



Audit and Governance Committee agenda

Date: Tuesday 22 March 2022

Time: 10.00 am

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

Membership:

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

Webcasting notice

Please note: this meeting may be filmed for live or subsequent broadcast via the council's website. At the start of the meeting the chairman will confirm if all or part of the meeting is being filmed.

You should be aware that the council is a data controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the council's published policy.

Therefore by entering the meeting room, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If members of the public do not wish to have their image captured they should ask the committee clerk, who will advise where to sit.

If you have any queries regarding this, please contact the monitoring officer at monitoringofficer@buckinghamshire.gov.uk.

Agenda Item	Page No
1 Apologies	
2 Declarations of interest	
3 Minutes To approve as a correct record the minutes of the meeting held on 25 January 2022.	3 - 18

4	Council Constitution	19 - 26
5	2021 / 2022 Business Assurance Strategy update	27 - 56
6	Audit and Governance Committee Annual Report to Council	To Follow
7	Risk Management Group Update	57 - 62
8	External Quality Assessment of Conformance to the Public Sector Internal Audit Standards (CIPFA)	63 - 80
9	Work Programme	81 - 82
10	Action Log	83 - 84
11	Post Incident Report- Secondary School Transfer Results System Failure (for information)	To Follow
12	<p>Exclusion of the public To resolve that under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item 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.</p> <p>Paragraph 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>	
13	2021/22 Business Assurance Update - Completed Audits and Audit Action Tracker	85 - 100
14	Action Log (confidential) To note the current Action log (confidential).	101 - 102
15	Confidential Minutes That the confidential Minutes of the meeting held on 25 January 2022 be approved as a correct record.	103 - 104

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

For further information please contact: Leslie Ashton - democracy@buckinghamshire.gov.uk on 01895 837227, or email democracy@buckinghamshire.gov.uk.



Audit and Governance Committee minutes

Minutes of the meeting of the Audit and Governance Committee held on Tuesday 25 January 2022 in The Oculus, Buckinghamshire Council, Gatehouse Road, Aylesbury HP19 8FF, commencing at 10.00 am and concluding at 12.55 pm.

Members present

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

Others in attendance

T Butcher

Agenda Item

1 Apologies

Apologies were received from Councillors R Carrington and C Etholen.

2 Declarations of interest

Councillor N Thomas declared a personal interest in item 6 as a Member of the Leisure Board that was involved in the development of the Council's Leisure Strategy.

3 Minutes

RESOLVED –

That the Minutes of the meeting held on 30 November, 2021, be approved as a correct record.

4 Report on the Public Sector Audit Appointment (PSAA)

The Committee received a report that set out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24. The current auditor, Grant Thornton, had been appointed as external auditors of the new unitary authority by Public Sector Audit Appointments (PSAA) until the end of 2022/23.

The auditor appointed at the end of the procurement process would undertake the statutory audit of accounts and Value for Money assessment of the Council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor would also be responsible for investigating questions raised by

electors and had powers and responsibilities in relation to Public Interest Reports and statutory recommendations.

The Council had a choice of the way that it appointed its external auditors, via the following options:

- (i) Option 1: National Auditor Appointment Scheme - opt into the arrangements offered by PSAA – benefits, that were explained at paragraphs 1.8 of the Committee report.
- (ii) Option 2: Own procurement arrangement following the procedures in the Act – Challenges, that were detailed in paragraph 1.9 of the Committee report.
- (iii) Option 3: To act jointly with other authorities to procure an auditor following the procedures in the Act – the challenges were the same as detailed at Option 2.

The report recommendation was for the Committee to recommend to full Council (which would be at the 23 February 2022 meeting) to opt into the arrangements offered (PSAA) for the appointment of the External Auditors from April 2023 (Option 1). The Committee report explained in detail the differences between the options. PSAA was specified as the ‘appointing person’ for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015, and had built up considerable expertise and experience from the first contract period (since 2017) when circa 99% of Council’s opted in. They had also worked hard over recent years to address the issues that had arisen such as consulting with the Council on the scale of audit fees and ensuring these reflected scale, complexity, and audit risk.

A Council procuring its own auditor or procuring through a joint arrangement entailed setting up an Audit Panel to oversee the procurement and running of the contract. This procurement process was an administrative burden on Council staff already struggling for capacity, with ongoing contract management then a further burden. Possible suppliers were limited to the small pool of registered firms with accredited Key Audit Partners (KAP), with a further difficulty being that the Council would not be able to prioritise its audit over others as Auditors were running at full capacity.

Members discussed the advantages and disadvantages of the available options at length and heard that there was a shortage of specialist accounting firms in the sector. It was possible that through the Council following its own procurement exercise, smaller audit firms could bid which would bring with it a significant risk due to the vast differences between local authority and private sector accounting practices. Nationally, there was a shortage of local Government auditors and even experienced audit firms, including Grant Thornton had encountered difficulties in attracting experienced staff. The Committee suggested that the report itself be revised to further highlight the advantages and disadvantages of each approach ahead of the final report being presented to Full Council.

A Member highlighted that emphasis should be placed on the procurement team knowing the exact needs of the Council to ensure best value for money and quality is received.

The Committee discussed the report and options and it was,

RESOLVED –

- (1) That the report be noted.**
- (2) That it be suggested that the Chairman of the Audit and Governance Committee proposes the below recommendation to Full Council, with the Vice-Chairman of the Committee seconding the recommendation.**
- (3) That full Council be recommended to opt into the arrangements offered by Public Sector Audit Appointments (PSAA) for the appointment of the Council's external auditors from April 2023 (Option 1).**

5 Buckinghamshire Council Statement of Accounts 2020/ 2021 (audit not complete)

The Accounts and Audit Regulations 2015 required Local Authorities to prepare a Statement of Accounts in accordance with proper accounting practice that were required to be approved and signed by the Council's Audit & Governance Committee.

The Committee received the draft Statement of Accounts for 2020/21 (Appendix 1 to the Committee report) and were informed that the Council was reporting a £400k underspend on outturn for 2021, increasing the General Fund balance to £49m (with £2m use of general fund reserves committed in 2021/22, bringing General Fund balance to £47m). This was the first time the Committee had been presented the Council's draft Statement of Accounts for 2021. However, the external audit had commenced in September 2021 and was ongoing. The three main adjustments made so far were:

- (i) Group Accounts - the Council was now having to complete group accounts as well as single entity accounts due to its holdings in Consilio Property Limited and Aylesbury Vale Estates Limited.
- (ii) Property, Plant and Equipment – there had been several adjustments within this note. This including rework of the opening balances to split out historic revaluations and movements to re categorise Intangible assets and Investment assets and assets under construction.
- (iii) Cash Flow Statement – Correction of mis statements within the original draft accounts.

The next steps would be for the outstanding work on the audit to be finalised over the coming weeks and any further amendments resulting from this work actioned before the accounts are then re-presented to the Committee for approval and sign-off by the Chair of the Committee and S151 Officer. The draft accounts were presented to this meeting to allow Members the opportunity to ask questions of the

officer responsible for their production, as she would shortly be leaving the authority. The Committee recognised the significant amount of work that had gone into the Statement of Accounts and congratulated the team on their efforts.

Members sought additional information on the draft Statement of Accounts and were informed:

- That the production of the draft Statement of Accounts had been delayed due to staffing capacity difficulties, consequently the accounts had been submitted to Grant Thornton late. As it was the first year of operation for the authority there was a significant volume of work. Grant Thornton had not been the external auditors for the legacy District Councils and had made a lot more requests for information on opening balances than had been anticipated. The Council had also had to contend with a number of staffing shortages and had found it difficult in bringing skilled staff in to support the work.
- Mr Ian Murray, Grant Thornton (external auditors) reported that there had been challenges due to the accounting complications of being the authority's first year of operation. The Grant Thornton team on site had other commitments to meet in February, notably to some NHS organisations, which would result in decreased external audit capacity during this period. The Committee heard that the external auditor had attempted to be accommodating and flexible, however had other clients they had made commitments to. The March meeting remained a feasible target for production of the final set of accounts. There remained a significant amount of open queries with officers, it was hoped these could be responded to over the February period. Members heard that around 200 queries had been responded to over the past two weeks, however many of those outstanding were particularly complicated and related to legacy authority transactions. The Committee expressed its dissatisfaction with the external auditor prioritising other commitments.
- It was noted that only around 9% of local authorities had met their statutory deadlines for 2020/21. As noted above, staff recruitment had proven difficult, including attempts at employing interim staff. A lead officer had been appointed for the 2021/22 accounts; however, further recruitment difficulties were highlighted as a risk.
- Members suggested that the narrative document be amended to ensure an accurate representation of Buckinghamshire and:
 - Reflected the pockets of deprivation in the county.
 - Made reference to the excellent work of the Council in dispersing covid grants to local businesses as well as the support the Council gave to the wider rollout of the vaccination programme.
 - Placed greater emphasis on climate change, displaying what the Council had achieved and what its wider aims were in this area.
 - Gave more context to the challenges faced by directorates including Children's Services.

- Provided context behind the customer experience metrics to understand outcomes and not only demand and was clear as to whether the Council met its obligation to the apprenticeship programme.
 - Reflected clawback of the rollover to Community Board funding.
 - Included reference to the approval of the Vale of Aylesbury Local Plan which impacted the whole county.
 - Gave further explanation to capital slippage.
 - As noted on page 34, a Member questioned whether Brexit was still considered a risk and required inclusion in the document.
- The £400k underspend was considered small in comparison to the overall net and gross budgets and was a positive result given the covid challenges which had resulted in significant losses to income streams and saw an increased demand in services.
 - In relation to presentation of the accounts, Members requested that the group accounts on page 113 would benefit from having the accounts of the authority side by side; the table shown on page 68 of the reports pack would be amended to display the dates as 2020/21 rather than 2019/20; variances in the dedicated schools grants noted on pages 49 and 70 would be revisited as it was thought that these should be the same figure; the question marks appearing on page 86 would be removed in the final version and the document would be subject to further quality assurance checks before final sign off.

RESOLVED –

That the draft Statement of Accounts for 2020/21 be noted.

6 Higginson Park Trust Fund accounts

The Committee received a report with the draft Annual Report and financial Statements for the Higginson Park Trust for the year ending 31 March 2021. The accounts had been prepared in accordance with the requirements of the Charities Act 2011 and had adopted the provisions of Accounting and Reporting by Charities Statement of Recommended Practice and Financial Reporting Standards. They had been audited by Seymour Taylor Audit Limited, with the auditors' report attached as Appendix 1 to the draft Annual Report. It was possible that the auditors' report could change once the outstanding audit work had been completed and finalised.

Members heard of the assets owned by the Trust and were informed that the net worth of Higginson Park Charity had decreased by £306k from £7,534k in 2020 to £7,228k in 2021, of which £190k was depreciation of assets. The net operating expenditure for the year had been a net loss of £269k compared to net income £1,892k in 2019/20. The difference being mainly due to the £2m grant received in 2020.

Covid-19 restrictions had a significant negative impact on the Charity during 2020/21, with leisure centre facilities at Court Garden required to close and events

cancelled because of the national lockdowns and social distancing restrictions in place. Places Leisure, along with all the other national leisure operators, had seen facilities in Buckinghamshire closing for more than eight months of the financial year. During the short periods of reopening, levels of attendance at Court Garden Leisure Centre had been minimal due to the mandated social distancing requirements which meant significant reductions in capacity and type of activity allowed or on offer, however these were recovering and the leisure centre was currently operating at around 90% of pre-covid levels. There had also been additional costs, such as increased cleaning regimes to ensure a COVID-secure environment.

The impact had been a loss of income of £117k from the closure of the leisure centre as well as a loss of income from events. There had been mitigation of £105k for some of these income losses through the Government's Support Scheme – currently the accounts did not reflect this amount as a debtor at year end as the treatment in line with Charity Commission rules first needed to be agreed with the auditors. If not included in this year's accounts, the amount was expected to be reflected next year.

With the gradual easing of restrictions during the current financial year in line with the government roadmap, recovery was underway, with a positive trajectory being experienced in terms of people returning to the leisure facilities, as well as outdoor events starting to return. However, the pace of recovery remained subject to the evolving position on the pandemic.

Members sought additional information and were informed:

- (i) Pre-covid, the Trust produced a small amount of surplus income, and whilst recovery from Covid would take time the Trust had a reasonable level of reserves and was deemed to be sustainable moving forward. Energy costs were also being closely monitored.
- (ii) That page 152, related party transactions would be corrected to read that the balance due to the Higginson Park Charity at 31 March 2020 was from Wycombe District Council rather than Buckinghamshire Council.
- (iii) Legally, the Council was comfortable with the position that the Section 151 Officer signed the accounts on behalf of the Council who was the sole trustee. This arrangement was the same at the legacy authority. However, the Committee was agreed that this may put the employee of the Council in a difficult position and appeared to be a conflict of interest. The Committee asked that this position be reviewed moving forward and it be explored whether the council could appoint an additional trustee(s).

ACTION LOG: Section 151 Officer in liaison with the Service Director for Culture and Leisure to discuss the potential appointment of additional officers, to act on behalf of the Council as signatories to the accounts on behalf of the trustee.

Having reviewed the Higginson Park Charity audited Annual Report and Financial Statement for the year ended 31 March 2021 attached at Appendix 1 and raised any

issues which Members needed assurance on, it was –

RESOLVED –

(1) That the Annual Report and Financial Statement for 2020/21 be approved.

(2) That the Service Director – Corporate Finance & S151 Officer be authorised, 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 Treasury Management Strategy 2022/2023

Members considered the Treasury Management Strategy 2022/ 2023 at Appendix 1. The strategy was expected to be agreed by full Council at its meeting on 23 February 2022. It was noted that the Council was required to approve a treasury management strategy before the start of each financial year.

The Committee was informed that the strategy for 2022/23 covered the current treasury position, treasury indicators which limit the treasury risk and activities of the Council, prospects for interest rates, the borrowing strategy, policy on borrowing in advance of need, debt rescheduling, the investment strategy, creditworthiness policy and the policy on use of external service providers.

The treasury management function ensured that the Council's cash was organised in accordance with the relevant professional codes, so that sufficient cash was available to meet service activity and the Council's capital strategy. This involved both the organisation of the cash flow and, where capital plans required, the organisation of appropriate borrowing facilities. The Council was asked to approve the borrowing activity detailed for the following:

- The operational boundary (limit beyond which external debt was not normally expected to exceed – figures at paragraph 1.8 of the report.
- The authorised limit for external debt (key prudential indicator and represented a control on the maximum level of borrowing – figures at paragraph 1.9 of the report. Estimates were provided for years from 2021/22 to 2024/25.
- Maturity structure of borrowing (gross limits set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, with required upper and lower limits), figures at paragraph 1.10 of the report. The time periods mentioned were from under 12 months, up to 40 to 50 years.

The report also provided information on the types of investment instruments that the treasury management team were authorised to use. The maximum exposure to non-specified treasury management investments was £100m.

Following a competitive tendering process, Link Treasury Services Limited (Link) were appointed as the Council's treasury advisor with effect from 1 August 2021. This appointment had resulted in the TMSS being presented in an alternative way to that which Members may have been used to in the past. Changes to the TMSS

included introducing the definition of specified and non-specified investments. Specified investments were those with a high level of credit quality and subject to a maturity limit of one year or had less than a year left to run to maturity if originally they were classified as being nonspecified investments solely due to the maturity period exceeding one year. Nonspecified investments were those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.

The Council had also determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent), previously the minimum sovereign credit rating was AA. The cash limit for AA+, AA and AA- sovereign rated foreign countries is £10m per country. The cash limit for AAA sovereign rated countries is £20m per country. In addition, no more than a total of £40m will be placed with any non-UK countries at any time.

Amendments to be made to the covering report prior to it being presented to Full Council included:

- Page 155, paragraph 1.5 the line should read 'no more than £40m' as opposed to £50m
- Page 159, the line in the table for 'Local authorities (sector limit £75m)', should read 'sector limit £150m'. As at 31 March 2021 there was £98m and this figure allowed additional headroom.

During discussion, comments and questions raised by Members included:

- It was clarified that investment into other local authorities was permitted, although local authorities were not rated in the same way as financial institutions. However, these investments were guaranteed by Government. It was noted that there was not the ability to foresee or speculate as to whether an authority may issue a section 114 notice. Where a local authority that the Council had invested in then subsequently issued a section 114 notice or was given a capitalisation directive, then this would be reported to the Audit and Governance Committee at the earliest opportunity. Members heard that opportunities to make these investments often arose over a short period of time and required decision making to be relatively quick.
- Ethical investing when investing in non-UK banks was discussed as Members noted that this was a different approach to that used by the Council's previous advisors. It was explained that political issues were not taken into account as the sovereign credit ratings system was used when assessing countries and these ratings were factual. Members commented that as a public body there were reputational and ethical risks to the Council were it not to take into consideration wider issues, such as political and human rights issues within countries. It was discussed that ethical views varied from person to person so judgment on this could be difficult. Member suggested that a further reputational risk assessment should be undertaken and added into the final report and agreed that for this coming year, investments should

be limited to AAA rated non-UK banks subject to a review the following year.

ACTION LOG: A revised report to be circulated electronically for the Committee to agree prior to publication of the Full Council agenda for the meeting on 23 February 2022.

- Some of the language used in the report could be interpreted as promotion for the new advisors and in the interest of brevity some of the questions raised within the document, as on page 175 of the reports pack, were not necessary.
- All treasury investments were in GBP to avoid currency exposure.
- It was discussed who would propose this report to full Council and the Committee was advised that in the past this had been the Cabinet Member whose portfolio had responsibility for the TMSS, in this case, the Cabinet Member for Finance, Resources, Property and Assets.

RESOLVED –

That full Council be recommended to:

- (1) Agree the Council’s Treasury Management Strategy Statement (TMSS) for 2022/23.**
- (2) Agree the operational boundary for external borrowing, the authorised limit for external borrowing, the maturity structure of borrowing and the upper limit for principal sums invested for longer than 365 days, as detailed in the TMSS.**

8 Business Assurance Update

The Committee received a report on the 2021/22 Business Assurance Strategy update, including progress against the Internal Audit Plan. The 2021/22 Internal Audit Plan had been reviewed to identify the key audit activities to be delivered considering the priorities within the Directorates and working around the service reviews that were in progress.

The Business Assurance Strategy, including the Internal Audit Plan, had been 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. The Internal Audit Plan 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.

Quarterly Business Assurance updates were presented to each Directorate Leadership Team providing updates on the planned audit and assurance activity,

which were reviewed for appropriateness each time. Views were also sought from the Directorates on the work of the Business Assurance Team to enable continuous improvement and ensure that it was meeting the needs and expectations of the organisation. Progress against the strategy had been presented to, and agreed by, the Audit Board (S151 Officer, Monitoring Officer and Director of Legal Services).

Members sought further information on Business Assurance work and progress against the Audit Plan and were informed:

- The CIPFA business assurance review report should be completed in the coming weeks and was planned to be presented to the Committee at its next meeting, this would include an assessment of the Council's performance on public sector internal audit standards.
- The Business Assurance team worked closely with directorates to understand risks and score them appropriately. A service review of the business assurance function was being undertaken and may identify additional capacity for further in depth check and challenge.
- Nineteen audits had been deferred, many to Q1 and Q2 of 2022/23 due to resources pressures and other priority risk areas having been identified. Planning for 2022/23 was underway and Members were advised that the team would ensure adequate resource was in place throughout Q1 and Q2. It was noted that Mazars delivered a great deal of the Council's audit work. In relation to governance around deferrals, the Committee was advised that these would be discussed at Senior Leadership Team (SLLT) meetings of the appropriate directorate and required Corporate Director sign off. Where business assurance had concerns the deferral would not be agreed and these would be referred to the audit board, on which the S151 officer, Monitoring Officer and Director of Legal and Democratic services sat.
- Children's Services audit work would re-commence once the OFSTED inspection report had been received and its findings assessed. Resources would then be directed to areas as appropriate. By the time of the next meeting a revised programme for Children's Services should be available.
- The Quality Standards Performance, Quality Assessment Framework audit within Health and Wellbeing, which had been cancelled at the request of SLT was being externally audited by the Care Quality Commission, an update on the outcomes of this would be included in the next update to this Committee.

RESOLVED –

That the Business Assurance update report be noted.

9 Contract Exemptions & Breaches (6 month update)

The Council, as a public body when undertaking procurement exercises and awarding contracts, had to comply with the Public Contracts Regulations 2015. The

Regulations placed a great deal of restrictions on the Council in how it was permitted to run procurement exercises and in some cases the Council could be sued by bidders for not following these Regulations. It was the relevant service area / directorate that was responsible for undertaking procurement exercises and the management of contracts, not the procurement team. The procurement team developed the corporate policy, supported high risk/value procurement exercises and provided training on procurement and contract management.

The Committee received a report summarising compliance with the Council's Contract Procedure Rules (CPR's) and compliance with the Public Contracts Regulations 2015 during the reporting period from April to 30 September 2021, i.e. the first 6 months of financial year 2021/22. The report explained the Council's Contract Procedure Rules and different financial limits relating to contracts, waivers and breaches. Rule 6.18 allowed a Waiver to the requirement for competition and for a contract to be placed by direct negotiation with one supplier. This needed to be agreed and documented in advance. However, waivers under this rule could not be granted if over the relevant Procurement Thresholds. The various thresholds were £189,330 for goods and services, £663,540 for Light Touch Regime and £4,733,252 for works.

If a direct award was made that was above this threshold (if a legal alternative such as a Framework was not used) a breach had occurred, and officers were obliged to report this to the S151 Officer and Monitoring Officer (statutory officers). In some instances, there may be legal permitted changes within the Public Contracts Regulations 2015.

The process for Service areas to complete waiver forms to waive internal rules was explained. There had been a total of 32 waivers registered in the first 6 months of the financial year 2021/22, 19 in the first quarter and 13 in the second quarter. There had also been one breach reported to the Statutory Officers in the period. Information on this was included in the confidential appendix on the agenda.

Members were informed that one of the issues of bringing together five Councils was the procurement and contract management culture of relevant services areas/directorates. To assist in developing a new positive culture and to ensure a high level of assurance the Procurement team provided training on several areas. Details of procurement and contract management training undertaken during April-September 2021 was at Section 6 of the report.

The Committee report also included information:

- On a recent Green Paper released by central Government on the future transformation of public sector procurement, although any changes would not happen before 2023.
- On new public sector procurement thresholds that had come into force from 1 January 2022 and would apply to all public procurement under the Public Contracts Regulations 2015 (PCR 2015) and the Concession Contract Regulations 2016 (CCR 2016).

- On a summary of all waivers registered during Q1 and Q2 2021/22, by value, by risk category (low/medium/high) and by Service Area.

Members sought additional information and were informed:

- Whilst 38 waivers had been registered some of these would have been removed where the waiver was no longer needed. This was the reason for the respective quarter 1 and quarter 2 figures of 19 and 13.
- The procurement thresholds noted in the report were set by central Government, however there had been some pushback from local authorities due to a lack of clarity on the need to include VAT within contract values. This was said to be a difficult task and officers were being asked to assess contracts for whether VAT needed to be applied.
- To provide context to the number of waivers, the Committee was advised that there were circa 2500 contracts of a range of values within the contract database and the team were supporting 32 to 35 high value, high risk procurement activities.
- The waiver for the CAMHS contract was made to allow closer aligning with wider CCG contracts. A legal assessment and value for money assessment would have been completed prior to the waiver being approved.

The Committee congratulated the team on their nominations for the Public Procurement Team of the year and Best Supplier Relationship Management awards.

RESOLVED –

That the report, and the work of the Strategic Procurement team, be noted.

10 Lessons Learnt from other Local Authorities

The Committee received a report looking at the lessons learnt from other Local Authorities who had experienced financial management and governance arrangements difficulties over the last 3-4 years. These included looking at the experiences of Northamptonshire County Council (March 2018), to the most recent section 114 notice issued by Slough Borough Council, which followed closely behind the critical 2018/19 audit by Grant Thornton.

There were several factors that have had an impact on local authorities in recent years. After years of reduced government funding, local authority business models have become increasingly reliant on generating additional income to support frontline services. This has led to a number of local authorities increasing commercialisation and develop different vehicles to facilitate this, including partnership ventures, joint ventures, limited companies and Teckal companies. The recent Public Interest reports had shown that the failure of council owned companies can have a devastating effect.

Grant Thornton had summarised the key issues arising out of the recent Public Interest and Best Value reports (Appendix 1) into 5 main areas:

- Financial Management.

- External Companies.
- Organisational Culture.
- Risk Management, Assurance and Audit.
- Relationships and Decision Making.

From a political and governance perspective, the key issues identified related to Member conduct and behaviour, Legal capacity, confusion of roles and delegations, and poor scrutiny arrangements. In addition, the Department for Levelling Up, Housing and Communities (DLUHC) had produced its own lessons learned document: 'Addressing cultural and governance failings in local authorities: lessons from recent interventions' which sought to provide guidance on recognising poor culture and weak governance.

DLUHC did not consider the following list definitive but had identified the following issues in various inspections undertaken:

- lack of effective political and/or corporate leadership, including an overreliance on interim statutory officers.
- a lack of corporate capacity, resulting in a lack of strategic vision and direction, and inadequate internal processes.
- poor and inappropriate councillor conduct.
- conflict and distrust among and between councillors and senior officers.
- the absence of effective scrutiny, transparency, and public consultation, including inadequate protections for whistle-blowers.
- a lack of awareness and acceptance of the need for improvement; and insufficient capacity to achieve the change required.

CIPFA identify that there are some common issues among councils holding companies and these were generally linked to organisational governance, leadership, capacity, financial stability and culture. Building on the 2019 financial management code, CIPFA was planning to extend its financial sustainability work by developing additional guidance on council-owned companies.

Despite all the lessons learnt and signs identified through inspections and by CIPFA, there were no clear or unequivocal quantitative measures to assess whether a council had a poor culture. Weak governance could be less tangible and visible from the outside. In some instances, peer challenge/reviews could provide insight into some of these issues.

The Committee report provided some analysis of the new Buckinghamshire Council, stating that it could boast of having very strong political and corporate leadership, with a clear strategic vision and direction. There were detailed internal processes for decision making and a good understanding by officers of those processes, good report writing and professional advice. Whilst there were some incidents of inappropriate Councillor conduct, there were robust mechanisms in place to address these and, generally, conduct was of a very high standard with a comprehensive complaints procedure and training on the Code of Conduct in place for all Councillors. Regular advice and assistance to Members is provided by the

Monitoring Officer.

Information was provided:

- that Members were well aware of the role of Officers, and there are detailed constitutional provisions regarding their respective and different roles. In the main, relationships of trust were maintained.
- That since the election in May 2021, Scrutiny/Select Committees had been formed with independently minded Chairmen and detailed work plans. Regular meetings of Scrutiny Chairmen and Cabinet members were organised and constructive challenge and detailed reviews of council business was welcomed.
- That similarly Audit and Standards Committees played an important role in overseeing risk and governance issues, together with a regular review of the constitution.
- that the Constitution set out a detailed set of delegations both to the various Committees but also officers, and individual Directorate have schemes of delegation in place.

Members were informed that a lack of prudent level of reserves was one of the key themes that emerged from the 'lessons learnt' reports and was an issue that could significantly reduce a council's ability to respond to financial pressures that may emerge. It was generally accepted by external auditors that councils should hold at least 5% of net operating expenditure in General Fund reserves (including earmarked reserves). Buckinghamshire had a healthy reserves position, and in the budget setting in February 2021 it had been reported that the Council had c£47m in unallocated General Fund reserves (excluding earmarked reserves) that was approximately 10% of the Council's net operating budget.

Information was also provided on how the Buckinghamshire Council addressed the following issues:

- Ensuring there was not a general misuse of capitalisation of revenue or the use of the capitalisation that failed to deliver the intended benefits. There was a thorough review of charges to the capital programme each year to ensure that all costs are genuinely capital. The external auditor also tended to take a keen interest in testing to ensure the capitalisation regulations had been appropriately applied.
- Ensuring the Council was setting aside a prudent level of revenue resources to pay off any borrowing.
- Financial support / loans to failing ventures /companies – the Council did not have any failing companies but remained vigilant to make sure there was organisational oversight of the financial plans and performance of companies, partnerships and joint ventures.
- Ensuring there was appropriate and timely action to look at either budget overspends or the likely undeliverability of budget savings. An extensive process of review and challenge was in place when it came to the MTFP budget setting process, including a CMT Budget Board and monthly Budget Boards within all directorates.
- That the Council had a strong strategic procurement team, that regularly

reported contract waivers and breaches to the Audit and Governance Committee.

- That it was standard procedure with the disposal of property to ensure a s123 valuation was undertaken confirm that the disposal arrangements were value for money for the Council.

A Member reported that individual member engagement on key decisions could be improved as local ward members were not believed to be consulted with on a consistent basis. The Committee discussed that a way of exploring this further, may be to take a sample of Cabinet Member decisions and assess local member involvement in each decision. A comment suggested not only referencing local member consultation within reports but to detail what the opinion of those members was and the dates they were consulted with.

ACTION LOG: That the Director of Legal and Democratic Services in co-operation with Business Assurance explore the feasibility of assessing member engagement in Cabinet and Cabinet Member decisions in a way they see appropriate. This piece of work may be undertaken by the newly in post Principal Governance Advisor. Consideration should also be given to sharing this report with the Finance and Resources Select Committee.

The Committee thanked officers for the production of the report and welcomed the action plan.

RESOLVED –

(1) That the report be noted.

(2) That an update on the action plan be brought back to the Audit and Governance Committee in six months.

11 Work Programme

The Committee considered their current work programme and it was,

RESOLVED –

That the work programme be noted.

12 Action Log

The Committee noted that the due dates for the actions noted were not yet due.

RESOLVED –

That the action log be noted.

13 Exclusion of the public

RESOLVED –

That pursuant to Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting during consideration of Minutes No 14, 15 and 16, on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act as defined as follows:

Minute 14 – Contract Exemptions and Breaches (6 month update)

Minute 15 – Action Log (confidential)

Minute 16 – Confidential Minutes of the Audit and Governance Committee held on 30 November 2021.

The items include Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 3, Part 1 of Schedule 12A, Local Government Act 1972) (The need to maintain the exemptions outweighs the public interest in disclosure, because disclosure could prejudice the Council’s position in any future process or negotiations).

14 Contract Exemptions & Breaches (6 months report)

This item was undertaken in confidential session as part of Minute item 9 and details of the public discussion and the decisions taken are included within Minute number 9.

15 Action Log (confidential)

RESOLVED –

That the current Action Log (confidential) be noted.

16 Confidential Minutes

RESOLVED –

That the confidential Minutes of the meeting held on 30 November, 2021, be approved as a correct record.



Report to Audit & Governance Committee

Date:	22 March 2022
Title:	Review of the Constitution
Cabinet Member(s):	Councillor John Chilver, Cabinet Member for Finance, Resources, Property & Assets
Contact officer:	Nick Graham, Service Director Legal and Democratic Services, nick.graham@buckinghamshire.gov.uk
Ward(s) affected:	None specific
Recommendations:	<p>The Committee is recommended:-</p> <ol style="list-style-type: none"> 1. To note and endorse the proposed changes to the Constitution as set out in Appendix 1; 2. subject to any changes proposed by the Standards & General Purposes Committee which meets on the 14 April 2022, to recommend that Full Council adopt the proposed changes; 3. to recommend to Full Council the appropriate delegations to the Monitoring Officer, in consultation with the Members' Constitutional Working Group, to finalise the textual changes to the constitution following approval of the principles as set out in Appendix 1.
Reason for decision:	To give effect to proposed updates to the Council's Constitution to allow for better and more transparent decision-making.

1. Content of report

- 1.1 Under s9P Local Government Act 2000 the Council is required to prepare and keep up to date a Constitution containing the standing orders of the Council and such other information as is required or is desirable. Buckinghamshire Council's Constitution was effective as from 1 April 2020 and is regularly reviewed to ensure the Council's operation is properly supported and governed by the Constitution. The last review took place in April 2021.
- 1.2 Oversight of the Constitution is shared between the Audit and Governance Committee and the Standards and General Purposes Committee. The power to change the Constitution is reserved to full Council via recommendation from the Standards and General Purposes Committee. The Monitoring Officer also has delegated authority to make amendments to ensure the Council conducts itself lawfully, and minor amendments where appropriate.
- 1.3 A Constitution Members Working Group consisting of the Chairmen and Vice-chairmen of both the Audit and Governance Committee and the Standards and General Purposes Committee has met a number of times to consider proposed changes and provide initial comments to help inform the review of the Constitution as required by full Council. Feedback from appropriate members and officers to the proposals has also been obtained.
- 1.4 The Committee will note that within Appendix 1 the changes are set out in principle to allow drafting of the proposed changes to take account of member feedback, further legal input or ensure other affected parts of the Constitution can be amended accordingly. It is therefore recommended that the Monitoring Officer determines the final wording of the in-principle proposals and any associated/incidental amendments with the approval of the Constitution Working Group, and to then change the Constitution accordingly together with any other necessary incidental amendments.

2. Other options considered

- 2.1 The proposed changes are considered desirable to allow the Council to operate more effectively, however amendments could also be delayed to allow greater feedback on the proposed changes.

3. Legal and financial implications

- 3.1 None except as set out in the body of the report.

4. Corporate implications

- 4.1 The effectiveness of the Constitution is central to the operation of the Council as a whole and supports transparency, governance and good decision making. Reviews to ensure the Constitution is fit for purpose and effective should be undertaken regularly.

5. Local councillors & community boards consultation & views

- 5.1 The Constitution will be updated on the Council's website and will be communicated to members and officers when appropriate to ensure the correct procedures are being used.

6. Next steps and review

- 6.1 A similar paper will be presented to the Standards & General Purposes Committee and, if endorsed, to Full Council.

7. Background papers

- 7.1 None.

8. Your questions and views (for key decisions)

- 8.1 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

This page is intentionally left blank

Report to Audit & Governance Committee

Appendix 1

Amendments to the Constitution

Area of the Constitution	Proposed Change	Reasons
General	Ensure that, other than for the Leader of the Council, where only one Member is nominated they are merely appointed and no election is required.	If only one person is proposed for the position of Chairman then they should be appointed unopposed. (NB: Vice Chairman are appointed by the Chairman.)
	Ensure that a Member cannot nominate themselves for roles on Committee/as Leader.	To ensure any nominations have the sufficient support of the meeting
	Ensure that the role of the Chairman of Committee is made explicit, including the extent of their discretion in approving agendas, running meetings, etc.	To ensure clarity for those running meetings.
	Strengthen provisions in the Constitution to requiring officers to share information with local Members about issues impacting their areas.	To ensure better communication with Members.
Full Council Rules of Procedure	Ensure the wording is clear that only those items listed for the AGM meeting are considered at that meeting.	The AGM has a prescribed agenda in the Constitution and should be adhered to. This would not affect the ability for the Council to

		call an urgent/Exceptional meeting where required for urgent business.
	Ensure that the wording is clear that the Chairman of the Council can add or subtract to items of business proposed for Ordinary Meetings of the Council.	To ensure flexibility to deal with Council business.
	Make provision for a process to deal with Motions deferred from Council to be dealt with by another body, including how the body should address the Motion, and arrangements for reporting back to Council.	To provide more clarity around how such Motions are dealt with by the body to which they are referred.
Cabinet Rules of Procedure	To provide greater clarity in the Constitution that Members are permitted to ask one question of Cabinet / Cabinet Members.	Currently the provisions are slightly unclear and refer to 'a Question' and 'Questions'.
Planning	Extend the right of Call in to 'Permission in Principle' planning applications.	These are currently only dealt with by officers.
	Planning Site visits – to consider changes for those Councillors who work and cannot attend pre-arranged group visits.	
	To provide for draft recommendations of planning officers on planning applications to be shared with local Members.	This will assist Members to determine whether they should consider making a request for Call In of any planning applications.
Scrutiny	To change the timing of when questions should be received to ensure that Members and members of the public could have sight of the agenda before submitting their question.	To enable questions to relate to the agenda items.

Licensing	To make provision in the Licensing Committee Terms of Reference that this Committee can deal with Street Consents.	
Community Boards	To provide a comprehensive Terms of Reference for Community Boards to include provision for membership.	
Changes made by the Monitoring under delegated powers	In compliance with the statutory requirements set out under sections 36 – 41 of the Counter Terrorism and Security Act 2015, Buckinghamshire Council has a Channel Panel in place for its Area, and has regard to the Channel duty guidance 2020 and is committed to complying with the requirements within it.	Each local authority is required to have a Channel Panel as a means of addressing radicalisation and extremism and to comply with the Government’s legislation, including compliance with the Prevent Duty.

This page is intentionally left blank



Audit and Governance Committee

Date:	22 March 2022
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.

This page is intentionally left blank



BUCKINGHAMSHIRE COUNCIL

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

Maggie Gibb

Head of Business Assurance (& Chief Internal Auditor)

March 2022

Contents

1. Introduction	3
2. Resources.....	4
3 Risk Management.....	5
4 Internal Audit	5
5 Business Assurance.....	9
6 Counter Fraud	14
Appendix 1 – 2021/22 Internal Audit Plan	16

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 2021/22 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 plans considered activities that were scheduled for delivery in 20/21 but had to be paused due to the pandemic. A risk-based methodology was applied in developing the plans, to ensure that assurance work remained focussed on the Councils key risks and priorities; as such any work not undertaken in 20/21 has not been routinely included in the current year for delivery. The planning process took these deferred activities into account and through discussions with Directorates we re-assessed the risks to determine whether the work was aligned with the Council's priorities for the current year.
- 1.3 The Business Assurance work plans continue to be dynamic in nature and are reviewed on a regular basis to ensure they continuously consider any new, emerging and changing risks and priorities. Quarterly updates on Business Assurance activities have been presented to each directorate leadership team providing them with an overview of the Internal Audit activities including progress on implementation of audit actions; and a risk management update on escalated risks with status of risk reviews.
- 1.4 The Business Assurance Team is currently subject to the Service Review process, and workshops continue to be held to discuss the various responsibilities and pressures across the teams. A benchmarking exercise has been undertaken to help inform the review and support the

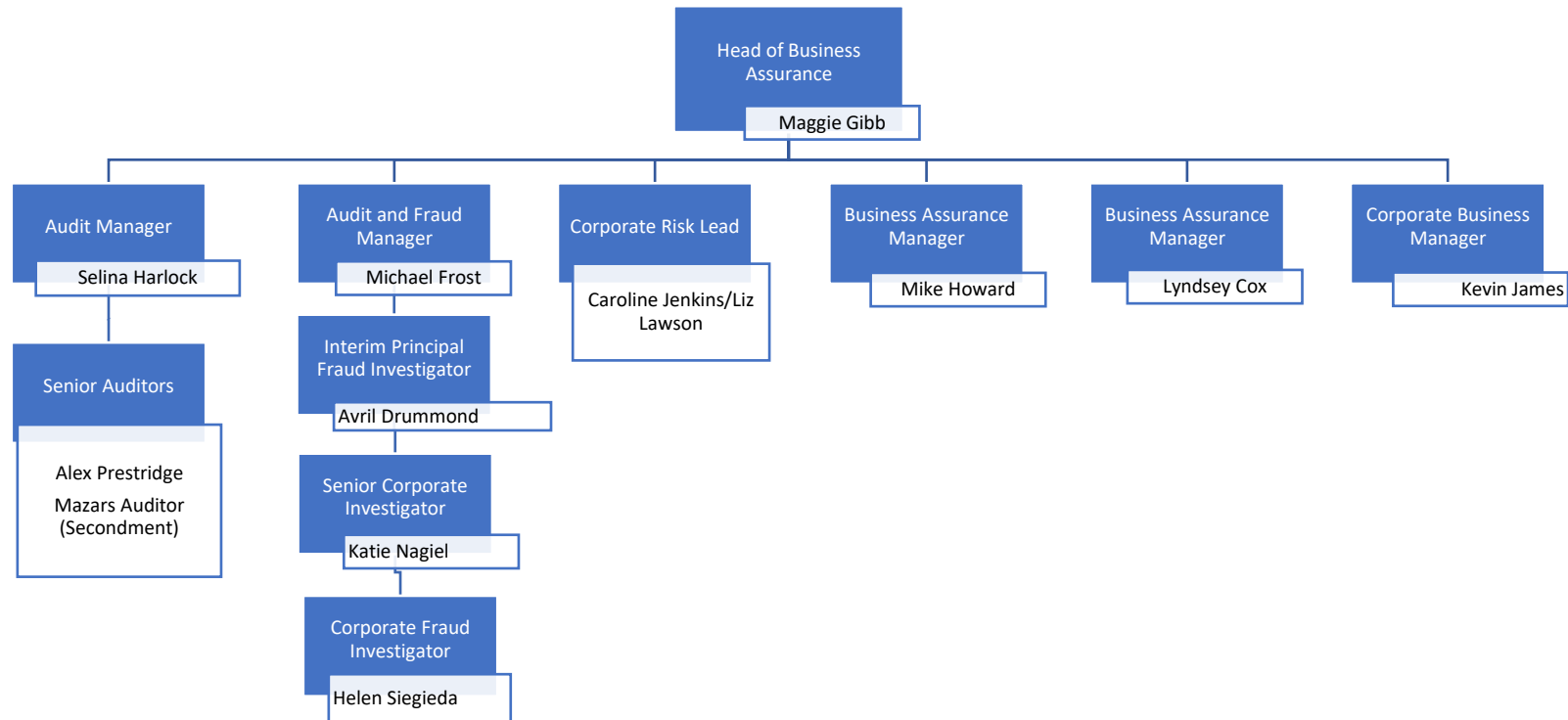
development of structures going forward.

- 1.5 The CIPFA review of the Business Assurance service has been completed, and the outcome of this review are informing the Service Review and the improvement plan for the service.

2. Resources

- 2.1 The Business Assurance Team has remained unchanged, and we continue to resource work plans with a mix of in-house staff and a partnership arrangement with the APEX London Audit Framework. The framework is hosted by the London Borough of Croydon and the audit service is currently provided by Mazars. This arrangement allows for a flexible approach and enables us to respond swiftly to urgent requests for resource such as for investigations. The framework also enables us to request specialist resource such as IT auditors and contract auditors where the in-house team do not have the appropriate technical skills.

Business Assurance Team Structure:



3 Risk Management

- 3.1 The Business Assurance Team has continued to embed risk management across Buckinghamshire Council. We have been reviewing the risks in more detail to ensure that the magnitude of risks is understood and that there are appropriate internal controls and/or actions undertaken to mitigate risks and address some of the risk gaps identified.
- 3.2 We have continued to offer monthly risk management and Pentana training sessions and have reviewed our Risk Management e-learning module. We are continuing to identify and expand our training delivery methods and tailored education offerings.
- 3.3 The Business Assurance team has developed an emerging risk register which is reported to Risk Management Group and the team are sharing knowledge to directorates' Risk Champions. The next meeting of the Risk Management Group is due to be held on 25 April 2022, with the Corporate Director for Planning, Growth and Sustainability attending to discuss key risks faced by the directorate.

4. Internal Audit

- 4.1 The role of the Internal Audit function is to provide members and management with independent assurance that the control, risk and governance framework in place within the Council is operating efficiently and effectively to support in the Council's achievement of its set objectives. The Internal Audit work undertaken is focused on the key risk areas that may impact the Council's ability to achieve its objectives.
- 4.2 In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:
- The status of management actions;
 - an update on progress against the annual audit plan;
 - a summary of internal audit performance, planning and resourcing issues; and
 - a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

4.3 Internal audit reviews conclude in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

- **Substantial:** 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.
- **Reasonable:** 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.
- **Limited:** 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.
- **No Assurance:** 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.

4.4 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 focused on emerging issues/ risks. Any significant deviation from the approved Internal Audit Plan is communicated through the periodic activity reporting process.

4.5 From review of the plan with directorates 31 out of 94 audits engagements have been deferred or cancelled, reasons for these changes are provided within Appendix 1 highlighted in blue. Since the previous Committee, progress has continued, the table below provides a summary of the progress made in delivering the approved 21/22 plan:

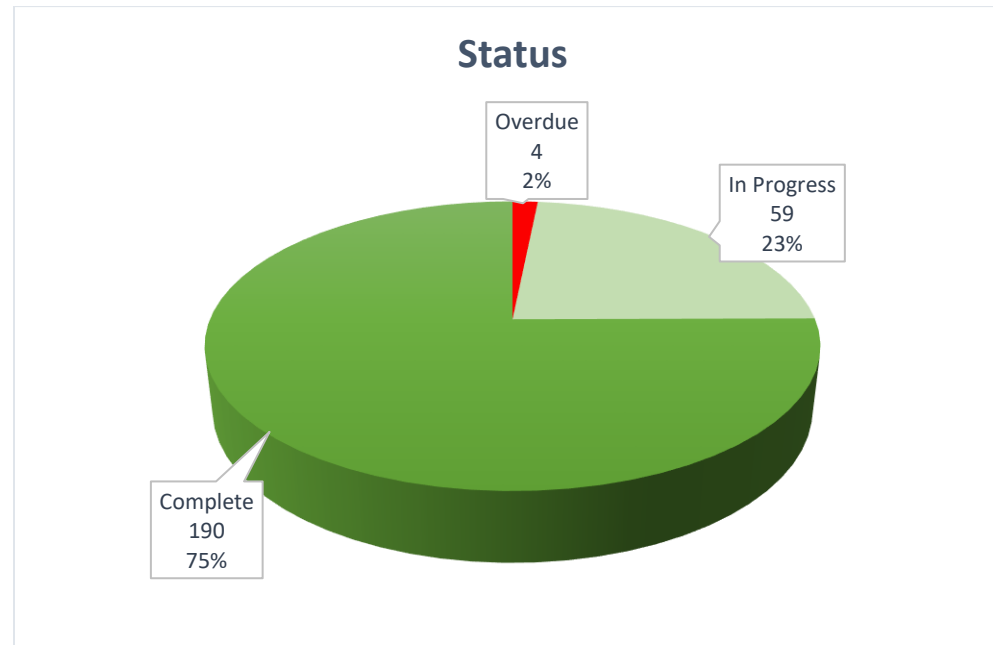
Table 1 – Status of 2021/22 Audit plan

Status	No. Audits	%
Not Started	3	3%
Planning	4	4%
Fieldwork	14	15%
Draft Report	19	20%
Complete	17	18%
On-going	6	6%
Deferred/ Cancelled	31	33%

- 4.6 There are three audits within Children’s Services that have not been started as discussions with the service are being held with management to reflect on the outcomes of the Ofsted inspection and ensure that audit activity is appropriately focused on the key priorities for the service following inspection. Appendix 1 outlines a summary update of the progress being made against the approved plan. We would like to highlight that the team currently have 12 audits that they deem to be at “final” draft stage (highlighted in yellow in Appendix 1). A decision has been taken that all audit actions should be assigned at Heads of Services level going forward. As such Internal Audit will be communicating this change to services and will be meeting with the relevant Heads of Service and revisiting all reports and ensuring that the due dates set are appropriate. The reports will be issued as finals following these meetings.
- 4.7 Internal Audit work on grant certification provides an essential service for the Council. Although it is not audit opinion work, the Audit team’s schedule of grant certifications is an on-going commitment of Internal Audit resources which requires adherence to strict timescales for the certification of claims submitted. The grant certification completed by Internal Audit is reflected in Appendix 1 against the respective directorate. It should be noted that this grant activity is separate to the continuous assurance and the certification work being undertaken for the Covid-19 grants.

- 4.8 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. The chart below provides a summary on the implementation status of the audit actions:

Summary Status of Management Actions



- 4.9 Progress against implementing audit actions is reported to each of the Directorate leadership team meetings on a regular basis, and outstanding audit actions were reported to the Corporate Management Team (CMT) via email on 4 March 2022.
- 4.10 The Audit Board, chaired by the Service Director, Corporate Finance (S151), met on 10 March 2022 and reviewed progress against the Business Assurance Strategy, in particular delivery of the Internal Audit Plan. Appendix 1 shows the current progress updated against the Internal Audit Plan.

4.11 The CIPFA external assessment of our conformance with the Public Sector Internal Audit Standards has been completed and the report will be presented as a separate agenda item.

5. Business Assurance

5.1 We continue to provide assurance to CMT on the Covid-19 related grants and in the last report to CMT in January the Council had received an additional c.£70.6m in FY22 across directorates to provide services and support the communities, residents and businesses. The report highlighted to management the updated position on Covid grant funding following a number of announcements from central government. Table 3 below is a summary of the new and extended Covid-19 grants as at the January 2022 update to CMT:

Table 3 – New and Extended Covid-19 Grants (as at January 2022)

Grant	Type	Nature	Allocation	End Date
Adult Social Care Omicron Support Fund	New	Un-ringfenced	£ 417,830.00	None
Omicron Hospitality and Leisure Grant	New	Ringfenced	£ 4,050,225.00	31/03/2022
Infection Control 5 & Rapid Testing 4	New	Ringfenced	£ 3,754,379.00	31/03/2022
Workforce Recruitment and Retention fund	New	Ringfenced	£ 3,220,770.00	31/03/2022
Homelessness Prevention Grant	Extension	Ringfenced	£ 345,188.00	31/03/2022
Additional Restrictions Grant	Extension	Ringfenced	£ 1,334,142.00	31/03/2022
Protect & Vaccinate - Rough Sleeping Initiative	New	Ringfenced	£ 150,438.00	TBC
Wellbeing for Education Recovery	New	Un-ringfenced	£ 76,718.00	N/A
CARF	New	Ringfenced	£ 11,728,484.00	TBC
Mid Year Discretionary Housing Payment	New	Ringfenced	£ 309,042.00	31/03/2022
Total			£ 25,387,216.00	

For the end of year, the team will be focussing on ensuring that all grant returns are completed within the set deadlines and that reconciliations are completed in a timely manner to make certain that discrepancies can be rectified before they are required by government departments.

5.2 Since the last committee, the Business Assurance Team have supported the Client Transport Service by providing assurance over the implementation of the new transport system ONE. Assurance was provided in the following areas; Implementation Planning, Data Migration, including User Acceptance Testing (UAT) and the Control Framework. The team carried out reconciliations of the data and reported all findings immediately via email to the service to enable prompt rectification before the system go-live date. On completion of the assurance work, lessons learnt observations were shared with the service highlighting areas of improvement, examples of the recommendations made include:

Process:

- Consider mapping out a critical path for future implementations.
- In the future, develop a reconciliation methodology that clearly identifies the key data sets to be reconciled to ensure adequate time and resource is allocated to the task. Ensure that the data owners complete the reconciliations. This will lower the risk of error as they are the ones who know the data best and are able to complete a reconciliation with lower risk of error.
- Perform financial reconciliations regularly during implementations to ensure the figures match between the systems.

People:

- Avoid placing excessive demand on a single resource, as this creates a single point of failure. Project and operational roles should be clearly defined to ensure clarity over everyone's responsibilities. A full-time data resource should be considered on future projects of this complexity and size.
- Maintain the recent dynamic of prompt responses in future implementations.
- Ensure Finance is more involved with system implementations so they can input on their requirements for forecasting, reconciliations and for invoice processing.
- Review the list of expected attendees who were not able to join a training session and confirm whether they require training.

Systems:

- Ensure failed user acceptance tests are reperformed after the issues have been addressed, ideally before Go Live on future implementations.

- Document what reports have been developed for any new systems being implemented and which remain outstanding. Prioritise the missing reports to ensure the critical ones are available before Go Live.

5.3 In quarter three, Business Assurance was commissioned by Client Transport Service to undertake an independent review to provide an opinion on the consistency of the onboarding process of operators onto the DPS (Dynamic Purchasing System) and subsequent awarding of contracts following some discrepancies that had been identified for two operators. For each operator with a 'live' contract we:

- reviewed the operator details for consistency across Companies House, the DPS, SAP (finance system) and other records maintained (including supplier invoices) and held by Client Transport;
- reviewed the approved applications on the DPS to ensure consistency in the methodologies used during the assessment and approval phase; and
- reviewed the financial viability checks to ensure each operator had passed and financial caps were followed as necessary.

From the work undertaken the following recommendations were made:

- An action plan should be put in place to address the discrepancies highlighted in by the review; and this plan should be subject to an Internal Audit review who will provide assurance on the actions.
- Further operators / supplier checks should be undertaken by Client Transport to ensure that data held is accurate and up to date and to clear any queries raised as part of this review. Where Companies House information is out of date, Client Transport should request that operators / suppliers update this.
- Insurance documentation for operators be reviewed to ensure that the correct trading names are used on the insurance documentation. Where this is not the case assurances should be obtained to ensure that the interchanging use of company names does not invalidate the insurance cover.

- Further training should be undertaken to ensure that training and guidance is applied correctly and consistently on all rounds of the Stage 1 onboarding process, specifically around adding comments to ensure a clear audit trail is available of any decision-making processes.
- There are indications of close relationships amongst some of the suppliers. We recommend that the service closely monitors these suppliers to ensure that there is no undue market influence that may result from these relationships.
- Further financial verification work should be considered by Client Transport to ensure that only operators who have successfully passed the financial viability checks are providing services to Buckinghamshire Council. Where operators fail or are capped, close monitoring of the operators should be implemented to ensure that the set cap is not breached. If the caps are not being followed, the service need to consider the benefits of applying these in the first instances. Similarly, operators that are recommended for close monitoring due to the outcome of the financial viability check should be supervised closely to demonstrate that the financial risk is being managed.

5.4 We continue to progress with the review of the key financial systems that interface with our SAP finance system. To date, ten system reviews has been completed and control gaps identified have been reported to the Finance Systems Improvement Group for review and action. This work will feed into the continuous improvement work that is in-progress within Finance and will be crucial input for the scoping the specification for the new Enterprise Resource Planning (ERP) system. Table 2 below is a summary of some key observations made and shows whether the key control areas have been met for the transactional process from the system into SAP. The control areas are:

- **Approved by segregated person before file upload** – this control is measuring if there is a sign off procedure before information is uploaded into SAP. As well as there being a segregation of duties between sign off and data processor.
- **Automatic upload from system into SAP** – this control is measuring if information is transferred automatically without human interaction between the system in question and SAP. If information needs to be manually imported into the SAP business connector this counts as a manual upload.

- **Approved by segregated person before file upload** – this control is ensuring the data transferred from the system in question to SAP is complete and accurate and there are no discrepancies with the data transferred.
- **Necessary reports available from SAP** – this is measuring if SAP is capable of producing the correct reports which the service will find beneficial.

Table 2 - Summary of the System Key Control Checks

System	Approved by segregated person before file upload	Automatic upload from system into SAP	Reconciliation / checks to ensure integrity of data between systems	Necessary reports available from SAP?
Altair Pensioner Payroll	✓	X	✓	X
K2	✓	X	X	X
SIMS Invoice	✓	✓	✓	✓
SIMS Imprest Reimbursement	✓	✓	✓	✓
SIMS VAT Claims	✓	✓	✓	✓
Spydus	✓	X	✓	✓
Shop4Support	X	X	X	X
ContrOCC	✓	X	✓	✓
Electronic Bank Stmt	X	✓	✓	X
AP Upload 1- <i>Payments for temporary staff members salary's</i>	✓	N/A	✓	✓
AP Upload 2 - <i>Payments to Buckinghamshire Child minding network</i>	✓	N/A	✓	✓
AP Upload 3 - <i>Payments for main transport services (used for emergency payment)</i>	X	N/A	✓	✓
AP Upload 4 - <i>Payments for fleet management</i>	X	N/A	✓	✓
AP Upload 5 - <i>Payments for energy</i>	✓	N/A	✓	✓
AP Upload 6 - <i>Payments for infection control and rapid testing COVID grant</i>	✓	N/A	✓	✓
AP Upload 7 - <i>Payments for personal transport budgets (parents arranging transports rather than the council)</i>	✓	N/A	✓	✓
AP Upload 8 - <i>Payments for statutory payments made to early years providers</i>	✓	N/A	✓	✓

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 (0 this month)
Additional Restrictive/Restart Grant applications referred to Business assurance	56 (0 this month)
Number failed risk assessment (deemed to be low risk and so not investigated, or closed after initial investigation)	33
Number investigated (BRG and ARG) to date	49
Number of potential prosecution claims	10
Number of prosecution files being prepared for legal services as of 1 March 2022.	5 One case is currently awaiting a trial (which will not be until autumn 2022), one case was sentenced and received a £21k fine in January 2022 with three other cases having prosecution files currently being prepared.

Other cases currently under investigation are as follows:

- Council Tax Reduction cases received this month – two; one referral closed after risk assessment, and currently investigating 19 in total.
- Single Person Discount cases received this month – one; referrals closed after risk assessment - eight, and currently investigating five in total.
- Blue Badge cases received this month four; referrals closed after risk assessment zero, currently investigating six in total.
- Disabled Facilities Grant received this month – zero; referrals closed after risk assessment – zero, currently investigating two in total.
- Housing Fraud cases received this month - zero, referrals closed after risk assessment – zero, currently investigating four in total.
- Planning application fraud cases received this month - zero, currently investigating one.
- Insurance case received this month – zero, currently investigating one.
- School admissions cases received this month - zero, currently investigating one.
- Adult Social Care cases received this month - zero, currently investigating one.
- Council Tax liability cases received this month – zero, investigating one.
- Discretionary Hardship Payment cases received this month – zero, currently investigating one.
- Identity fraud cases received this month – one, referrals closed after risk assessment – zero, investigating two.
- Omicron Grant cases received this month – 17; referrals closed after risk assessment – two, investigating fifteen in total.
- Phishing scams or attempts this month: one.
- Requests for information: four.

Appendix 1 – 2021/22 Internal Audit Plan

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Corporate	Corporate	Governance	Deferred to 22/23 – new officer started in December recommend that audit be undertaken in Q1/Q2	
	Corporate	Business Cases	Deferred to 22/23 – resource pressures within the Internal Audit team recommend that audit be undertaken in Q1/Q2	
	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	A new system is currently being implemented. Audit being deferred and will be undertaken once the system and processes are embedded in 22/23.	
	Localities & Strategic Partnerships	Community Boards	A review is being undertaken within the service that is highlighting areas of improvement – agreed to undertake the audit once the identified improvements have been implemented. Deferred to 22/23	
	Legal/ Dem Services	Legal Process Review	Deferred to 22/23 – processes are currently being developed. Audit best placed to review once these are embedded. Recommend an audit in Q1/Q2	

	Legal/ Dem Services	Member Declarations and Member Complaints Process	Complete	Final Report Substantial
Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Deputy Chief Executive	Service Improvement	Assurance over Service Improvement Programme	On-going Assurance in line with the Service Reviews	On-going
	Service Improvement	Digital	Assurance working being undertaken on Agile Delivery.	Scope being developed
	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	Fieldwork complete at reporting stage.	Final Draft Report
	Legal/ Dem Services	Elections	Fieldwork in progress	Fieldwork
	Policy & Communication	Complaints	A new system is currently being implemented. Audit being deferred and will be undertaken once the system and processes are embedded in 22/23.	
Resources	Finance	Pensions	Fieldwork complete at reporting stage.	Final Draft Report
	Finance	Capital Programme	Deferred to 22/23 – resource pressures within the Service due to sickness.	
	Finance	Contract Management	Deferred to 22/23 – this is a Council wide audit and there are resource pressures within the services to support the audit.	
	Finance	Asset Management	Cancelled per request from SLT – substantial work undertaken by external audit.	
	Finance	Budget Management	Complete	Final Report Substantial

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Resources	Finance/ HR/ IT	Service Now Review	Deferred to 22/23 per request from SLT – the use of Service Now will be looked at as part of the service review – this is a low-risk area.	
	Finance	Cash Receipting End-to - End Process Review	Fieldwork in progress	Fieldwork
	Finance/ HR	Expenses	Fieldwork in progress	Fieldwork
	Finance	Accounts Payable	Fieldwork in progress	Fieldwork
	Finance	General Ledger	Actions from the previous year have been followed up and an Assurance Pack within Corporate Finance has been developed that is continuously monitoring compliance. Audit cancelled for this year.	
	Finance	Accounts Receivable	Fieldwork in progress	Fieldwork
	Finance	Treasury Management	Fieldwork complete at reporting stage.	Final Draft Report
	Finance	Debt Management	Fieldwork in progress	Fieldwork
	Finance	Revs & Bens System Assurance Review	Phase 1 assurance completed.	Complete
			Phase 2 of the system implementation has commenced, and assurance is being provided throughout the project delivery.	On-going
	Finance	CTAX	Deferred to 22/23. New Revenues and Benefits system being implemented. Full audit to be undertaken once all legacies are migrated onto the new platform. Internal Audit are providing assurance on the system implementation.	
	Finance	NNDR		
	Finance	CTRS/HB		
	Finance	Procurement	New procurement regulations being introduced – deferred to 22/23 once implemented.	

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
	Finance	iCares Accounts Payable	Fieldwork complete at reporting stage.	Final Draft Report
	Finance	iCares Accounts Receivable	Fieldwork in progress	Fieldwork
	HR	Apprenticeship Levy	Deferred to 22/23 per request from SLT – low risk. Report to CMT on options to be considered for the levy.	
	HR	IR35	Deferred to 22/23 – regular reporting on high-cost interims presented to CMT – other assurance arrangements are in place.	
	HR	Payroll	Key Financial System	Fieldwork
	IT	IT Asset Management	Fieldwork complete at reporting stage.	Final Draft Report
	IT	Cyber Security	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	Fieldwork in progress	Fieldwork
	Housing & Regulatory Service	Enforcement (Housing)	Deferred to 22/23 per request from SLT, recruitment in progress as there are unfilled posts in the service – propose Q1	
	Housing & Regulatory Service	Grant verification	Disability Facilities Grant	Complete
	Planning & Environment	Building Control	Deferred to 22/23 – Service review in progress.	

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Planning, Growth & Sustainability	Planning & Environment	CIL/Section 106	Fieldwork in – progress, paused till end of January due to sickness within the service	Fieldwork
	LEP	LEP Audit	New white paper released other areas to consider – additionally due to staff changes within LEP audit is being deferred to Q1.	
	LEP	Grant Verification	Growth Hub Funding to LEPs – claim verification for FY20/21 funding.	Completed
	Housing & Regulatory Service	Homelessness	Deferred to 22/23 per request from SLT, recruitment in progress as there are unfilled posts in the service – propose Q1	
	Housing & Regulatory Service	Temporary Accommodation	Deferred to 22/23 per request from SLT, recruitment in progress as there are unfilled posts in the service – propose Q1	
	Property & Assets	Property Maintenance	Deferred to 22/23 – Service review in progress.	
	Planning & Environment	Climate Change	Separate assurance programme being developed that will be aligned to the Climate Change Strategy. Commence assurance delivery in 22/23.	
	Property & Assets	Property Repairs and Renewals	Deferred to 22/23 – Service review in progress.	
	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.	
LEP	Grant Verification	EU Transition Business Readiness Growth Hub Funding to LEPs FY20/21	Completed	

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Planning, Growth & Sustainability	LEP	Grant Verification	Supplemental Growth Hub Funding to LEPs FY20/21	Completed
	LEP	Grant Verification	Peer Network Funding to LEPs FY 20/21	Completed
	Strategic Transport & Infrastructure	Fieldwork in progress	Fieldwork	Fieldwork
Communities	Highways & Technical Services	Flood Management	Fieldwork complete at reporting stage.	Final Draft Report
	Neighbourhood Services	Taxi Licensing	Fieldwork complete at reporting stage.	Final Draft Report
	Neighbourhood Services	Crematorium	Fieldwork in progress	Fieldwork
	Neighbourhood Services	Waste – Procurement and Disposal of Assets	New audit requested from service – scope being developed	Scope being agreed
	Highways & Technical Services	Parking	Deferred to 22/23 per request from SLT – new system and structure, need to embed processes. Recommend Q1/2	
	Highways & Technical Services	Transport for Bucks	Service currently undertaking a large tender exercise – assurance work to be undertaken is currently being considered.	Q4
	Transport Services	Home to School Transport	Deferred to 22/23 per request from SLT – new system will need to be embedded. Recommend Q2	
	Transport Services	Grant Verification	Bus Subsidy Ring-Fenced (Revenue) Grant	Complete
	Neighbourhood Services	Household Recycling Centres	Deferred to 22/23 – new procurement in progress. Recommend review once new arrangements are in place	
	Neighbourhood Services	Energy for Waste	Fieldwork complete at reporting stage.	Final Draft Report

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Communities	Highways & Technical Services	Grant verification	Highways Maintenance Challenge Fund Grant	Complete
Adults & Health	Quality Standards & Performance	iCares System – IT Application Controls Audit	Fieldwork in progress	Fieldwork
	Integrated Commissioning	Direct Payments	End-to-end process review – Q4	Scope being developed
	Integrated Commissioning	Supplier Viability	Fieldwork complete at reporting stage.	Draft Report
	Adult Social Care	Implementation of Medications Policy – In-house services	Fieldwork complete at reporting stage.	Draft Report
	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)	Cancelled 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	Fieldwork complete at reporting stage.	Final Draft Report
	Adult Social Care	Implementation of Medications Policy – Commissioned services (Follow-up)	Fieldwork complete at reporting stage.	Final Draft Report
	Adult Social Care	Deprivation of Liberty Standards (DoLs) (Follow-up)	Fieldwork complete at reporting stage.	Final Draft Report

Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
Children's Services	Education (Schools)	Booker Park	Fieldwork complete at reporting stage.	Draft Report
		Speen School	Fieldwork complete at reporting stage.	Draft Report
		Buckingham School	Fieldwork complete at reporting stage.	Draft Report
		Cedar Park	Fieldwork complete at reporting stage.	Draft Report
		Radnage CoE Infant School	Fieldwork complete at reporting stage.	Draft Report
		Hazlemere CoE School	Fieldwork complete at reporting stage.	Final Report Reasonable
	Social Care	Social Work England Information Requests	Deferred to 22/23 per request from SLT – service currently developing a process. Assurance needed when process is embedded.	
	Social Care	Care Leavers	Audit work paused within the Directorate due to Ofsted inspection. However, audit activity is being discussed with management to reflect the outcomes of the inspection.	Not Started
	Social Care	Fostering Services	Audit work paused within the Directorate due to Ofsted inspection. However, audit activity is being discussed with management to reflect the outcomes of the inspection.	Not Started
	Education	SEND – Complaints & SARs	Audit work paused within the Directorate due to Ofsted inspection. However, audit activity is being discussed with management to reflect the outcomes of the inspection.	Not Started
Education	Early Years - Entitlement for 2/3/4 yrs. and Claims Payment	Fieldwork complete at reporting stage.	Final Draft Report	
Social Care	Commissioning of Residential placements	Fieldwork complete at reporting stage.	Draft Report	
Social Care	Children's Homes	Each home to be audited and reported on separately.	Fieldwork	

	Education	SEND Transport Eligibility	New audit requested by service – scope being developed	Scope being developed
Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
	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
			Claim made for 71 families under Sustained and Significant Progress	Claim 3 - Complete
			Claim made for 84 families under Sustained and Significant Progress	Claim 4 - Complete
All Directorates	Follow-Ups			On-going
Directorate	Service	Audit Title	Objectives/Risk/Concerns	Status
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 plans approved and key days for audit delivery agreed with the Academies	In-progress

This page is intentionally left blank



Audit and Governance Committee

Date:	22 March 2022
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) meetings held on 7 February and 7 March 2022.
- 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 At the 7 February 2022 meeting the RMG considered an update report from the Deputy Chief Executive (Monitoring Officer), Corporate Director for Resources and the Service Director for Education 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 a number of actions to be implemented.

- 2.3 The report will be presented to the Audit and Governance Committee on 22 March 2022 for information, and an update on progress against implementation of actions will be presented to the Risk Management Group on 25 April 2022.
- 2.4 The Corporate Director for Resources attended the meeting along with the Service Director for Corporate Finance and the Service Director for Human Resources to present the Resources Risk Register.
- 2.5 The Resources directorate has a well-established Risk Escalation Framework, with risk being a standing item at the senior leadership team meetings. All Risk Escalation Frameworks are due for review and update during Q1 of 2022/23 to ensure they remain fit for purpose.
- 2.6 The key risk themes were as follows:
- **Corporate Business Continuity Management:** If the Council does not have effective Business Continuity Management (BCM) processes in place then it may not be able to effectively continue to deliver Priority Activities in the event of an incident / emergency that disrupts the delivery of normal services (for example, adverse weather, internal flooding, fires, community emergency).
 - **Fraud:** If there is a poor control framework in place and lack of staff awareness then there is an increased risk of fraud within payroll/payments etc which may lead to financial loss and a reputational risk.
 - **Delays in the implementation of the new Revenue and Benefits System:** If there are delays in the migration to a single revenue and benefits system (which is due to be implemented April 2022) due to poor project governance then processes will not be able to operate in an efficient way, different systems still in place could mean numerous single points of failure and savings due to having a single system may not be realised.
 - **Failure to Deliver Service Review Savings:** If the Resources Service Review fails to deliver the required savings and outcomes, ensuring the correct staffing structure and to ensure cost effective and efficient ways of working for our customers then there is a risk the Better Buckinghamshire programme fails to achieve its objectives.
 - **Resources and Capacity Pressures:** If competing priorities (as a result of the Resources Service Review, other Service Reviews, BAU or the WorkSmart Project, for example) result in unforeseen resource and capacity pressures or IF we are unable to attract, retain and develop competent and confident staff then core business services will not be delivered resulting in reputational damage to the Council and the potential for Resources projects, plans and / or work programmes to be delayed or not delivering their objectives.

- **Increase in sickness levels / Stress / Mental Health & Wellbeing:** If sickness levels or mental health and wellbeing issues and concerns increase as a result of stress or capacity and workload issues then there is a risk that staff will leave or remain on long-term sickness absence. There is also the risk that additional workloads will be to be picked-up and incorporated by others within teams increasing the risk of additional stress and potential sickness.
 - **Technology Breaches / Failure:** If systems fail, data is lost or data protection breached, or there is a lack of resilience of systems, insufficient security to support agile working, insufficient network security to prevent a cyber-attack, loss of data or breach of data protection then the Council will suffer severe reputational and financial damage and data could be used inappropriately.
 - **Business Continuity Management (BCM) Transition:** If competing priorities and capacity issues impact the move of BCM from the Civil Contingencies Unit to Business Assurance then there is a risk to a deterioration in employee morale and oversight of BCM arrangement.
- 2.7 The risks were discussed in detail, as well as the mitigating actions being challenged by the RMG.
- 2.8 Risks which had been de-escalated or closed were included in the report from the Resources directorate.
- 2.9 A “horizon scanning” paper was presented to RMG which included new and emerging risks for discussion, including digital inequality, the effect of the pandemic on older people/disadvantaged younger people, and failure to comply with the Domestic Abuse Bill.
- 2.10 The emerging risks document is updated on a regular basis by the Corporate Risk Lead and is discussed with the Risk Champions.
- 2.11 At the 7 March 2022 meeting the Corporate Director for Communities attended the meeting along with the Head of Finance and Risk Champion for Communities to present the Communities risk register.
- 2.12 The key risk themes were as follows:
- **Future Financial and sustainability challenges around leisure provision** – this risk relates to COVID19 and the impact on the financial sustainability of leisure centres. While the likelihood of this risk is significantly reduced, the service is monitoring the impact of other factors, such as rising energy costs, and will update to reflect a new/changing risk if appropriate.

- **TfB – Service deterioration due to reprocurring of contract (TfB)** – disruption & change – this risk relates to the process of reprocurring the contract and highlights the importance of good communication with staff and the existing contractor to mitigate any impacts on service delivery caused by staff uncertainty and distraction.
- **Parking – Off Street Parking – Car Park Income** – this risk relates to the impact of COVID19 on off-street parking income. Income has now started to return, and consideration will be given to de-escalating this risk in the coming months subject to the monitoring of car park usage.
- **Berry Hill Footbridge, Taplow Footpath 12** – this risk relates to a specific Rights of Way footbridge which is damaged. The damaged section of the footbridge has now been removed, which significantly mitigates the risk however it will remain until this full activity has been completed.
- **Waste Operations – Major Incident severely affecting staffing levels** – this risk relates to the impact of COVID or other factors on staffing levels which could impact delivery of services, cause reputational damage, and increase costs for agency staff.
- **Waste Services South – Shortage of HGV Drivers** – this risk relates to the reduced availability of HGV drivers specifically relating to waste operations. While not escalated, a similar risk is held by the Highways service in relation to the impact on cyclical maintenance, emergency maintenance and capital schemes.
- **Client Transport** – this risk relates to the accuracy of information held in the client transport system which could impact forecasting, supplier payments and value for money.
- **Funding for commercial public bus network** – this risk relates to the planned end date of additional central government funding for public transport and the potential impact on availability of public bus routes.

- 2.1 The risks were discussed in detail, as well as the mitigating actions being challenged by the RMG.
- 2.2 Risks which had been de-escalated or closed were included in the report from the Communities directorate.
- 2.3 The Strategic Risk Register is a standing item on the RMG agenda, and the latest version was reviewed following updates from CMT in February. 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 25 April 2022.

9. Background papers

None

This page is intentionally left blank



Audit and Governance Committee

Date:	23 March 2022
Reference number:	N/A
Title:	Public Sector Internal Audit Standards External Quality Assessment
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 External Audit Quality Assessment was completed by CIPFA in Q3 of 2021/21.
- 1.2 Ray Gard, Lead Associate from CIPFA will present the report.

2. Content of report

- 2.1 See attached report.

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 findings from the assessment will be considered as part of the Business Assurance service review and included in the improvement plan.

9. Background papers

9.1 None.

External Quality Assessment of Conformance to the Public Sector Internal Audit Standards

Buckinghamshire Council's Internal Audit Service

Final Report

Lead Associate: Ray Gard, CPFA, FCCA, CFIIA, DMS

Internal QA: Policy and Technical, CIPFA.

14th January 2022

1. Introduction

- 1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1st April 2013 (revised 2016 and 2017). All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, external quality assessments, or a combination of both methods. However, the standards state that an external reviewer must undertake a full assessment or validate the internal audit service's own self-assessment at least once in a five-year period. As Buckinghamshire Council only came into being as a unitary authority in 2020 this is the first external quality assessment of conformance to the PSIAS that the Internal Audit Service has undergone.

2. Background

- 2.1 The Buckinghamshire Council's Internal Audit Service is part of the Council's Business Assurance function, comprising the Internal Audit team, the Corporate Investigations (Anti-fraud) team, Risk Management and Insurance team. The Internal Audit team provides internal audit services to Buckinghamshire Council (BC), Buckinghamshire and Milton Keynes Fire Authority, and an academy. The Internal Audit function is a co-sourced service managed by the Interim Head of Business Assurance (HBA) and currently has an in-house team of four, made up of an Audit Manager and three Senior Auditors. This is an interim structure in place pending a detailed service review (due to take place in early 2022) with two of the Senior Auditors being seconded into the Service (one of which is a CIPFA Trainee). All members of the Internal Audit team are suitably experienced, and all hold relevant professional qualifications, as does the Business Assurance Manager who also undertakes some reviews (and is a former head of internal audit from a district council that merged into the new Buckinghamshire Unitary Authority in 2020). The in-house service is supported by an external contractor from the Apex Framework Contract (currently Mazars) who undertake a range of internal audits, including all the IT audit assignments. Any investigation assignments are carried out by the Council's Corporate Investigations Team, which is also managed by the Interim Head of Business Assurance.
- 2.2 From an operational perspective, Internal Audit reports directly to the Corporate Leadership teams and the Audit Committees at their respective clients. These two bodies fulfill the roles of 'senior management' and 'the board', as defined by the Public Sector Internal Audit Standards. For the Council, the Interim HBA reports directly to the Service Director Corporate Finance (the Council's Section 151 Officer) and has direct access to the Council's Chief Executive Officer, the Chair and full membership of the Audit and Governance Committee (A&GC). In addition, the Interim HBA is part of the Council's Audit Board which comprises the Section 151 Officer, the Monitoring Officer (Deputy Chief Executive), the Director of Legal Services as well as the HBA, and meets prior to every A&GC meeting to review all documents being presented to the committee, and to discuss any control and governance issues, emerging risks etc. Regular reports on the audit plan and its delivery and the annual HBA's opinion and out turn are made to the Council's Corporate Management Team and the Audit & Governance Committee. Similar arrangements (apart from the Audit Board) are in place for the Fire Authority.
- 2.3 The Business Assurance function, like the newly formed Buckinghamshire Council unitary authority, only came into existence in April 2020 and right at the start of the COVID-19 pandemic. Not only have they had to deal with the challenges arising from the merging together of five authorities, with their different cultures, operating methods and legacy systems, together with the implementation of new systems and process etc., but they have also needed to be insightful and proactively support the organisation to implement the COVID-19 support measures

delegated to the Council by central government. To achieve this and deliver an internal audit plan that would enable the Interim HBA to produce a meaningful annual report and opinion on the Council's control, governance and risk management arrangements at the year-end, Internal Audit has, out of necessity, adopted many of the tried and tested legacy processes and methodologies from the old Buckinghamshire County Council. These are interim measures that they know work effectively and they expect to remain in place for the foreseeable, at least until after their pending service review, at which point they will be heading towards a more stable position and able to supplement or replace the interim processes with more bespoke systems and methodologies that will better support the Business Assurance function's and the Council's business objectives and corporate plan. The Interim HBA and the Audit Manager are, overall, already aware of many of the practices that Internal Audit will need to change and develop.

2.4

Internal Audit has adopted the comprehensive audit manual from the old Buckinghamshire County Council, and they use standard template documents for the engagement working papers and testing schedules, engagement terms of references, action plans and audit reports, all of which are held in the Service's audit management application, Pentana. This application is also used for managing the audit engagements with all staff recording time spent on the assignments in the application. Supervision of the engagements is undertaken at every stage of the audit process and is recorded in the Pentana application.

2.5

The version of Pentana currently used by Internal Audit is a legacy version from the old County Council and whilst it is stable and usable, it lacks some of the functionality found in the latest version which, if adopted, would enhance the functionality of Internal Audit. The Interim HBA has recently obtained approval to upgrade the Pentana application to the latest version.

2.6

Internal Audit has a quality assurance process in place that feeds into its Quality Assurance and Improvement Programme (QAIP). There are three main elements to this process. The first element is a review of the engagement by the supervising officer to ensure the audit has been performed properly and conforms to the PSIAS, and to ascertain whether there are any lessons to be learned for future reviews or for the development of the auditor. The second element involves obtaining feedback from the Service's clients, usually obtained from attending the various quarterly departmental management team meetings. The third element is an annual self-assessment of Internal Audit's overall conformity with the PSIAS. All the above processes are used to inform Internal Audit's QAIP.

3. Validation Process

3.1 The self-assessment validation comprises a combination of a review of the evidence provided by Buckinghamshire Internal Audit; a review of a sample of completed internal audits, chosen by the assessor, covering the Service's two main clients; questionnaires that were sent to and completed by a range of stakeholders from the Service's clients; and a series of (virtual) interviews using MS Teams with key stakeholders, again covering Internal Audit's main clients. The questionnaire and interviews focussed on determining the strengths and weaknesses of Internal Audit and assessed the Service against the four broad themes of Purpose and Positioning; Structure and Resources; Audit Execution; and Impact.

3,2 Internal Audit provided a comprehensive range of documents that they used as evidence to support their self-assessment, and these were available for examination prior to and during this validation review. These documents included the:

- self-assessment against the standards.

- quality assurance and improvement plan (QAIP).
- evidence file to support the self-assessment.
- the audit charter.
- the annual reports and opinions for the main clients.
- the audit plans and strategies for the main clients.
- audit procedures manual.
- a range of documents and records relating to the team members; and
- progress and other reports to the respective Audit Committees.

All the above documents were examined during the EQA.

- 3.3 The validation process was carried out during the autumn of 2021 and involved interviews with the key personnel from Internal Audit and the Business Assurance Function, plus a sample of key stakeholders from Internal Audit’s customer base, made up of members of the senior management teams and chairs of Audit Committees. Overall, the feedback from the interviewees was positive with clients valuing the professional and objective way Internal Audit delivered services.
- 3.4 A questionnaire was sent to a range of other key stakeholders in advance of the assessment commencing and the results analysed during the review. A summary of the survey results is shown at appendix A of the report.
- 3.5 The assessor also carried out an end-to-end review of a sample of completed audits, covering the Council and the Fire Authority, to confirm his understanding of the audit process used by Internal Audit and embedded in their Pentana audit management system.

4. Opinion

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

The table below shows Buckinghamshire Council's Internal Audit Service’s level of conformance to the individual standards assessed during this external quality assessment:

Standard / Area Assessed	Level of Conformance
Mission Statement	Fully Conforms
Core principles	Fully Conforms
Code of ethics	Fully Conforms
Attribute standard 1000	Fully Conforms
Attribute standard 1100	Fully Conforms
Attribute standard 1200	Fully Conforms

Standard / Area Assessed	Level of Conformance
Attribute standard 1300	Fully Conforms
Performance standard 2000	Fully Conforms
Performance standard 2100	Fully Conforms
Performance standard 2200	Fully Conforms
Performance standard 2300	Fully Conforms
Performance standard 2400	Fully Conforms
Performance standard 2500	Fully Conforms
Performance standard 2600	Fully Conforms

5. Areas of full conformance with the Public Sector Internal Audit Standards

5.1 Mission Statement and Definition of Internal Audit

The mission statement and definition of internal audit from the PSIAS are included in the audit charter.

5.2 Core Principles for the Professional Practice of Internal Auditing

The Core Principles, taken as a whole, articulate an internal audit function's effectiveness, and provide a basis for considering the organisation's level of conformance with the Attribute and Performance standards of the PSIAS.

The clear indication from this EQA is that the Core Principles are embedded in the Pentana audit management application and their working methodologies, and demonstrate that Internal Audit is a competent and professional service that conforms to all ten elements of the Core Principles.

5.3 Code of Ethics

The purpose of the Institute of Internal Auditors' Code of Ethics is to promote an ethical culture in the profession of internal auditing, and is necessary and appropriate for the profession, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. The Code of Ethics provides guidance to internal auditors and in essence, it sets out the rules of conduct that describe behavioural norms expected of internal auditors and are intended to guide their ethical conduct. The Code of Ethics applies to both individuals and the entities that provide internal auditing services.

The clear indication from this EQA is that Internal Audit conforms to the Code of Ethics, and this is embedded in their Pentana audit management application and their audit methodologies. Conformance to the code of ethics is part of their overarching culture and underpins the way the Service operates.

5.4 Attribute Standard 1000 – Purpose, Authority and Responsibility

The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The

internal audit charter must be reviewed regularly and presented to senior management and the audit panel for approval.

The Internal Audit Service has a standard format for the audit charter used at Buckinghamshire Council and the Buckinghamshire and Milton Keynes Fire Authority. We reviewed this document and the processes used to present it to the various Audit and Governance Committees for approval and found the audit charter to be a comprehensive and well written document that contained all the elements require by the standards. We are therefore satisfied that they conform to attribute standard 1000 and the LGAN.

5.5 **Attribute Standard 1100 – Independence and Objectivity**

Standard 1100 states that the internal audit activity must be independent, and internal auditors must be objective in performing their work.

The need for independence and objectivity is an integral part of Internal Audit's culture. The Interim Head of Business Assurance reports in her own name and directly to senior management and the Audit and Governance Committees at its clients. All employees sign a declaration of interest each year and declare any potential impairment to independence or objectivity. The Interim Head of Business Assurance has direct responsibility for the strategic and operational management for some functions that are subjected to periodic internal audits. This potential impairment to independence is disclosed in the audit charter and there are mechanisms in place to preserve the independence and objectivity of the service by using the external contractor to undertake audits of these functions.

We have reviewed the Service's audit manual, their standard documentation, quality assurance and improvement plan, and a sample of completed audit files, together with their reporting lines and their positioning in the organisations they work with. The Interim Head of Business Assurance and the Audit Manager are aware that the audit manual needs to be revised to reflect the operating practices at the new unitary Council and this has been included as an action on the Services QAIP. We are satisfied that Buckinghamshire Council's Internal Audit Service conforms with attribute standard 1100 and the LGAN. There is one action in section nine relating to this standard. **(Paragraph 9.2).**

5.6

Attribute Standard 1200 – Proficiency and Due Professional Care

Attribute standard 1200 requires Buckinghamshire Council's Internal Audit Service's engagements are performed with proficiency and due professional care, having regard to the skills and qualifications of the staff, and how they apply their knowledge in practice.

It is evident from this EQA that Buckinghamshire Council's Internal Audit Service has a professional and experienced, workforce who all hold relevant professional qualifications. The Head of Business Assurance holds a CCAB qualification, while the Audit Manager holds the full chartered IIA qualification.

The Service holds a licence for the latest version of the IDEA data analytics software application which is used for some of the audits where there are large volumes of data. The Interim Head of Business Assurance and the Audit Manager are both aware that the Service could make greater use of this application.

The Service does not have any qualified specialist IT auditors in its establishment, but these are available from their co-sourcing partner as and when required.

The Service is currently carrying vacancies pending a service review of the Business Assurance function. These vacancies are being covered by resources from Internal Audit's co-sourcing partner. Once the service review has been completed and the revised structure of the service is known, the Interim Head of Business Assurance plans to fill any vacant posts that have not be filled through the

Council's job assimilation process. To assist with this process and indeed the service review, we suggest that the Interim Head of Business Assurance produces a skills and competencies matrix for the various grades of auditor being considered, based on the CIPFA guide "The Excellent Internal Auditor, Good Practice Guide to Skills and Competencies.

It is evident from this review that the Service's employees perform their duties with due professional care. We are satisfied that Buckinghamshire Council's Internal Audit Service complies with attribute standard 1200 and the LGAN. There are two actions in section nine relating to this standard. **(Action 9.3 and 9.4).**

5.7 **Attribute Standard 1300 – Quality Assurance and Improvement Programmes**

This standard requires the Head of Business Assurance to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.

Buckinghamshire Council's Internal Audit Service has developed a robust and effective quality assurance process that ensures engagements are performed to a high standard within the available resources. It is effective and feeds into Internal Audit's quality assurance and improvement programme, although progress on delivering this is not included in the Interim Head of Business Assurance's annual report. We have examined this process during the EQA and are satisfied that Buckinghamshire Council's Internal Audit Service conforms to attribute standard 1300 and the LGAN. There is one action in section nine relating to this standard. **(Paragraph 9.5).**

5.8 **Performance Standard 2000 – Managing the Internal Audit Activity**

The remit of this standard is wide and requires the Head of Business Assurance to manage the internal audit activity effectively to ensure it adds value to its clients. Value is added to a client and its stakeholders when internal audit considers their strategies, objectives, and risks; strives to offer ways to enhance their governance, risk management, and control processes; and objectively provides relevant assurance to them. To achieve this, the Head of Audit, Anti-Fraud and Assurance must produce an audit plan for each client, and communicate this and the Service's resource requirements, including the impact of resource limitations, to senior management and the Audit Committees at each client for their review and approval. The Head of Business Assurance must ensure that Internal Audit's resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

The standard also requires the Head of Business Assurance to establish policies and procedures to guide the internal audit activity, and to share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.

Last, but by no means least, the standard requires the Head of Business Assurance to report periodically to senior management and the Audit Committees on internal audits activities, purpose, authority, responsibility, and performance relative to its plan, and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues and other matters that require the attention of senior management and/or the audit panels.

Buckinghamshire Council's Internal Audit Services has an 'interim' audit manual, that it inherited from the old Buckinghamshire County Council, supervision, and quality assurance processes in place. These meet the requirements of the PSIAS

although the audit manual needs to be revised and tailored to the needs of the new unitary Authority. They have developed comprehensive planning processes that follow best practice by taking into consideration the client's risks, objectives and risk management, and governance frameworks; other relevant and reliable sources of assurance; any key issues identified by the client's managers; Internal Audit's own risk and audit needs assessments; and the resources that are available to undertake the audits. From this information, they produce risk-based audit plans that are designed to enhance the client's risk management and governance frameworks and control processes; and objectively provide them with relevant assurance. These audit plans are reviewed and approved by the senior management and the respective Audit Committees.

Although the planning process takes into consideration the risks and objectives of each service area, the published audit plan is not currently cross referenced to them, and the audits are not currently prioritised. Cross referencing each audit in the audit plan to the directorate's / Council's objectives and risk would provide the reader with a clearer picture of how internal audit's work fits into the governance framework and prioritising them would highlight the importance of each planned audit.

Details of the completed audits and the risk and control issues found, together with the progress being made on delivering the audit plans and the performance of Internal Audit, is regularly reported to the respective Audit Committees, with an annual report and opinion for each client being issued at the end of the year.

The clear indication from this EQA is that Buckinghamshire Council's Internal Audit Service is effectively managed and conforms to standard 2000 and the LGAN. There is one action in section nine relating to this standard. **(Paragraph 9.6)**.

5.9 **Performance Standard 2100 – Nature of Work**

Standard 2100 covers the way the internal audit activity evaluates and contributes to the improvement of the organisation's risk management and governance framework and internal control processes, using a systematic, disciplined and risk-based approach.

This is the approach adopted by Buckinghamshire Council's Internal Audit Services and is set out in their interim audit manual, the Pentana audit management system, and their working methodologies. During this EQA, we selected a sample of completed audit engagements from the Council and the Fire Authority and examined them to see if they conformed to standard 2100 and the Service's own methodologies. We found that the sample audits complied with both.

Internal audit's credibility and value is enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact on the organisation. Overall, Internal Audit's clients value the work the Service does in this area and often turn to them for advice and guidance when faced with emerging risks or are developing or changing systems.

The clear indication from this EQA is that Buckinghamshire Council's Internal Audit Service conforms to performance standard 2100 and the LGAN.

5.10 **Performance Standard 2200 – Engagement Planning**

Performance standard 2200 requires internal auditors to develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organisation's strategies, objectives, and risks relevant to the engagement.

As mentioned above, Buckinghamshire Council's Internal Audit Service has an audit manual, supervision and quality assurance processes in place that covers engagement planning in detail and meets the requirements of the PSIAS. During

this EQA, we selected a sample of completed audit engagements, and examined them to see if they conformed to standard 2200. We found that they all conformed to the standards and the Service's own audit procedures, and therefore we conclude that Buckinghamshire Council's Internal Audit Service conforms to performance standard 2200 and the LGAN.

5.11 **Performance Standard 2300 – Performing the Engagement**

Performance standard 2300 seeks to confirm that internal auditors analyse, evaluate and document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions, and that all engagements are properly supervised.

As mentioned above, Buckinghamshire Council's Internal Audit Service's audit manual, supervision and quality assurance processes meet the requirements of the standards. During this EQA, we examined a sample of completed audit engagements. We found that they all conformed to the standards and the Service's own procedures, and therefore we conclude that Buckinghamshire Council's Internal Audit Service conforms to performance standard 2300 and the LGAN.

5.12 **Performance Standard 2400 – Communicating Results**

This standard requires internal auditors to communicate the results of engagements to clients and sets out what should be included in each audit report, as well as the annual report and opinion. When an overall opinion is issued, it must take into account the strategies, objectives and risks of the clients and the expectations of their senior management, the audit panels and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information. Where an internal audit function is deemed to conform to the PSIAS, reports should indicate this by including the phrase "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing".

The communication of results is covered in detail in the Service's procedures and meet the requirements of the PSIAS. We selected a sample of completed audit engagements and found that they all conformed to the standards and the Service's own procedures. There is however scope to enhance the audit reports by expanding the disclaimer paragraph to include a section limiting the distribution of the report and the use of its content, and also to add a statement confirming that the audit has been conducted in accordance to the standards.

We also reviewed the progress and annual reports to the Audit Committees and found that overall, these also conformed to the standards and Internal Audit's own internal procedures.

We therefore conclude that Buckinghamshire Council's Internal Audit Service conforms to performance standard 2400. There are two actions in section nine relating to this standard. **(Paragraphs 9.7 and 9.8).**

5.13 **Performance Standard 2500 – Monitoring Progress**

There is a comprehensive follow-up process in place which monitors the client's progress towards the implementation of agreed actions. The results of follow-up reviews are reported to the respective Audit Committees. From this EQA, it is evident that Buckinghamshire Council's Internal Audit Service conforms to performance standard 2500 and the LGAN.

5.14 **Performance Standard 2600 – Communicating the Acceptance of Risk**

Standard 2600 considers the arrangements which should apply if the Interim Head of Business Assurance has concluded that a client's management has accepted a level of risk that may be unacceptable to the organisation. Situations of this kind are expected to be rare, consequently, we did not see any during this EQA. From

this external quality assessment, it is evident that Buckinghamshire Council's Internal Audit Service conforms to performance standard 2600 and the LGAN.

6. Areas of partial conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note

- 6.1 There are no areas of partial conformance with the Public Sector Internal Audit Standards.

7. Areas of non-conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note

- 7.1 There are no areas of non-conformance with the Public Sector Internal Audit Standards.

8. Survey results

- 8.1 The results of the survey of key stakeholders from Internal Audits clients are shown in appendix A of the report. The number of returned questionnaires was sixteen which is a reasonable number of responses and sufficient to provide a meaningful analysis.
- 8.2 Overall, many of the responses were positive with respondents valuing the services provided by Internal Audit. However, this is not the case for all questions in the survey as there are a significant number of less favourable responses. We appreciate that there are many factors that may have prompted these responses, and in particular the impact of having to merge five authorities into one at the same time as dealing with a pandemic that has changed the way the new Unitary Authority was expecting to operate. Nonetheless, the Interim Head of Business Assurance may wish to explore these further to establish if there are any underlying issues that may need to be addressed.

9. Issues for management action

- 9.1 We have assessed Buckinghamshire Council's Internal Audit Service as conforming to the PSIAS and the LGAN, however we feel there are still opportunities to enhance the way the Service operates. We have therefore made the following suggestions that management should consider addressing.
- 9.2 The internal audit manual is a version that has been inherited from the old Buckinghamshire County Council and, during the recent challenging times, has served the Service well. However, this manual is now out of date and needs to be replaced with one that better reflects the way the new unitary authority operates. We therefore recommend that the Service rewrites its internal audit manual.
- 9.3 The Service has recently obtained the latest version of the IDEA data analytics software application, a tool that is widely used by internal audit services as it can facilitate the internal audit of systems and processes involving large amounts of data, for example all the Council's key financial systems, by testing the whole data population rather than using small samples. Whilst we recognise that the service has made some use of IDEA in the past, we suggest they consider expanding the use of the application and making it part of their routine audit approach.
- 9.4 To assist with the redesign of the Internal Audit Team which will be an inevitable part of the forthcoming service review, we suggest that the Interim Head of Business Assurance considers producing a skills, competencies and qualifications matrix for the various levels of staff being considered for the new structure, based on the guidance set out in the CIPFA publication "The Excellent Internal Auditor; Good Practice Guide to Skills and Competencies.

- 9.5 The Interim Head of Business Assurance should consider including a section in the annual report on the progress made by the service in delivering the actions on its quality assurance programme action plan.
- 9.6 To provide greater clarity and demonstrate the link between the internal audit plan and the Council's risks and objectives, the Interim Head of Business Assurance should consider cross referencing the individual audits in the plan to the respective strategic and/or operational risks, and the Council's objectives. To demonstrate the importance of each audit in the plan, the Interim Head of Business Assurance should also consider assigning a priority to each of them.
- 9.7 To try and prevent internal audit reports being sent to individuals other than those on the agreed distribution list, and to deter readers from extracting parts of the audit report and using them out of context, the Interim Head of Business Assurance should consider adding a paragraph to the disclaimer section in the individual audit reports restricting the distribution of the report and/or using any part of the reports contents, without the prior approval of the Interim Head of Business Assurance.
- 9.8 This external quality assessment and the Service's own self-assessment of conformance to the standards confirms that the Internal Audit service does indeed conform to the public sector internal audit standards. As such the Service should consider adding a statement to each audit report confirming that the audit has been completed in accordance with the standards.

9. Definitions

Opinion Definitions	Criteria
Fully Conforms	The internal audit service complies with the standards with only minor deviations. The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
Partially Conforms	The internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit and conformance to the standards.
Does Not Conform	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the elements of the standards. These deficiencies will usually have a significant adverse impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the board.

Action Priorities	Criteria
High priority	The internal audit service needs to rectify a significant issue of non-conformance with the standards. Remedial action to resolve the issue should be taken urgently.
Medium priority	The internal audit service needs to rectify a moderate issue of conformance with the standards. Remedial action to resolve the issue should be taken, ideally within six months.
Low priority	The internal audit service should consider rectifying a minor issue of conformance with the standards. Remedial action to resolve the issue should be considered but the issue is not urgent.
Advisory	These are issues identified during the course of the EQA that do not adversely impact the service's conformance with the standards. Typically, they include areas of enhancement to existing operations and the adoption of best practice.

The co-operation of the Interim Head of Business Assurance, the Audit Manager, and other members of the Business Assurance function in providing the information requested for this EQA, is greatly appreciated. Our thanks also go to chairs of Audit Committees and the key stakeholders that made themselves available for interview during the EQA process and/or completed questionnaires.

Ray Gard, CPFA, FCCA, FCIIA, DMS
14th January 2022

This report has been prepared by CIPFA at the request of the Buckinghamshire Council's Interim Head of Business Assurance, the terms for the preparation and scope of the report have been agreed with her. The matters raised are only those that came to our attention during our work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, we have only been able to base findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the issues that exist with their conformance to the Public Sector Internal Audit Standards, or of all the improvements that may be required.

The report was prepared solely for the use and benefit of the Buckinghamshire Council's Business Assurance Function, including the senior management and boards of Buckinghamshire Council's Internal Audit Service's clients, and to the fullest extent permitted by law, CIPFA accepts no responsibility and disclaims all liability to any other third party who purports to use or rely, for any reason whatsoever on the report, its contents, conclusions, any extract, and/or reinterpretation of its contents. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Appendix A

Summary of Survey Results

As part of the EQA process, CIPFA used a questionnaire to obtain the views of the key stakeholders from Buckinghamshire Council's Internal Audit Service's main clients. The questionnaire was sent to a total thirty-one key stakeholders and nineteen (61%) completed questionnaires were returned.

No.	Question	Percentage (%)			
		Agree	Partially Agree	Not Agree	N/A
1	The internal audit service is seen as a key strategic partner throughout the organisation.	93	7	0	0
2	Senior managers understand and fully support the work of internal audit.	53	47	0	0
3	Internal audit is valued throughout the organisation.	73	20	0	7
4	The internal audit service is delivered with professionalism at all times.	53	40	7	0
5	The internal audit service responds quickly to changes within the organisation.	53	47	0	0
6	The internal audit service has the necessary resources and access to information to enable it to fulfil its mandate.	60	33	7	0
7	The internal audit service is adept at communicating the results of its findings, building support and securing agreed outcomes	53	40	0	7
8	The internal audit recommendations consider the wider impact on the organisation	60	33	7	0
9	The internal audit service ensures that recommendations made are proportionate, commercial and practicable in relation to the risks identified.	53	40	0	7
10	There have not been any significant control breakdowns or surprises in areas that have been positively assured by the internal audit service	67	6.5	20	6.5
11	The internal audit service includes consideration of all risk areas in its work programme.	87	13	0	0

No.	Question	Percentage (%)			
		Agree	Partially Agree	Not Agree	N/A
12	Internal audit advice has a positive impact on the governance, risk management, and the system of control of the organisation.	100	0	0	0
13	Internal audit activity has enhanced the organisation-wide understanding of governance, risk management, and internal control.	87	13	0	0
14	The internal audit service asks challenging and incisive questions that stimulate debate and improvements in key risk areas.	60	27	13	0
15	The internal audit service raises significant control issues at an appropriate level and time in the organisation.	73	20	7	0
16	The organisation accepts and uses the business knowledge of internal auditors to help improve business processes and meet strategic objectives.	67	20	13	0
17	Internal audit activity influences positive change and continuous improvement to business processes, bottom line results and accountability within the organisation	73.4	13.3	13.3	0
18	Internal audit activity promotes appropriate ethics and values within the organisation	80	20	0	0

Below are some comments extracted from completed surveys that management may wish to consider:

- The Business Assurance Team is well regarded and is proportionate in its approach. However, I think that there is potential for more value add by a deeper partnership approach.
- I think that Internal Audit are a valued business partner that have been used to step in and undertake work more commonly undertaken by other parts of finance.
- I think they could be more challenging of the overall control framework and governance processes and challenge and provide an assessment against best practice elsewhere.
- I think it's also worth noting that the Internal Audit arrangements also ensures strong alignment / connection with Members, particularly through the Risk Group and Audit and Governance Committee.
- Some of my answers are based on the last 12 month and my personal view that internal audit are spread too thin.
- I also feel that audit do add value to the organisation but due to the lack of resource they are unable to do the value-add parts of the role linked to process review and continuous improvement.

- The internal audit team are highly respected and trusted by senior managers and I find them constructive and highly responsive. I think there is still an element of 'fear factor' for more junior managers when they first deal with audit.
- I would like IA to focus on whether controls are working in practice, not just is there an agreed process / guidance document.

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 Draft Statement of Accounts 2020/ 2021. (audit not complete) Higginson Park Trust Fund accounts. Treasury Management Strategy 2022/ 2023. 2021/22 Business Assurance Strategy Update. Contract Exemptions & Breaches (6 month update). Lessons learnt from other local authorities. 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	2021/22 Business Assurance Strategy Update. External Quality Assessment of Conformance to the Public Sector Internal Audit Standards (CIPFA) Council Constitution. Audit and Governance Committee Annual Report to Council. Risk Management Group update. Post incident report - Secondary School Transfer Results System Failure (for information) Work programme.	Maggie Gibb Head of Business Assurance and Chief Auditor Richard Ambrose Section 151 Officer, Service Director Corporate Finance	
11-May	Buckinghamshire Council Statement of Accounts 2020/ 2021. Buckinghamshire Council final audit report 2021/ 2022 (including update on previous external audit actions) Buckinghamshire Council Annual Governance Statement 2020/ 2021. Audit and Governance Committee Review of Effectiveness. 2022/23 Draft Business Assurance Strategy (including Internal Audit Plan) Business Assurance Update.	Maggie Gibb Head of Business Assurance and Chief Auditor Richard Ambrose Section 151 Officer, Service Director Corporate Finance	
Tbc	Housing Fraud Strategy 6 month update on Lessons learnt from other local authorities Action Plan (circa July 2022)	Maggie Gibb Head of Business Assurance and Chief Auditor	

This page is intentionally left blank

Audit and Governance Committee action log

Last updated: 14 March 2022

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
1	Business Continuity Management That target completion dates to be provided for the BCPs being undertaken in the Communities and PG&S areas	Maggie Gibb	30-Nov-21	31-Mar-22	Meetings have been arranged with lead officers in PGS and Communities, with BCPs to be completed end March.		Ongoing
2	Farnham Park Sports Fields Charity Annual Report and Financial Statements 2020/21 that a verbal update to provided to a future meeting on the outcomes of the outstanding audit work	Richard Ambrose	30-Nov-21	11-May-22	To be updated at 11 May meeting.		Ongoing
3	2022/23 Internal Audit Plan Councillors be invited to submit areas which might benefit from internal review, when the plan is being put together .	Maggie Gibb	30-Nov-21	30-Apr-22	Audit planning in progress and key stakeholders will be asked to input.		Ongoing
4	Trustee Appointments to Higginson Park Trust That an update be provided on the potential appointment of additional officers, to act as signatories to the accounts on behalf of the Council as Trustee.	Richard Ambrose	25-Jan-22	31-Mar-22	Verbal update to be provided 22 March.		Ongoing
5	Treasury Management Strategy 2022/2023 A revised report to be circulated electronically for the Committee to agree prior to publication of the Full Council agenda for the meeting on 23 February 2022 incorporating comments from the Committee.	Richard Ambrose / Julie Edwards	25-Jan-22	15-Feb-22	Complete - action to be closed.		Ongoing
6	Local Member Engagement That an update be provided on assessing member engagement in Cabinet and Cabinet Member decisions. This piece of work may be undertaken by the newly in post Principal Governance Advisor. Consideration should also be given to sharing this report with the Finance and Resources Select Committee.	Maggie Gibb / Governance Officer	25-Jan-22	31-Mar-22			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
	<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
	<p>2019/ 20 District Audit Fees Update</p> <p>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	28-Jul-21	Completed

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank