

BUCKINGHAMSHIRE COUNCIL

BUSINESS ASSURANCE STRATEGY

DRAFT INTERNAL AUDIT PLAN 2020/21

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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 outline Internal Audit plan 2020/21 is attached as Appendix 2. This plan was drafted during the Unitary transition phase and before 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.
- 1.5 The work plan will remain flexible and evolve during the year to meet the needs of unplanned demands, especially in the context of the response to and recovery from the Covid-19 pandemic. It is expected that additional areas of internal audit assurance activity will be required such as the management of personal protective equipment and remote working.

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 will be embedded into the governance reporting process during 2020/21, which will include 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.
- 2.5 The priorities for the remainder of the first quarter are as follows:
- complete the audit activity which has been “carried forward” from the legacy authorities due to Covid-19 priorities;
 - counter fraud investigations; and
 - urgent Covid-19 related audit activity such as supplier payments and business rate 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 focuses 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 continue to support the Professional Leads and Corporate Directors in developing their assurance frameworks, by providing advice and guidance.

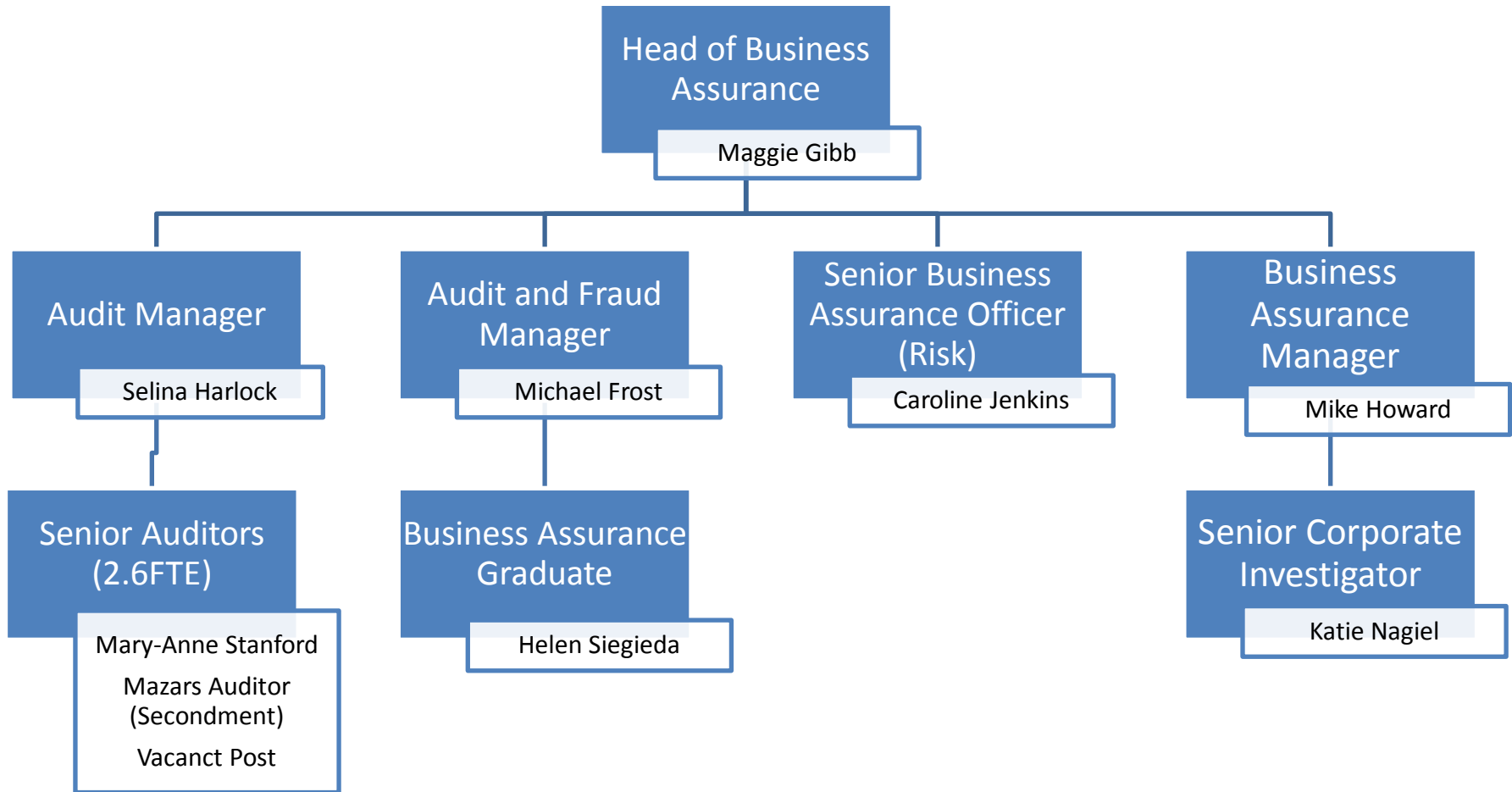
3 Audit Planning Methodology

- 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 Statutory Officers Group are scheduled to ensure the plan is kept under continuous review.
- 3.2 The plan will also be reviewed quarterly in conjunction with the combined assurance reports and strategic risk register, 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.
- 3.4 Counter-fraud is a key responsibility for the Business Assurance Team to lead on, and in 2020/21 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. The audit planning will include a review of the fraud risks with the Heads of Finance and contract risks with the Commissioning and Supplier Management Group.
- 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. Resources

- 4.1 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 Structure:



4.3 The 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 Manager	900
Senior Auditors	520
Senior Corporate Investigator	160
Senior Business Assurance Officer	200
Graduate	200
Specialist/Outsourced	400
Total	2530

*including training and development, team meetings etc.

Overall the total planned days on Business Assurance activity is approximately 2530 days, of which 100 days is delivering an Internal Audit service to Buckinghamshire and Milton Keynes Fire Authority, and 20 days to Academies. This includes risk management, internal audit, assurance and counter fraud work.

4.4 A number of contingency days have been set aside for unplanned events / issues that inevitably arise.

5 Performance Monitoring / Reporting

- 5.1 The proposed Business Assurance performance indicators for 2020/21 are attached as Appendix 1 to this report, and will form part of the Resources Directorate Plan monitoring.
- 5.2 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)	2020/21 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 – 2020/21 Draft Internal Audit Plan (pre-Covid 19)

Directorate	Service	Audit Title	Planned Days 20/21	Planned Days 21/22
Deputy Chief Executive	Corporate	Governance	20	20
		Savings		20
		Business Cases	20	20
		Budget Management	20	20
		Grants	40	40
	Policy, Performance & Communications	Information Governance	20	20
		Consultations	10	
		GDPR	15	15
		Records Management		10
	Localities & Strategic Partnerships	Strategic Partnerships		15
		Community Boards	15	
		Lottery	10	
		Devolution Funding	15	
	Service Improvement	Performance Management		10
		Transformation/projects	50	50
	Legal & Democratic	Legal Services	10	
		Democratic Services		10
		Elections	15	

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Directorate		Audit Title	Planned Days 20/21	Planned Days 21/22
Resources	Finance	Treasury Management	15	15
		Pensions	10	10
		Accounts Payable	20	15
		Accounts Receivable	20	15
		Capital Programme	20	15
		Procurement	20	15
		Contract Management	40	40
		SAP	40	30
		Debt Management	20	15
		CTRS/HB	25	25
		Insurance		10
		Council Tax	25	25
		NNDR	20	20
		Feeder Systems	30	30
	HR	Payroll	25	20
	Contracts	20	10	
	Apprenticeship Levy	10		
	SAP Migration (Payroll)	20		
	IR35	10	10	

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Directorate	Service	Audit Title	Planned Days 20/21	Planned Days 21/22
Resources	Business Operations	Business Continuity	20	10
		Blue Badges	15	10
		End to End Processes/Reviews (e.g. Revs & Bens/CBS/Services to Schools)	30	30
	ICT	IT Security (incl. Cyber Security)	25	20
		IT Access Controls	15	
		IT Project Governance	20	20
		Data Centres		20
		Data Security	20	20
Communities	Neighbourhood Services	Taxi Licensing	15	
		Street Cleansing	15	
		Waste Collection Contract	15	
		Waste Charging		15
		Crematorium	15	
		Grounds Maintenance		15
	Highways & Technical	Parking	15	
		Transport for Bucks	15	15

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Directorate	Service	Audit Title	Planned Days 20/21	Planned Days 21/22
	Transport	Integrated Transport	15	15
	Culture, Sport & Leisure	Leisure Contracts	15	
		Events Management	15	
		Country Parks		15
		Libraries and Archives	15	
Planning, Growth & Sustainability	Strategic Transport & Infrastructure	Infrastructure		30
	Planning & Environment	CIL/Section 106	15	
		Building Control		10
		TBC	15	15
	Property & Assets	Wycombe Old Library	15	
		Health and Safety	10	10
		Project Governance	15	15
	Economic Growth & Regeneration	TBC		30
	LEP	LEP	20	

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Directorate	Service	Audit Title	Planned Days 20/21	Planned Days 21/22
Adults, Health and Housing		Budget Management	15	15
		Income Processes	15	15
		Savings Plans	15	15
	Adult Social Care	Implementation of Medications Policy - Commissioning	10	
		Implementation of Medications Policy - In-house services i.e. Seeleys	10	
		Deprivation of Liberty Safeguard - DoLS	10	
		Interface - Hospital Discharges and Social Care	20	
	PH, Early Help & Prevention	TBC		20
	Housing & Regulatory Service	Enforcement	15	15
		Homelessness/Temporary Accommodation	10	
	Quality Standards & Performance	Quality Assurance Framework (QAF)	15	15
	Integrated Commissioning	Forward Planning	15	15
		Self-Funders	15	
Children's Services		Social Care – TBC		40
		Education - TBC		40
	Social Care	Case Management - Throughput of Case Loads	20	
		HR Processes (incl. recruitment, disciplinary & grievances)	20	
		Social Work England Information Requests	10	
	Education	Safer Recruitment	10	10

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		SEND - Complaints	10	
		SEND - SARs	10	
		Early Years - Entitlement for 2/3/4 yrs and Claims Payments	10	
		Safeguarding Partnership Board		10
		Insurance - Compliance	10	
		Schools - Thematic Review	70	70
BMKFA		Income Generating	100	100
Multi-Academy Trust		Income Generating	10	10
Follow-Ups			40	40
			1520	1315
Contingency			100	100
			1620	1415