



## **BUCKINGHAMSHIRE COUNCIL**

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

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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 for the current financial year to date. 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 considered activities that were scheduled for delivery in 20/21 but had to be paused due to the pandemic. A risk-based methodology was applied in developing the plans, to ensure that assurance work remained focussed on the Councils key risks and priorities; therefore work not undertaken in 20/21 is not necessarily included in this year for delivery. The planning process took these deferred activities into account and through discussions with Directorates we re-evaluated the risks to determine whether the work should be included in the current year plans.

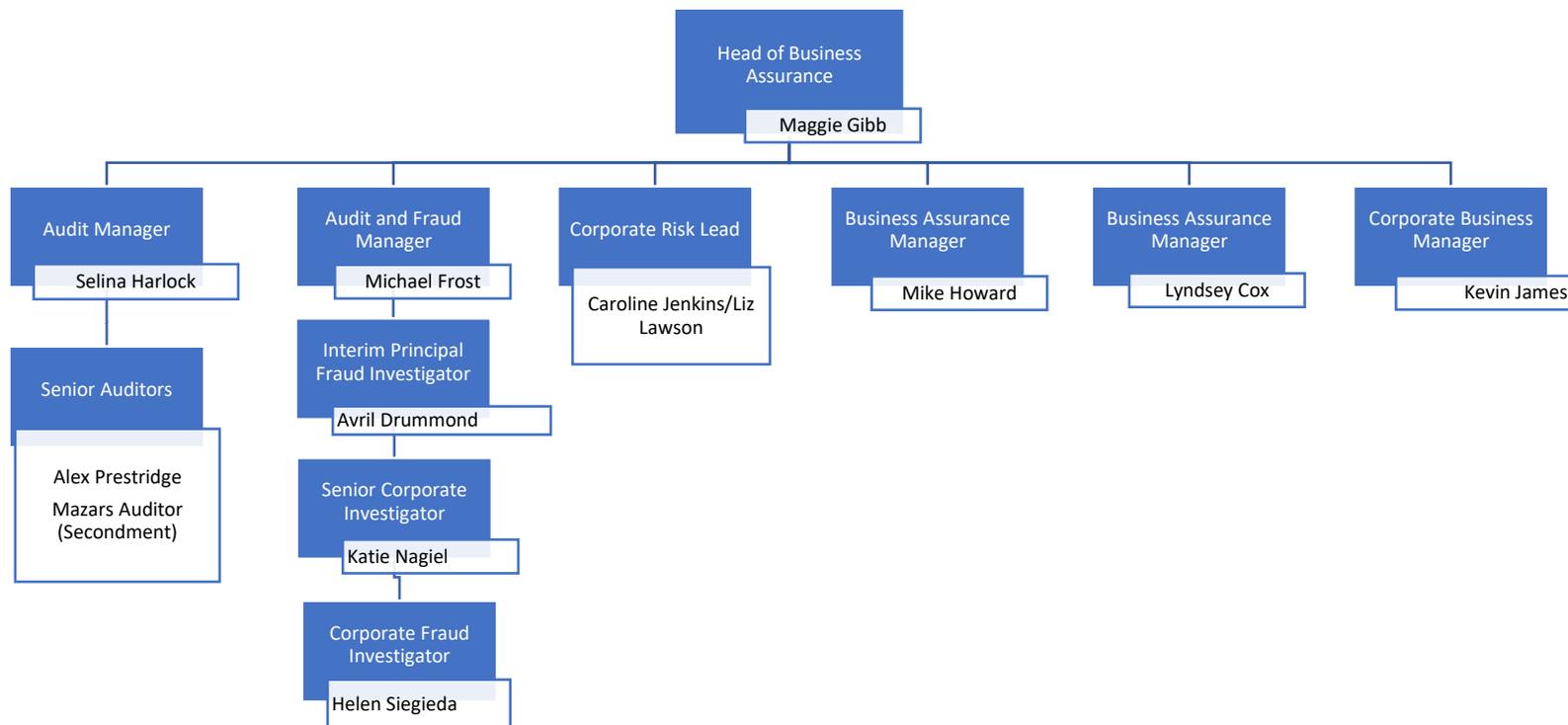
1.3 The Business Assurance work plans continue to be dynamic in nature and are reviewed and realigned on a regular basis to take account of new, emerging and changing risks and priorities. Quarterly updates on Business Assurance activities have been presented to each directorate leadership team providing 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. In this quarter Internal Audit will begin developing the audit plan for 2022/23. Horizon scanning and reviews of risk registers will be undertaken ahead of the consultations with senior management. A draft plan will be presented to each directorate leadership team agreement prior to being submitted to the Audit Board for review and presented to Audit and Governance Committee for approval.

- 1.4 The Business Assurance Team has is currently subject to the Service Review process, and initial workshops have been held to discuss the various responsibilities and pressures across the teams. We are in the process of gathering benchmarking data to support the review and assist in forming structures going forward.
- 1.5 The CIPFA review of the Business Assurance service has been completed, and at the time of this report we are awaiting the output from that review.

**2. Resources**

2.1 The Business Assurance Team has remained unchanged, and we continue to resource work plans 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 The next meeting of the Risk Management Group is due to be held on 7 February 2022, with the Corporate Director for Resources attending to discuss key risks faced by the Resources directorate.

### **4 Internal Audit**

- 4.1 The Internal Audit function has continued to progress 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. We regularly review the Internal Audit plan through discussions with Directorate Leadership Teams to help ensure that the assurance activities are continuously aligned and focused on emerging issues/ risks. Any significant deviation from the approved Internal Audit Plan is communicated through the periodic activity reporting process. From review of the plan with directorates, 21 audits have been deferred, four have been cancelled and three new audits have been added to the plan. The deferred and cancelled audits are highlight in blue in Appendix 1.
- 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. From the 21/22 plan the team have issued two final reports, ten audits are at draft reporting stage, seven are at fieldwork stage and 24 are being scoped. Ten grant verifications have been completed to date. See Appendix 1 for a summary update against the plan.

- 4.4 Using the audit tool, 'Pentana', Internal Audit have been monitoring implementation of audit actions. Follow-up of management actions is a continuous task that is undertaken by the auditors alongside their assigned audit engagements.
- 4.5 Progress against implementing audit actions is reported to each of the Directorate leadership team meetings on a regular basis, and outstanding audit actions are reported to the Corporate Management Team (CMT). The next report to CMT will be on 24 February 2022. A full update will be presented to the Audit and Governance Committee on 22 March 2022.
- 4.6 The Audit Board, chaired by the Service Director, Corporate Finance (S151), met on 17 January 2022 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.
- 4.7 The CIPFA external assessment of our conformance with the Public Sector Internal Audit Standards has been completed and the report will be presented to the Audit and Governance Committee in March.

## **5 Business Assurance**

- 5.1 The Business Assurance Team continue to work within Client Transport Services providing assurance over the financial controls and contract management processes. Current work in progress includes:
- Provide assurance on the budget forecasting methodology.
  - Undertaking tender verification to ensure accuracy and completeness of contracts ended and started on the transport system Routewise; including verifying accuracy of Limit Orders raised for the live contracts.
  - Monitor compliance against the new control framework that provides an end-to-end link from tender, contract management, invoice payment and account reconciliations.
  - Monitoring invoice processing and utilisation of the management information on progress against invoice payment process.
  - Provide system migration assurance on the new ONE system as the service decommission Routewise.
- 5.2 We continue to provide assurance to CMT on the Covid-19 related grants. The team have completed 17 grant returns and six final reconciliations which have been submitted to central government departments within the set deadlines. We continue to monitor the utilisation of the grants to ensure that these are in line with conditions and are fully maximised to reduce the risk of monies

being returned to central government. New grants have been announced and the team are working with key departments to ensure that processes are in place and roles and responsibilities are clearly defined.

5.3 During quarter three, the team provided assurance on the Revenues and Benefits System Northgate. The objective for this review was to provide assurance on whether data migration from legacy systems (AVDC and WDC) into Northgate and Info@Work is completed accurately and on time. This included reviewing data from all affected legacy systems following each migration and their reconciliation against data in the systems being implemented. The review was intended to provide confidence that all data was successfully migrated on time and with no integrity issues to mitigate the risk of data in the new systems being missing or incorrect ahead of Go-Live. Assurance outputs were summarised on completion of each task to ensure that any weaknesses or gaps are addressed in a timely manner. Continuous assurance was provided, such that issues identified are timely reported and rectified.

5.4 The system has now been implemented and is in operation for Aylesbury and Wycombe, the next phase will begin in January as Chiltern and South Bucks are migrated onto the new system. A lessons learnt report was presented to management on completion of the implementation for AVDC and WDC, these learnings are for management to take on board as they start making plans to migrate Chiltern and South Bucks onto the new system. A few examples of recommendations are as follows:

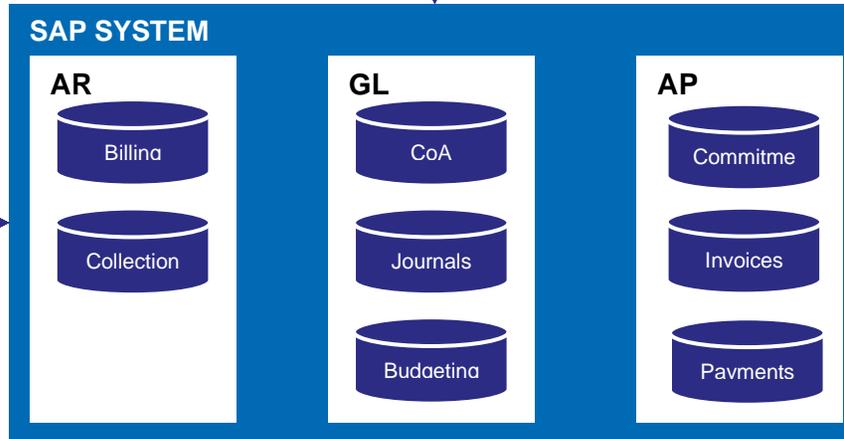
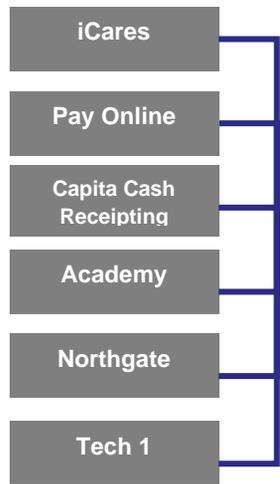
- **Timing of reports** – where discrepancies were noted between the systems/reports, these were usually due to the timings of data included within.
- **Coding inconsistencies** – certain entries had different codes between the systems, indicating potential issues with mapping – accurate mapping is key prior to migration.
- **Resource constraints** – reconciliations were carried out by a small team (two people), and their attention was at times requested by staff during critical periods, increasing the risk of delays.
- **UAT plan** – while the tests to undertake were relatively well documented, we have been unable to review a plan with a rationale for why specific tests were chosen or left out.

- **Issue reporting** – multiple issues logs were using throughout the UAT process, making it at times difficult to identify the relevant document to review. This also resulted in a lack of evidence as to whether all issues were reported to Northgate.
- **Issue resolution** – issues were often marked as resolved without evidence of retesting, making it difficult to confirm that they were indeed resolved.

5.5 We continue to progress with the review of the key financial systems that interface with our SAP finance system. To date, seven system reviews has been completed and control gaps identified have been reported to the Finance Systems Improvement Group for review and action. Below is an overview chart outlining the systems that will be reviewed though walkthroughs and process mapping 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 Enterprise Resource Planning (ERP) system.

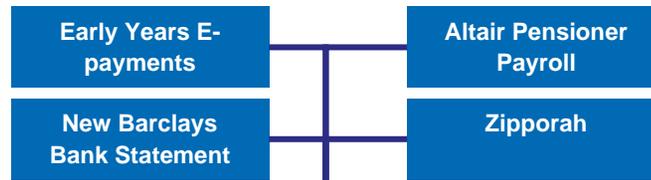
**Finance Systems Overview**

**AR systems**

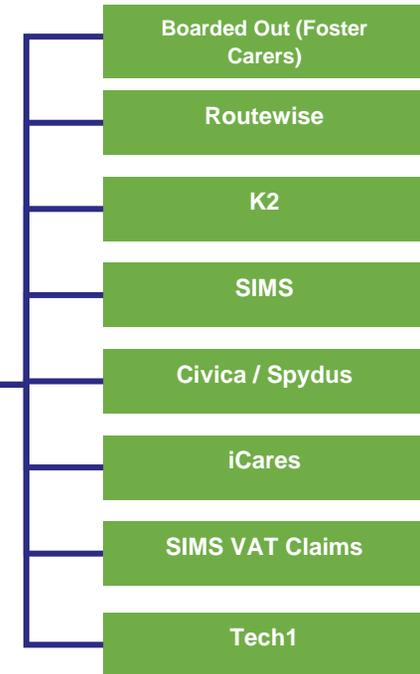


AR System risk - Payment allocation to relevant cost centres is not automated for all transactions, so the AR team will have to review receipts and allocate to the correct code. Support will be required from the services to help allocate the receipt against the relevant code.

SAP System risk- all systems are managed by their own relevant services who are therefore responsible for ensuring accuracy and completeness of the interface to SAP. Reconciliations are required to provide assurance that postings are successful and enable timely identification of discrepancies.



**AP systems**



AP system risk - For payments there is an automapping of payments to invoices when there is a PO in place. Invoices without a PO will require intervention from the AP team to ensure correct workflow and coding.

## 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 1 December 2021.	5 One case is currently awaiting a trial (which will not be until 2022), one case was scheduled for sentencing on 5 November 2021 but deferred with three 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
<b>Corporate</b>	<b>Corporate</b>	Governance	Deferred to 22/23 – new officer started in December recommend that audit be undertaken in Q1/Q2	
	<b>Corporate</b>	Business Cases	Deferred to 22/23 – resource pressures within the Internal Audit team recommend that audit be undertaken in Q1/Q2	
	<b>Corporate</b>	Grants	Internal Audit grant assurance returns in line with the funding conditions.	On-going
	<b>Corporate</b>	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
	<b>Corporate</b>	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
<b>Deputy Chief Executive</b>	<b>Policy and Comms</b>	GDPR – Council wide audit	Draft scope includes the following risk areas: Compliance, Roles and Responsibilities, Records of Processing Activities, Third Party Management, Retention and Destruction, Management Information and Data Breaches. This is a Council wide audit and the fieldwork will commence in Q4.	Fieldwork starting in February
	<b>Localities &amp; Strategic Partnerships</b>	Community Boards	Q4	Scope being developed
	<b>Legal/ Dem Services</b>	Legal Process Review	Deferred to 22/23 – processes are currently being developed. Audit best places to review once these are embedded. Recommend an audit in Q1/Q2	
	<b>Legal/ Dem Services</b>	Member Declarations and Member Complaints Process	Complete - One medium priority finding raised.	Final Report - Substantial

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
<b>Deputy Chief Executive</b>	<b>Service Improvement</b>	Assurance over Service Improvement Programme	On-going Assurance in line with the Service Reviews	On-going
	<b>Service Improvement</b>	Digital	Deferred to 22/23 per request from SLT – early stages of the programme	
	<b>Service Improvement</b>	Workstyle Strategy	Deferred to 22/23 per request from SLT – business case recently approved and strategy in early stages.	
	<b>Localities &amp; Strategic Partnerships</b>	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.	Scope being developed
	<b>Legal/ Dem Services</b>	Elections	Deferred to 22/23 - resource pressures within the Internal Audit team, no key concerns in this area so not critical for this year.	
	<b>Policy &amp; Communication</b>	Complaints	New audit requested by SLT –Q4	Scope being developed
<b>Resources</b>	<b>Finance</b>	Pensions	Report with the service for response on management actions and implementation dates.	Draft Report
	<b>Finance</b>	Capital Programme	Deferred to 22/23 - resource pressures within the Service due to sickness.	
	<b>Finance</b>	Contract Management	Deferred to 22/23 – this is a Council wide audit and there are resource pressures within the services to support the audit.	
	<b>Finance</b>	Asset Management	Cancelled per request from SLT – substantial work undertaken by external audit.	
	<b>Finance</b>	Budget Management	Report with the service for response on management actions and implementation dates.	Draft Report

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
<b>Resources</b>	<b>Finance/ HR/ IT</b>	Service Now Review	Deferred to 22/23 per request from SLT - the use of Service Now will be looked at as part of the service review – this is a low-risk area.	
	<b>Finance</b>	Cash Receipting End-to - End Process Review	Fieldwork in progress	Fieldwork
	<b>Finance/ HR</b>	Expenses	Fieldwork in progress	Fieldwork
	<b>Finance</b>	Accounts Payable	Scope agreed.	Fieldwork starting in February
	<b>Finance</b>	General Ledger	Key Financial System	Scope being developed
	<b>Finance</b>	Accounts Receivable and Income Management	Scope agreed.	Fieldwork starting in February
	<b>Finance</b>	Treasury Management	Report with the service for response on management actions and implementation dates.	Draft Report
	<b>Finance</b>	Debt Management	Key Financial System: High volume and value activity	Q4
	<b>Finance</b>	Revs & Bens System Assurance Review	Fieldwork in progress	Fieldwork
	<b>Finance</b>	CTAX	Deferred to 22/23. New Revenues and Benefits system being implemented. Full audit to be undertaken once all legacies are migrated onto the new platform. Internal Audit are providing assurance on the system implementation.	
	<b>Finance</b>	NNDR		
	<b>Finance</b>	CTRS/HB		
	<b>Finance</b>	Procurement	Evaluate compliance with procedure rules	Scope being developed

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
	Finance	iCares Accounts Payable	Report with the service for response on management actions and implementation dates.	Draft Report
	Finance	iCares Accounts Receivable	New system and process end-to-end assurance required to understand controls – scope being developed.	Scope being developed
	HR	Apprenticeship Levy	Deferred to 22/23 per request from SLT – low risk. Report to CMT on options to be considered for the levy.	
	HR	IR35	Deferred to 22/23 - regular reporting on high-cost interims presented to CMT – other assurance arrangements are in place.	
	HR	Payroll	Key Financial System	Scope being developed
	IT	IT Asset Management	Report with the service for response on management actions and implementation dates.	Draft Report
	IT	Audit needs assessment. Review to determine IT audit work to be undertaken.		Final Report
Planning, Growth & Sustainability	Property & Assets	Wycombe Old Library	Cancelled per request from SLT – project complete and value needed in service project governance assurance	
	Property & Assets	Project Governance	Directorate wide governance review – will include HIF Grant.	Scope being developed
	Housing & Regulatory Service	Enforcement (Housing)	Deferred to 22/23 per request from SLT, recruitment in progress as there are unfilled posts in the service – propose Q1	
	Housing & Regulatory Service	Grant verification	Disability Facilities Grant	Complete
	Planning & Environment	Building Control	End-to-end review – Q4	Scope being developed

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
<b>Planning, Growth &amp; Sustainability</b>	<b>Planning &amp; Environment</b>	CIL/Section 106	Fieldwork in – progress, paused till end of January due to sickness within the service	Fieldwork
	<b>LEP</b>	LEP Audit	Review focussed on BBF and LEP arrangements.	Scope being developed
	<b>LEP</b>	Grant Verification	Growth Hub Funding to LEPs – claim verification for FY20/21 funding.	Completed
	<b>Housing &amp; Regulatory Service</b>	Homelessness	Deferred to 22/23 per request from SLT, recruitment in progress as there are unfilled posts in the service – propose Q1	
	<b>Housing &amp; Regulatory Service</b>	Temporary Accommodation	Deferred to 22/23 per request from SLT, recruitment in progress as there are unfilled posts in the service – propose Q1	
	<b>Property &amp; Assets</b>	Property Maintenance	End-to-end review of the property maintenance programme.	Scope being developed
	<b>Planning &amp; Environment</b>	Climate Change	Separate assurance programme being developed that will be aligned to the Climate Change Strategy. Commence assurance delivery in 22/23.	
	<b>Property &amp; Assets</b>	Property Repairs and Renewals	Deferred to 22/23 - resource pressures within the Internal Audit team – focus on the property maintenance review which is higher value.	
	<b>Property &amp; Assets</b>	Health & Safety	Cancelled per request from SLT – assurance process in place to ensure adequate arrangements are in place and mechanism for reporting agreed.	
	<b>LEP</b>	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	Grant being reviewed as part of the directorate Project Governance Audit.	Scope being agreed
Communities	Highways & Technical Services	Flood Management	Report with the service for response on management actions and implementation dates.	Draft Report
	Neighbourhood Services	Taxi Licensing	Scope being developed.	Scope being developed
	Neighbourhood Services	Crematorium	Scope agreed.	Fieldwork starting in February
	Neighbourhood Services	Waste - Procurement and Disposal of Assets	<b>New audit requested from service – scope being developed</b>	Q3/4
	Highways & Technical Services	Parking	Deferred to 22/23 per request from SLT – new system and structure, need to embed processes. Recommend Q1/2	
	Highways & Technical Services	Transport for Bucks	Scope to be agreed in consultation with the service	Q4
	Transport Services	Home to School Transport	Deferred to 22/23 per request from SLT – new system will need to be embedded. Recommend Q1/2	
	Transport Services	Grant Verification	Bus Subsidy Ring-Fenced (Revenue) Grant	Complete
	Neighbourhood Services	Household Recycling Centres	Deferred to 22/23 – new procurement in progress. Recommend review once new arrangements are in place	
	Neighbourhood Services	Energy for Waste	Report with the service for response on management actions and implementation dates.	Draft Report

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
<b>Communities</b>	<b>Highways &amp; Technical Services</b>	Grant verification	Highways Maintenance Challenge Fund Grant	Complete
<b>Adults &amp; Health</b>	<b>Quality Standards &amp; Performance</b>	iCares System - IT Application Controls Audit	Scope agreed	Fieldwork starting in February
	<b>Integrated Commissioning</b>	Direct Payments	End-to-end process review – Q4	Scope being developed
	<b>Integrated Commissioning</b>	Supplier Viability	Evaluate the process in place to enable timely identification of suppliers under pressure and mechanisms in place to manage resilience.	Fieldwork
	<b>Adult Social Care</b>	Implementation of Medications Policy - In-house services	Scope being developed.	Scope being developed
	<b>Adult Social Care</b>	Interface - Hospital Discharges and Social Care	Deferred from 21/22 per request from SLT - process is weak and social care are currently working to develop and improve process. Plan for Q1/2	
	<b>Quality Standards &amp; Performance</b>	Quality Assurance Framework (QAF)	Cancelled per request from SLT – framework is fully operation and an annual external audit arrangement is in place. No concerns in this area.	
	<b>Integrated Commissioning</b>	Choice and Charging Policy	Report with the service for response on management actions and implementation dates.	Draft Report
	<b>All</b>	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.	Fieldwork
<b>Children's Services</b>	<b>Social Care</b>	Fostering Services	Audit work paused within the Directorate due to Ofsted inspection.	Scope being developed

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
<b>Children's Services</b>	<b>Education</b>	Schools - Thematic Review	School audits in progress. Draft reports issued for two and fieldwork completed for two schools.	On-going
	<b>Social Care</b>	Social Work England Information Requests	Deferred to 22/23 per request from SLT – service currently developing a process. Assurance needed when process is embedded	
	<b>Social Care</b>	Care Leavers	Audit work paused within the Directorate due to Ofsted inspection.	Scope being developed
	<b>Education</b>	SEND – Complaints & SARs	Audit work paused within the Directorate due to Ofsted inspection.	Scope being developed
	<b>Education</b>	Early Years - Entitlement for 2/3/4 yrs. and Claims Payment	Audit work paused within the Directorate due to Ofsted inspection.	Scope being developed
	<b>Social Care</b>	Commissioning of Residential placements	Audit work paused within the Directorate due to Ofsted inspection.	Fieldwork
	<b>Social Care</b>	Children's Homes	Each home to be audited and reported on separately.	Scope being developed
	<b>Education</b>	SEND Transport Eligibility	<b>New audit requested by service – scope being developed</b>	Scope being developed
	<b>Social Care</b>	Supported Families Programme Grant Verification	Completed in June for 65 families under Sustained and Significant Progress	Claim 1 - Complete
			Claim made for 77 families under Sustained and Significant Progress	Claim 2 - Complete
			Claim made for 71 families under Sustained and Significant Progress	Claim 3 - Complete
<b>All Directorates</b>	Follow-Ups			On-going

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
<b>BMKFA</b>			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
<b>Academies</b>			Audit plans approved and key days for audit delivery agreed with the Academies	In-progress

