



Audit and Governance Committee agenda

Date: Tuesday 30 November 2021

Time: 10.00 am

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

Membership:

R Newcombe (Chairman), D Anthony, R Carington, A Christensen, L Clarke OBE (Vice-Chairman), T Dixon, M Dormer, C Etholen, D Goss, M Hussain, S Rouse and N Thomas.

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To resolve:

that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as defined in the paragraph indicated in Part 1 of Schedule 12A of the Act.

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For further information please contact: Charlie Griffin - democracy@buckinghamshire.gov.uk.



Audit and Governance Committee minutes

Minutes of the meeting of the Audit and Governance Committee held on Wednesday 29 September 2021 in The Oculus, Buckinghamshire Council, Gatehouse Road, Aylesbury HP19 8FF, commencing at 10.00 am and concluding at 11.44 am.

Members present

D Anthony, R Carington, A Christensen, T Dixon, M Dormer, D Goss, M Hussain and S Rouse (in the chair).

Apologies

R Newcombe, L Clarke OBE, C Etholen and N Thomas.

Agenda Item

1 Election of chairman

It was proposed by Councillor R Carington, seconded by Councillor D Anthony, and

Resolved:

that Councillor S Rouse be elected Chairman of the Audit and Governance Committee for the duration of the meeting.

2 Declarations of interest

None.

3 Minutes

Resolved:

the minutes of the meeting held on 28 July 2021 were agreed as correct record.

4 Action log

An update was given by the Section 151 Officer on the outstanding action on the log. Members were advised that Public Sector Audit Appointments (PSAA) had made contact about the matter, and had set out next steps for the council. The PSAA were speaking to the audit company in question; there was no specific timeline on a PSAA

response. It was noted that other local authorities were experiencing the same issue.

5 Full Council Motion – Climate Change Risk Management

A motion relating to climate change and risk was tabled by Councillor E Gemmell at the Full Council meeting 15 September 2021, which was then referred to the Audit and Governance Committee for response. Due to the short time frame between the Full Council and Audit and Governance Committee meetings in September, it was suggested a report be brought back to the committee at their meeting 30 November.

Resolved:

to commission a report from the Head of Business Assurance (& Chief Auditor).

6 Pension Fund Statement of Accounts 2020/2021 and Audit Findings

Members received a report on the Pension Fund Statement of Accounts and audit progress and findings at appendices 1 and 2 respectively. Member were advised that Note 20 at appendix 1 (page 58) was incomplete due to an evaluation from an external company not being received. However, this information would be added in once made available, and would not impact the overall statements.

It was noted that the pension fund audit had gone smoothly. In relation to the main accounts, the aim was to have these presented at the 30 November Audit and Governance Committee meeting. However, members noted that there were staffing issues for the council, and that the accounts would be presented at the January 2022 meeting if the November deadline was not possible. It was also noted that, if this year's accounts were delayed, this would have no impact on next year's accounts.

Resolved:

1. to note the audit progress and findings report from Grant Thornton (Appendix 2).
2. to authorise the Service Director – Corporate Finance & Section 151 Officer, following consultation with the chairman, to make any final amendments to the accounts arising from outstanding audit work prior to the approval of the accounts by the auditor.

7 21/22 Business Assurance Strategy Update

Members received a report on the 2021/22 Business Assurance Strategy, including progress against the Internal Audit Plan. The following key points were highlighted:

- A written response would be provided to Councillor A Christensen to give context to the figure 13 described for phishing scams or attempts.

- The work on Client Transport was praised as good practice, and it was noted that this good practice could be rolled out as part of a wider assurance framework piece of work.

Resolved:

that the report be noted.

8 Risk Management Group Update

The report provided members with an update on the Risk Management Group (RMG) meetings held on 6 and 20 September 2021, and the key risk themes presented at those meetings. At the 6 September meeting, members considered the Children’s and Deputy Chief Executive directorate’s risk registers. The strategic and fraud risk registers were considered at the 20 September meeting.

Resolved:

that the report be noted.

9 Work Programme

Resolved:

that the work programme be noted.

10 Exclusion of the public

A query was raised as to whether agenda item 11 should be taken in confidential session. The Chairman explained the confidential nature of some of the audit information contained within the Internal Audit Report. Members, by show of hands, voted unanimously to exclude members of the public for the following items of business.

Resolved:

that under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item(s) of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act.

Paragraph 3 Information relating to the financial or business affairs of any particular persons (including the authority holding that information).

11 21/22 Business Assurance Strategy Update: Completed Audits and Audit Actions Summary Report

Members received an overview of the internal audits that had been completed and

progress against the audit management actions by each directorate.

Resolved:

that the report be noted.

12 External Review by Financial Reporting Council of 2020/2021 Buckinghamshire Council Audit

Members considered a report on the outcomes of the Audit Quality Review (AQR) undertaken by the Financial Reporting Council of Grant Thornton's audit of both the Buckinghamshire Pension Fund and Buckinghamshire County Council's financial statements for 2020/ 21.

Resolved:

that the report be noted.



Audit and Governance Committee

Date:	30 th November 2021
Title:	Annual Business Continuity Management update
Cabinet Member(s):	N/A
Contact officer:	Lloyd Jeffries – Service Director Business Operations Lloyd.Jeffries@Buckinghamshire.gov.uk
Ward(s) affected:	N/A
Recommendations:	To note the current status of Business Continuity Management (BCM) and Business Continuity Plans (BCP) across the Council. To note the lead responsibility for Business Continuity Management will, subject to the CCU consultation outcome, be transferring to Business Assurance in December 2021.

1. Executive summary

- 1.1 Business Continuity Management is the capability of an organisation to continue the delivery of its priority activities within acceptable time frames and to predefined levels during a disruption affecting the Council. For Buckinghamshire Council, as a 'Category One Responder' under the Civil Contingencies Act, there is a statutory duty to have both Business Continuity Plans and Emergency Plans in place, with staff trained and exercised to respond.
- 1.2 Within the Council's BCM process Directorates undertake a Business Impact Analysis to understand and mitigate the impact to the organisation of losing specified activities over given timeframes in order to identify which activities

should be considered Priority Activities and while doing so confirming key continuity / recovery timeframes.

- 1.3 To ensure robust BCM, the Council needs to ensure that all Teams and Services have effective Business Continuity Plans (BCPs) in place.
- 1.4 The Covid 19 pandemic has been a thorough test of the Council's BCM and Emergency Response processes and it has demonstrated the organisational ability to respond and the resilience to do so over an extended period of time.
- 1.5 There were some excellent examples of response work carried out by officers across the council over the last year, showing teams and individuals were able to be flexible and adaptable to take on different and urgent roles to help people, and critically are willing to do so again.
- 1.6 The Council has summarised its response to COVID-19 2020 – 2021:

<https://buckinghamshire.moderngov.co.uk/documents/s19756/Appendix%201%20for%20Covid-19%20Update%20Report.pdf>

<https://buckinghamshire.moderngov.co.uk/documents/s19757/Appendix%202%20for%20Covid-19%20Update%20Report.pdf>
- 1.7 The next year for the Council continues to be critical, delivering on post COVID-19 recovery, ever challenging budgets, and unitary transformation. This paper sets out the Council's preparedness should it be faced with a large-scale emergency response and/ or a number of smaller and/ or local incidents.

2. Content of report

Status of Business Continuity Management (BCM)

- 2.1 The Council's BCM process is delivered through robust Business Continuity Plans and these are built through a process that reflects Service and Team capability to respond to specific environmental events e.g. a pandemic, loss of power and to particular Service risks e.g. failure of a Social Care provider. It is the responsibility of each Service to determine the number of plans that it requires.
- 2.2 The plans are maintained by the Service but are also scrutinised by the Civil Contingencies Unit to ensure that they address the risks.

- 2.3 Currently the plans are paper based however there is a process underway to migrate these onto ClearView which is a specialist BCM platform which will provide enhanced reporting; dependency mapping and quality assurance.
- 2.4 BCPs have been transferred from the legacy Councils and combined as relevant. Where new Teams were formed then BCPs have been written. The process of Service Reviews will also impact BCPs and these will need to be reviewed once Service functions and structures are agreed. Practically this will mean that Services may need to work flexibly, and in particular across Teams, in the event that a BCM event occurs. The Covid 19 pandemic has proven that the Council has the capability and resilience to do this.

Current status of Service Area Business Continuity Plans (BCPs) as of November 2021.

- 2.5 The table below provides a status summary of Business Continuity Management (BCM) delivery in the Council. It provides an overview of the corporate planning in place that supports BCM. Across the 6 Directorates there are 92 Business Continuity Plans (BCP).

Green - complete	84% (76 BCP's)
Amber – Work in progress	16% (16 BCP's)
Red – No BCP in place	0% (0 BCP's)

- 2.6 Amber BCPs are as follows:
- Adults Social Care - 8 plans require review following the ASC restructure
 - DCE – 1
 - Communities – 3
 - PG&S – 4
- 2.7 Each Service has mitigations in place whilst the full BCPs are developed by using legacy BCPs. A more detailed commentary by Directorate is set out below.
- 2.8 **DCE - of the 6 BCPs** required, **1 is Amber** in the Policy and Communications Team. This is a work in progress and reflects the Service review as they expand the Communications BCP into an all-Service BCP.

- 2.9 **Resources** - of the **7 BCPs** all are Green. Resources has also been involved in the pilot to test and upload BCPs in Clearview®. All but Finance have successfully completed their upload, this is expected to be achieved by the end of the calendar year.
- 2.10 **Communities Directorate – of the 13 BCPs**, Communities have 3 identified BCPs in progress. An update provided by the Communities BCM lead is that all the below service areas are working on their BCP's. The current position for those BCPs that are Amber is as follows:
- Leisure - *BCP in development*
 - Green Spaces / Grounds Maintenance - *BCP in development*
 - South Bucks Golf Course & Farnham Park Playing Fields - *BCP in development*
- 2.11 **Planning, Growth and Sustainability – of the 16 BCPs**, the following 4 BCP's are still in progress and reflect Service Reviews underway and/or interim Service or management structures in place. An update provided by the PGS BCM lead is that all the below service areas are working on their BCP's. The current position being:-
- Regeneration and Property Projects. *BCP in development.*
 - Facilities Management (Walton Street) and Facilities Management (Wycombe). *The service area is being merged and BCP is in development.*
 - Strategic Asset Management. *BCP is in development*
- 2.12 **Adults and Health – of the 18 BCPs**, 8 are a work in progress and reflect the new teams following the ASC restructure. ASC is next in line for migration to Clearview and these new BCPs will be input directly into Clearview. An update provided by the Adults and Health BCM lead is that all the below service areas are working on their BCP's and hope to achieve a 1st draft of any new BCP's by the **10th December**. The current position being:
- Discharge. *The current BCP is not an accurate reflection of the service due to a re-structure and is being reviewed.*
 - Long Term and Reviews (N & E Teams) and Long Term and Reviews (S & C Teams). *These services have been merged into one new team as part of a re-structure.*
 - Day Centre Management. *The Day Centres have incident management plans, but an overarching BCP is being developed*
 - Home Independence previously called Re-ablement. *This is a new team following the Service Review.*
 - Occupational Therapy. *A review is underway as to whether a BCP is required for this service.*

- Adult Safeguarding and Early Resolution. *This is a new team following the Service Review.*
 - Business and Governance Service. *A review is underway as to whether a BCP is required for this service*
- 2.13 **Children’s Services** Directorate – all **32 identified BCPs** are in place. Several Teams were included on Clearview® in the initial pilot. There will be a pause in Clearview roll-out while OFSTED visit the Council.
- 2.14 **Clearview** - Work is now fully underway to transfer BCPs into the corporate BCM system, Clearview. Our priority is to transfer all completed BCPs into Clearview so users can fully utilise all the benefits of the system including improved reporting and dashboard features.
- 2.15 The roll out of Clearview is being project managed by the Business Management Function, Resources, with support of the CCU. The team will support the named BCP Co-ordinators to input the plans into Clearview before handing the accountability for the management of these plans back to the Service Areas as owners.
- 2.16 The next phase will be to develop the system to ensure we fully benefit from all the features that the system has to offer.

The relationship between Business Continuity and Risk Management

- 2.17 As part of the CCU Service Review it is proposed that the corporate responsibility for BCM is moved to Business Assurance with the Corporate Finance Service.
- 2.18 Business Assurance is an ideal service area for BCM to find a new and improved home due to its general audit, oversight, risk, and crisis focus. There are many mutually beneficial areas of interest, cross cutting themes and general specialisation within that service area that lend themselves to a good fit. This will be helpful towards building the desired culture and embedding into business as usual and enable it to grow.
- 2.19 The move will increase the visibility and reach of business continuity across the organisation, enable it to be untangled from externally focussed emergency resilience, thereby making it simpler and for it to gain greater corporate ownership. Improvements can be built on the already strong relationships between business assurance and Directorates. While business continuity management and risk

management are separate processes, they are interrelated: one task with the organisation cannot be carried out without the other.

- 2.20 With the introduction of the ClearView system, it is anticipated that a great deal of the ongoing BCM function will be automated, allowing service areas to create and maintain their Business Continuity Plans within this software.
- 2.21 The Council already uses a service area champions style approach to Business Continuity Planning and with the move to Business Assurance this model is expected to continue in combination with the Risk champion role. Currently this consists of officers nominated as BCM leads within each service area.
- 2.22 The CCU as part of its place-based emergency response responsibilities has recently undertaken a flooding emergency response exercise. Once the BCM function has been transferred to Business Assurance then an exercise will need to take place for internal Business Continuity service failure matters.
- 2.23 Over the last year in addition to the Pandemic the Council has managed a number of Council Incidents covering a range of matters. In each case the Council has used its Incident Management process by invoking an Incident Management Meeting chaired by the relevant Corporate and Service Director with the relevant Services. This process has ensured that there is tight governance to be able to respond to the incidents as they developed through to conclusion.
- 2.24 As part of the move to Business Assurance there will be a routine lessons learned process to ensure that organisational learning is captured.

3. Other options considered

- 3.1 N/A

4. Legal and financial implications

- 4.1 N/A

5. Corporate implications

- 5.1 N/A

6. Local councillors & community boards consultation & views

6.1 N/A

7. Communication, engagement & further consultation

7.1 N/A

8. Next steps and review

8.1 The next annual report is due in November 2022.

9. Background papers

9.1 None

10. Your questions and views (for key decisions)

10.1 None

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Report to Audit and Governance Committee

Date:	30 th November 2021
Title:	Treasury Management Mid-Year Update Report
Cabinet Member(s):	Cllr John Chilver, Cabinet Member for Finance, Resources, Property and Assets and Cllr Tim Butcher Deputy Cabinet Member for Finance, Resources, Property and Assets
Contact officer:	Julie Edwards
Ward(s) affected:	None specific
Recommendations:	The Committee is asked to note the Treasury Management Mid-Year Update Report for 2021/22.

1. Executive summary

- 1.1 The Council is required to report to members on the current year's treasury management activity. It has been agreed that a mid-year report on the treasury management activity for the first six months of the financial year would be reported to the Audit and Governance Committee.
- 1.2 The table below is a summary of the Council's borrowing.

Principal 31 March 2021		Principal 30 September 2021	Average Interest Rate
286.459	PWLB	283.059	2.77%
30.000	LOBO	30.000	4.04%
316.459	Total	313.059	2.89%

- 1.3 The treasury cash (investments) position is summarised overleaf.

31 March 2021 £m	%	Treasury Investments	30 September 2021 £m	%
68.85	48%	Local Authorities (invested less than 364 days)	93.50	44%
29.17	20%	Money Market Funds	71.24	33%
15.35	11%	UK Government	20.00	9%
10.00	7%	Local Authorities (invested longer than 364 days)	10.00	5%
20.00	14%	Property Fund	20.00	9%
143.37	100%	Total Treasury Investments	214.74	100%

- 1.4 In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. Liquid cash was diversified over several counterparties and Money Market Funds to manage both credit and liquidity risks. It is now impossible to earn the level of interest rates commonly seen in previous decades as all short term money market investment rates have only risen weakly since the Bank Rate was cut to 0.10% in March 2020. Given this environment and the fact that Bank Rate may only rise marginally by mid-2022, investment returns are expected to remain low. The Council continues to pursue a strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk. The Council will continue the strategy of internal borrowing while it makes sense to continue with the strategy. There continues to be a shortage of counterparties available in the inter-local authority market, although the Council has been able to place several deals of six months duration earning a marginal premium for locking out the maturity date. Over the next few months the Council will continue to seek these opportunities achieving a marginal premium as the market prices in the anticipated interest rate increase.
- 1.5 In overall budget terms, the Council is forecast to be £1.000m net better off during the year, despite an underachievement of £0.426m on treasury investment returns due in part to low rates of interest available and a need to invest surplus cash short term to help manage cashflow risk during the pandemic. Another factor, however, was the continuation of the Council's strategy to use surplus cash instead of borrowing, keeping external financing costs low.
- 1.6 Following a competitive tendering process, Link Treasury Services Limited (Link) were appointed as the Council's treasury advisor with effect from 1 August 2021. Link provided a training session for members of the Audit & Governance Committee in September and they are currently reviewing the Council's treasury management strategy, including investment counterparties and borrowing requirements.

2. Content of report

- 2.1 In line with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management and the Council's Financial Regulations, this Council is required to provide the Audit and Governance Committee with a mid-year report on the treasury management activity for the first six months of the financial year.
- 2.2 The Code of Practice defines Treasury Management as: The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 2.3 Treasury management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code). CIPFA is currently consulting on changes to the Treasury Management in the Public Services: Code of Practice and if there are any key changes proposed we will report back to the Committee.
- 2.4 The Council's Treasury Management Strategy Statement (TMSS) was approved by Council on 24th February 2021, there are no policy changes to the TMSS. The general policy is the prudent investment of its treasury balances and cost-effective borrowing to finance long term investment in the Council's assets.

Borrowing

- 2.5 The Council has a combination of Public Works Loan Board (PWLB¹) loans and loans from financial institutions to meet its current borrowing requirements. Loans outstanding totalled £313m at 30 September 2021; £283m was from the PWLB, £30m Lenders Option Borrowers Option (LOBOs²) from the money markets. The Council pursues a strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep external financing costs low. The Council is actively reviewing opportunities for borrowing at low rates if borrowing is required to finance items within the capital programme. The Council is forecast to spend £9.041m on interest for external borrowing activity in the financial year. The table below is a summary of the Council's borrowing on 30 September 2021.

Principal 31 March 2021		Principal 30 September 2021	Average Interest Rate
286.459	PWLB	283.059	2.77%
30.000	LOBO	30.000	4.04%
316.459	Total	313.059	2.89%

¹ PWLB Public Works Loans Board. The PWLB is a statutory body, part of HM Treasury; its purpose is to lend money to local authorities. The Council's main objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.

² LOBOs Lender Option Borrower Option. LOBOs are long term borrowing instruments which include an option for the lender to periodically revise the interest rate. If the lender decides to revise the interest rate, the borrower then has the option to pay the revised interest rate or repay the loan.

2.6 Debt rescheduling opportunities have been very limited in the current economic climate and therefore no debt rescheduling has been undertaken to date in the current financial year.

Annual Investment Strategy

2.7 The TMSS for 2021/22, which includes the Council's Treasury Investment Strategy requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Council's investment strategy sets out the approach for choosing investment counterparties. They are based on a system of credit ratings provided by the three main credit rating agencies and supplemented by additional market data (such as rating outlooks, credit default swaps and bank share prices) provided by our treasury advisors. Following a competitive tendering process, Link Treasury Services Limited (Link) were appointed as the Council's treasury advisor with effect from 1 August 2021. Link provided a training session for members of the Audit & Governance Committee in September and they are currently reviewing the Council's treasury management strategy, including investment counterparties and borrowing requirements.

2.8 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year to date, the Council's investment balances ranged between £155m and £235m, including the CCLA property fund investment, due to timing differences between income and expenditure.

2.9 The treasury cash (investments) position is summarised below.

31 March 2021 £m		Treasury Investments	30 September 2021 £m	
	%			%

68.85	48%	Local Authorities (invested less than 364 days)	93.50	44%
29.17	20%	Money Market Funds	71.24	33%
15.35	11%	UK Government	20.00	9%
10.00	7%	Local Authorities (invested longer than 364 days)	10.00	5%
20.00	14%	Property Fund	20.00	9%
143.37	100%	Total Treasury Investments	214.74	100%

- 2.10 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Council is forecast to achieve £1.008m interest on its investments. There continues to be a shortage of counterparties available in the inter-local authority market, although the Council has been able to place several deals of six months duration earning a marginal premium for locking out the maturity date. Over the next few months the Council will continue to seek these opportunities achieving a marginal premium as the market prices in the anticipated interest rate increase.
- 2.11 In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. Liquid cash was diversified over several counterparties and Money Market Funds to manage both credit and liquidity risks. It is now impossible to earn the level of interest rates commonly seen in previous decades as all short term money market investment rates have only risen weakly since the Bank Rate was cut to 0.10% in March 2020. Given this environment and the fact that Bank Rate may only rise marginally by mid-2022, investment returns are expected to remain low.
- 2.12 Treasury management's role is to ensure that the Council has cash available to meet its day to day requirements. Environmental, Social and Governance (ESG) treasury investments are being developed but do not represent a significant proportion. Treasury investments are generally short term, some overnight, secure, providing access to cash when the Council needs it. They don't include fossil fuels or companies with a large carbon footprint. Treasury investments place cash somewhere safe that generates a return to the benefit of the residents of Buckinghamshire.
- 2.13 **Externally Managed Pooled Funds** £20m of the Council's investments are held in an externally managed strategic pooled property fund where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.

Prudential Indicators

- 2.14 Each year, the Council agrees Prudential Indicators under the Local Government Act 2003 which are affordable, prudent and sustainable. The indicators were agreed by full Council at its meeting on 24th February 2021. During the half year ended 30th September, the Council has operated within the treasury and prudential indicators set out in the Council's TMSS for 2021/22. The Service Director – Corporate Finance and Section 151 Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators. CIPFA is currently consulting on changes to the Prudential Code for Capital Finance in Local Authorities and if there are any key changes proposed we will report back to the Committee.

Borrowing Indicators

- 2.15 The Capital Financing Requirement (CFR) measures the Council's underlying external need to borrow for capital purposes. This is essentially the Council's outstanding debt, necessary to finance the Council's capital expenditure. Each year the CFR is increased by the amount of debt required to support the capital programme and reduced by revenue charges for the repayment of debt. The actual debt is dependent on the type and maturity of the borrowing undertaken as well as seeking the optimal cashflow situation.
- 2.16 Comparing gross debt with the capital financing requirement is an indicator of the Council's prudence in managing its capital expenditure and is designed to ensure that, over the medium term, external borrowing is only for capital purposes. Gross external borrowing should not, except in the short term, exceed the total of the CFR. The values are measured at the end of the financial year. The table below shows that the Council is projected to have borrowings of £309.64m by 31 March 2022 which means that it has utilised £173.94m of cash flow funds in lieu of borrowing (internal borrowing). The Council's estimated annual saving by not paying interest on external debt and foregoing investment interest, which is low in the current economic circumstances, is £3.1m.

Indicator	Unit	Year End Forecast 2021/22	Approved 2021/22	Approved 2022/23
Gross Debt	£m	309.64	394.56	439.86
Capital Financing Requirement	£m	483.58	483.58	482.54
Internal Borrowing	£m	173.94	89.02	42.68

- 2.17 The Authorised Limit for External Debt is required to separately identify external borrowing (gross of investments) and other long-term liabilities such as covenant repayments and finance lease obligations. The limit provides a maximum figure that the Council could borrow at any given point during each financial year.

- 2.18 The Operational Boundary for External Debt is a key management tool for in-year monitoring and is lower than the Authorised Limit as it is based on an estimate of the most likely level of external borrowing at any point in the year. In comparison, the authorised limit is the maximum allowable level of borrowing.

Indicator	Unit	2021/22	2022/23
Authorised limit (for borrowing) *	£m	670.00	710.00
Authorised limit (for other long term liabilities) *	£m	10.00	10.00
Authorised Limit (for total external debt) *	£m	680.00	720.00

* These limits can only be breached with the approval of the full Council to raise them

Indicator	Unit	2021/22	2022/23
Operational boundary (for borrowing)	£m	570.00	610.00
Operational boundary (for other long term liabilities)	£m	7.50	7.50
Operational Boundary	£m	577.50	617.50

- 2.19 The Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the Authorised Limit not being breached.

Treasury Management Indicators

- 2.20 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 2.21 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	Indicator as at 30 September 2021	Target
Portfolio average credit rating	AA-	A

2.22 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling one-month period, without additional borrowing.

Liquidity Risk Indicator	Actual	Target
Total cash available within one month	£86.2m	£10m

Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk. The time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	2021/22	Upper Limit	Lower Limit
Under 12 months	1%	30%	0%
12 months and within 24 months	5%	25%	0%
24 months and within 5 years	7%	30%	0%
5 years and within 10 years	25%	40%	0%
10 years and above	62%	80%	20%

2.23 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2021/22	2022/23	2023/24
Actual principal invested beyond year end	£10m	£0m	£0m
Limit on principal invested beyond year end	£50m	£25m	£25m

3. Legal and financial implications

- 1.1 The publication of an annual strategy, a mid-year treasury report and an annual treasury management report conforms to best practice as required by the Code of Practice CIPFA Treasury Management in the Public Services.

4. Corporate implications

- 4.1 There are none.

5. Background papers

- 5.1 **None.**

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Audit and Governance Committee

Date:	30 November 2021
Title:	Full Council Motion – Climate Change Risk Management
Cabinet Member(s):	N/A
Contact officer:	Maggie Gibb, 01296 387327, Maggie.Gibb@buckinghamshire.gov.uk
Ward(s) affected:	N/A
Recommendations:	To approve the approach to Climate Change risks in the Council’s Risk Registers as outlined in the report.
Reason for decision:	To provide a response to the Full Council Motion for the inclusion of climate change risks in all risk registers.

1. Executive summary

- 1.1 The following motion was tabled by Councillor Gemmell at the Full Council meeting on 15 September 2021:
- 1.2 *"The Council notes that the effects from Climate Change are widespread, rapid and intensifying and are affecting all areas of the Earth in multiple ways as stated by representatives of the IPCC on 9 August 2021. These rapid and intensifying effects are already affecting the UK and Buckinghamshire in multiple ways which will only get worse as the global temperature rapidly approaches, and likely surpasses, 1.5 degrees in the early 2030s. In recognition of the risks associated with such effects the Council proposes that all risk registers for the council, all departments within the council and in all associated bodies over which the council has influence should be updated to include "climate risk" or "risk from climate change".*
- 1.3 The Council voted to refer the motion to the Audit and Governance Committee.

2. Content of report

- 2.1 The Audit and Governance Committee commissioned a report by the Head of Business Assurance (& Chief Auditor) to include the current recording and reporting of climate change risks across the council, benchmarking against other local authorities and recommendations for the future development of climate change risk management.
- 2.2 Buckinghamshire Council maintains a Strategic Risk Register which is owned by the Corporate Management Team (CMT). A risk relating to Climate Change is included in the Strategic Risk Register, with mitigating actions identified. The risk and related actions are reviewed and updated by CMT on a six-weekly basis and reported to the Risk Management Group as a standing agenda item.
- 2.3 A key mitigating action is the Council's Climate Change and Air Quality Strategy which was recently adopted by Cabinet. The Strategy sets out the approach to addressing climate change and air quality across Buckinghamshire, including targets for emissions reduction from the Council's direct operations.
- 2.4 Each of the Council's six directorates have an established risk management process in place, with key service risks escalated to directorate leadership teams for consideration. At present the Resources directorate has identified two risks relating to climate change, and the Communities directorate has identified one risk relating to climate change.
- 2.5 Directorate and service risk registers tend to contain risks which may crystallise over the next couple of years, whereas the Strategic Risk Register will detail more long-term risks such as climate change.
- 2.6 We have worked with risk colleagues across networking groups, and Buckinghamshire Council's climate change risks broadly align to those identified in other organisations.
- 2.7 Local authorities within our risk network are generally capturing one strategic risk relating to climate change at this time. We will continue to benchmark with other authorities as well as follow guidance from professional bodies such as the Association of Local Authority Risk Management (ALARM).
- 2.8 The Council cannot dictate the contents of the risk registers of other organisations. However, members who represent this authority on the governing bodies of other organisations will be aware of their responsibility to ensure that there is good governance of those bodies. This will include a risk register which will address climate change as appropriate for that organisation.

2.9 We understand that climate change is a significant risk faced by Buckinghamshire Council, and we will continue to identify directorate related risks through our corporate risk management process. It is not proposed that we insist on all services/directorates including climate change risks within their risk registers, however officers will be reminded to give this risk area consideration when identifying new risks and updating current risks.

2.10 The Corporate Risk Lead has identified a number of potential climate change risks for consideration by directorates going forward. These risks may potentially be included in the strategic or directorate risk registers:

Risk	Description
Policy and Regulation	IF there are future changes to government policy THEN there could be a significant impact on the way the Council needs to operate, for example tighter regulation or environmental tax measures. There is also an increased risk of irregular spending if additional policy or regulatory requirements are enforced to mitigate climate change.
Weather-related events	IF there are specific weather-related events such as floods THEN this will have a significant impact on infrastructure, causing damage to buildings and wide-scale disruption to service delivery. Extreme weather events could also have a direct impact on disrupting supply chains, and the financial risks of maintaining and protecting supply chains could increase.
Productivity	IF temperatures increase THEN this could cause reduced workforce productivity. The Council may need to consider how it adapts to manage this risk.
Reputation	IF the Council fails to adapt quickly to the threats posed by climate change and the transition to net zero THEN they may suffer reputation damage. Government is aiming to reduce public sector emissions by 50% by 2032 against 2017 levels.
Value for Money	The costs of the transition to net zero by 2050 are increasing. IF there is insufficient or ineffective action and decisions are not being made quickly enough to address the net zero challenge THEN costs could increase exponentially in the long term.
Accountability	IF the Council's overall climate change strategies do not align to the plans of government THEN there is a risk that statutory targets may not be achieved.
Co-ordination and collaboration	IF the Council and local businesses do not effectively or efficiently co-ordinate or collaborate THEN there is a risk this could lead to increasing social or economic costs, failing to share lessons learned and failure to achieve statutory or strategic targets.

Technology	Changes in technology to support the transition to net zero could have a significant impact on the Council and how it operates. There is likely to be a financial and cost impact as markets adapt to new technologies which support the transition to a lower-carbon economy, and organisations will be required to keep pace with these changes.
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2.11 Buckinghamshire Council has already acknowledged the importance of climate change. The Council's Risk Register already reflects the risks to the Council's responsibilities associated with climate change. The risk register will continue to be regularly updated by directorates and CMT as the risks change and evolve, and as controls and countermeasures can be improved. The Risk Management Group will continue to review and identify new risks on a bi-monthly basis. It will also continue its rolling programme of reviewing the strategic and directorate risk registers.

3. Other options considered

3.1 N/A

4. Legal and financial implications

4.1 N/A

5. Corporate implications

5.1 N/A

6. Local councillors & community boards consultation & views

6.1 N/A

7. Communication, engagement & further consultation

7.1 N/A

8. Next steps and review

8.1 Climate change related risks to be considered as part of ongoing risk management processes and reported to the Risk Management Group for review.

9. Background papers

9.1 None

10. Your questions and views (for key decisions)

10.1 None

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Report to Audit & Governance Committee

Date:	30 th November 2021
Reference number:	N/A
Title:	Farnham Park Sports Fields Charity Annual Report and Financial Statements 2020/21
Relevant councillor(s):	Cllr Clive Harriss
Authors:	Richard Ambrose (S151), Fiorella Mugari (HoF Communities)
Contact Officers:	Mark Young, Sophie Payne
Ward(s) affected:	Stoke Poges/ Farnham Royal

Recommendations: Members are requested to:

- (i) Review the Farnham Park Sports Fields Charity audited Annual Report and Financial Statement for the year ended 31 March 2021 attached at Appendix 1 and raise any issues which may provide assurance needed to approve the Annual Report and Financial Statement.
- (ii) Subject to above, approve the Annual Report and Financial Statement for 2020/21.
- (iii) Authorise the Service Director – Corporate Finance & S151 Officer, following consultation with the Chairman, to make any final amendments to the Accounts arising from outstanding audit work prior to the approval of the accounts by the auditor. A verbal update will be given at the meeting to update Members around any outstanding audit work remaining.

Content of report

1.1 The draft Annual Report and the Financial Statements for the year ended 31 March 2021 have been prepared in accordance with the requirements of the Charities Act 2011 and has

adopted the provisions of Accounting and Reporting by Charities Statement of Recommended Practice and Financial Reporting Standards.

1.2 The Farnham Park Sports Fields Charity accounts have been audited by Azets Audit Services. The auditors' report included within Appendix 1 is draft and may change once the outstanding audit work is completed and finalised.

1.3 The net worth of Farnham Park Sports Fields Charity has decreased by £226k from £678k in 2020 to £452k in 2021, of which £73k was depreciation of assets. The net operating expenditure for the year was £226k compared to £328k in 2019/20.

1.4 COVID-19 restrictions had a significant negative impact on the Charity's income during FY 2020/21, with the golf course facilities closed between late March 2020 and mid-May 2020, early November to early December 2020, and subsequently from early January 2021 to 29 March 2021, as a result of the national lockdowns; and social distancing restrictions in place during the limited period that the course was able to open. Catering and functions income were similarly impacted because of the national restrictions for hospitality, with even longer periods of closure required; and the sports fields, in common with the majority of playing field facilities, suffered from the restrictions in place on team sports. There was mitigation of £384k for some of these income losses through the Government's Support Scheme which improved the overall net operating loss compared to prior year.

1.5 While operating costs have been reduced wherever possible, savings at the golf course and playing fields during the periods of national lockdowns were limited, since the sites had to be maintained ready for a return to play, to avoid future loss of income. Staff vacancies were left unfilled during the financial year, with the remaining team working flexibly; this included the redeployment of staff members to the Council's wider Covid response whenever possible, including to help with managing unprecedented numbers of visitors to Country Parks, and to support surge testing.

1.6 Other actions taken have included:

- a) increasing prices for green fees by 5% per year to reflect the improved quality of the course and bring pricing in line with local competitor facilities. Prices for green fees are planned to increase again in FY 2022/23.
- b) A plan was in place to introduce a new golf membership card in April 2020, which was expected to generate additional income. Due to the COVID-19 restrictions on opening, this had to be postponed; it is anticipated that this will be introduced in early 2022.
- c) Annual increases to bar and catering prices above inflation rates, as recommended by the external stock taking company, and to fall in line with local courses. Bar and catering do not generate a profit of themselves but are

intrinsic part of the overall offer, which if removed, would likely impact negatively on golf income.

- d) At Farnham Park Playing Fields, prices for pitch hire have also been increased over the past three years and are expected to increase again for inflation in 2022/23.

1.7 As reported to the Committee in March 2021, provision was made within the Council's MTFP 2021/22 for growth to cover the Trust's projected operational losses. Work is also in hand to review the future operating arrangements with a focus on increasing financial sustainability, with the Service Improvement team currently undertaking an initial options appraisal to inform recommendations to CMT and Members.

Other options considered

1.8 N/A

Legal and financial implications

1.9 All the financial implications are included in the main body of the report and Appendix 1.

1.10 Legal Implications: The report addresses the statutory obligations placed on the Council as Trustee of the Farnham Park Sports Fields Charity, pursuant to section 132 of the Charities Act 2011
Corporate implications

Corporate Implications

1.11 None.

Consultation and communication

1.12 None.

Next steps and review

1.13 Any outstanding work on audit will be finalised over the coming week along with the audit report and any amendments resulting from this work will be actioned before the accounts are signed by the Chair of the Committee and S151 Officer.

Background papers

Appendix 1: Annual Report and Financial Statement

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**FARNHAM PARK SPORTS FIELDS
CHARITY NO 308164**

Annual Report and Accounts
For the year ended 31 March 2021

FARNHAM PARK SPORTS FIELDS CHARITY NO 308164

Annual Report and Accounts For the year ended 31 March 2021

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Trustee's Annual Report

Charity Details

Official charity name	Farnham Park Sports Fields	
Registered charity number	308164	
Charity's principal address	The Gateway Gatehouse Road Aylesbury Bucks, HP19 8FF	
Charity trustee	South Bucks District Council until 31 March 2020 was the sole Corporate Trustee Buckinghamshire Council on 1 April 2020 is the sole Corporate Trustee Following a reorganisation of local government in Buckinghamshire Trusteeship transferred to Buckinghamshire. All references to South Bucks District Council (SBDC) within the accounts should be construed as also meaning Buckinghamshire Council with effect from 1 April 2020.	
Principal Officers	Chief Executive	Sophie Payne (from April 2020) Service Director Culture, Sport & Leisure of Buckinghamshire
Council	Treasurer	Richard Ambrose (from April 2020) Service Director Corporate Finance of Buckinghamshire Council
Principal advisors	External audit	Azets Audit Services Anglo House, Bell Lane Office Village, Bell Lane, Amersham, Bucks HP6 6FA
	Bank	Barclays Bank Plc 16/18 St Peters Street, St Albans, Herts AL3 4DZ

Financial and legal support is provided by Buckinghamshire Council.

Structure, Governance and Management

Governing Document and how the Charitable Trust is Constituted

The Farnham Park Sports Fields charity is governed by the Eton Rural District Council (ERDC) Act 1971.

Prior to the ERDC Act land and buildings at Farnham Park Sport Field (FPSF), and parts of the South Buckinghamshire Golf Course (SBGC) were controlled by the Farnham Park Recreational Trust, which was constituted by a conveyance dated 30th December 1946 between United Commercial Association Limited and the Trustees of the Trust.

The ERDC Act transferred these assets to Eton Rural District Council. South Bucks District Council (SBDC) became the successor in title to Eton Rural District Council, under provisions contained in the Local Government Act 1972. Buckinghamshire Council (a unitary authority) assumed all the responsibilities of SBDC under the relevant legislation.

The ERDC Act obliges Buckinghamshire Council to maintain and manage the transferred land in accordance with the purposes of the original trust (as substantially re-enacted in schedule 4 of the ERDC Act). These assets therefore form a charitable trust, with Buckinghamshire Council being the sole corporate trustee. Furthermore as the usage of these assets is subject to the restrictions contained within this Act, these assets represent a permanent endowment.

Trustee's Annual Report

Trustee Appointment

As Buckinghamshire Council is the sole Corporate Trustee, Members of Buckinghamshire Council act in a corporate capacity as trustee. There are no other charity trustees.

Organisational Structure of the Charitable Trust

The Members of Buckinghamshire Council (acting as corporate trustee) make the strategic decisions relating to the operation of the facilities. The Buckinghamshire Council Cabinet annually approves the Trust budget. The day-to-day management is undertaken by Council officers in line with approved guidelines.

Relationship between the Charitable Trust and Related Parties

All financial, legal and operational support is provided by Buckinghamshire Council and this affects the Charitable Trust in the following ways:

- All staff who are involved in the Charitable Trust are employed by Buckinghamshire Council;
- The key management personnel are members and officers of Buckinghamshire Council, and receive no remuneration from the Charitable Trust.

Risks

The Charitable Trust complies with the Buckinghamshire Council risk management strategy and the Buckinghamshire Council risk management policy. In particular risks relating to the Charitable Trust's activities are identified, evaluated and monitored in an appropriate risk register.

The main risk that the Charitable Trust faces is that its income is solely dependent on attracting people to use its facilities. It has to compete in a competitive market for leisure facilities and therefore has to ensure its facilities and prices are comparable to its competitors whilst still promoting its charitable objectives around open access. Furthermore, expenditure on leisure activities is very dependent on external economic conditions and as it is providing outside leisure facilities it is affected by the weather. Thus the Charitable Trust needs to be able to cope with and appropriately respond to changes in demand due to these external factors.

The nature of the Charitable Trust's facilities also means that there will periodically need to be investment to maintain / modernise the facilities in line with changing customer expectations. The Charitable Trust therefore needs to ensure that there is a long term robust business plan and access to finance, to ensure that it is able to continue to operate within the Charitable Trust's available resources over the long term. In this respect it is very dependent on the Council as Corporate Trustee.

Trustee's Annual Report

Objectives and Activities

Objects of Charitable Trust

The objects of the Charitable Trust are set out in the ERDC Act and are as follows:

'The maintenance and improvement of the physical well-being of persons resident in the rural district of Eton and adjoining areas by the provision of facilities for physical training and recreation and for promoting and encouraging all forms of recreational activities calculated to contribute to the health and physical well-being of such persons.'

Charitable Trust Aims

The Charitable Trust aims to maintain and improve the physical well-being of local residents by providing high quality, public sporting facilities at reasonable prices.

Specifically, it:

- maintains the Farnham Park Sports Fields to enable clubs to let or hire these facilities, and
- operates the South Buckinghamshire Golf Course on a public pay and play basis.

Objectives for Year

The key objectives for 2020/21 were:

1. To ensure that the facilities continue to provide value for money for users, and
2. To ensure that the facilities operated within the Charitable Trust's available resources.

Strategies for Achieving Objectives

1. To ensure that the facilities provide value for money for users, the Charitable Trust aims to:
 - maintain the facilities to a high standard, including having proper regard to the safety of users of the facilities.
 - annually review its fees and charges to ensure that they remain competitive, and
 - offer discounted prices for under 18s, senior citizens and those on low incomes.
2. To ensure that the facilities operate within the Charitable Trust's available resources, the Charitable Trust sets an annual budget and monitors this throughout the year, taking corrective action as necessary.

Public Benefit

Public Benefit is the legal requirement that every organisation set up for one or more charitable aims must be able to demonstrate that its aims are for the public benefit.

The Charitable Trust is aware of the Charity Commission's guidance on public benefit, and believes that the Charitable Trust's aims meet the two key public benefit principles which are set out in the Charity Commission guidance:

- Principle 1: There must be an identifiable benefit or benefits
- Principle 2: Benefit must be to the public, or a section of the public.

Achievements and Performance

Review of Activities Undertaken

The Farnham Park Sports Fields comprise full size rugby / football pitches, softball and baseball pitches, and a children's playground. During 2020/21 the following organisations were the main users of these facilities:

- Unity Martial Arts
- BaseballSoftballUK Limited
- Farnham Royal Rugby Club.

In addition to these organisations there were a number of organisations hiring pitches on a casual basis. There has been little opportunity for the playing of team sports during the year.

The number of rounds played at the South Buckinghamshire in 2020/21 was 20,928 against a figure of 25,912 the previous year. Whilst usage in previous years has been significantly affected by the weather, the overwhelming factor this year has been the effect of the Covid-19 and the closures that were necessary as a result of Government measures. During the period that it was open it was not possible to offer the full range of facilities of a normal year. Measures were put in place to ensure the safety of customers whilst at the course, while every effort was made to offer some form of recreational facility to the public. During the period that the course was open the uptake was good. Although unable to offer a full range of catering, a take-away service with a one-way system was put in place.

Furthermore, no bookings for the hire of the facilities were able to be taken as a result of social distancing measures being impracticable in the limited space. Whilst the reduced VAT scheme for hospitality was of help, the scale of the catering operation meant that it was unable to benefit from the Eat Out to Help Out scheme which was aimed more at the restaurant sector.

There are a large number of golf courses in the area competing for the same shrinking market due to the general decline in the popularity of golf over the last decade or so. Offering a high quality course at a competitive price in future years continues to be imperative to the success of the golf operation. Again the opportunity to undertake maintenance during the periods of closure will offer improvements to the quality of the course.

Trustee's Annual Report

Financial Review

Review of Year

During 2020/21 the Charitable Trust generated income totalling £342K and spent £953K giving a net deficit for the year of £611K. A claim for loss of income due to Covid-19 was submitted to and paid by the Government, amounting to £384K. This reduces the deficit to £227K. The table below compares the budget for the year with the actual expenditure.

	Budget Figures	Actual	Variance (Act-Budget)
	£'000	£'000	£'000
Farnham Park Sports Fields			
Income	73	14	-59
Expenditure	-203	-208	-5
Depreciation	-11	-10	1
	-141	-204	-63
South Buckinghamshire Golf Course			
Income	660	286	-374
Expenditure	-606	-504	102
Depreciation	-64	-63	-
	-10	-281	-272
South Buckinghamshire Catering			
Income	283	42	-241
Expenditure	-303	-167	136
	-20	-125	-105
Donations and grants. Government Covid-19 Claim	-	384	384
	-171	-226	-56

The figures given in the table above include the amounts claimed under the Covid-19 loss of income scheme as a separate line. When the course was open there was a high demand despite the restrictions put in place to ensure the safety of the public. Despite this the Golf Course did not achieve the level of income anticipated given a normal year, but expenditure was also lower than budgeted. The Catering operation incurred a loss as a result of the closures and restrictions in place due to the pandemic. The Sports Fields, in common with the majority of playing field facilities, suffered from the restrictions in place on team sports.

Charitable Trust income comes from fees and charges paid by users of the facilities, and all charitable expenditure relates to providing sporting facilities to help maintain and improve the physical well-being of local residents.

The following table provides a summary of the Charitable Trust's key assets and liabilities:

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Fixed Assets	4,004	4,078
Current Assets	734	120
Clubhouse Loan from Buckinghamshire Council	-1,388	-1,481
Other Liabilities	-2,898	-2,039
	452	678

Trustee's Annual Report

Reserve Policy - Unrestricted Fund

Nature of Reserve: This Fund represents the accumulated year on year surplus / deficit of income over expenditure that has been accumulated by the Charitable Trust.

Minimum Value of Fund: The Charitable Trust aims to ensure that the charity operates within its means and therefore aims to ensure that it always holds a balance on its unrestricted funds sufficient to meet its known future commitments.

The current Unrestricted Fund balance is a deficit of £1,218K (2019/20: £1,002K). This means that as in previous years the Charitable Trust continues to rely on the ongoing support of Buckinghamshire Council.

Usage: The Unrestricted Funds can be applied for any lawful purpose of the charitable trust.

Reserve Policy - Restricted Fund

Nature of Reserve: The Restricted Fund is made up of monies received in 1998/99 for the sale of Farm Cottages. The current balance is £247K from the Farm Cottages sale.

Minimum Value of Fund: The value of the restricted funds will reduce over time to reflect the depreciation of the clubhouse and the use of the sale monies to fund redevelopment.

Usage: The Restricted Funds consist of the Farm Cottage Fund set aside for any future redevelopment of the Sports Fields and money from Sport England set aside to cover ongoing usage of the Clubhouse.

Reserve Policy - Endowment Fund

Nature of Reserve: The Endowment Fund represents the value of the assets that were transferred under the ERDC Act.

Minimum Value of Fund: The value of the Endowment Fund will reduce over time to reflect depreciation of the endowment assets.

Usage: Endowment funds cannot generally be spent, and thus changes to the value of the endowment reserve will only be due to changes in the value of the endowment assets.

Trustee's Annual Report

Statement of Trustee's Responsibilities

The trustee is responsible for preparing a Trustee's annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, The Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008 requires the trustee to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income and expenditure of the charity for that year. In preparing those financial statements, the trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Plans for Future Periods

From 1st April 2020 the Corporate Trustee changed to become the Buckinghamshire Council following the reorganisation of local government in Buckinghamshire. The new Council is now reviewing its relationship with the Trust and how it will support the Trust's aims, and how they fit with the new Council's aims and objectives. However, in the immediate future, there are no plans to make any changes in the support levels currently provided.

The Trust and the Council will need to review the plans developed to date to improve the utilisation of the playing fields and make them more financially sustainable. In addition, it will need to look at how to make the golf operation more resilient to the effects of weather, the general economy and competition from other courses.

In the coming year the Trust will still be dealing with the effects of the Covid-19 pandemic which has materially affected its income. A return to completely normal functioning of the pre-Covid-19 period still seems some way off. The Council has utilised the Government's Support Schemes to attempt to recover some of these losses and will continue to do so. New ways may have to be found of providing some of the services and the opportunity taken to provide them in better ways.

Trustee's Annual Report

Declaration

The Buckinghamshire Council acting as Corporate Trustee has delegated responsibility to the Audit & Governance Committee of the authority to review and approve the Charitable Trust's Accounts. These accounts will be signed by the Service Director Corporate Finance and s151 officer on behalf of the Trustees.

It is therefore declared that the Buckinghamshire Council's Audit & Governance Committee, on behalf of the Charity, reviewed this Annual Report and the accompanying Accounts for the financial year ending 31st March 2021 at their meeting on 30th November 2021.

Approved and signed on behalf of the Trustee by:

Signature:

Position: Service Director Corporate Finance & s151 Officer

Date: 30th November 2021

Statement of Financial Activities (SoFA)

This statement shows the income and expenditure of the Charitable Trust during the year and the accumulated funds at the Charitable Trust's disposal. All operations are continuing.

Notes	2020/21 Unrestricted Funds £'000	2020/21 Restricted Funds £'000	2020/21 Endowment Funds £'000	2020/21 Total Funds £'000	2019/20 Unrestricted Funds £'000	2019/20 Restricted Funds £'000	2019/20 Endowment Funds £'000	2019/20 Total Funds £'000
*a	Donations and Grants	384	-	-	384	-	-	-
	Income and Endowments							
	Income from charitable activities							
	- Farnham Park Sports Fields	14	-	-	14	53	-	-
	- South Buckinghamshire Golf Course	284	-	-	284	499	-	-
	- South Buckinghamshire Catering	42	-	-	42	214	-	-
*b	Income from non-charitable activities	2	-	-	2	54	-	-
	Total income and endowments	342	-	-	342	820	-	-
	Expenditure							
	Charitable activities							
	- Farnham Park Sports Fields	-208	-	-	-208	-207	-	-
	- South Buckinghamshire Golf Course	-504	-	-	-504	-565	-	-
	- South Buckinghamshire Catering	-167	-	-	-167	-301	-	-
	- Depreciation – Intangible Assets	-	-	-	-	-1	-	-
	- Depreciation – Tangible Assets	-63	-	-10	-73	-64	-	-10
	Total expenditure on Charitable activities	-942	-	-10	-952	-1,138	-	-10
	Net movement in funds	-216	-	-10	-226	-318	-	-10
	Total funds brought forward	-1,002	247	1,433	678	-669	247	1,428
	Total funds carried forward	-1,218	247	1,423	452	-987	247	1,418

*a This is the amount paid by the Government for loss of income during the Pandemic

*b This was income from work carried out at South Bucks Country Park owned by SBDC

Balance Sheet

This statement shows the assets and liabilities of the Charitable Trust and the balances and reserves at the Charitable Trust's disposal.

Notes	At 31 March 2021 Unrestricted Funds £'000	At 31 March 2021 Restricted Funds Farm Cottage Sale £'000	At 31 March 2021 Endowment Funds £'000	At 31 March 2021 Total Funds £'000	At 31 March 2020 Total Funds £'000
Fixed Assets					
8	-	-	-	-	-
9	2,581	-	1,423	4,004	4,078
	2,581	-	1,423	4,004	4,078
Current Assets					
10	10	-	-	10	12
11	460	-	-	460	66
	264	-	-	264	42
	734	-	-	734	120
Current Liabilities					
12	-764	-	-	-764	-55
	-2,381	247	-	-2,134	-1,984
13	-95	-	-	-95	-95
	-3,240	247	-	-2,993	-2,134
	-2,506	247	-	-2,259	-2,014
	75	247	1,423	1,745	2,064
Long Term Liabilities					
13	-1,293	-	-	-1,293	-1,386
Net Assets	-1,218	247	1,423	452	678
	-1,218	-	-	-1,218	-987
	-	247	-	247	247
14	-	-	1,423	1,423	1,418
Total Funds	-1,218	247	1,423	452	678

Signed on behalf of the Charity Trustee

Signature:

Position: Service Director Corporate Finance & s151 Officer

Date: 30th November 2021

Statement of Cash Flow

This statement shows the changes in cash and cash equivalents during the reporting period.

	2020/21	2019/20
	£'000	£'000
Cash flows from operating activities		
Loss for the financial year	-227	-328
Adjustments for:		
Depreciation of tangible assets	73	74
Amortisation of intangible assets	-	1
Interest Paid	29	27
(Increase)/decrease in stocks	2	8
(Increase)/decrease in debtors	-393	-33
Increase/(decrease) in creditors	709	-110
Net cash provided by (used in) operating activities	<u>193</u>	<u>-361</u>
Cash flows from investing activities		
Purchase of tangible assets	-	-29
Purchase of intangible assets	-	-
Net Cash provided by (used in) financing activities	<u>-</u>	<u>-29</u>
Cash flows from financing activities:		
Repayments of loan from SBDC	-92	-93
Interest Paid	-29	-27
Net Cash provided by (used in) financing activities	<u>-121</u>	<u>-120</u>
Change in cash and cash equivalents in the year	<u>72</u>	<u>-510</u>
Cash and cash equivalents at the beginning of the year	<u>-1,942</u>	<u>-1,432</u>
Cash and cash equivalents at the end of the year	<u>-1,870</u>	<u>-1,942</u>
Split by:		
Cash at Bank	264	42
Amount due to SBDC	-2,134	-1,984
	<u>-1,870</u>	<u>-1,942</u>

Notes to the Accounts

1. General Information

Farnham Park Sports Fields is a Charitable Trust governed by the Eton Rural District Council (ERDC) Act 1971 and is registered charity number 308164. The principal address is The Gateway, Gatehouse Road, Aylesbury, Bucks, HP19 8FF.

2. Statement of Accounting Policies

Basis of Accounting

These Accounts have been prepared in accordance with:

- Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and UK Generally Accepted Accounting Practice as it applies from 1 January 2019.
- Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), and
- The Charities Act 2011.

Farnham Park Sports Fields meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Income

Recognition of income	These are included in the Statement of Financial Activities (SoFA) when: <ul style="list-style-type: none">- the Charitable Trust becomes entitled to the income;- the Trustee is virtually certain they will receive the income; and- the monetary value can be measured with sufficient reliability.
Income with related expenditure	Where income has related expenditure (as with fundraising or contract income) the income and related expenditure are reported gross in the SoFA.
Grants and donations	Grants and donations are only included in the SoFA when the Charitable Trust has unconditional entitlement to the resources.
Contractual income and performance related grant	This is only included in the SoFA once the related goods or services have been delivered.
Gifts in kind	Gifts in kind are accounted for at a reasonable estimate of their value to the Charitable Trust or the amount actually realised. Gifts in kind for sale or distribution are included in the accounts as gifts only when sold or distributed by the Charitable Trust. Gifts in kind for use by the Charitable Trust are included in the SoFA as incoming resources when receivable.
Donated services and facilities	These are only included in incoming resources (with an equivalent amount in resources expended) where the benefit to the Charitable Trust is reasonably quantifiable, measurable and material. The value placed on these resources is the estimated value to the Charitable Trust of the service or facility received.

Notes to the Accounts

Expenditure and Liabilities

Liability recognition	Liabilities are recognised if it is probable that there is a legal or constructive obligation committing the Charitable Trust to pay out resources.
Expenditure	<p>All expenditure is accounted for on an accruals basis. All expenses including support costs are allocated or apportioned to the applicable expenditure headings.</p> <p>Costs of charitable activities consist of those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs allocated directly to such activities and those costs of an indirect nature necessary to support them.</p> <p>Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g., allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.</p>
Grants with performance conditions	Where the Charitable Trust gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the Statement of Financial Accounts (SoFA) once the recipient of the grant has provided the specified service or output.
Grants payable without performance conditions	These are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the Charitable Trust.
Pension Contributions	<p>The Charitable Trust operates a defined benefits pension scheme. The scheme is a multi-employer scheme where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to the Charitable Trust.</p> <p>The Charitable Trust accounts for this scheme as if it was a defined contribution scheme.</p> <p>The amount charged to the SoFA represents contributions payable to the scheme in respect of the accounting period.</p>
Creditors	Creditors are recognised where the Trust has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably. Creditors are recognised at their settlement amount due.

Assets

Intangible fixed assets for use by the Charitable Trust	<p>These are capitalised if the cost is significant and they can be used for more than one year. Expenditure that maintains but does not add to an asset's future economic benefits is charged as an expense.</p> <p>Assets are measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use.</p>
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Notes to the Accounts

Assets - continued

Tangible fixed assets for use by the Charitable Trust	<p>These are capitalised if the cost is significant and they can be used for more than one year. Expenditure that maintains but does not add to an asset's future economic benefits is charged as an expense.</p> <p>Assets are measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use.</p> <p>The Trust does not adopt an accounting policy of revaluing any classes of assets.</p>
Stocks	<p>These are valued at the lower of cost or market value. Where necessary, provision is made for obsolete, slow moving and defective stocks.</p>
Debtors	<p>Debtors are recognised at the settlement amount due.</p>
Cash at bank	<p>Cash at bank represents short term highly liquid investments with a short term maturity of three months or less from the date of acquisition or opening of the deposit or similar account</p>

Judgements and key sources of estimation uncertainty

Accounting estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that had the most significant effect on amounts recognised in the financial statements.

Useful economic lives of fixed assets	<p>The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are considered annually.</p>
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There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

VAT

The Charitable Trust is registered for VAT. It is however able to exempt from VAT any charges it makes to individuals of services closely linked with and essential to sport, per the VAT Act 1994, Schedule 9, Group 10, Item 3. This includes green fees.

As a consequence, VAT payable is not generally recoverable from Her Majesty's Revenue and Customs, and is included as an expense when appropriate.

Going Concern

As Corporate Trustee, The Council has a duty to ensure that the Trust operates within its available resources. If the Trust were ever to exhaust its funds, then the Council as corporate Trustee would need to put in place a recovery plan which could include supporting the Trust financially.

Presentational Currency

These accounts have been presented in sterling (£) which is also the functional currency of the Charitable Trust. Monetary amounts in the financial statements are rounded to the nearest £'000.

Notes to the Accounts

3. Charitable Expenditure

	Sports Field £'000	Golf Course £'000	Catering £'000	Golf Management £'000	Grounds Maintenance £'000	2020/21 Total £'000	2019/20 Total £'000
Employees	0	-	123	162	242	527	575
Premises	-2	52	-	-	3	53	107
Transport	-	-	-	-	19	19	30
Supplies & Services	53	50	17	26	77	223	307
Depreciation	10	41	-	-	22	73	74
Interest	-	29	-	-	-	29	27
Support Costs:							
Human Resources	2	4	-	-	-	6	6
Finance	3	6	-	-	-	9	9
ICT	1	2	-	-	-	3	3
Property & Facilities	-	1	-	-	-	1	1
Governance	3	6	-	-	-	9	9
	70	191	140	188	363	952	1,148

Governance costs are those costs that are associated with the general running of the Charitable Trust, as opposed to those costs associated with specific charitable activity. Governance costs include: internal and external audit; legal advice for trustees; the cost of preparing statutory accounts; and costs associated with strategic management. Golf Management and Grounds Maintenance are recharged to the Sports Field, Golf Course and Catering on the SoFA and Review of Year.

4. Trustee Expenses

The key management personnel comprise the members who received no remuneration or other financial benefits from the Charitable Trust during either the current or previous year. Any expenses claimed by Members are paid by Buckinghamshire Council rather than the Charitable Trust.

5. Audit Costs

The Charitable Trust incurred the following fees relating to external audit.

This note is prepared based on the fee payable for the audit work related to those years' financial statements, as opposed to what has actually been paid in the year.

	2020/21 £'000	2019/20 £'000
Auditors' fees for reporting on the accounts	9	7
	9	7

Notes to the Accounts

6. Paid Employees

There was an average of 18 (2019/20: 20) staff who worked at the Farnham Park Sports Fields and the South Buckinghamshire Golf Course during 2020/21. This includes full-time, part-time and casual staff.

	2020/21	2019/20
	£'000	£'000
Basic pay	391	448
National insurance	36	41
Pension costs	97	60
Overtime	-	21
Apprenticeship Levy	1	-
Other employee costs	1	5
	525	575

No employee earns more than £60,000 a year.

In addition, as Buckinghamshire Council provides support services to the Trust, a number of other Buckinghamshire Council employees also provide support to the Trust. None of these support staff spend more than 50% of their time on supporting the Trust and they have therefore been excluded from the analysis above.

7. Pensions

As part of the terms and conditions of employment of its officers, the Charitable Trust makes contributions towards the cost of post-employment benefits (i.e. pensions).

The Charitable Trust participates in the Local Government Pension Scheme which is administered by Buckinghamshire Council. This scheme is a defined benefit scheme based on Career Average Revalued Earnings (CARE).

It is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to the Charitable Trust.

The pension cost charge represents contributions payable by the Charitable Trust to the fund and amounted to £97,372. There were no outstanding contributions payable to the fund as at 31 March 2021.

Contributions of at least £97K are estimated to be payable in the year ending 31 March 2022.

Notes to the Accounts

8. Intangible Fixed Assets - Software

	2020/21 £'000	2019/20 £'000
Valuation		
Balance brought forward	15	15
Balance carried forward	15	15
Accumulated Depreciation and Impairment Provisions		
Balance brought forward	15	14
Depreciation charge for year	-	1
Balance carried forward	15	15
Net Book Value		
Brought forward	-	1
Carried forward	-	-

Intangible assets are amortised using the straight-line method over a period of up to 5 years after the year of expenditure.

9. Tangible Fixed Assets

	Freehold Land Sports Fields £'000 PE	Freehold Buildings Sports Fields £'000 PE	Freehold Buildings Sports Fields £'000 PE	Freehold Land Golf Course £'000 PE	Freehold Buildings Golf Course £'000	Vehicles Equip't and IT Systems £'000	Total £'000
Valuation							
Balance b/f	327	308	420	858	2,397	343	4,653
Additions	-	-	-	-	-	-	-
Balance c/f	327	308	420	858	2,397	343	4,653
Accumulated Depreciation and Impairment Provisions							
Balance b/f	-	60	43	-	199	274	576
Depreciation charge	-	10	7	-	40	16	73
Balance c/f	-	70	50	-	239	290	649
Net Book Value							
Brought forward	327	248	377	858	2,198	55	4,063
Carried forward	327	238	370	858	2,158	53	4,004

PE - These assets are part of the Charitable Trust's permanent endowment.

Depreciation is provided on all fixed assets with a finite useful life in accordance with FRS102 as follows:

Land	Not depreciated.
Buildings	Using the straight-line method over the useful life of the asset after the year of expenditure. These range from 20 to 60 years.
Fixtures & Fittings	Using the straight-line method over a period of 10 years after the year of expenditure.
Vehicles, equipment and IT Systems	Using the straight-line method over a period of up to 10 years after the year of expenditure.

Notes to the Accounts

Security over Assets

None of the assets of the Charitable Trust have been used as security for any loan, overdraft or other credit arrangement.

Capital Commitments

There are no monies due in relation to capital contracts as at 31 March 2021.

Investment in Fixed Endowment Assets

During 2019/20 the Trust incurred no expenditure on the Land and Buildings that are held as a Permanent Endowment (PE).

Leases

The Trust leases one building along with several pitches to BSUK (BaseballSoftballUK) on a 25-year lease which started in June 2016. A further two buildings are leased on a rolling annual basis. The other buildings are currently vacant or not usable due to their age and condition. The drop in minimum lease payments reflects the decrease in the remaining time on the long term lease.

The future minimum lease payments due under the leases are:

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Not later than one year	25	26
Later than one year not later than five years	79	79
Later than five years	5	24
	109	129

The income credited to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2020/21	2019/20
	£'000	£'000
Minimum lease payments	7	31
	7	31

Several of the lease payments due were waived during the year as a goodwill gesture to help the organisations through the pandemic.

10. Stock

All stock held by the Charitable Trust are classified as finished goods. Stock recognised as an expense during the year was £17,000 (2019/20: £104,000).

11. Debtors and Prepayments – Amounts Falling Due Within 1 Year

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Amounts due for rent of facilities	29	21
Other amounts due	389	-
Prepayments and accrued income	51	53
Bad Debts Provision	-8	-8
	461	66

Notes to the Accounts

12. Creditors and Accruals - Amounts Falling Due Within 1 Year

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Creditors	175	48
Other Trade Creditors	526	
Audit fee	9	7
Deferred season ticket and Flexi-card income	54	-
	764	55

Other Trade Creditors is made up of bills from Buckinghamshire Council for payroll costs in year. These were billed but not paid before year end.

Deferred income

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Deferred income as of 1 April 2020	-	78
Received in the year	-	78
Credited to statement of financial activities	-	-
Total deferred income as of 31 March 2021	-	-

All deferred income, which represents golf season tickets received in advance, is included within Creditors: amounts falling due within 1 year.

13. Loan from South Bucks District Council

The clubhouse building which opened April 2014 was primarily funded from an unsecured £1.98m loan from South Bucks District Council. This will be repaid over 20 years from 2015. The interest rate charged is based on the Public Works Loan Board (PWLB) variable annuity rate published for 1st April each year. The loan is now repayable to Buckinghamshire Council as the successor to South Bucks District Council.

The principal payments due under the loan are as follows:

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Not later than one year	95	95
Later than one year not later than five years	398	395
Later than five years	895	991
Total Liability	1,388	1,481
	29	27

14. Endowment Funds

The Farnham Park Sports Fields Charity is governed by the Eton Rural District Council Act 1971. This Act transferred to Eton Rural District Council land and buildings at Farnham Park Sport Field, and parts of South Buckinghamshire Golf Course. The Assets subsequently transferred to South Bucks District Council and then Buckinghamshire Council in April 2020 as part of local government reorganisation. The usage of these assets is subject to the restrictions contained within that Act. These assets therefore represent a permanent endowment.

Notes to the Accounts

15. Operating Lease Commitments

The Farnham Park Sports Fields has the following commitments under a rental agreement for the supply of golf buggies and another agreement for the leasing of course/grounds maintenance equipment. There are two separate agreements for the leasing of grounds maintenance equipment. One is for equipment in use during 2019/20 and the other for equipment that will be used 2020/21 onwards.

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Not later than one year	78	78
Later than one year not later than five years	138	216
	216	294

Lease payments recognised as an expense during the year were £40,000 (2019/20: £40,000).

Notes to the Accounts

16. Related Party Transactions

The Charitable Trust is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Charitable Trust, or to be controlled or influenced by the Charitable Trust. Disclosure of these transactions allows readers to assess the extent to which the Charitable Trust might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Charitable Trust.

The Eton Rural District Council Act 1971 transferred the Charitable Assets to Eton Rural District Council. SBDC was the successor in title to Eton Rural District Council, under provisions contained in the Local Government Act 1972. In April 2020 Buckinghamshire Council became the successor to SBDC. As such the charitable activities form part of the activities of Buckinghamshire Council.

Members of Buckinghamshire Council.

Members of Buckinghamshire Council have direct control over the Charitable Trust's financial and operational policies and senior officers of the Council have control over the day-to-day management of the Charitable Trust. However, any actions taken are required to comply with the Charitable Trust's objectives and procedurally must follow the Council's constitution, financial and contract procedure rules, and codes of conduct.

Assisted organisations.

The Charitable Trust did not provide any material assistance to any organisations that comprised more than 50% of their funding, on terms that gave the Charitable Trust effective control over their operations.

Companies and joint ventures.

The Charitable Trust does not have any interests in companies outside of its normal contractual arrangements.

Transaction terms and conditions

The loan payable to Buckinghamshire Council is repayable by 31/03/2034. Interest is charged at a variable rate based on the Public Works Loan Board rates.

Transactions with Buckinghamshire Council (formerly SBDC) as sole Corporate Trustee

	2020/21	2019/20
	£'000	£'000
As at 31 March included in creditors:-		
Funding payable to Buckinghamshire Council	2,134	1,984
Loans payable to Buckinghamshire Council	1,388	1,481
For the year ended 31 March included within the Statement of Financial Activities:-		
Interest payable on loans to BC	29	27

17. Analysis of changes in net debt

	Balance at beginning of year £'000	Cash Flow £'000	Other changes £'000	Balance at end of year £'000
Cash at Bank	42	222	-	264
Amounts due to related party (SBDC)	-1,984	-150	-	-2,134
Total cash and cash equivalents	-1,942	72	-	-1,870
Loan from Bucks Council due within one year	-95	-	-	-95
Loan from Bucks Council due more than one year	-1,386	93	-	-1,293
Total net debts	-3,423	165	-	-3,258

Notes to the Accounts

18. Events after the Balance Sheet Date

Events arising after the balance sheet date should be reflected in the Statement of Accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included (adjusting events).

For the 2020/21 accounts there are no significant adjusting events to disclose.

Similarly, events which arise after the balance sheet date and concern conditions which did not exist at that time should be detailed in the notes if they are of such materiality that their disclosure is required for the fair presentation of the financial statements (non-adjusting events).

COVID-19: As the UK was put into lockdown on 23rd March 2020, just days before the previous financial year end, the impact on 2020/21 accounts has been considerable in respect of loss of income and additional costs.

The majority of the impact was hopefully in the financial year 2020/21 and was primarily affected the Trust's income as a result of closure of facilities for a number of months. The Trust has tried to fulfil its aims of providing the facilities to the public whilst maintaining a safe environment. This resulted in the Course and Playing Fields reopening after the Lockdowns with reduced facilities. Catering and room booking, in particular, have been badly impacted. Despite the reduced number of tee-off times on the course the uptake was good.

Independent Auditor’s report to the Trustee of Farnham Park Sports Fields

To be inserted once auditors’ confirm sign off



Audit and Governance Committee

Date:	30 November 2021
Reference number:	N/A
Title:	Risk Management Group Update
Cabinet Member(s):	N/A
Contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Internal Auditor)
Ward(s) affected:	N/A
Recommendations:	Members are recommended to note the report.
Reason for decision:	summarise why the recommended option is preferred

1. Executive summary

- 1.1 The purpose of the report is to provide an update on the Risk Management Group (RMG) meeting held on 8 November 2021.
- 1.2 The Council's Risk Management Framework including the Terms of Reference for the Risk Management Group was approved by the Audit and Governance Committee in June 2021.

2. Content of report

- 2.1 The RMG considered a report from the Deputy Chief Executive (Monitoring Officer) on the Secondary School Transfer Results Systems Failure.
- 2.2 A summary of findings relating to risk management, business continuity planning, systems governance, major incident response and communications was produced, along with recommendations for next steps.

- 2.3 The following officers attended the meeting to provide members with an explanation as to the events on the results day:
- Deputy Chief Executive;
 - Corporate Director for Resources;
 - Service Director for Education; and
 - Service Director for Business Operations.
- 2.4 The action plan will be reviewed at a future meeting of the RMG.
- 2.5 The Corporate Director for Adults and Health attended the meeting along with the Service Director for Adult Social Care, the Strategic Business and Governance Manager and the Head of Finance to present the Adults and Health Directorate Risk Register.
- 2.6 Adults and Health have a well-established Risk Escalation Framework, with risk being a standing item at the management team meetings.
- 2.7 The Risk Champion works closely with the Corporate Risk Lead to improve the quality of the risk information, and following feedback from RMG, this will be improved further going forward.
- 2.8 The key risk themes were as follows:
- **Safeguarding:** Capacity to meet increased demand, particularly resulting from Covid lockdown.
 - **Impact of national policy changes:** Delivery of social care reforms set out in the Government's Build Back Better Plan for Health and Social Care; Covid and health inequalities.
 - **Care Market Stability:** Maintaining diverse and sustainable care provider provision, particularly given the challenges posed from Covid and the response to the pandemic.
 - **Transformation:** Continued embedding of the strengths-based approach to practise and the recent case management system replacement; impact of demand pressures on delivery Phase 2 of the Transformation programme and other change.
 - **Service Quality/Delivery:** National challenges to workforce recruitment & retention.

- **Finances:** Reducing resources and managing demand; rising costs of care; financial impact of social care reforms.
- 2.9 The risks were discussed in detail, as well as the mitigating actions being challenged by the RMG.
- 2.10 Risks which had been de-escalated or closed were included in the report from the Adults and Health directorate.
- 2.11 The Service Director for IT and the Head of Customer Delivery and Governance attended the meeting to present the IT Risk Register.
- 2.12 The most significant IT risk being faced by the authority is cyber security, and there is a detailed Cyber Security Action Plan, overseen by the Corporate Management Team (CMT), to mitigate this risk.
- 2.13 The Service Director for IT gave a detailed update on the status of the actions and the work being delivered to protect the authority from the impact of a cyber-attack.
- 2.14 The other key risks highlighted in the IT Risk Register related to Disaster Recovery, the Updata Contract Transition, BT Hardware and System Outage at one of the legacy district sites. All of these risks have detailed mitigating actions which are reviewed and updated as part of the embedded risk management process within the IT Management Team.
- 2.15 The Strategic Risk Register is a standing item on the RMG agenda, and the latest version was reviewed following updates from CMT in October 2021. There had been little change in the strategic risk profile, however members of RMG scrutinised the progress of mitigating actions.

3. Other options considered

- 3.1 This should include information on the pros and cons of each option.

4. Legal and financial implications

- 4.1 None.

5. Corporate implications

None

6. Local councillors & community boards consultation & views

- 6.1 N/A.

7. Communication, engagement & further consultation

7.1 N/A.

8. Next steps and review

8.1 The next meeting of the Risk Management Group is on 10 January 2022.

9. Background papers

None



Audit and Governance Committee

Date:	30 November 2021
Reference number:	N/A
Title:	2021/22 Business Assurance Strategy Update (incl. Internal Audit Plan)
Cabinet Member(s):	N/A
Contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	Members are recommended to note the report
Reason for decision:	N/A

1. Executive summary

- 1.1 The purpose of the report is to present the 2021/22 Business Assurance Strategy update, including progress against the Internal Audit Plan.
- 1.2 The 2021/22 Internal Audit Plan has been reviewed to identify the key audit activities to be delivered considering the priorities within the Directorates and working around the service reviews that are currently in progress.

2. Content of report

- 2.1 The Business Assurance Strategy; including the Internal Audit Plan was agreed by the Audit Board and by the Audit and Governance Committee in June 2021. The Internal Audit Plan was produced with reference to the Strategic and Directorate Risk Registers; and informed through discussion with the Senior Leadership Teams for each Directorate, Heads of Finance, Section 151 Officer and the Deputy Chief Executive.

2.2 The Internal Audit Plan has continued to be dynamic in nature with activity reviewed and realigned on a regular basis to take account of new, emerging and changing risks and priorities.

2.3 Quarterly Business Assurance updates are presented to each Directorate Leadership Team providing updates on the planned audit and assurance activity, which are reviewed for appropriateness each time. We also seek the views of the directorates on the work of the Business Assurance Team to enable continuous improvement and ensure that we are meeting the needs and expectations of the organisation as best we can.

2.4 Progress against strategy has been presented to, and agreed by, the Audit Board (S151 Officer, Monitoring Officer and Director of Legal Services).

3. Other options considered

3.1 N/A.

4. Legal and financial implications

4.1 None.

5. Corporate implications

5.1 None.

6. Local councillors & community boards consultation & views

6.1 N/A

7. Communication, engagement & further consultation

7.1 N/A.

8. Next steps and review

8.1 An update on delivery of the Business Assurance Strategy and a summary of the internal audit output will be presented as a standing agenda item at Audit and Governance Committee meetings.

9. Background papers

9.1 None.

10. Your questions and views (for key decisions)

- 10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.

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BUCKINGHAMSHIRE COUNCIL

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

Maggie Gibb

Head of Business Assurance (& Chief Internal Auditor)

November 2021

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1. Introduction

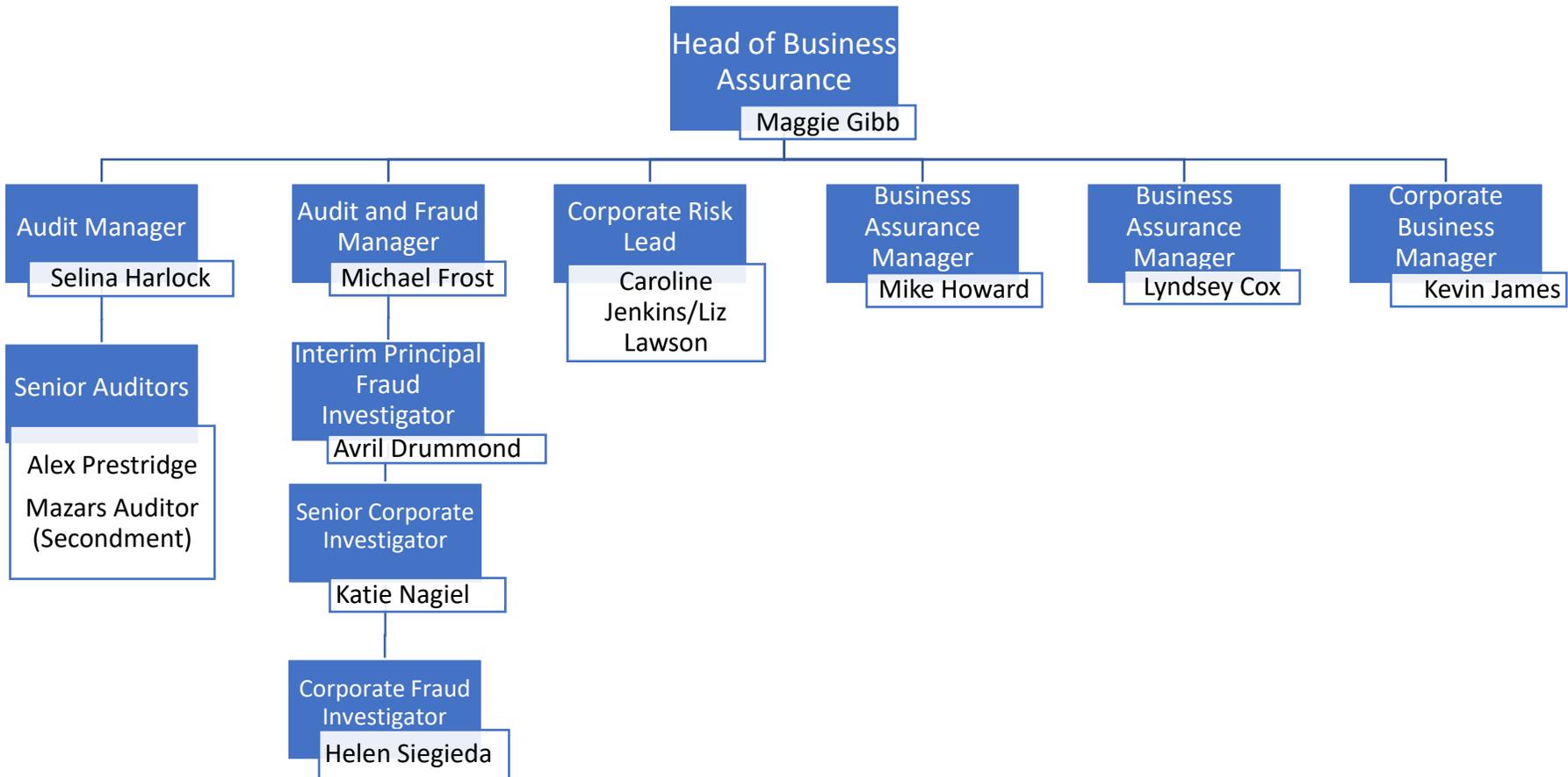
- 1.1 The Business Assurance Team is responsible for implementing the Council's Assurance and Risk Strategy through delivery of work programmes covering the following areas of activity:
- Internal Audit;
 - Risk Management;
 - Counter Fraud; and
 - Assurance.
- 1.2 This report outlines the work being 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 consider activities that were scheduled for delivery in 20/21 but had to be paused due to the pandemic. However 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 carried forward into 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. Update on Business Assurance activities 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:

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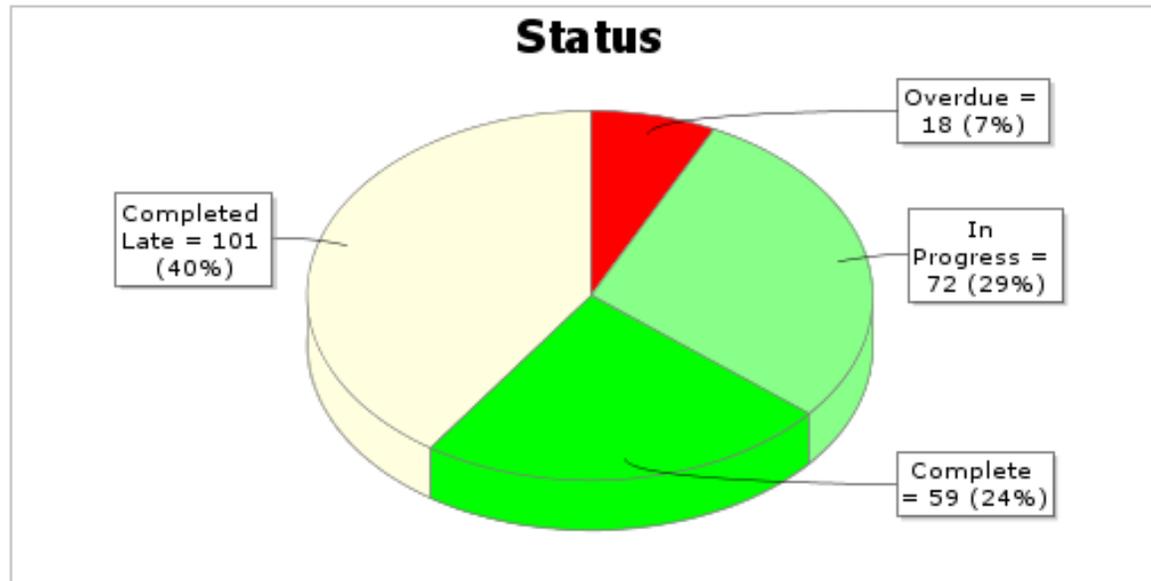
3 Risk Management

- 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 A Risk Management Group (RMG) meeting was held on 8 November 2021 where the Adults and Health Directorate and the IT Service presented their key risks, as well as a detailed review of the Strategic Risk Register and Fraud Risk Register. The RMG also received a report detailing the findings from the recent 11+ Transfer Test Results system failure. A summary of the RMG meeting is presented to members in this agenda pack.
- 3.4 The Head of Business Assurance and the Risk Manager have been preparing a report to respond to a motion presented to Full Council in September relating to climate change risks. The response to the motion is included in this agenda pack.

4 Internal Audit

- 4.1 The Internal Audit function 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. We regularly review the Internal Audit plan through discussions with Directorate Leadership Teams to help ensure that the assurance activities are continuously aligned and to emerging issues/ risks. Any significant deviation from the approved Internal Audit Plan will be communicated through the periodic activity reporting process. From review of the plan with directorates, eleven audits have been deferred, four have been cancelled and three new audits have been added to the plan. These 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. To date the team have finalised 12 reports carried forward from 20/21; two final reports for 21/22 have been issued, seven audits are at draft reporting stage, seven are at fieldwork stage and 27 at planning. Nine 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. Below is a summary status of the audit actions:



- 4.5 There are currently 10 outstanding actions relating to schools, seven for Children's Services and one for Communities. Deadlines for the key financial system audits have been extended as officers have been prioritising year-end close and addressing external audit requirements which are more complex this year. All actions raised for key financial systems will be followed up and retested as part of the current year planned audits. Details on the overdue actions can be found in part two – as a confidential item.

4.6 The Audit Board, chaired by the Service Director, Corporate Finance (S151), met on 18 November 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 continue to work within Client Transport Services providing assurance over the financial controls and contract management processes. Current work in progress includes:

- Continuous monitoring of the developed control framework.
- Monitoring invoice processing and utilisation of the 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.
- Provide 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 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.

5.3 We continue to review the key financial processes with particular focus on systems that interface with our SAP finance system. To date; four system reviews has been completed and two are in-progress. This work consists 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	72
Number of potential prosecution claims	10
Number of prosecution files being prepared for legal services as of 31 October 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 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	Q4
	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	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.	Planning
	Localities & Strategic Partnerships	Community Boards	Q4	Planning
	Legal/ Dem Services	Legal Process Review	Q4	Planning
	Legal/ Dem Services	Member Declarations and Member Complaints Process	Complete - One medium priority finding raised.	Final Report - Substantial
	Service Improvement	Assurance over Service Improvement Programme	On-going Assurance in line with the Service Reviews	On-going
	Service Improvement	Digital	Deferred to 22/23 per request from SLT – early stages of the programme	

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Deputy Chief Executive	Service Improvement	Workstyle Strategy	Deferred to 22/23 per request from SLT – business case recently approved and strategy in early stages.	
	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.	Q4
	Legal/ Dem Services	Elections	Q4	Planning
	Policy & Communication	Complaints	New audit requested by SLT –Q4	Planning
Resources	Finance	Pensions	Fieldwork in progress	Fieldwork
	Finance	Capital Programme	Deferred from 20/21	Planning
	Finance	Contract Management	Fieldwork in progress	Fieldwork
	Finance	Asset Management	Cancel per request from SLT – substantial work undertaken by external audit.	
	Finance	Budget Management	Reporting stage	Draft Report
	Finance/ HR/ IT	Service Now Review	Deferred from 21/22 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.	
	Finance	Cash Receipting End-to - End Process Review	New system and process end-to-end assurance required to understand controls	Planning
	Finance/ HR	Expenses	New process being followed from the legacy districts, risk of receipts not being retained due to remote working – Q4	Planning
	Finance	Accounts Payable	Key Financial System: High volume and value activity – Q4	Q4
	Finance	General Ledger	Key Financial System – Q4	Q3/4

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Resources	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	Q4
	Finance	Treasury Management	Key Financial System: High value activity, review process with Logotech system.	Draft Report
	Finance	Debt Management	Key Financial System: High volume and value activity	Q4
	Finance	Revs & Bens System Assurance Review	Fieldwork in progress	Fieldwork
	Finance	CTAX	New system and process end-to-end assurance required to understand controls – Q4	Q3/4
	Finance	NNDR	New system and process end-to-end assurance required to understand controls– Q4	Q3/4
	Finance	Procurement	Evaluate implementation of the Procurement Strategy – Q4	Q3/4
	Finance	CTRS/HB	New system and process end-to-end assurance required to understand controls – Q4	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 – scope being developed.	Planning
	HR	Apprenticeship Levy	Deferred from 21/22 per request from SLT – low risk. Report to CMT on options to be consider for the levy.	
	HR	IR35	Deferred from 20/21	Q3/4
	HR	Payroll	Key Financial System -- Q4	Q3/4

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Resources	IT	IT Asset Management	Fieldwork in-progress	Fieldwork
	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	Deferred from 20/21	Planning
	Housing & Regulatory Service	Enforcement (Housing)	Deferred from 21/22 per request from SLT, recruitment in progress as there are unfilled posts in the service – propose Q1	
	Property & Assets	Health & Safety	Cancelled per request from SLT – assurance process in place to ensure adequate arrangements are in place and mechanism for reporting agreed. Service currently going through recruitment.	
	Housing & Regulatory Service	Homelessness	Deferred from 21/22 per request from SLT, recruitment in progress as there are unfilled posts in the service – propose Q1	
	Housing & Regulatory Service	Temporary Accommodation	Deferred from 21/22 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
	Property & Assets	Property Maintenance	End-to-end review – Q4	Planning
	Planning & Environment	Climate Change	Big initiative for the Council linked to our strategy objectives. – Q4	Q4
	Property & Assets	Property Repairs and Renewals	End-to-end review – Q4	Planning

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Planning, Growth & Sustainability	Planning & Environment	Building Control	End-to-end review – Q4	Planning
	Planning & Environment	CIL/Section 106	Fieldwork in - progress	Fieldwork
	LEP	LEP Audit	Scope being developed.	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
	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 – Q4	Q4
	Highways & Technical Services	Flood Management	Quality Assurance review and Reporting	Draft Report
Communities	Neighbourhood Services	Taxi Licensing	Deferred from 20/21	Q4
	Neighbourhood Services	Crematorium	Scope agreed.	Q3
	Neighbourhood Services	Waste - Procurement and Disposal of Assets	New audit requested from service – scope being developed	Q3/4
	Highways & Technical Services	Parking	Deferred from 21/22 per request from SLT – new system and structure, need to embed processes. Recommend Q1/2	

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Communities	Highways & Technical Services	Transport for Bucks	Scope to be agreed in consultation with the service	Q4
	Transport Services	Home to School Transport	Deferred from 21/22 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	Includes the income management at the centres.	Q4
	Neighbourhood Services	Energy for Waste	Quality Assurance review and Reporting	Draft Report
	Highways & Technical Services	Grant verification	Highways Maintenance Challenge Fund Grant	Complete
	Adult Social Care	Implementation of Medications Policy - In-house services	Scope being developed.	Planning
Adults & Health	Adult Social Care	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	
	Quality Standards & Performance	Quality Assurance Framework (QAF)	Cancel per request from SLT – framework is fully operation and an annual external audit arrangement is in place. No concerns in this area.	
	Integrated Commissioning	Choice and Charging Policy	Quality Assurance review and Reporting	Draft Report
	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.	Fieldwork

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Adults & Health	Quality Standards & Performance	iCares System - IT Application Controls Audit	Scope agreed – Q4	Planning
	Integrated Commissioning	Direct Payments	End-to-end process review – Q4	Planning
	Integrated Commissioning	Supplier Viability	Evaluate the process in place to enable timely identification of suppliers under pressure and mechanisms in place to manage resilience. Q4	Planning
Children's Services	Social Care	Fostering Services	Q4	Planning
	Social Care	Social Work England Information Requests	Deferred from 21/22 per request from SLT – service currently developing a process. Assurance needed when process is embedded	
	Social Care	Care Leavers	Q4	Planning
	Education	SEND – Complaints & SARs	Q4	Planning
	Education	Early Years - Entitlement for 2/3/4 yrs. and Claims Payment	Q4	Planning
	Social Care	Commissioning of Residential placements	Reporting stage	Draft Report
	Social Care	Children's Homes	Each home to be audited and reported on separately.	Planning
	Education	SEND Transport Eligibility	New audit requested by service – scope being developed	Planning
	Social Care	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	

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Children's Services	Education	Schools - Thematic Review	Deferred from 20/21 – schools to be reviewed will be agreed in consultation with the service.	Fieldwork
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



Audit and Governance Committee

Date:	30 November 2021
Reference number:	N/A
Title:	2020/21 Annual Report of the Chief Internal Auditor
Cabinet Member(s):	N/A
Contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	Members are recommended to note the report
Reason for decision:	N/A

1. Executive summary

- 1.1 The purpose of the report is to present the 2020/21 Annual Report of the Chief Internal Auditor.

2. Content of report

- 2.1 This report outlines the internal audit and other assurance work undertaken by the Business Assurance Team for the year ending 31 March 2021 and seeks to provide an opinion on the adequacy of the control environment for Buckinghamshire Council.

3. Other options considered

- 3.1 N/A.

4. Legal and financial implications

- 4.1 None.

5. Corporate implications

5.1 None.

6. Local councillors & community boards consultation & views

6.1 N/A

7. Communication, engagement & further consultation

7.1 N/A.

8. Next steps and review

8.1 The Annual Report will inform the Annual Governance Statement to be presented to the Audit and Governance Committee in January 2022.

8.2 Outstanding audit actions will continue to be monitored and progress reported to the Audit and Governance Committee as a standing item on the agenda

9. Background papers

9.1 None.

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.



**Annual Report
of the
Chief Internal Auditor 2020/21**

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

November 2021

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1. Introduction

- 1.1 This report outlines the internal audit and other assurance work undertaken by the Business Assurance Team for the year ending 31 March 2021 and seeks to provide an opinion on the adequacy of the control environment detailing the 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 Public Sector Internal Audit Standards (PSIAS) note that a professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The PSIAS requires the Chief Internal Auditor (CIA) to provide a written report to those charged with governance, to support the AGS, which should include an opinion on the overall adequacy and effectiveness of the Council's control environment.
- 1.3 This is achieved through a risk-based plan of work, agreed with management and approved by the Audit and Governance Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described in this report. The updated CIPFA Statement on the role of the Chief Internal Auditor (CIA) in Local Government issued in April 2019 notes that the CIA in a local authority plays a critical role in delivering the authority's strategic objectives by:
- objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control; and
 - championing best practice in governance and commenting on responses to emerging risks and proposed developments.

The updated CIPFA Statement notes that the CIA may look to the work of other assurance providers as evidence for their assurance.

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 maintaining a sound system of internal control and is responsible for ensuring that adequate arrangements are in place for gaining assurance about the effectiveness of the overall system of control. 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.

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 2020/21 Internal Audit work was performed in accordance with the Internal Audit Charter which was approved by the Audit and Governance Committee in June 2020. 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.

4. Basis of Audit Opinion

4.1 With effect from 1 April 2013, the Public Sector Internal Audit Standards were introduced as mandatory guidance that constitutes the principles of the fundamental requirements for the professional practice of internal auditing within the public sector.

4.2 Our Internal Audit Service operates in accordance with these standards; however, during 2020/21 there was one area of non-conformance with those standards:

- The Chief Internal Auditor has operational management responsibility for the Risk 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 - Corporate Finance (S151 Officer) or Monitoring Officer.

4.3 The overall opinion is based on the following:

- The results of all audits undertaken during 2020/21.
- 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 Audit Managers 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. Covid-19 Impact

5.1 In November 2020 CIPFA issued “Guidance to Internal Auditors and the Leadership Team and Audit Committee of Local Government Bodies”. This set out the factors to be taken into account when deciding whether the CIA could issue a complete annual opinion for the 2020/21 year, taking into account the effects the pandemic may have had on limiting the scope of audit work in the year. The guidance provided the means for the CIA to issue an annual report with a limitation of scope in one or more of the aspects of governance, risk management and internal control. The guidance set out a number of issues for consideration when deciding whether to provide a limited scope opinion. These included:

- whether the Authority’s general assurance framework was still robust, meaning that other sources of assurance could be relied upon;
- whether governance, risk and control arrangements had been maintained by the Council throughout the year;
- that Internal Audit had reprioritised its resources to focus on key risks and on work to support the annual opinion;
- that the Audit Committee had been informed during the year of these changes; and
- that an Annual Internal Audit Plan has been agreed for 2021/22 that addresses risks arising from the Council’s Covid response and will deliver a sustainable Internal Audit service going forward

5.2 The Covid-19 pandemic had a significant impact on the operations and priorities of the Council. From the onset of the pandemic in mid-March 2020 the Council was faced with new challenges which demanded rapid responses and impacted the authority’s risk landscape. Being mindful of the complexity of the crisis, internal audit activities were suspended, and the Business Assurance Team was re-deployed to support with the Council’s response to Covid-19. Examples of some of the work the team supported includes:

- Head of Business Assurance attendance at all Resources response cell meetings, and providing risk and assurance advice to all other response cells;
- making safe, well and support calls to vulnerable residents;
- reviewing school Covid-19 risk assessments and providing feedback;
- surge testing at target testing locations in the county (door distribution and collection of testing kits); and
- risk management support to all Covid-19 response cells.

- 5.3 Whilst this caused significant interruption to routine internal audit work, following our audit planning methodology set out in the Internal Audit Charter, we ensure that the approved audit plan was reviewed regularly with each directorate leadership team to identify audits that could be deferred as well as key risks and new emerging issues that required assurance. All identified changes were reviewed and approved by the Audit and Governance Committee. Sufficient work was carried out to enable an opinion to be reached, this included taking into consideration the additional factors set out in the CIPFA guidance.
- 5.4 It should be noted that as the national lockdowns came with restrictions on non-essential travel and social distancing this meant that both internal audit and Council staff worked from home significantly changing the way internal audits were undertaken. All audit engagements were therefore performed remotely resulting in the internal audit process taking longer than normal which proved challenging for management to effectively balance internal audit requests along with the ongoing response to the pandemic.

6. Chief Internal Auditor Opinion

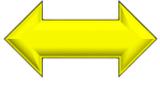
Based on the work performed, our experience, and the current Covid-19 climate in which the Council is operating along with the on-going service transformation programme which is fundamental for the new organisation, in my opinion the adequacy and effectiveness of the Council’s internal control, risk 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 2020/21.

There is a robust governance framework in place which remained stable and continued to strengthen with the close collaborative working and accountable values that were demonstrated across all directorates as the organisation responded to the pandemic. The pandemic presented both direct and indirect health and economic threats which disrupted businesses as usual for the Council. Whilst facing these unprecedented challenges, the Council was able to effectively collaborate with its key partners in protecting Buckinghamshire residents and ensuring that the critical services that communities depend on were maintained in very difficult circumstances. In response to Covid-19, the Council immediately put in place governance arrangements that allowed the organisation to have a co-ordinated approach to responding to the pandemic. Covid cells were established, and risk management was at the forefront of each cell, with escalation arrangements established from the onset.

The unqualified opinion is evidenced by the outcomes of internal audits, assurance reviews 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.

Audit Opinion and Direction of Travel	No assurance/ Qualified	Limited assurance	Reasonable assurance	Substantial assurance
				

**See Appendix C for the definition of Opinions*

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 none of the Council’s maintained schools were subject to an internal audit review during 2021/21, therefore the opinion on the control environment within schools is limited to the Covid-19 risk assessment assurance that was undertaken.
- 7.3 In the year ending 31 March 2021, a total of 34 reviews were undertaken by the Business Assurance Team. 19 reviews resulted in an Internal Audit opinion on the effectiveness of the control environment – see Appendix A for a summary of internal audit work performed. The remaining 15 were “other” assurance type reviews such as grant certifications or advisory/assurance work where an opinion was not provided but control weaknesses/management actions may have been raised. There were a number of ad-hoc assurance requests for the Business Assurance Team from services which demonstrated 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 The overall ‘**reasonable**’ opinion reflects the widening scope of the internal audit activities, with new audit areas being undertaken each year as part of the agreed Internal Audit Plan. 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.
- 7.5 In order for the Council to derive maximum benefit from internal audit, agreed actions should be implemented in a timely manner. The Pentana management actions tracking system is fully embedded as a business management tool maintained by the Business Assurance Team and reviewed periodically by directorate leadership teams and the Corporate Management Team. All open management actions from each of the legacy authorities were carried forward from previous years into the new unitary organisation where they were reviewed and followed up for implementation. At the beginning of the year there were 218 open management actions across all

the legacy authorities, as at 31 March 2021 only ten management actions remained open and they all related to schools (legacy County Council actions). All open actions will continue to be monitored for implementation as part of the new Council to ensure that control weaknesses are addressed. There are currently 18 actions that are past their due date and 72 are in-progress. See Appendix B for a summary status on the audit actions.

7.6 **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, some of the key financial systems were not reviewed this year where they were found to be effective from the previous year and processes had remained unchanged. The work undertaken identified areas that required improvement, specifically in the operation of key controls in place which may put some of the system objectives at risk. Therefore, our opinion based on the financial systems reviewed is ‘reasonable’. 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	Assurance Opinion	No. of Actions Raised	Direction of Travel
Payroll	Reasonable	10	
Accounts Payable	Reasonable	9	
Pensions	N/A – deferred to 21/22 due to the pandemic	N/A	
General Ledger	Reasonable	4	
Accounts Receivable	Reasonable	4	
Capital Programme	N/A – deferred to 21/22 due to the pandemic	N/A	
Purchase Cards	Reasonable	11	
Feeder Systems	N/A – deferred to 21/22 due to the pandemic	N/A	
Treasury Management	Reasonable	3	
Audit Title	Assurance Opinion	No. of Actions Raised	Direction of Travel
Debt Management	Reasonable	10	

- 7.7 **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. However due to service transformation programmes being in-progress and resources across the Council being re-deployed to support with the Covid-19 response, 40 audits were cancelled/ postponed with agreement from the Audit Board and approval from the Audit and Governance Committee.
- 7.8 From the seven directorate audits that were carried out; an overall ‘**reasonable**’ assurance has been given. Some areas of improvement were identified; however none were found to be material. The identified actions continue to be monitored by the team to ensure full implementation.
- 7.9 **Risk Management:** 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.
- 7.10 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 2020/21. As well as the management of service and strategic risks, the risk management system (Pentana) was used to manage risks for major projects and key programmes. 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.
- 7.11 A Covid-19 risk register was developed from the on-set of the pandemic. These risks captured key risks from each Covid-19 response cell, directorate Covid risks and strategic Covid risks. The risk register was challenged and reviewed by the Corporate Management Team and reported to the Risk Management Group on a regular basis.
- 7.12 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.

- 7.13 **Corporate Governance:** Due to the pandemic Internal Audit did not evaluate the governance arrangements in place against the key core principles set out in the CIPFA Delivering Good Governance in Local Government Framework. However the key corporate control areas will be assessed to determine the effectiveness of the governance framework, the outcome of the review will inform the 2020/21 Annual Governance Statement and be reported as part of the Statement of Accounts.
- 7.14 Internal Audit did not undertake a specific review of Corporate Governance in 2020/21. However, a number of audits considered the management oversight and decision-making processes as part of each audit assignment, and no concerns were raised; as such a ‘**reasonable**’ level of compliance was demonstrated based on the audit work undertaken.
- 7.15 **Financial Governance:** The authority has been facing significant financial challenges in respect of the response to Covid-19 and the impact on service delivery in terms of both increased costs and lost income, along with the financial pressures expected from the new unitary organisation. Enhanced monitoring measures were put in place during the Covid-19 pandemic to identify and report the financial impacts of the pandemic. These pressures were managed at each Directorate Budget Board and reported and scrutinised by the Corporate Management Team. Financial risks identified were included within the directorate risk registers and/or Covid-19 response cell risk registers and followed the risk escalation process where applicable.
- 7.16 Additional measures were put in place during the Covid-19 pandemic to monitor the grant income being received from central government. The Business Assurance Team provided quarterly reporting to central government on specific Covid-19 grants that are administered by the Revenues and Benefits Team. A Covid-19 Grants Register that is reported to each Directorate Budget Board and then to CMT on a monthly basis was put in place to enable clear and complete oversight of all Covid-19 grant expenditure for the Council.
- 7.17 In quarter one the new unitary organisation was faced with many issues relating to the SAP financial system. Issues were being raised with Heads of Finance, Finance Business Partners and via Service Now; and as a result a Finance Task and Finish Group, led by the Head of Business Assurance was commissioned by the Service Director – Corporate Finance (S151) to undertake a review to understand the root cause of the problems that were being experienced and determine the appropriate actions to resolve the issues.

- 7.18 A series of concerns were raised across several Directorates regarding some budget holders not being able to see their budgets on SAP, income levels not being at expected positions and failures to pay supplier invoices on time. As such a review was undertaken to evaluate the adequacy of the processes and controls in Accounts Payable and in Cash Receipting.
- 7.19 A number of the issues identified were exacerbated by the Covid-19 response as all staff were working remotely, a number of legacy processes/systems had been “bolted” together, planned face-to-face training sessions had to be cancelled and collaboration between the new teams was a challenge.
- 7.20 Through surveys and meetings with budget holders and service finance officers, the key SAP issues being faced by budget holders and finance staff were fundamentally found to be due to the following:
- Users did not have access to the correct SAP roles to fulfil their responsibilities including Finance staff;
 - Users did not understand how SAP works; and were therefore not seeing what they were expecting to see on the system;
 - Users could not connect to SAP due to; firewalls, java installations, incorrect links; and
 - Users had not been fully trained and were therefore not aware of the processes they were required to follow.

Working with IT, Corporate Finance and Finance Operations colleagues the above issues were resolved by ensuring that budget holders had the correct access, virtual training was provided and the connectivity issues which were being faced by the legacy district staff were resolved. Assurance reports supported by key statistics were produced to highlight the Accounts Payable and Cash Receipting process issues, and agreed actions were put in place through discussion with Management. The Task and Finish Group also found that key controls that should have alerted management to some of these issues earlier were not being performed and these findings were highlighted in an assurance report for Corporate Finance. The assurance reports produced, and the findings raised were endorsed by the Service Director – Corporate Finance (S151) and Service Director – Service Finance and further actions identified to ensure there is no recurrence of these issues that were faced by the service.

- 7.21 Based on the implementation of the Task and Finish Group actions and the operation of the financial governance arrangements observed this year, a ‘**reasonable**’ level of assurance has been given to this area.
- 7.22 **Contract Management:** Effective contract management is a key control process to ensure delivery in a cost-effective manner and the timely identification of non-compliance to enable quick resolution of risks are appropriate and managed accordingly. There is 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 into with suppliers or partners for the provision of goods, works or services.
- 7.23 The Supplier Management Policy specifies the mandatory documents and data fields that should be populated on Contract Management Application (CMA) for each contract; this includes setting out the contracts that should have a Best Practice Self-Assessment (BPSA) carried out on an annual basis. Contracts with suppliers where there is an ongoing relationship and who have an aggregated value of £5k or more must be entered on the CMA. All contracts held on CMA are segmented according to the annual spend and the criticality, looking at risk and supply threats of the product or service supplied.
- 7.24 The new Council’s spend with external organisations is circa £430m per annum with some £380m recorded on CMA. Given the scale of spend and the potential risk and opportunity this presents, the diversity and reach of the supply chain and the potential variability of contract management approaches across the previous legacy Councils; a Supplier Management Group was put in place. This is a steering group that looks at Supplier Relationship Management and identifies areas of improvement. The group aims to: promote consistent and high-quality Supplier Relationship Management across the organisation; maximise value for money; leverage the supply chain to support corporate objectives and promote social value; and understand as well as promote supplier resilience. Whilst the Procurement and Supplier Relationship Manager provides the framework of compliance and best practice, they cannot force the service areas to comply. Consequently, Internal Audit undertake assurance reviews of contracts each year as part of the annual audit plan, however due to the pandemic the work undertaken was limited to two areas within the Communities directorate. As such based on the continuous monitoring of compliance by the Supplier Management Group and the work carried out; an overall ‘**reasonable**’ assurance has been given.
- 7.25 **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.

7.26 For the year 2020/21, 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.

7.27 Any control issues identified from the investigations were highlighted to management and action plans agreed to address any weaknesses. Key stakeholders were consulted during the investigations and progress reported to the respective Corporate Directors and formally to the Statutory Officers Group. 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 Audit and Anti-Fraud Manager 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 Members, Senior Management and across key risk areas such as procurement, contract management, finance, commissioning and HR.

7.28 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. The table below shows number of applications and claims reviewed by the Investigations Team as at end of 2020/21:

Business Rate Grant (BRG) applications referred to Business Assurance	48
Additional Restrictive Grant (ARG) applications referred to Business assurance	55
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 31 March 2021	47
Number of potential prosecution claims	6
Number of prosecution files being prepared for legal services as at end of 2020/21.	3

- 7.29 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.
- 7.30 **Other Assurance Work:** A significant proportion of the internal audit resource during 2020/21 was used to provide assurance over the Covid-19 grants received from central government. The Council received in total c.£333.7m of grant assistance in financial year 2020/21, and this included funding to support Buckinghamshire’s people and businesses throughout the pandemic. Assurance was provided over the payments made to businesses, and payments to eligible individuals required to isolate after coming into contact with someone with Covid-19.
- 7.31 Where a grant giving body requires Chief Internal Auditor certification before releasing payment or to confirm expenditure was in line with agreed conditions, Internal Audit carried out the required verification work. For the year 2020/21 11 grant verifications were carried, these are included within Appendix A – Summary of Audit Activity.
- 7.32 Business Assurance saw an increase in request for ad-hoc assurance work across directorates, a summary of the work undertaken is included within Appendix A. Assurance reviews were undertaken on the final reconciliations for the Covid-19 grants prior to the submissions to central government departments. Through these reviews, recommendations were 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.
- 7.33 Due to some delays in invoice payment processing within Client Transport Services, Business Assurance worked with the service to put in place financial controls that would enable clear visibility of invoice processing progress and reduce the delays in payments to suppliers. Whilst a risk-based audit review was not carried out within the service and an assurance opinion was not provided, Business Assurance highlighted some system control weaknesses to management. These are being address through the implementation of a new system and a re-design of the financial controls for the services.
- 7.34 **Other Sources of Assurance:** Whilst the key source of assurance which informs the annual opinion is the independent audits undertaken by the Internal Audit team, there are other sources of assurance which are helpful to provide support for the opinion on the Council’s Governance, Risk Management and Internal Control. For 2020/21 these have included the following:
- Adults and Health Directorate have an annual external quality assurance audit which was established as part of the Better Lives Quality Assurance Framework. The audit consists of an

evaluation of 60 case records made up of 30 assessments which have been audited and moderated internally, and 30 assessments which had not been internally audited. Based on the ratings areas of improvement and recommendations are made to the service. Overall conclusion from the auditor was positive indicating good continuous improvement within the service.

- Children’s Services were subject to a focused Ofsted visit in February 2021 which assessed how the social care system has delivered child-centered practice and care within the context of the restrictions placed on society during the Covid-19 pandemic. The report highlighted a number of positive areas in how the service has been operating during the pandemic, with only two areas of improvement identified. These areas of improvement have been fed into the Children’s Services wider improvement programme where action is being taken to ensure that the weaknesses are addressed,
- IT services has received external accreditation, been subject to external reviews of compliance and holds certificates for the following:
 - Public Services Network Code of Connection (PSN Coco)
 - NHS Data Security & Protection (DSP Toolkit)

External assurances have been obtained through the reviews that are undertaken by the Council’s external auditors, Grant Thornton. Email assurance has been obtained for the authority using a companion reporting product (zED) together with National Cyber Security Centre (NCSC) Mailcheck tool. The use of zED is actively promoted by CTAG (the UK Cyber Technical Advisory Group) and is widely used in the UK Public Sector. zED is a purpose-written product for the broader UK Public Sector producing risk data and a rating (Buckinghamshire Council are 7th nationally). This data and rating show how Buckinghamshire meet the NCSC secure email guidance and the risk to us from other organisations.

8. Overall Conclusion

- 8.1 The Internal Audit function has maintained its independence and objectivity in the administration of its activities in accordance with the Audit Charter and Public Sector Internal Audit Standards. The Chief Internal Auditor has performed in accordance with CIPFA’s guidance on the Role of the Head of Internal Audit. In providing the overall conclusion, it should be noted that assurance can never be absolute. The most that can be provided is a ‘**reasonable**’ level of assurance that there are no major weaknesses in risk management, governance and systems of control.

8.2 The Council, through the leadership of the Corporate Management Team and 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 and the assurance work carried out in the year, however the Corporate Management Team continued to react quickly to put actions in place to mitigate the risks.

9. Assessment against the Public Sector Internal Audit Standards

9.1 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. CIPFA have been appointed as the external assessor, however due to the pandemic the review could not be undertaken in 2020/21 and is scheduled for quarter three in 2021/22. In the interim the Business Assurance Team carried out a self-assessment of its processes to ensure continuous improvement within the Internal Audit function and the outcomes of this review are included within the team's business improvement plan. In delivering the Internal Audit Service as set out in the Audit Charter, the planning, conducting and reporting on reviews, have been completed in conformance with the requirements of the PSIAS, published by the Chartered Institute of Internal Auditors (CIIA) and the subsequent Local Government Application Note in respect of PSIAS published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

9.2 For 2020/21 the Chief Internal Auditor is therefore able to report compliance with the Public Sector Internal Audit Standards and considers the Internal Audit Service to still be effective.

Appendix A - Summary of Internal Audit Activity

Service	Audit Title	Status (Opinion)
Deputy Chief Executive		
Corporate	Governance	Cancelled - Delivered through work with Corporate Governance Manager
Corporate	Business Cases	Deferred to 21/22
Corporate	Budget Management	Deferred to 21/22
Corporate	Grants	On-going
Corporate	Post Payment Assurance Plan	On-going; looking at assurance that we have taken reasonable steps to ensure that payments are made to legitimate clients.
PP&C	Information Governance	Final Report (Reasonable Assurance)
PP&C	Consultations	Deferred to 21/22
PP&C	GDPR	Deferred to 21/22
L&SP	Community Boards	Deferred to 21/22
L&SP	Lottery	Final Report (Limited Assurance)
L&SP	Devolution Funding	Deferred to 21/22
SI	Transformation/projects	Deferred to 21/22
L&D	Legal Services	Deferred to 21/22
L&D	Elections	Deferred to 21/22
Resources		
Finance	Treasury Management	Final Report (Reasonable Assurance)
Finance	Pensions	Deferred to 21/22
Finance	Accounts Payable	Final Report (Reasonable Assurance)
Finance	Accounts Receivable	Final Report (Reasonable Assurance)

Service	Audit Title	Status (Opinion)
Resources		
Finance	Capital Programme	Deferred to 21/22
Finance	General Ledger	Final Report (Reasonable Assurance)
Finance	Purchasing Card	Final Report (Reasonable Assurance)
Finance	Contract Management	Deferred to 21/22
Finance	SAP	Finance Task and Finish Group Assurance – No Opinion
Finance	Debt Management	Final Report (Reasonable Assurance)
Finance	CTRS/HB	Deferred to 21/22
Finance	Council Tax & NNDR	Final Report (Reasonable Assurance)
Finance	Feeder Systems	Deferred to 21/22
Finance	Budget Management	Deferred to 21/22
Finance	Income Processes	Deferred to 21/22
Finance	Savings Plans	Deferred to 21/22
Finance	Sales, Fees & Charging – Income Loss Compensation Claims 1 - 4	Claim Verification Assurance Q1-Q4
Finance	Year End Assurance	Final Report (Reasonable Assurance)
HR	Payroll	Final Report (Reasonable Assurance)
HR	Contracts	Cancelled - No longer required as contracts were not manual as initially thought
HR	Apprenticeship Levy	Deferred to 21/22
HR	SAP Migration (Payroll)	Included in the payroll audit
HR	IR35	Deferred to 21/22

Service	Audit Title	Notes
Business Ops	Business Continuity	Cancelled - BCP under regular review due to Covid - review 21/22
Business Ops	Blue Badges	Deferred to 21/22
Business Ops	Blue Badge New Criteria Implementation	Grant Verification
Business Ops	End to End Processes/Reviews (e.g. Revs & Bens/CBS/Services to Schools)	Deferred to 21/22
ICT	Network/Cyber Security	Deferred to 21/22
ICT	21/22 Audit Needs Assessment	Final Report – No Opinion
ICT	Remote Working	High priority Q4
Communities		
Neighbourhood Services	Taxi Licensing	Deferred to 21/22
Neighbourhood Services	Street Cleansing	Deferred to 21/22
Neighbourhood Services	Waste Collection Contract	Final Report (Reasonable Assurance)
Neighbourhood Services	Crematorium	Deferred to 21/22
Highways & Technical	Parking	Deferred to 21/22
Highways & Technical	Transport for Bucks (Street Works)	Final Report (Reasonable Assurance)
Transport	Integrated Transport	Deferred to 21/22 post system implementation
Culture, Sport and Leisure	Leisure Contracts	Final Report (Reasonable Assurance)
Culture, Sport and Leisure	Events Management	Deferred to 21/22
Culture, Sport and Leisure	Libraries and Archives	Deferred to 21/22
Transport	Bus Subsidy Grant	Grant Verification
Transport	Client Transport Contract Tender Review	Assurance – No Opinion

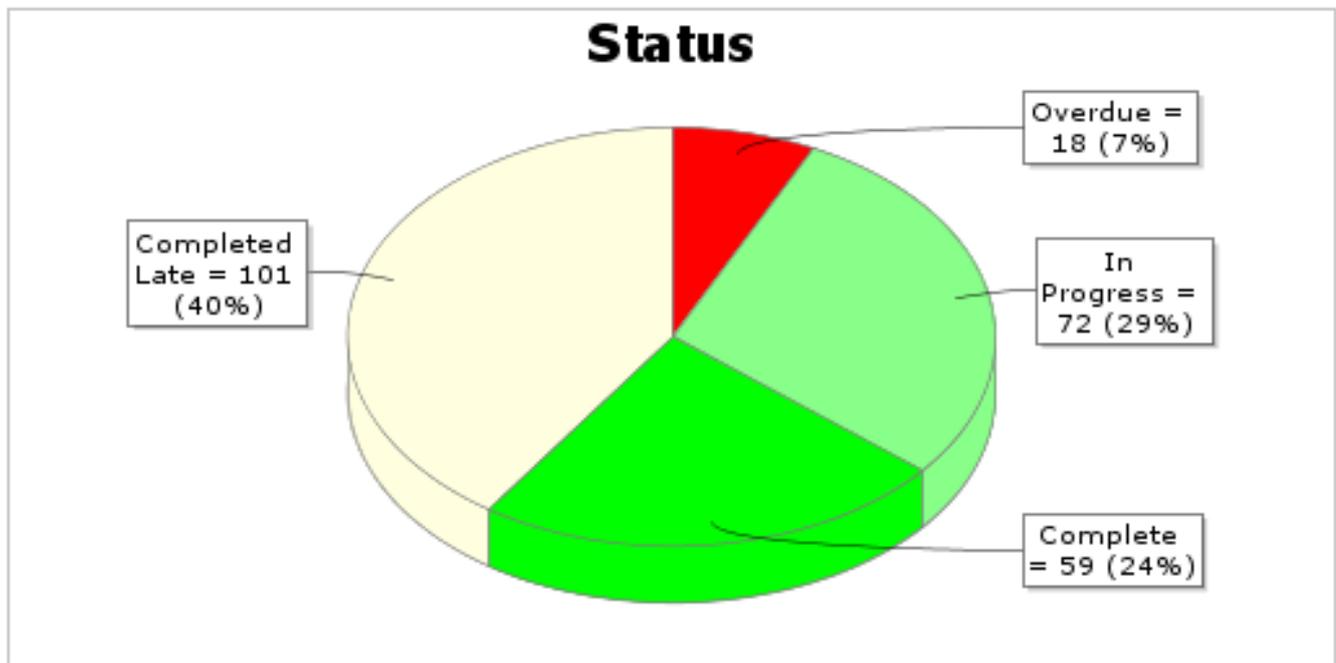
Service	Audit Title	Notes
Communities		
Neighbourhood Services	Waste Collection Contract	Final Report (Reasonable Assurance)
Neighbourhood Services	Crematorium	Deferred to 21/22
Highways & Technical	Parking	Deferred to 21/22
Highways & Technical	Transport for Bucks (Street Works)	Final Report (Reasonable Assurance)
Transport	Integrated Transport	Deferred to 21/22 post system implementation
Culture, Sport and Leisure	Leisure Contracts	Final Report (Reasonable Assurance)
Culture, Sport and Leisure	Events Management	Deferred to 21/22
Culture, Sport and Leisure	Libraries and Archives	Deferred to 21/22
Transport	Bus Subsidy Grant	Grant Verification
Transport	Client Transport Contract Tender Review	Assurance – No Opinion
Planning, Growth & Sustainability		
Planning & Environment	CIL/Section 106	Deferred to 21/22
Property and Assets	Wycombe Old Library	Cancelled – lessons learnt by service to be done
Property and Assets	Health and Safety	Deferred to 21/22
Property and Assets	Project Governance	Deferred to 21/22
LEP	LEP	Deferred to 21/22
Housing & Regulatory Service	Enforcement (housing)	Deferred to 21/22

Service	Audit Title	Notes
Planning, Growth & Sustainability		
Housing & Regulatory Service	Homelessness/Temporary Accommodation	Deferred to 21/22
Planning & Environment	Growth Hub Grant LEP incl. EU Exit grant	Grant Verification
Planning & Environment	COVID-19 Emergency Active Travel Fund – Capital Grant	Grant Verification
Adults & Health		
Adult Social Care	Implementation of Medications Policy – Commissioning Follow-Up	Deferred to 21/22
Adult Social Care	Implementation of Medications Policy - In-house services	Deferred to 21/22
Adult Social Care	Deprivation of Liberty Safeguard – DoLS Follow-Up	Deferred to 21/22
Adult Social Care	Interface - Hospital Discharges and Social Care	Deferred to 21/22
Quality Standards & Performance	Quality Assurance Framework (QAF)	Deferred to 21/22
Integrated Commissioning	Integrated Commissioning Governance	Deferred to 21/22
Integrated Commissioning	Forward Planning	Deferred to 21/22
Integrated Commissioning	Choice and Charging Policy	Deferred to 21/22

Service	Audit Title	Notes
Children's Services		
All	HR Processes (incl. recruitment, disciplinarys & grievances)	Deferred to 21/22
Social Care	Case Management - Throughput of Case Loads	Deferred to 21/22
Social Care	Social Work England Information Requests	Deferred to 21/22
All	Safer Recruitment	Deferred to 21/22
Education	SEND – Complaints & SARS	Cancelled and replaced with SEND Appeals and Tribunals Audit
Education	SEND - Appeals and Tribunals	Final Report (Reasonable Assurance)
Education	Early Years - Entitlement for 2/3/4 yrs. and Claims Payments	Deferred to 21/22
Social Care	Commissioning of Residential placements	Deferred to 21/22
Social Care	Insurance - Compliance	Final Report (Limited Assurance)
Education	Schools - Thematic Review	Deferred to 21/22
Social Care	Troubled Families Grant – Claim 1	Grant Verification
Social Care	Troubled Families Grant – Claim 2	Grant Verification
Social Care	Troubled Families Grant – Claim 3	Grant Verification
Social Care	Troubled Families Grant – Claim 4	Grant Verification
Education	School Direct (salaried) Grant for Academic Year 2019/20.	Grant Verification
ALL	Christmas Appeal - Just Giving	Verification and Assurance
Education	Alfriston School Covid Review - Assurance	Assurance – No Opinion

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.

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>	

Audit and governance committee draft work programme

Meeting date	Topic	Contributors	External presentation (Y/N)
22-Jun	Whistleblowing Policy. Anti-Fraud and Corruption Policy. Anti-Money Laundering Policy. External Audit Update. Business Assurance Strategy (including Internal Audit Plan) 2021/ 2022. Risk Management Framework 2021/ 2022. Appointments to the Risk Management Group. Internal Audit Charter. Work programme.	Maggie Gibb Richard Ambrose	Iain Murray Grant Thornton
28-Jul	Buckinghamshire Council Audit Plan. Buckinghamshire Council Fee Letter. Pension Fund Audit Plan. Update on External Audit Actions. Business Assurance Update. Treasury Management Annual Report 2020/21. IT Audit Needs Assessment. Risk Management Group update. Work programme. Contract Exemptions & Breaches.	Julie Edwards Cael Sendell-Price Simon James Maggie Gibb Richard Ambrose	Iain Murray Grant Thornton Martin Baird Mazars
29-Sep	Full Council Motion – Climate Change Risk Management. Pension Fund Statement of Accounts 2020/ 2021 and Pension Fund Audit Findings. Business Assurance Update. Risk Management Group update. Work programme.	Maggie Gibb Julie Edwards Richard Ambrose	Iain Murray Grant Thornton
30-Nov	Full Council Motion – Climate Change Risk Management. (Maggie). IT Audit Plan update. (Martin/ Tony/ Sarah B) - verbal update. Business Continuity Management update. (Sarah M-B/ Lloyd). Buckinghamshire Council Annual Report of the Chief Auditor 2020/ 2021. (Maggie). Farnham Park Accounts. Business Assurance Update. (Maggie). Treasury Management mid-year update 2021/ 2022. CIPFA Review - verbal update. Risk Management Group update. Work programme.	Tony Ellis Sarah Barnes Sarah Murphy-Brookman Lloyd Jeffries <i>Resources Directorate</i> Hasina Shah Expert Finance Systems Lead Sophie Payne Service Director Communities Julie Edwards Pension and Investments Manager Maggie Gibb Head of Business Assurance and Chief Auditor Richard Ambrose Section 151 Officer, Service Director Corporate Finance	Martin Baird Mazars (IT audit item).
25-Jan	Report on the Public Sector Audit Appointment (PSAA). Buckinghamshire Council Annual Governance Statement 2020/ 2021. Buckinghamshire Council Statement of Accounts 2020/ 2021. Higginson Park Trust Fund accounts. Treasury Management Strategy 2022/ 2023. Business Assurance Update. Contract Exemptions & Breaches (6 month update). Lessons learnt from other local authorities. Risk Management Group update. Work programme.	Julie Edwards Pension and Investments Manager Maggie Gibb Head of Business Assurance and Chief Auditor Cael Sendell-Price Head of Strategic Procurement Richard Ambrose Section 151 Officer, Service Director Corporate Finance	
22-Mar	Buckinghamshire Council final audit report 2021/ 2022. Update on External Audit Actions. Business Assurance Update. Council Constitution. Audit and Governance Committee annual report to council. Audit and Governance Committee Review of Effectiveness. Risk Management Group update. Work programme.	Maggie Gibb Head of Business Assurance and Chief Auditor Richard Ambrose Section 151 Officer, Service Director Corporate Finance	
11-May	Business Assurance Update. Risk Management Group update. Work programme.	Maggie Gibb Head of Business Assurance and Chief Auditor Richard Ambrose Section 151 Officer, Service Director Corporate Finance	
Tbc	Housing Fraud Strategy	Maggie Gibb Head of Business Assurance and Chief Auditor	

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Audit and Governance Committee action log

Last updated: 15 November 2021

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
1	<p>2019/ 20 District Audit Fees Update Richard Ambrose to report back to committee the outcome of the discussions with the Public Sector Audit Appointment (PSAA) in relation to the 2019/20 district audit fee increases.</p>	Richard Ambrose	24-Mar-21	24-Nov-21	<p>Update 28-Jul: Public Sector Audit Appointment (PSAA) had now confirmed fees relating to the former Buckinghamshire County Council (BCC) but had not yet confirmed the fees in relation to the four legacy district councils. The Section 151 Officer was awaiting PSAA to review the reasons for disputing the fees, and would be contacted by the PSAA in due course.</p> <p>Update 29-Sep: PSAA had made contact and set out a process for the council. The PSAA were speaking to the audit company in question - there was no specific timeline on a PSAA response.</p>		Ongoing

Audit and Governance Committee completed actions

Last updated: 27 October 2021

No.	Action required	Contact officer	Date raised	Due date	Date resolved (grey when resolved)	Status
	<p>OUTCOME OF INSPECTION FROM THE INVESTIGATORY POWERS COMMISSIONER'S OFFICE (IPCO)</p> <p>That Officers be asked to implement the additional recommendations from the IPCO report.</p> <p>That an update on the use of the RIPA powers generally by the Council be reported to the Committee in March 2021</p>	Nick Graham Service Director Legal and Democratic Services	27-Jan-21	27/07/21 24/03/21	29-Sep-21	Completed
	<p>TREASURY MANAGEMENT STRATEGY</p> <p>To make the proposed amendments and recirculate the amended strategy to committee members for approval prior to full council.</p>	Richard Ambrose Service Director – Corporate Finance (S151)	Richard Ambrose	24-Mar-21	28-Jul-21	Completed
	<p>UPDATE ON SIGNING OF LEGACY ACCOUNTS</p> <p>To receive an update on fees from ernst and young</p>	Andrew Brittain Ernst & Young	27-Jan-21	24-Mar-21	24-Mar-21	Completed
	<p>FARNHAM PARK SPORTS FIELD CHARITY ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20</p> <p>Service Director – Corporate Finance be requested to inform the relevant Cabinet Member(s) of the Committee's concerns regarding the financial viability of the Charity.</p> <p>That a report on the Charity's financial viability, as discussed at the meeting, be submitted to the next Committee meeting in January 2021</p>	Richard Ambrose Service Director – Corporate Finance (S151)	18-Nov-20	24-Mar-21	24-Mar-21	Completed
2	<p>Council action plan</p> <p>Iain Murray to update on process against the planned actions on the council action plan, to the June or July meeting of the Audit & Governance Committee</p>	Richard Ambrose	24-Mar-21	28-Jul-21	28-Jul-21	Completed

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