plans were produced with reference to the Strategic and Service Risk Registers along with consultation with Senior Leadership Teams for each Directorate. The current year plans consider activities that were scheduled for delivery in 20/21 but had to be paused due to the pandemic. It should be noted that a risk-based methodology is applied in developing the plans, therefore work not undertaken in 20/21 is not necessarily carried forward into this year for delivery as the risks and priorities within the services have changed. As such, the planning process took these deferred activities into account and through discussions with Directorates we re-evaluated the risk to determine whether the work should be included in the current year plans.

1.3 Our 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 quarter two Business Assurance updates have been presented to Directorate Leadership Teams providing them with an overview of the Internal Audit activities including progress on implementation of audit actions: and a risk management update on escalated risks with status of risk reviews.

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.

Business Assurance Team Structure:



3 Risk Management

- 3.1 The Business Assurance Team has continued to embed risk management across Buckinghamshire Council. We have been reviewing the risks in more detail 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 We have continued to provide 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 also begun looking at how we may expand our delivery methods through pre-recorded videos and e-learning.
- 3.3 Following discussions with IT and our external Information Security partner, the Impact Score descriptions as noted in the Risk Management Strategy have been expanded further from a data protection and information security perspective.
- 3.4 The Corporate Management Team (CMT) agreed in July 2021 that two new risks should be added to the Strategic Risk Register: HS2 and its impact on Buckinghamshire's communities and environment and Climate Change given the Council's commitment to climate change and sustainability in Buckinghamshire.
- 3.5 Risk Management Group meetings were held on 6 and 20 September 2021 where the Deputy Chief Executive and Children's Services Directorates presented their key risks, as well as a detailed review of the Strategic Risk Register and Fraud Risk Register.

4 Internal Audit

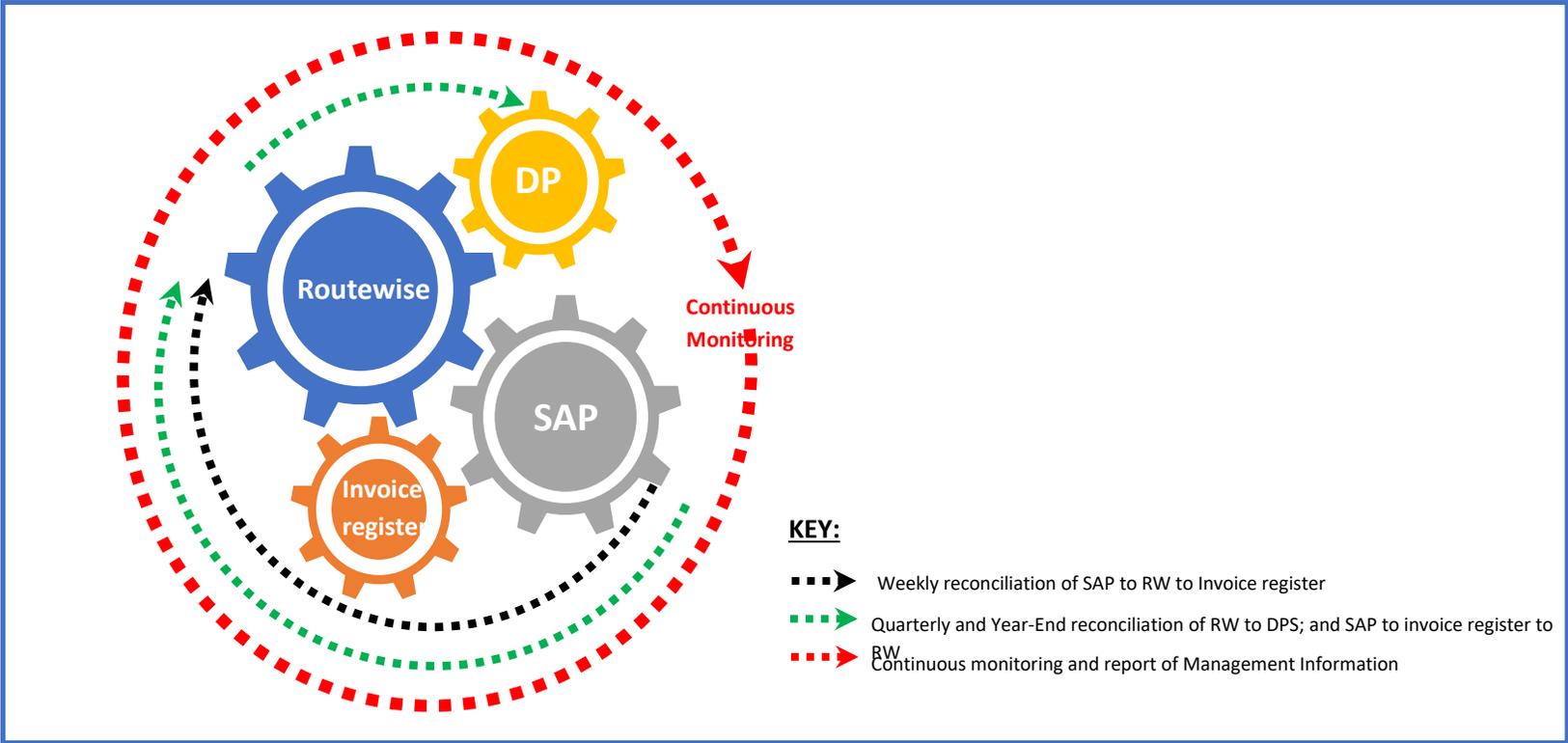
- 4.1 The Internal Audit function supported by Mazars (through the APEX London Audit Framework) has been progressing with the delivery of the approved 2021/22 audit assignments. Whilst we have an agreed Internal Audit plan which was approved as part of the Business Assurance Strategy, we have adopted a more fluid approach in the delivery of the audit plan. The Internal Audit activity is continuously reviewed and amended as required and remains flexible to react to emerging issues/ risks. Quarterly reporting to Directorate Senior Leadership Teams are scheduled to ensure the plan is kept under continuous review. Any significant deviation from the approved Internal Audit Plan will be communicated through the periodic activity reporting process.

- 4.2 The plan and allocation of audit days is regularly reviewed by the Audit Manager and Head of Business Assurance (& Chief Auditor) and activities re-prioritised and days increased or decreased where necessary.
- 4.3 The Internal Audit Team has continued to make good progress against plans. The audit reports from the previous year have been finalised and follow-up of audit actions continues. From the carried forward 20/21 audits we have finalised 12 reports and from the current year plans; one final report has been issued, four audits are at draft reporting stage, four are at fieldwork stage and twenty-one at planning. Six grant verifications have been completed to date.
- 4.4 Internal Audit have an audit tool, 'Pentana', that is used for maintaining files and working papers and for capturing management actions (audit recommendations). Follow-up of management actions is a continuous task that is undertaken by the auditors and there are currently 10 outstanding actions relating to schools that remain open that are being followed-up now that the academic year has started.
- 4.5 The Audit Board, chaired by the Service Director, Corporate Finance (S151), met on 20 September 2021 and reviewed progress against the Business Assurance Strategy, in particular delivery of the Internal Audit Plan. Appendix 1 shows the current progress updated against the Internal Audit Plan.

5 Business Assurance

- 5.1 The Business Assurance Team are currently working within Client Transport Services providing assurance over the financial controls and contract management processes. The work delivered to date includes:
- Providing assurance on 20/21 invoice payment position via regular reconciliations and reporting.
 - Provide assurance on the budget forecasting methodology.
 - Developing an enhanced invoice register for 21/22 that provides up to date management information on progress against invoice payment process.
 - Undertaking tender verifications to ensure accuracy and completeness of contracts ended and started on Routewise; including verifying accuracy of Limit Orders raised for the live contracts.
- 5.2 The team has also developed a continuous assurance framework that provides holistic oversight of spend within Client Transport, considers contract, operational and financial data from the various systems. Transport and Finance officers are engaged in the

process such that suppliers are paid on time and query resolution is a daily task to enable proactive management of spend and anticipate any overspend during the monthly budget monitoring and forecasting cycle. Through this process mechanisms are in place within the new invoice register as well as the dashboards to ensure over/underspend are flagged early and any key concerns are promptly reported to enable timely resolution. Weekly, monthly and quarterly reconciliations provide for additional assurance that actual expenditure on SAP is correct, in line with the Routewise (Client Transport contract recording system) service operations data and the status of the invoice payments per the Invoice register. Embedded within the process is the management information and continuous monitoring via the weekly meetings to ensure that pinch points are dealt with promptly and key concerns are escalated in a timely manner. Below is an illustration of the control framework:



5.3 We continue to provide assurance to CMT on the Covid-19 related grants. The grant returns and final reconciliations are reviewed prior to the submissions to central government departments. Through these reviews, recommendations are being made for how

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

5.4 We continue to make progress the review of the key financial processes, one system review has been completed and three are in-progress. This work will consist of walkthroughs and process mapping on key functions to ensure complete understanding of how the SAP system is being utilised. This work will feed into the continuous improvement work that is in-progress within Finance and will be crucial input for the possible procurement of the new ERP system.

6 Counter Fraud

6.1 The Business Assurance Team has been working closely with the Revenues and Benefits Teams to investigate any potentially fraudulent Covid-19 Business Rate Grant Claims.

Business Rate Grant applications referred to Business Assurance	49
Additional Restrictive/Restart Grant applications referred to Business assurance	56
Number failed risk assessment (deemed to be low risk and so not investigated, or closed after initial investigation)	33
Number investigated (BRG and ARG) to date	49
Number of potential prosecution claims	10
Number of prosecution files being prepared for legal services as of 06 September 2021.	5 One case is currently awaiting trial, one case is scheduled for sentencing on 23 September 2021 with two other cases having prosecution files currently being prepared.

Other cases currently under investigation are as follows:

- Council Tax Reduction cases received 17 and investigating 12. One case issued with a financial penalty, one case awaiting a financial penalty to be issued.
- Single Person Discount cases received eight and investigating seven.
- Discretionary grants received three and investigating three with one outcome already mentioned (case closed but no grant money paid and so the Council have been pro-active in this approach, opposed to reactive). A subject was interviewed under caution for the second case and agreed to a formal caution and a repayment of £4000 which they had falsely claimed. The full money has now been repaid.
- Disabled Facilities Grant received one but not investigated due to admission of guilt.
- Housing Fraud cases received and investigating seven - one of which is a house of multiple occupancy (HMO), with two potential prosecutions.
- Planning application fraud cases received one, investigated one.
- Direct Payment case received one and investigating one. Client failed to attend the scheduled interview under cautions and so the case has been referred to Legal Services with a full prosecution file in preparation.
- Insurance case received two, investigated one but closed after initial investigation revealed that the claim submitted was legitimate. The second case is being investigated.
- School admissions cases received one, investigated one.
- Phishing scams or attempts: 13.

Appendix 1 – 2021/22 Internal Audit Plan

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Corporate	Corporate	Governance	Deferred from 2020/21	Q4
	Corporate	Business Cases	Deferred from 2020/21	Q3/4
	Corporate	Grants	Internal Audit grant assurance returns in line with the funding conditions.	On-going
	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.	On-going
	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.	On-going
Deputy Chief Executive	Policy and Comms	GDPR – Council wide audit	Deferred from 20/21	Planning
	Localities & Strategic Partnerships	Community Boards	Deferred from 20/21	Q4
	Legal/ Dem Services	Legal Process Review	Deferred from 20/21	Q3/4
	Legal/ Dem Services	Member Declarations and Member Complaints Process	End-to-end process review including completeness and accuracy of records	Final Report - Substantial
	Service Improvement	Assurance over Service Improvement Programme	On-going Assurance in line with the Service Reviews	On-going
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.	Q3/4
Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status

Deputy Chief Executive	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.	Q4
	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.	Q3/4
	Legal/ Dem Services	Elections	Deferred from 20/21	Planning
Resources	Finance	Pensions	Deferred from 20/21	Planning
	Finance	Capital Programme	Deferred from 20/21	Planning
	Finance	Contract Management	Deferred from 20/21	Planning
	Finance	Asset Management	Deferred from 20/21	Planning
	Finance	Budget Management	Deferred from 20/21	Draft Report
	Finance/ HR/ IT	Service Now Review	Deferred from 20/21	Q3
	Finance	Cash Receipting End-to - End Process Review	New system and process end-to-end assurance required to understand controls	Q3/4
	Finance/ HR	Expenses	New process being followed from the legacy districts, risk of receipts not being retained due to remote working	Planning
	Finance	Accounts Payable	Key Financial System: High volume and value activity	Q4
	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	Q4
Finance	General Ledger	Key Financial System	Q3/4	

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Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Resources	Finance	Treasury Management	Key Financial System: High value activity, review process with Logotech system.	Q3/4
	Finance	Debt Management	Key Financial System: High volume and value activity	Q4
	Finance	Revs & Bens System Assurance Review	Major project and decommissioning assurance will be required	Planning
	Finance	CTAX	New system and process end-to-end assurance required to understand controls	Q3/4
	Finance	NNDR	New system and process end-to-end assurance required to understand controls	Q3/4
	Finance	Procurement	Evaluate implementation of the Procurement Strategy	Q3/4
	Finance	CTRS/HB	New system and process end-to-end assurance required to understand controls	Q3/4
	Finance	iCares Accounts Payable	New system and process end-to-end assurance required to understand controls	Draft Report
	Finance	iCares Accounts Receivable	New system and process end-to-end assurance required to understand controls	Planning
	HR	Apprenticeship Levy	Deferred from 20/21	Q3/4
	HR	IR35	Deferred from 20/21	Q3/4
	HR	Payroll	Key Financial System	Q3/4
	IT	IT Asset Management	End to End Process Review	Planning
	IT	Audit needs assessment. Review to determine IT audit work to be undertaken.		Final Report
PG&S	Property & Assets	Wycombe Old Library	Deferred from 20/21	Q3/4
	Property & Assets	Project Governance	Deferred from 20/21	Q3/4

Planning, Growth & Sustainability	Housing & Regulatory Service	Enforcement (Housing)	Deferred from 20/21	Q3/4
	Property & Assets	Health & Safety	Deferred from 20/21	Q3/4
	Housing & Regulatory Service	Homelessness	Deferred from 20/21	Planning
	Housing & Regulatory Service	Temporary Accommodation	Deferred from 20/21	Planning
	Housing & Regulatory Service	Disability Facilities Grant	Link with Adults & Health	Planning
	Property & Assets	Property Maintenance	End-to-end review	Planning
	Planning & Environment	Climate Change	Big initiative for the Council linked to our strategy objectives.	Q3/4
	Property & Assets	Property Repairs and Renewals	End-to-end review	Q3/4
	Planning & Environment	Building Control	End-to-end review	Q3/4
	Planning & Environment	CIL/Section 106	Deferred to 21/22	Planning
	LEP	LEP Audit	Deferred to 21/22	Planning
	LEP	Grant Verification	Growth Hub Funding to LEPs – claim verification for FY20/21 funding.	Completed
	LEP	Grant Verification	EU Transition Business Readiness Growth Hub Funding to LEPs FY20/21	Completed
Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status

Planning, Growth & Sustainability	LEP	Grant Verification	Supplemental Growth Hub Funding to LEPs FY20/21	Completed
	LEP	Grant Verification	Peer Network Funding to LEPs FY 20/21	Completed
	Strategic Transport & Infrastructure	HIF Grant	Due to the value and the bid requirement to have IA continuous assurance	Q3/4
	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.	Draft Report
Communities	Neighbourhood Services	Taxi Licensing	Deferred from 20/21	Q3/4
	Neighbourhood Services	Crematorium	Deferred from 20/21	Q3/4
	Highways & Technical Services	Parking	Deferred from 20/21	Planning
	Highways & Technical Services	Transport for Bucks	Scope to be agreed in consultation with the service	Q3/4
	Transport Services	Home to School Transport	End to end review to evaluate processes and controls in place for the new ONE system.	Q4
	Neighbourhood Services	Household Recycling Centres	Includes the income management at the centres.	Q3/4
	Neighbourhood Services	Energy for Waste	Significant income levels generated - will include contract management.	Fieldwork
Adults & Health	Adult Social Care	Implementation of Medications Policy - In-house services	Deferred from 20/21	Q4
Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Adults & Health	Adult Social Care	Interface - Hospital Discharges and Social Care	Deferred from 20/21	Q4
	Quality Standards & Performance	Quality Assurance Framework (QAF)	Deferred from 20/21	Q3
	Integrated Commissioning	Choice and Charging Policy	Deferred from 20/21	Q4
	All	Follow-Up Audits	Follow-up all the findings raised in the following audits: Implementation of Medications Policy – Commissioned services, Seeley’s Respite, Deprivation of Liberty Standards.	Planning
	Quality Standards & Performance	iCares System - IT Application Controls Audit	Deferred from 19/20 & 20/21	Planning
	Integrated Commissioning	Direct Payments	End-to-end process review	Q3
	Integrated Commissioning	Supplier Viability	Evaluate the process in place to enable timely identification of suppliers under pressure and mechanisms in place to manage resilience.	Q3/4
Children's Services	Social Care	Fostering Services	Deferred from 20/21	Q4
	Social Care	Social Work England Information Requests	Deferred to 21/22	Planning
	Social Care	Care Leavers	Deferred from 20/21	Q4
	Education	SEND – Complaints & SARs	Deferred from 20/21	Q4
	Education	Early Years - Entitlement for 2/3/4 yrs. and Claims Payments	Deferred from 20/21	Q3/4

Children's Services	Social Care	Commissioning of Residential placements	Deferred from 19/20 & 20/21	Draft Report
	Social Care	Children's Homes	Each home to be audited and reported on separately.	Planning
	Social Care	Supported Families Programme Grant Verification	First Claim completed in June for 65 families under Sustained and Significant Progress	Claim 1 - Completed
			Claim verification work undertaken in August. Claim made for 77 families under Sustained and Significant Progress	Claim 2 - Completed
	Education	Schools - Thematic Review	Deferred from 20/21 – schools to be reviewed will be agreed in consultation with the service.	Q3-4
All Directorates	Follow-Ups			On-going
BMKFA	Audit plan approved and date for audit delivery agreed with the clients. Plan to be delivered by February 2022 ahead of their external audit.			In-progress
Academies	Audit activity at planning stage and timings being agreed for delivery in Q3-4			In-progress

