



Audit and Governance Committee Agenda Supplement

Date: Wednesday 27 September 2023

Time: 10.00 am

Venue: The Oculus, Buckinghamshire Council, Gatehouse Road, Aylesbury
HP19 8FF

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If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

For further information please contact: Leslie Ashton democracy@buckinghamshire.gov.uk

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Report to Audit and Governance Committee

Date: 27th September 2023

Title: 2021/22 Housing Benefit Grant Claim Certification

Relevant councillor(s): N/A

Author and/or contact officer: David Skinner (S151)

Ward(s) affected: Not applicable

Recommendations: Members are requested to note the report.

Reason for decision: Not applicable

Executive summary

- 1.1 There is an annual external review of the grants that the Council claims through a grant certification process. This report provides a review of the Housing Benefit Subsidy claim for 2021/22.
- 1.2 For this financial year, the Housing Benefit Records remained on three separate legacy systems. In November 2021 Aylesbury and Wycombe were merged. Therefore, testing has been performed equally across all systems and Cumulative Audit Knowledge and Experience (CAKE) was carried out for 10 areas in total.
- 1.3 The outcome of all the testing has resulted in no amendments to the headline cells. However, there were some small amendments required within the subpopulation cells and roll forward of 6 areas of CAKE testing into 2022/23 audit.

Grant Thornton Annual Review

- 1.4 The Council is responsible for compiling grant claims and returns in accordance with the requirements and timescales set by Department for Work and Pensions (DWP).
- 1.5 Grant Thornton, as the Council's external auditor, annually review the grants the Council claims through a grant certification process.

- 1.6 The nature and complexity of the Housing Benefit scheme linked to the volume of claims (163,676 during 2021/22) means the vast majority of local authorities will have some errors identified through their annual subsidy claim audit. Additionally, the Council had 3 different systems operating during this year which would as expected have its own risks and challenges.
- 1.7 The initial testing was performed across the three legacy systems in line with the DWP guidance for merged authorities. In addition to initial testing, Cumulative Audit Knowledge and Experience (CAKE) was carried out on 10 areas of which 4 of these areas have now been closed and 6 rolled forward for CAKE testing in 22/23.
- 1.8 The Council has made significant improvements by consolidating the system and the benefits of this will come to fruition from financial year 2023/24.
- 1.9 As part of continuous improvements the following additional measures are being introduced for 2022/23 and future subsidy claims: -
- Additional training and sample checking for each area where an error was found in the 2021/22 claim continues for 2022/23. A key area where the largest number of errors were identified continues to relate to Temporary Accommodation claims. Training has taken place and detailed procedure notes have been rolled out to staff to minimise the risk of future errors and this will carry on in 2023/24. Errors relating to the treatment of earnings was also identified and formal training will take place on 22 September 2023. This will be followed up by the roll out of guidance notes to all staff. Staff have also received training and procedures in specific areas which may pose future risk, in particular, supported and exempt accommodation claims.
 - A rolling review of work practices and in-year checking procedures to help identify and correct errors to ensure even greater accuracy of future subsidy claims was introduced last year and will continue in 2023/24. Targeted quality checking is in place to monitor the accuracy in areas where errors were identified in the 2021/22 audit. 100% checking has been in place over a 2-month period (April to May 2023) for temporary accommodation claims. This is to ensure that errors are identified and corrected immediately. This will be reviewed periodically, and increased checking re-introduced to ensure continued accuracy. Following the earnings training on 22 September 2023, further targeted quality checking will be introduced for claims which include earned income. In addition, quality checking is also continuing across all claim types in order to identify other potential errors which may impact on future subsidy claims.
- 1.10 The auditors are currently working on the 2022/23 grant, and it is expected to complete this by the end of September 2023.

Other options considered

1.11 Not applicable

Legal and financial implications

1.12 It is important that grant claim requirements are complied with as they affect funding sources and funding assumptions for the Council.

1.13 The overall fee for certification of the Council's claim was £45k.

Corporate implications

1.14 Not applicable

Consultation and communication

1.15 Not applicable

Next steps and review

1.16 Not applicable

Background papers

1.17 Not applicable

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Chief Auditor Annual Audit Opinion

2022/23

Maggie Gibb – Head of Business Assurance (& Chief Internal Auditor)

September 2023

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1. Introduction

- 1.1 The purpose of this report is to outline the internal audit and assurance work undertaken by the Business Assurance Team for the year ending 31 March 2023; and provide an opinion on the adequacy of the control environment detailing incidences of any significant control failings or weaknesses. The overall report will then inform the Annual Governance Statement (AGS) which will be published with the Statement of Accounts in due course.
- 1.2 The work of internal audit is governed by the Public Sector Internal Audit Standards 2017 (PSIAS) and the Council's Internal Audit Charter which is approved annually by the Audit and Governance Committee. The PSIAS sets out proper practice for Internal Audit and requires the Chief Internal Auditor (CIA) to provide an annual report to those charged with governance, which should include an opinion on the overall adequacies and effectiveness of the internal control environment, comprising risk management, control and governance. The report should also include:
- a) any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to the independence or objectivity of the internal audit);
 - b) any control weakness judged to be relevant to the preparation of the AGS;
 - c) a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies; and
 - d) an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme, including a statement on conformance with the PSIAS.

2. Responsibilities

- 2.1 Section 151 of the 1972 Local Government Act and the Accounts and Audit Regulations 2015 sets out the requirement for all local authorities to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The PSIAS define internal auditing as "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."

- 2.2 Internal Audit is not responsible for the control system. This responsibility sits with management who are accountable for developing and maintaining a sound internal control framework. Management should ensure that the organisation operates in accordance with the law and proper standards, that public funds are safeguarded, properly accounted for, and used economically, efficiently, and effectively.
- 2.3 The role of Internal Audit is to provide management with an objective assessment of whether systems and controls are working properly (financial and non-financial). It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

3. Purpose and Scope of Report

- 3.1 The objectives and scope of internal audit are set out in the Internal Audit Charter. In accordance with the PSIAS, the Internal Audit Charter is reviewed by the Audit and Governance Committee on an annual basis. The 2022/23 Internal Audit work was performed in accordance with the Internal Audit Charter which was approved by the Audit and Governance Committee in July 2022. The Charter defines the mission, scope, roles, and responsibilities of the internal audit function.
- 3.2 This report:
- includes an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, risk management and internal control environment;
 - discloses any qualifications to that opinion, together with the reasons for the qualification;
 - presents a summary of the audit and anti-fraud work from which the opinion is derived, including reliance placed on work by other assurance bodies; and
 - highlights any issues the Chief Internal Auditor judges particularly relevant to the preparation of the Annual Governance Statement.
- 3.3 It should be noted that no system of internal control can provide absolute assurance against material misstatement or loss, nor can internal audit give absolute assurance.

4. Basis of Audit Opinion

- 4.1 The Public Sector Internal Audit Standards established in 2013 and revised in 2017 set out the mandatory guidance that constitutes the principles of the fundamental requirements for the professional practice of internal auditing within the public sector.

4.2 The Internal Audit Service operates in accordance with these standards; however, there remains one area of non-conformance with those standards which has been raised in previous years:

- The Chief Internal Auditor has operational management responsibility for the Risk Management, Business Continuity Management and Strategic Insurance functions, so is not wholly independent. The risk of conflict of interest is managed partially through the Risk Management Group who under the direction of the Chair of the Audit and Governance Committee, monitors and reviews the adequacy and effectiveness of the risk management strategy and process; and, where audit activity is undertaken in areas where the Chief Auditor has operational responsibility, reports are sent directly to the Service Director - Finance (S151 Officer) or Monitoring Officer.

4.3 In order to form an opinion on the overall adequacy and effectiveness of the system of internal control, the internal audit activity is planned to provide coverage of financial controls – through the review of key financial systems; and non-financial operational controls – which cover a range of activities within Directorates; including cross-cutting engagements that consider risk management and governance arrangements. The opinion takes into account the following considerations:

- The results of all audits undertaken during 2022/23.
- Any follow-up action taken in respect of audits from previous periods.
- Whether or not management actions have been agreed for all material areas of weakness identified.
- On-going advice and liaison with management, including regular attendance by the Chief Internal Auditor and Deputy Chief Internal Auditor at council meetings relating to matters concerning risk, governance and internal control.
- The effects of any material changes in the Council's objectives or activities or risk profile.
- Whether any limitations have been placed on the scope of audit.
- The scope of the internal control environment - which comprises the Council's policies, procedures, operational systems and processes in place to:
 - ❖ Establish and monitor the achievement of Buckinghamshire Council's objectives;
 - ❖ Facilitate policy and decision making;

- ❖ Ensure economic, effective and efficient use of resources;
- ❖ Ensure compliance with set policies, procedures, and regulations;
- ❖ Safeguard the Council's assets and interests from loss, including those arising from fraud, irregularity and corruption.

- Consideration of third-party assurances.

4.4 The Chief Internal Auditor's opinion does not imply that Internal Audit has reviewed all risks relating to the organisation. The most that the Internal Audit Service can provide to the Accountable Officers and to the Audit and Governance Committee is a reasonable assurance that there are no major weaknesses in risk management, governance, and control processes. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

5. Internal Audit Approach

5.1 The Internal Audit Service provides a combination of assurance and consultative activities to the Council. Assurance work consists of assessing how well the systems and processes are designed and operating, with consulting activities available to help in the development and improvement of those systems and processes where applicable.

5.2 The complete range of work undertaken by internal audit together with the work of other assurance providers forms the Internal Audit opinion.

5.3 To ensure that the internal audit work is focused on key risks and priorities of the Council, the Internal Audit Team adopted a fluid approach to planning which seeks to ensure that the audit activity is flexible and responds to the ever-changing risk and control environment. Each quarter the Internal Audit Plan was reviewed in conjunction with Strategic and Directorate Risk Registers and any significant deviations from the approved Internal Audit Plan was communicated through the periodic activity reporting to the Audit Board with approval sought from the Audit and Governance Committee.

5.4 The 2022/23 Internal Audit Plan was developed with reference to the Strategic and Directorate Risk Registers and prepared using a risk-based methodology that enables the provision of an independent opinion on the adequacy and effectiveness of the systems of internal control (comprising of risk management, corporate governance, financial and operational controls). The

plan was also informed through discussions with the Senior Leadership Teams for each Directorate, Heads of Finance, Section 151 Officer and the Deputy Chief Executive (Monitoring Officer).

5.5 To make certain that audit efforts were focused on those areas that are key, an audit formulaic planning model was used. The model is predicated on the basis that all risks are relative but that they can be compared by combining three key factors: -

1. The size, importance or inherent risk in the area under review.
2. The assessment of the effectiveness of the internal controls.
3. The likelihood of the consequences being detected if the risk does materialise.

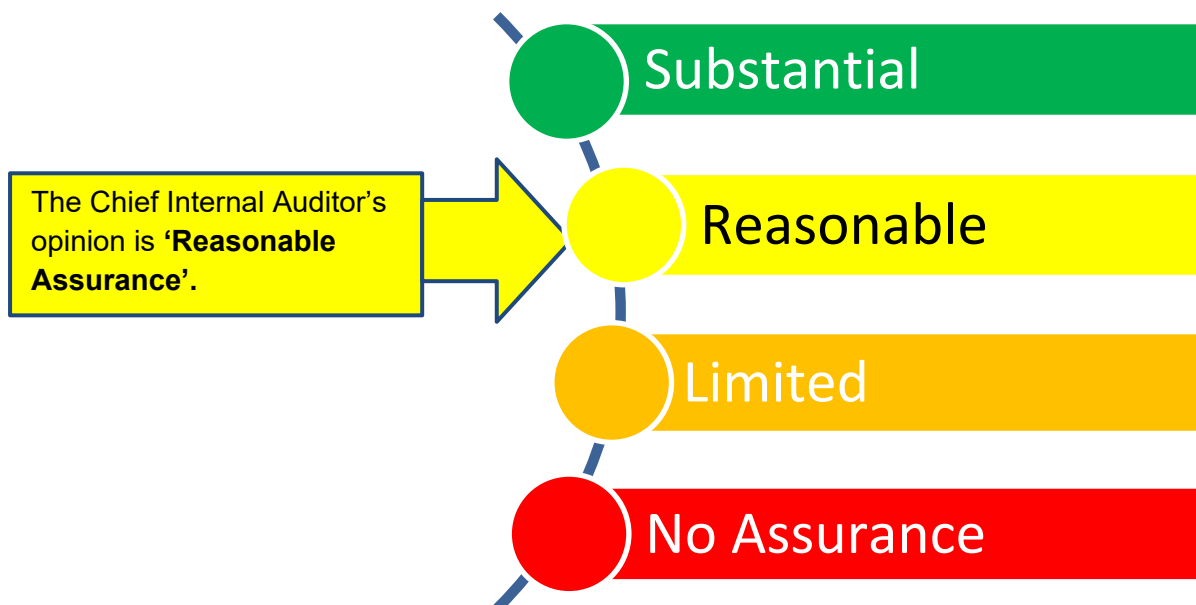
5.6 A formulaic calculation was applied to derive the overall risk score and based on the agreed scoring threshold the audit assignment was RAG rated, with those scored RED deemed to be a priority to deliver during the year.

5.7 The Agile Auditing approach followed by the Internal Audit Service was approved by the Audit and Governance Committee and was endorsed by CIPFA through their independent assessment of the service in 2021/22, which confirmed compliance with the PSIAS.

5.8 All internal audit reports are sent to the relevant Corporate Director, the S151 Officer and Monitoring Officer. In addition, internal audit reports that result in an overall opinion of 'no assurance' or 'limited assurance' are sent to the Corporate Management Team to ensure that the action plans are robust and timelines for rectification are timely. The Audit and Governance Committee receives summary reports of audit work undertaken.

6. Chief Internal Auditor Opinion

6.1 Based on the work performed, my experience, the cumulative knowledge gained through our ongoing liaison with officers, senior management, and the current climate in which the Council is operating, in my opinion the adequacy and effectiveness of the Council's internal control, risk management and governance framework was of **reasonable assurance**. The overall system of internal control facilitated the effective exercise of the Council's functions and provided an **unqualified** opinion regarding the effective, efficient and economic exercise of the Council's functions for 2022/23.



** See Appendix 3 for definitions of the assurance opinions.*

- 6.2 There is a robust governance framework in place which continues to strengthen with the close collaborative working and accountable values that were demonstrated across all directorates. The internal audit work has identified some weaknesses in key systems of control, with some being due to legacy processes. Comprehensive action plans with sensible implementation dates have been agreed to enable corrective actions to be taken in a timely manner.
- 6.3 The Chief Internal Auditor is confident that Senior Officers in the organisation take governance and internal control very seriously, as the Corporate Management Team reviews all 'limited assurance' and 'no assurance' audit reports with progress being made to the implementation of audit actions reported on quarterly. Whilst an assurance framework with clearly defined three lines of assurance has not yet been implemented, we have been able to place reliance on the risk reporting and the escalation frameworks which has been developed for each Directorate which has improved the robustness of the Council's risk management; and is critical for an effective assurance framework.
- 6.4 The Council, through the leadership of the Corporate Management Team coupled with the challenge and scrutiny of the Audit and Governance Committee; have actively promoted a strong culture of accountability, good governance, anti-fraud and established a robust process for monitoring the implementation of actions. Some areas of improvement have been identified from the risk-based audits, the assurance work and fraud investigations conducted in the year, however the Corporate Management Team continued to react quickly to put actions in place to mitigate the risks.

6.5 The unqualified opinion is evidenced by the outcomes of internal audits, including investigations into financial irregularity; the implementation of audit actions and the robustness of the Risk Management Framework.

7. Commentary on my Opinion

7.1 The Chief Internal Auditor is satisfied that there has been adequate and effective coverage provided to enable a robust audit opinion to be given. Key areas which informed the overall **reasonable** conclusion are as follows:

7.2 **Internal Audit Work:** The internal audit work undertaken allowed us to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's system of internal control. Examples of good practices were noted through audit work performed this year; however, there are some areas of weakness and non-compliance in the control framework which may put some of the system objectives at risk and could potentially impact the achievement of the Council's objectives. From the control weaknesses identified none are understood to have had a material impact on the Council's affairs. It should however be noted that only 4% of the Council's maintained schools were subject to an internal audit review this year, therefore the opinion on the control environment within schools is limited to those that were evaluated. However, an annual report that summaries control weaknesses found from the 4% sample of schools are shared with all schools to enable self-evaluation and ensure that similar control weaknesses do not exist within their schools.

7.3 In the year ending 31 March 2023, a total of 74 engagements were undertaken by the Business Assurance Team. This comprises of 27 audit reviews which resulted in an Internal Audit opinion on the effectiveness of the control environment and two follow-up audit reviews of which an assurance opinion was not applicable. Nine assurance type reviews such as advisory/consultancy work were undertaken where an opinion was not provided but control weaknesses/management actions may have been raised; and 36 grant verifications (including post assurance) were completed where internal audit certification was a requirement of the grant conditions – see **Appendix A** for a summary of internal audit work performed. The team continues to receive ad-hoc advisory requests from across the authority which further demonstrates how the team can add value to the organisation through non-standard audit activity. The team also provided the Internal Audit service to Buckinghamshire and Milton Keynes Fire Authority and to a local Academy Trust.

- 7.4 Whilst we had an agreed Internal Audit plan which was approved by the Audit and Governance Committee, we continued to adopt a fluid approach in the delivery of the plan such that the Internal Audit activity was continuously reviewed and amended as required; remained flexible to react to emerging issues/risks; and was responsive to senior management assurance and/or consultancy requests. In accordance with the approved Audit Charter, all amendments to the plan were agreed by the Audit Board and approved by A&G committee.
- 7.5 Timely implementation of agreed audit actions is fundamental to ensuring that the Council derives maximum benefit from internal audit. Progress reports on implementation of audit actions are reviewed periodically by directorate leadership teams and the Corporate Management Team. Senior Management are particularly focussed on ensuring that all actions are completed within agreed deadlines with officers held to account for failure to meet the agreed target dates. Of a total of 530 audit actions there are currently 26 (5%) actions that are past their due date and 86 (16%) are in-progress. Of the 26 outstanding audit actions, 25 relate to schools and have fallen due at the start of the new academic year so will be followed up at the end of September. See **Appendix B** for a summary status on the audit actions.
- 7.6 The overall '**reasonable**' opinion reflects the widening scope of the internal audit activities, the enhanced engagement from senior management in requesting assurance services and the improved focus on actively monitoring the implementation of audit actions within their directorates.

Key Financial Systems: A review of the Council's financial systems was undertaken to ensure that financial controls are robust and adequately support an effective control environment. Following a risk-based approach and in consultation with the Section 151 Officer, Internal Audit focussed on reviewing implementation of the audit actions that were raised in the previous financial year as well as auditing a newly implemented Finance Assurance Pack which covers the key financial controls. Some of the key financial systems were not reviewed this year as the processes remained unchanged and were deemed low risk. Therefore, our opinion based on the financial systems reviewed is '**reasonable**'.

7.7 Table 1 below is a summary of the key financial systems that were evaluated, and the assurance opinions reached.

Table 1: Summary of Key Financial System Audits

Audit Title	2020/21	2021/22	2022/23	
	Assurance Opinion	Assurance Opinion	Assurance Opinion	Direction of Travel
Payroll	Reasonable	Reasonable	Follow-up audit completed, audit actions implemented	
Accounts Payable	Reasonable	N/A – prior audit actions have been implemented	Finance Assurance Pack Audit -Reasonable Assurance	
Pensions	N/A – deferred to 21/22 due to the pandemic	Substantial	Next audit due 2023/24	
General Ledger	Reasonable	N/A – prior audit actions have been implemented	Finance Assurance Pack Audit -Reasonable Assurance	
Accounts Receivable	Reasonable	N/A – prior audit actions have been implemented	Finance Assurance Pack Audit -Reasonable Assurance	
Capital Programme	N/A – deferred to 21/22 due to the pandemic	N/A – deferred to 22/23	Reasonable	
Purchase Cards	Reasonable	N/A – prior audit actions have been implemented	Next audit due 2023/24	
Feeder Systems	N/A – deferred to 21/22 due to the pandemic	N/A – assurance work undertaken as part of the ERP interface review	Finance Assurance Pack Audit -Reasonable Assurance	
Treasury Management	Reasonable	Reasonable	Next audit due 2023/24	
Debt Management	Reasonable	Reasonable	Next audit due 2023/24	
Council Tax and NNDR	Reasonable	N/A – assurance work undertaken as part of the system implementation	Reasonable	

7.8 **Non-Financial System Audits:** These were operational audits undertaken during the year which were identified during the annual audit planning process by referencing the Strategic and Directorate Risk Registers and through discussion with the Senior Leadership Teams.

7.9 From the service specific audits that were carried out; an overall ‘**reasonable**’ assurance has been given. Some areas of improvement were identified across the range of audit reviews undertaken; however none were found to be material. The identified actions continue to be monitored to ensure full implementation.

7.10 Summary of all audit assurance opinions (see Appendix A):

	Number of Opinions	%
Substantial	2	7%
Reasonable	19	70%
Limited	5	19%
Nil	1	4%
Total	27	100%

7.11 **Risk Management:** Reporting and monitoring of risk management is fully embedded into the business management process across the Council. A Risk Management Strategy is in place (approved by the Audit and Governance Committee) which informs the Risk Management Framework consisting of a tailored Risk Reporting and Escalation Frameworks for each directorate to suit their business needs. This escalation mechanism ensured that key risks were visible to senior management to enable more effective decision making during 2022/23. The corporate risk management system (Pentana) is fully established across the council and was used to manage service, strategic, major projects and key programme risks. A risk management training programme is in place to ensure that officers are aware of their roles and responsibilities in relation to risk management and understand the Council’s Risk Management Strategy.

- 7.12 Risk management informed the planning for all internal audit work that was undertaken. A risk-based methodology was applied for the development of the annual audit plan and each audit assignment focused on the key risks in relation to system objectives, with audit work structured to direct audit resource in proportion to risk exposures.
- 7.13 The adequacy and effectiveness of the Council's risk management system was overseen by the Audit and Governance Committee through the Risk Management Group; and the Corporate Management Team challenged and reviewed the strategic risks regularly. Based on the operation of the risk management framework observed this year, a '**reasonable**' level of assurance has been given to this area.
- 7.14 **Corporate Governance:** Internal Audit did not undertake a specific review of Corporate Governance in 2022/23. However, a number of audits considered the management oversight and decision-making processes as part of each audit assignment. Additionally, a number of assurance reviews were undertaken across the year highlighting both areas of good practice and areas for improvement.
- 7.15 Internal Audit is satisfied that the Principal Governance Officer has made significant progress on improving the Annual Governance Statement (AGS) process, and a number of stakeholders were consulted in drafting the 2023/23 AGS. The Council's governance framework is clearly documented and outlines how the authority monitors the achievement of its strategic objectives and how those objectives lead to the delivery of appropriate services and value for money. Therefore, a '**reasonable**' level of assurance has been given to this area.
- 7.16 **Contract Management:** The Council has a Supplier Management Policy in place which forms part of the Council's Commissioning Model and provides best practice guidance on the processes that are to be followed to enable effective management of contracts entered with suppliers or partners for the provision of goods, works or services. The policy is based on the National Audit Office (NAO) guidance and provides details of the steps that contract managers are expected to follow to ensure consistent delivery of supplier management. Contracts with suppliers where there is an ongoing relationship and who have an annual aggregated value of £50k or more must be entered on the Contract Management Application (CMA). Contracts held on CMA are segmented based on a combination of risk criticality (low, medium and high) and financial value <£250k, £250k to £2.5m and >£2.5m, from which each contract is assigned a rating: Bronze, Silver, Gold, Platinum and Platinum Plus. The Supplier Management Policy specifies the mandatory documents and data fields that should be populated on CMA for each contract.

- 7.17 Local Authorities are increasingly relying on third parties to deliver core services. Although the delivery mechanism for these services may be outsourced, responsibility for the service remains attached to the authority. The current economic climate and the continuation of reduced Council budgets have significant implications across the entire supply chain. As the configuration of supply chains changes, Local Authorities must adapt their capabilities, cultures, and processes to reflect this. As such the Council must prepare for business-critical supplier failure by identifying operational and strategic interdependencies and areas of reliance between parties. The Council must also understand the likelihood of supplier failure through market analysis, credit rating data and intelligence through less formal networks such as supplier forums. This work should be supported by a monitoring process that provides early warning of supplier stress and establishes agreed procedures for operating in the event of supplier withdrawal or failure. These considerations form part of the 'good' contract management which the council continue to thrive form through regular monitoring and regular contract management training that is delivered throughout the year.
- 7.18 Procurement breaches and waivers were reported to CMT and the Audit and Governance Committee during 2022/23.
- 7.19 Based on the continuous monitoring of compliance by the Corporate Procurement Team and the work conducted by Internal Audit; an overall '**reasonable**' assurance has been given for the Council's contract management.
- 7.20 **Counter Fraud:** The Business Assurance Team procedures alone cannot guarantee the detection of fraud and corruption, nor can we give an overall assurance opinion on counter fraud, therefore management have responsibility for ensuring that there are adequate controls in place to manage the risk of fraud and corruption. The size and complexity of the authority means that some irregularities are inevitable, and when these arise Business Assurance must deploy resources to investigate these.
- 7.21 For the year 2022/23, several referrals were made to the Business Assurance Team, and outcomes of investigations were reported to the Statutory Officers Group on a six-weekly basis. The service continues to see an increased number of referrals from schools and the intelligence gathered from these investigations is being fed to the Internal Audit team to help inform future school audits.

7.22 Due to the inherent risk of fraud and the obvious costs in countering fraud with heightened pressure on resources, the Business Assurance Team has adopted a long-term proactive strategy to raise fraud awareness and enhance prevention measures. Part of this plan is to tackle current issues and cases while simultaneously learning lessons, gathering intelligence through detailed post incident reflective risk assessments. A detailed Fraud Risk Register is maintained by the Fraud Team and is reported to the Risk Management Group on a regular basis. A fraud awareness training programme is in place and targeted sessions have been delivered to Senior Management and across key risk areas such as contract management, Human Resources, finance, and commissioning.

7.23 The organisation has been working to strengthen its responses to counter fraud, however whilst not all matters reported were frauds, the improved practice of reporting suspected activity provides ‘reasonable’ assurance that the organisation is fraud aware.

7.24 **Other Assurance Work:** The Business Assurance Team worked alongside Mazars (through the APEX Audit Framework) to deliver a number of assurance reviews for key projects across the organisation including:

Social Care Ofsted Improvement Plan
Southern Waste Reorganisation
Streetworks
New Highways Contract
Better Buckinghamshire Framework
Corporate Performance Framework
Helping Hands Programme
Temporary Accommodation
Customer Relationship Management Programme

7.25 The output from these reviews provided a valuable source of assurance over some critical activities as well as highlighting areas for improvement and lessons to be learned.

8. Professional Standards

8.1 In order to comply with Public Sector Internal Audit Standards (PSIAS) the Head of Business Assurance is required to develop and maintain an ongoing quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure that working practices continue to conform to professional standards. The results of the QAIP are reported to the committee one a year. The QAIP consists of various elements, including:

- Maintenance of a detailed audit procedures manual and standard operating practices
- Ongoing performance monitoring of internal audit activity
- Regular customer feedback
- Training plan and associated training and development activities
- Period self-assessment of internal audit working practices (to evaluate conformance to the standards)

8.2 The PSIAS require an external assessment of the service at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Buckinghamshire Council Internal Audit Service was subject to its first external quality assessment of conformance to the PSIAS in quarter three/four of 2021/22. The assessment was conducted by CIPFA, and the review concluded that:

*'It is our opinion that Buckinghamshire Internal Audit Service's self-assessment is accurate and as such we conclude that they **FULLY CONFORM** to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.'*

8.4 The Head of Business Assurance reviews the QAIP with the Internal Audit Team on a quarterly basis and will be further updated to reflect the outcome of the self-assessment against the standards which is currently in progress and will be reported to the Audit and Governance Committee in November 2023.

Appendix A - Summary of Internal Audit and Assurance Activity

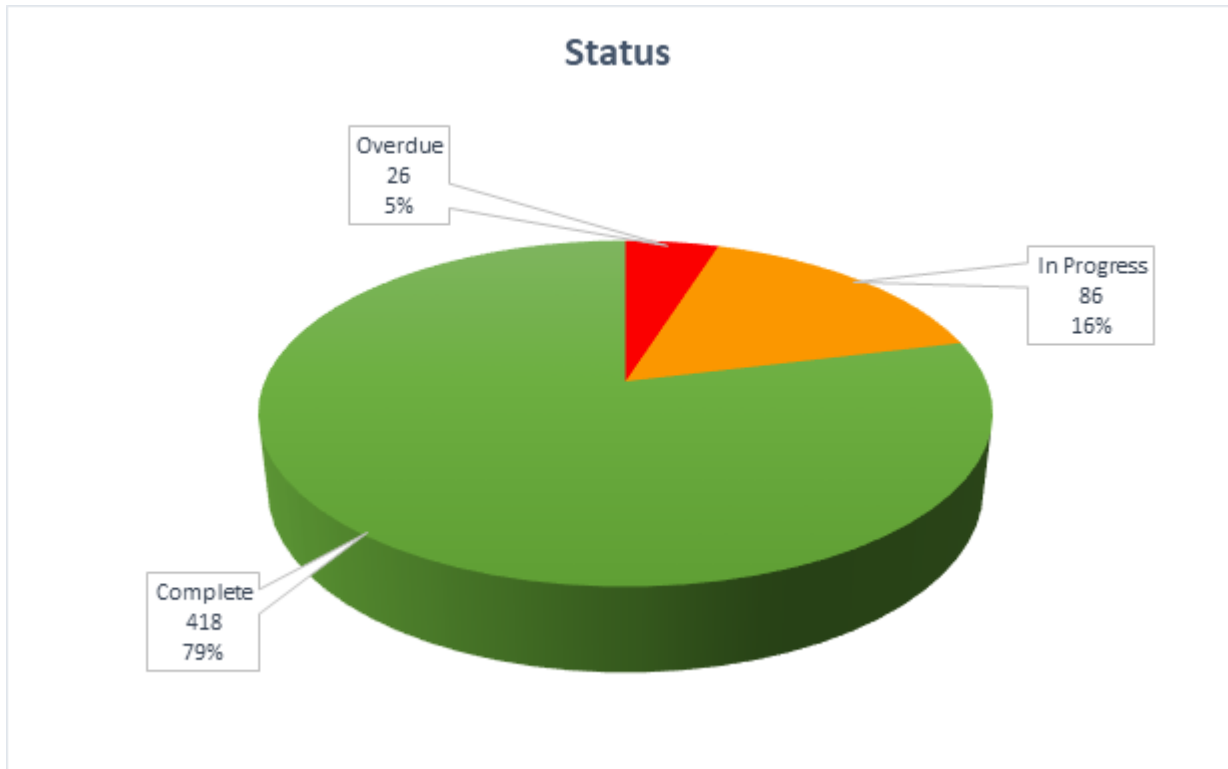
ASSURANCE ACTIVITY			
Directorate	Area		
Children's Services	Social Care Ofsted Improvement Plan		
Communities	Southern Waste Reorganisation		
Communities	Streetworks		
Communities	Highways Contract		
Deputy Chief Executive	Better Buckinghamshire Framework		
Deputy Chief Executive	Corporate Performance Framework		
Deputy Chief Executive	Helping Hands Programme		
PG&S	Temporary Accommodation		
Resources	Customer Relationship Management		
INTERNAL AUDIT ACTIVITY			
Directorate	Service	Audit Title	Status/Opinion
Adults and Health	Adult Social care	Direct Payments	Final Report - Reasonable
Children's Services	Social Care	Commissioning Residential Placements	Final Report - Reasonable
	Social Care	Section 17 Payments	Final Report - Reasonable
	Social Care	Direct Payments	Final Report - Limited
	Education	The Downley School	Final Report - Limited
	Education	William Harding School	Final Report - Reasonable
	Education	St Mary's Farnham Royal CoE Primary School	Final Report - Reasonable
	Education	Bierton CE Combined School	Final Report - Reasonable
	Education	St James and St John CoE School	Final Report - Limited
	Education	Maids Moreton CoE School	Final Report - Reasonable
	Education	Winslow CoE School	Final Report - Reasonable

INTERNAL AUDIT ACTIVITY

Directorate	Service	Audit Title	Status/Opinion
Communities	Neighbourhood Services	Parking On/Off Street	Final Report - Reasonable
Deputy Chief Executive	Legal/ Dem Services	GDPR – Council wide audit	Final Report - Substantial
	Policy and Communications	Community Boards	Draft Report - Reasonable
Planning, Growth & Sustainability	Planning	CIL/S106	Final Report - Limited
	Strategic Infrastructure	Project Governance	Final Report - Limited
	Housing	Homelessness and Temporary Accommodation	Final Report - Reasonable
Resources	Finance	iCares (LAS & ContrOCC)System Audit Report	Final Report - Reasonable
	Finance	Procurement Compliance	Final Report - Reasonable
	Finance	Housing Benefits and Council Tax Reduction	Final Report - Reasonable
	Finance	Council Tax and Business Rates	Final Report - Reasonable
	Finance	Blue Badge Administration	Final Report - Reasonable
	IT	Patch and Change Management	Final Report - Substantial
	Finance	Housing Benefit and Council Tax Reduction Scheme	Final Report - Reasonable
	Finance	Capital Programme Governance	Final Report - Reasonable
	Finance	Finance Assurance Pack	Final Report - Reasonable
Finance	Adult Social Care, Debt Recovery	Draft Report - Limited	

A summary of the findings from the internal audit activity can be found in the confidential part of the report.

Appendix B – Summary Status of Audit Actions



Details on the overdue actions can be found in the confidential part of the report. It should be noted that 25 of the 26 audit actions which are highlighted as overdue relate to schools and will be followed up in September to allow schools to settle into the new academic year.

Appendix C – Definition of Opinions

Definition	Rating Reason
<p><u>Substantial</u> A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>	<p>The controls tested are being consistently applied and risks are being effectively managed.</p> <p>Actions are of an advisory nature in context of the systems, operating controls and management of risks. Some medium priority matters may also be present.</p>
<p><u>Reasonable</u> There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Majority of actions are of medium priority, but some high priority actions may be present.</p>
<p><u>Limited</u> Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.</p>	<p>There is an inadequate level of internal control in place and/or controls are not being operated effectively and consistently.</p> <p>Actions may include high and medium priority matters to be addressed.</p>
<p><u>No Assurance</u> Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.</p>	<p>The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Actions will include high priority matters to be actioned. Some medium priority matters may also be present.</p>
<p>Other Assurance – No Opinion</p>	