



Audit and Governance Committee agenda

Date: Wednesday 5 July 2023

Time: 10.00 am

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

Membership:

R Newcombe (Chairman), L Clarke OBE, D Anthony, P Brazier, R Carington, M Dormer, N Hussain, D King, W Raja, S Rouse, N Thomas and S Wilson

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17	Contract Procedure Rules - Waivers and Breaches (6 month update)	To Follow
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20	Date of the next meeting 27 September 2023 at 10 a.m.	
21	Exclusion of the public Resolved:	

that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting on the grounds that it involves the

likely disclosure of exempt information as defined in the paragraph indicated in Part 1 of Schedule 12A of the Act.

22	Confidential Minutes	95 - 98
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Agenda Item 4
Buckinghamshire Council
Audit and Governance
Committee

Minutes

MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON WEDNESDAY 10 MAY 2023 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 10.00 AM AND CONCLUDING AT 12.10 PM

MEMBERS PRESENT

R Newcombe (Chairman), L Clarke OBE (Vice-Chairman), R Carington, S Rouse, R Stuchbury and N Thomas

OTHERS IN ATTENDANCE

T Butcher

Agenda Item

1 APOLOGIES

Apologies for absence had been received from Councillors D Anthony, M Dormer, C Etholen, D Goss and N Hussain.

2 DECLARATIONS OF INTEREST

Councillor L Clarke OBE declared a personal interest in item 5, Buckinghamshire Pension Fund Accounts 2021/22, in that she was in receipt of a Buckinghamshire Council administered pension.

Councillor R Stuchbury declared a personal interest in item 5, Buckinghamshire Pension Fund Accounts 2021/22, in that whilst not in receipt of a Buckinghamshire Council administered pension, he was a Member of Buckingham Town Council, whom were a scheduled body of the pension fund.

3 MINUTES

RESOLVED:

That the minutes of the meeting held on 29 March 2023 be approved as a correct record.

4 BUCKINGHAMSHIRE COUNCIL STATEMENT OF ACCOUNTS 2020/21 AND 2021/22 UPDATE

The Committee received an update on the 2020/21 and 2021/22 Statement of Accounts. Mr Mark Stocks, Audit Partner, Grant Thornton, External Auditor was in attendance for this item. Mr David Skinner, Section 151 Officer introduced the item.

Prior to discussion, Mr Skinner advised that in line with the requirement of the Treasury Management Strategy to report to the Committee at the earliest opportunity any local authority that the Council had an investment with who subsequently issued a section 114 or was given a capitalisation directive, or any other untoward financial event, an update was provided on a loan made to Birmingham City Council. The Council had a £10m loan with Birmingham City Council which was due to be repaid on 1 September 2023, this loan was made before the additional sign off requirements were introduced which required the sign off from the Chief Executive, Leader of the Council and Section 151 Officer. The loan was covered by the statutory underpin and there was nothing to suggest that there would be an issue with the repayment or indeed the overall financial stability of Birmingham City Council. Birmingham City Council had experienced some issues with its implementation of a new Enterprise Resource Planning (ERP) system, so it was thought appropriate to report it to the Committee at this stage.

Key points raised during the update and in discussion included:

- In relation to the 2020/21 audit, as agreed with the auditors, the cleansed data on long term debtors and creditors, and fees and charges had been submitted. 76 samples had been selected and the Council was working through these to provide the appropriate evidence.
- Work was ongoing in relation to cleansing other operating expenditure, short term debtors and creditors and this would be submitted to the audit team by the end of June 2023. Work was also underway in respect of cash, and cash equivalents and this would be submitted in July 2023. All other queries had been addressed and the relevant information supplied to the auditors.
- The housing benefit work for 2020/21 had been completed and was with the external auditors for final sign off, whilst work on 2021/22 was well underway.
- The finance team was appropriately resourced with all vacancies having been filled either with permanent or interim staff. There was the option to draw on further staff from external firms who were on standby if required.
- The majority of the external audit team were now focused on NHS audit work and would resume work with the Council in July 2023. At present, progress was on schedule and nothing untoward had been identified.
- Mr Stocks advised that the auditors interim annual report for 2021/22 had been issued to management and it was hoped that this would be finalised within the next month and reported to the Committee at its next meeting in July 2023.
- The Committee noted that budget outturns were reported to Cabinet and to the Finance and Resources Select Committee quarterly. The final accounts themselves would only be presented to this Committee for review and approval.

RESOLVED:

That the update be noted.

5 PENSION FUND ACCOUNTS 2021/22

The Committee received the audited Statement of Accounts for Buckinghamshire Pension Fund for the year ended 31st March 2022. Councillor Tim Butcher, Deputy Cabinet Member for Accessible Housing and Resources, attended to present the item along with Mr David Skinner, Section 151 Officer and Ms Julie Edwards, Pensions and Investments Manager. Prior to discussion the hard work of the pension team and the audit team was recognised, and the Deputy Cabinet Member, S151 Officer and Committee Members thanked officers for their diligent work. Members also thanked the Deputy Cabinet Member, who was the Chairman of the Pension Fund Committee for the positive performance of the Pension fund in what had been a difficult financial landscape.

The Pension Fund Accounts and Net Assets Statement showed that over the year the value of the Pension Fund increased by £275m to £3.913bn. The audit work was completed by Grant Thornton who had not identified any adjustments to the financial statements which had an impact on the Pension Fund's reported financial position. The formal sign off for the Pension Fund accounts would take place at the same time as the formal sign off for Buckinghamshire Council's accounts which was anticipated to be during 2024.

Four recommendations were identified because of issues identified during the audit. The recommendations related to IT deficiencies, investment management expenses, employer body changes and errors identified from member data controls testing. Details of the issues and risks and recommendations were documented on pages 19 to 21 of the Audit Findings Report. The management response to the draft Audit Findings Report for the Buckinghamshire Pension Fund for the year ended 31st March 2022 was attached as Appendix 3.

The audit work identified four issues in respect of the valuation of Level 3 investments. The 31st March 2022 value in the accounts was overstated by £2.623m compared to the value on the 31st March 2022 capital statements. The capital statements were provided by the investment managers quarterly in arrears. The 31st March 2022 value in the accounts was based on the 31st of December 2021 valuation adjusted for any payments to the fund or distributions received. There was always a difference, however the 31st March 2022 difference was greater than usual reflecting the impact of the war in Ukraine on asset valuations. Although a large monetary amount, the £2.623m represented 0.07% of the Pension Fund net asset value and management proposed not adjusting the Statement of Accounts since the amount was not material. The Committee agreed with management's proposed treatment of not adjusting the Statement of Accounts to reflect the £2.623m overstatement. The external auditor was comfortable with the recommendation not to change the accounts for the £2.6m.

An updated set of recommendations was tabled at the meeting, with an additional recommendation to read:

To approve the Buckinghamshire Pension Fund Statement of Accounts 2021/22 and delegate final sign off of the Statement of Accounts to the Chairman of Audit & Governance Committee and the S151 Officer subject to:

- *No material changes in the accounts*
- *Final sign off by the external auditors of Buckinghamshire Council accounts 2021/22.*

The Chairman explained that this recommendation was suggested as the Pension Fund Accounts could not formally be signed off until Buckinghamshire Council's corresponding year's Statement of Accounts was signed off. Approving this recommendation would avoid the need for the Committee to re-consider the Pension Fund Accounts at a future meeting, unless there were significant material changes which arose before the audit of the main accounts was completed.

Points raised during further discussion included:

- That the normal procedure was for the Pension Fund Accounts to be presented to the Pension Fund Committee prior to the Audit and Governance Committee, however due to the timings of the meetings the decision was made to present it to this meeting prior to the Pension Fund Committee. Should the Pension Fund Committee be uncomfortable with any significant aspect of the accounts, they would be brought back to the Audit and Governance Committee to be re-considered.
- It was confirmed that the Pension Fund had no Liability Driven Investments (LDIs). These

were a financial instrument offered to pension funds to aid liabilities being covered. As of the latest triennial valuation the market value was sufficient to cover 104% of the liabilities and the long-term view had been taken not to purchase LDIs. Should the Pension Fund Committee proposed to use LDIs or a similar instrument, the Pension Fund Committee Members would take appropriate advice prior to any decision being taken.

- The IT system was provided by a third party for the administration of the pension fund; however, this was subject to the same stringent cyber security controls of any Council software.
- The Committee requested that the accounts be checked for consistency of wording. In certain areas of the report there was reference to the Buckinghamshire Pension Fund, whilst in others it was referenced to as the Pension Fund. It was also requested that reference the Buckinghamshire Fire and Rescue Service be updated to Buckinghamshire and Milton Keynes Fire and Rescue Service.

ACTION: Ms J Edwards / Mr D Skinner to undertake a check of the wording used throughout the accounts and update it to ensure it is consistent throughout.

- Attention was drawn to the Management responses outlined in appendix 3, with Members querying areas such as user access rights, member data controls testing, and delays associated with the list of scheduled and admitted bodies. Access rights had been reviewed and appropriate controls were in place. The procedure for identifying new starters was outlined in the appendix and there were controls in place to check starters were genuine. Where a record already existed, further controls were in place to reconcile this.
- Assurance was provided that there was commitment to working more closely with the external auditors, and officers and the external audit team were looking at how to improve processes and make them run as efficiently as they could to avoid any delays in providing documentation in the future.
- The Committee was advised that the Pension Fund Committee decided on asset allocation following each triennial valuation, taking into consideration the advice of Mercers and the projected forward returns required to cover liabilities. The triennial valuation was a requirement of Government legislation, and Members raised that with issues such as the war in Ukraine and US financial institutions this may not allow sufficient time to react. Assurance was provided that the Pension Fund Committee monitored returns closely and advice was taken from Mercer.
- Following a query being raised, it was confirmed that Milton Keynes Council was an active contributor to the pension fund, and they had a representative, currently the Leader of Milton Keynes Council as a Member of the Pension Fund Committee.

RESOLVED:

- 1. That the audited Statement of Accounts for Buckinghamshire Pension Fund for the year ended 31st March 2022 be noted.**
- 2. That management's proposed treatment of areas identified by the auditor be approved.**
- 3. That the Buckinghamshire Pension Fund Statement of Accounts 2021/22 be approved and final sign off of the Statement of Accounts be delegated to the Chairman of Audit & Governance Committee and the S151 Officer subject to:**
 - **No material changes in the accounts**
 - **Final sign off by the external auditors of Buckinghamshire Council accounts 2021/22.**
 - **Wording within the Pension Fund Statement of Accounts being checked for consistency as noted above.**

6 2022/23 BUSINESS ASSURANCE STRATEGY UPDATE (INCL. INTERNAL AUDIT PLAN)

The Committee considered a report which outlined the Risk Management, Business Continuity Management, Assurance, Internal Audit, Counter Fraud work being undertaken by the Business Assurance Team for the year ending 31 March 2023. Delivery of the Business Assurance work plans helped ensure that there was an appropriate governance and control framework in place and that risk management was embedded across the council to enable the achievement of set objectives.

Key points raised during discussion included:

- In terms of risk management, the training programme continued to be rolled out and work was progressing on ensuring greater visibility of programme and project risks and ensuring they were captured and escalated as appropriate. This would be reported to the Risk Management Group in further detail.
- The new framework was being implemented in relation to business continuity. There was a focus on cyber resilience and the development of a cyber resilience framework. As part of business continuity plans, it was being reviewed as to what level of assurance there would be for cyber security controls of any external partner.
- There had been no significant changes to the internal audits since the time of the last meeting, given the short timescale, however these audits had continued to progress and would be reported to the next meeting of the Committee when finalised. The team had undertaken significant grant assurance certifications and would continue to do this in to 2023/24.
- Appendix 1 summarised the internal audit activity and detailed those deferred to form the Q1 Internal Audit Plan (item 7 on the agenda). Some of these audits had commenced, whilst others were in the planning stage. These would be reported to either the July or September 2023 Committee meeting.
- The full 2023/24 Internal Audit Plan would be presented to the Committee in July 2023. Members would be invited to comment on its contents and on any other area they feel would be of importance to look at.
- Future plans for Council owned property were discussed, there were no plans for internal audit to look at anything specific at this time. The Finance and Resources Select Committee could choose to review Cabinet Member decisions made in relation to property and this may form part of their 2023/24 work programme.
- Assurance was given that all IT audits deferred to 2023/24 would be delivered within quarter 1 of the year.
- A Member asked for clarity on the proportion and responsibility level of staff who were undertaking risk management training. These details would be provided in the next update, along with data on the uptake of the risk management e-learning package. The Committee noted the importance of this training, as officers had often not taken account of the wider risk and reputational issues to the Council whilst undertaking projects in their day-to-day roles.
ACTION: Ms M Gibb to provide further information and statistics on Risk Management Training delivery.
- In relation to the three vacant posts within the Business Assurance team structure, the Committee was advised that the Assurance Lead post would be re-advertised, whilst the Senior Auditor was acting up into the Audit Lead role, with their role being backfilled through the arrangement with Mazars. The advert for the Fraud Officer was live and a further update would be provided at July's meeting.

RESOLVED:

That the report be noted.

7 2023/24 INTERNAL AUDIT PLAN UPDATE

The Committee considered the report which followed on from the previous item and noted that due to capacity constraints within the management team, some activity had not progressed in line with planned timelines. The Internal Audit function were working to complete the 2022/23 approved engagements. As of 20 April 2023, there were 16 audits at draft reporting stage, 19 at fieldwork stage and two at planning stage as noted in Appendix 1. These audits would be reported to the committee in July 2023.

The 2023/24 Internal Audit planning process was in progress. The Audit, Assurance and Fraud Manager had met with the senior management teams (Service Directors and their direct reports) of each directorate. A schedule of audits had been developed which was now being discussed and agreed with the senior leadership teams. Once a draft plan had been put together this would be presented to the Corporate Management Team and Audit Board for agreement.

The 2023/24 Internal Audit Plan would be presented to the Audit and Governance Committee for approval at the July 2023 meeting.

RESOLVED:

That the report be noted.

8 AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT TO COUNCIL

The Committee received a draft of the Annual Report of the Audit and Governance Committee. The report would be presented to the Full Council meeting, provisionally scheduled for 12 July 2023. The annual report had been prepared to inform Council of the work carried out by the Council's Audit and Governance Committee during the 2022/23 financial year. The wide-ranging items considered by the Committee throughout the year were detailed within the report.

A revised section 2.7 of the report was tabled at the meeting which read:

The Committee has received regular updates from the relevant Cabinet Member and Deputy Cabinet Members/Pension Fund Committee Chairman, senior officers and the external auditors on the production and audit of the financial statements and is monitoring the plan to catch up. Only 9% of authorities across the country completed their accounts by the due date and that position has remained. Buckinghamshire Council is experiencing delays in accounts sign off along with many other Councils for a variety of factors including the challenges and complexity inherent in putting together the financial statements of the five legacy authorities for the first time, changing regulatory requirements of both councils and auditors and staffing shortages. In addition, there have been other national complexities such as the changing requirements for infrastructure asset accounting requiring legislative changes. There are about 630 delayed audit opinions outstanding in England.

Points raised during discussion included:

- Due to complications with the timing of future meetings, the report was presented to this meeting in its slightly unfinished form, with the final version to be presented at the Full Council meeting on 12 July 2023. As the next meeting of this Committee would take place after the agenda had been published for that meeting of Full Council, any amended version would be circulated electronically to Committee Members for agreement.
- There was a placeholder at section 2.17 of the report as in line with CIPFA guidance, a self-assessment was required as to how the Committee had discharged its responsibilities. A self-assessment tool would be sent to Committee Members, with the

responses to be collated and results shared with Members. A narrative would then be added into the report at section 2.17. A deadline date for responses would be given to Members.

ACTION: Ms M Gibb to share self-assessment tool with Committee Members

- Members noted that the figures in section 2.8 of the report would be outdated at the time Full Council received the report, however, it was suggested by the Chairman that whoever presents the report at that meeting could provide a verbal update on the figures.
- The Committee expressed concern that the revised wording of section 2.7 did not adequately reflect how challenging the Committee had been in respect of the Statement of Accounts and appeared relatively passive. It was requested that this wording be revisited to factor in the rigorous challenge and scrutiny undertaken by the Committee. This revised wording would be circulated to Members along with the wording the section 2.17 for agreement.

ACTION: Ms M Gibb to share revised version of the report to Members electronically inviting comments, prior to the report being submitted to Full Council.

RESOLVED:

That the draft annual report of the Audit and Governance Committee be approved to be presented at Full Council on 12 July 2023, subject to Members completing the self-assessment tool, and subject to the revised report and wording for section 2.17 and section 2.7 being approved electronically by Committee Members.

9 WORK PROGRAMME

The completed work programme for 2022/23 was appended to the agenda pack. The work programme for 2023/24 would be presented at the first Committee meeting of the new municipal year in July.

RESOLVED:

That the work programme be noted.

10 ACTION LOG

The Committee considered the latest action log as attached to the agenda pack and agreed that the following actions could be closed:

- Action 10 – Contract Procedure Rules – Waivers and Breaches
- Action 14 –Statement of Accounts 20/21, as Members received a verbal update advising that property valuation dates had been aligned between the external auditor and Carter Jonas for the 2022/23 valuation cycle.
- Action 16 – Pension Fund Audit Plan 21/22, as the IT report had been circulated prior to the meeting.
- Action 19 – RMG Update, as the referenced letter had been sent to the Leader).

Further points noted included:

- That the ‘last updated’ date at the top of the document was incorrect and required updating.
- Action 1 – Local Member Engagement - The Principal Governance Officer advised that following discussion with the Service Director this had not been deemed a priority area of work, although some issues would be factored into the Annual Governance Statement. A further conversation was required with the Service Director to determine a way forward as the Committee remained of the opinion that this was an important piece of work.
- Action 3 – Business Assurance Strategy update 22/23 – This action would remain open as

the Committee requested further information be provided on proceeds of crime orders and compensation orders ordered by the court rather than the penalty imposed.

- Whilst not on the action plan, following being raised by a Member, the Committee was informed that the internal audit of Community Boards had been completed, with the report in draft stage. This would be presented to the next meeting of the Committee.

RESOLVED:

That the action log be noted

11 DATE OF THE NEXT MEETING

Wednesday 5 July 2023 at 10 a.m. (subject to Full Council approval on 17 May 2023). Members noted that there would be a short meeting at the conclusion of Full Council on 17 May 2023 to elect the Chairman for the next municipal year.

12 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 15, 16 and 17, on the grounds that they involved the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act as defined as follows:

Minute 13 – Confidential Minutes of the Audit and Governance Committee held on 29 March 2023

Minute 14 – 2022/23 Business Assurance Strategy Update: Fraud Cases and Audit Actions Summary Report

Minute 15 – Action Log (confidential)

13 CONFIDENTIAL MINUTES

RESOLVED:

That the confidential minutes of the meeting held on 29 March 2023 be approved as a correct record.

14 2022/23 BUSINESS ASSURANCE STRATEGY UPDATE: FRAUD CASES AND AUDIT ACTIONS SUMMARY REPORT

The Committee held a detailed discussion on Fraud Cases and the Audit Actions Summary Report.

RESOLVED:

That the report be noted.

15 ACTION LOG (CONFIDENTIAL)

The Committee considered the confidential action log and

RESOLVED:

That the current Action Log (confidential) be noted.



Buckinghamshire Council

Audit and Governance Committee

Minutes

MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON WEDNESDAY 17 MAY 2023 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 5.50 PM AND CONCLUDING AT 6.00 PM

MEMBERS PRESENT

P Brazier, R Carington, L Clarke OBE, N Hussain, D King, R Newcombe, W Raja, S Rouse, N Thomas and S Wilson

OTHERS IN ATTENDANCE

P Birchley (Chairman of Council)

Agenda Item

1 APOLOGIES

Apologies for absence had been received from Councillors D Anthony and D King.

2 ELECTION OF CHAIRMAN RESOLVED –

That Councillor R Newcombe be elected Chairman of the Audit and Governance Committee for the ensuing year.

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Report to Audit and Governance Committee

Date: 5th July 2023

Reference number: N/A

Title: 2020/21 Housing Benefit Grant Claim Certification

Relevant councillor(s): N/A

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

Ward(s) affected: Not applicable

Recommendations: Members are requested to note the report.

Reason for decision: Not applicable

Executive summary

- 1.1 There is an annual external review of the grants that the Council claims through a grant certification process. This report provides a review of the Housing Benefit Subsidy claim for 2020/21.
- 1.2 As this is the first year of the merged Buckinghamshire Council, the Housing Benefit Records remained on four separate legacy systems. Therefore, testing has been performed equally across all four systems and Cumulative Audit Knowledge and Experience (CAKE) was carried out for 13 areas in total.
- 1.3 The outcome of all the testing has resulted into a small adjustment of £1k to Housing Benefit subsidy claim and roll forward of 10 areas of CAKE testing into 2021/22 audit.

Grant Thornton Annual Review

- 1.4 The Council is responsible for compiling grant claims and returns in accordance with the requirements and timescales set by Department for Work and Pensions (DWP).
- 1.5 Grant Thornton, as the Council's external auditor, annually review the grants the Council claims through a grant certification process.
- 1.6 The nature and complexity of the Housing Benefit scheme linked to the volume of claims (83,473 changes during 2020/21) means the vast majority of local authorities

will have some errors identified through their annual subsidy claim audit. Additionally, the Council had 4 different systems operating during this year which would as expected have its own risks and challenges.

1.7 The initial testing was performed equally across all four systems in line with the DWP guidance for merged authorities. In addition to initial testing, Cumulative Audit Knowledge and Experience (CAKE) was carried out on 13 areas of which 4 areas related to errors identified during the course of initial testing for 20/21 and 9 areas were roll forward from prior year errors. Three of these areas have now been closed and 10 rolled forward for CAKE testing in 21/22.

1.8 The Council has made significant improvements by consolidating the system and the benefits of this will come to fruition from financial year 2023/24. As part of continuous improvements following additional measures are being introduced for the 2021/22 and future subsidy claims: -

- Additional training and sample checking for each area where an error was found in the 2020/21 claim. A key area where the largest number of errors were identified related to Temporary Accommodation claims. Training has taken place and detailed procedure notes have been rolled out to staff to minimise the risk of future errors. Errors relating to the treatment of earnings was also identified and formal training is due to take place on 26 June 2023. This will be followed up by the roll out of guidance notes to all staff. Staff have also received training and procedures in specific areas which may pose future risk supported and exempt accommodation claims.
- A rolling review of work practices and in-year checking procedures to help identify and correct errors to ensure even greater accuracy of future subsidy claims. Targeted quality checking is in place to monitor the accuracy in areas where errors were identified in the 20/21 audit. 100% checking has been in place over a 2-month period (April to May 2023) for temporary accommodation claims. This is to ensure that errors are identified and corrected immediately. This will be reviewed periodically, and increased checking re-introduced to ensure continued accuracy. Following the earnings training on 26 June 2023, further targeted quality checking will be introduced in July 2023 for claims which include earned income. In addition, quality checking is also continuing across all claim types in order to identify other potential errors which may impact on future subsidy claims.

1.9 The auditors are currently working on 2021/22 grant, and it is expected to complete this by end of July. This will be followed by work on 2022/23 grant which is due to complete by the end of October 2023.

Other options considered

1.10 Not applicable

Legal and financial implications

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

1.12 The overall fee for certification of the Council's claim was £67.5k.

Corporate implications

1.13 Not applicable

Consultation and communication

1.14 Not applicable

Next steps and review

1.15 Not applicable

Background papers

1.16 Not applicable

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Report to Audit and Governance Committee

Date:	5 th July 2023
Title:	Treasury Management Annual Report 2022/23
Relevant councillor:	John Chilver, Cabinet Member for Accessible Housing and Resources
Contact officer:	Mark Preston, Assistant Director of Finance (Pensions, Procurement and Revenues & Benefits)
Ward(s) affected:	None specific
Recommendations:	The Audit and Governance Committee is asked to note the Treasury Management Annual Report for 2022/23.

1. Executive summary

- 1.1 Treasury management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code).
- 1.2 The CIPFA Code defines Treasury Management as: The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.3 On 31st March 2023 the Council held £114.27m cash and £292.73m of loans, a net borrowing position of £178.46m. The Council pursues a strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, to reduce risk and keep external financing costs low. The Council will continue the strategy of internal borrowing while it makes sense to do so. Liquid cash was diversified over several counterparties and Money Market Funds to manage both credit and liquidity risks. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets. Recent increases in interest base rates should improve future investment returns, but the cost of PWLB borrowing has increased and so new borrowing will cost slightly more.

2. Content of report

- 2.1 Treasury management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code). In line with the CIPFA Code and the Council's Financial Regulations, this Council is required to provide the Audit and Governance Committee with a report on the previous year's treasury management activity.
- 2.2 The CIPFA Code defines Treasury Management as: The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The Council's 2022/23 Treasury Management Strategy was approved by Council on 23rd February 2022. The general policy is the prudent investment of its treasury balances and cost-effective borrowing to finance long term investment in the Council's assets.
- 2.3 On 31st March 2023 the Council held £114.27m cash and £292.73m of loans, a net borrowing position of £178.46m. The Council repaid £16.9m borrowing to the PWLB and £39m Business Rates Grant which had been received in advance, the combined impact increased the Council's net debt position from £130.9m on 31st March 2022 to £178.46m on 31st March 2023. The table below is a summary of the Council's treasury position on 31st March 2022 and 31st March 2023.

31st March 2022 £m	%	Treasury Portfolio	31st March 2023 £m	%
Treasury Investments				
15.00	8%	Banks & Building Societies	20.00	18%
93.00	52%	Local Authorities (less than 364 days)	55.00	48%
37.82	21%	Money Market Funds	20.13	18%
0.00	0%	UK Government	0.00	0%
10.00	6%	Local Authorities (longer than 364 days)	0.00	0%
22.92	13%	Property Fund	19.14	17%
178.74	100%	Total Treasury Investments	114.27	100%
External Borrowing				
-279.64	90%	PWLB ¹	-262.73	90%
-30.00	10%	LOBOs ²	-30.00	10%
-309.64	100%	Total External Borrowing	-292.73	100%
Net treasury investments / (Borrowing)				
-130.90		Net Treasury Investments / (Borrowing)	-178.46	

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

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

2.4 In overall budget terms, the Council ended up £3.806m net better off during the year, the increase in interest rates means that the Council achieved £2.890m more investment income than budgeted for. The Council spent £8.379m on interest for external borrowing activity in the financial year, an underspend of £916k compared to the budget of £9.295m. The budget assumed that the Council would undertake new borrowing in 2022/23, no new borrowing has been undertaken. Another factor was the continuation of the Council's internal borrowing strategy to reduce risks and keep external financing costs low. Liquid cash was diversified over several counterparties and Money Market Funds to manage both credit and liquidity risks. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets. Recent increases in interest base rates should improve future investment returns, but PWLB borrowing has increased and so new borrowing will cost slightly more. The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties. The following table summarises the 31st March 2023 year end position for interest on external borrowing and interest receivable on term deposits / Money Market Funds.

Summary of external interest costs and interest receivable

	Budget	Year End Outturn	Variance
	£000	£000	£000
External Interest Costs	9,295	8,379	-916
Interest Receivable on Term Deposits / MMFs	-1,469	-4,359	-2,890
Net Position	7,826	4,020	-3,806

2.5 On 31st March 2023 the Council held £292.728m of loans, a decrease of £16.910m compared to 31st March 2022; £262.728m was from the Public Works Loans Board (PWLB¹), £30.000m Lenders Option Borrowers Option (LOBOs²) from the money markets. The Council pursues a strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, to reduce risk and keep external financing costs low. The Council will continue the strategy of

internal borrowing while it makes sense to continue to do so. Liquid cash was diversified over several counterparties and Money Market Funds to manage both credit and liquidity risks. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets. Recent increases in interest base rates should improve future investment returns, but the cost of PWLB borrowing has increased and so new borrowing will cost slightly more.

- 2.6 The cost of external borrowing in 2022/23 was £8.379m, an underspend of £0.916m compared to the £9.295m budget. The Council continues to look for opportunities to reschedule debt where this is expected to lead to an overall cost saving or a reduction in risk. The Council has significant capital ambitions in the next three years and does not envisage receiving significant surplus capital receipts. Given that there is a strong possibility that the Council will need to borrow at a higher interest rate than existing loans it is not expected that the Council will redeem current borrowing early. The table below is a summary of the Council's historic and projected borrowing, the projected borrowing position for 31st March 2024 assumes that there is no new borrowing in 2023/24.

Summary of Buckinghamshire Council's external borrowing

£000	1st April 2020	31st March 2021	31st March 2022	31st March 2023	31st March 2024
PWLB	333,193	286,459	279,638	262,728	255,728
LOBO	30,000	30,000	30,000	30,000	30,000
Total	363,193	316,459	309,638	292,728	285,728

- 2.7 The table below shows the maturity structure of the Council's borrowing.

Maturity structure of borrowing

31 March 2022 £m		31 March 2023 £m
16.910	Under 12 months	7.001
6.910	12 months and within 24 months	7.095
20.730	24 months and within 5 years	21.871
75.342	5 years and within 10 years	78.447
189.746	10 years and above	178.314
309.638	Total Borrowing	292.728

- 2.8 **Treasury Position:** The Council's investment strategy sets out the approach for choosing investment counterparties. They are based on a system of credit ratings provided by the three main credit rating agencies and supplemented by additional market data (such as rating outlooks, credit default swaps and bank share prices) provided by the Council's treasury advisors.

- 2.9 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances fluctuated due to timing differences between income and expenditure.

Treasury Cash Position

- 2.10 The treasury cash (investments) historic and forecast position is summarised in the table below:

£000	30th June 2022	30th Sept 2022	31st Dec 2022	31st March 2023	30th June 2023	30th Sept 2023	30th Dec 2023
Term Deposits							
UK Banks	15,000	15,000	5,000	10,000	25,000	45,000	40,000
Overseas Banks	10,000	20,000	30,000	-	-	15,000	10,000
Building Societies	10,000	10,000	-	10,000	15,000	30,000	25,000
Local Authorities	70,000	75,000	65,000	55,000	50,000	-	-
UK Government	23,300		24,200	-		10,000	10,000
	128,300	120,000	124,200	75,000	90,000	100,000	85,000
Instant Access							
MMF	78,750	53,510	52,060	20,125	50,000	60,000	50,000
Property Fund							
CCLA	24,122	23,098	19,252	19,144	19,144	19,144	19,144
Total	231,172	196,608	195,512	114,269	159,144	179,144	154,144

- 2.11 The Council repaid £16.9m borrowing to the PWLB and £39m Business Rates Grant which had been received in advance reducing the Council's cash available for investments. The Council's cash balances are usually lower at the end of March each year since less Council tax is collected in February and March.
- 2.12 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Council earned £4.359m interest on its investments, an overachievement of £2.890m compared to the budget of £1.469m. Investment returns picked up throughout 2022/23 as the Bank of England tightened monetary policy to mitigate inflationary pressures. In April 2022, the Bank Rate was 0.75% and moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24. The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties. Several of the Council's treasury counterparties have Environmental, Social and Governance (ESG) strategies integrated into their investment processes. (ESG) treasury investments are being

developed but do not represent a significant proportion of the investment vehicles / Money Market Funds available. Treasury management is about ensuring the Council has liquidity to meet its day-to-day cash requirements; the investments are generally short term, some overnight, secure, providing access to cash when the Council needs it, they don't include investments in fossil fuels or companies with a large carbon footprint.

- 2.13 **Externally Managed Pooled Funds** £19.144m of the Council's investments are held in an externally managed strategic pooled property fund where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. In the fourth quarter of 2022 property valuations responded to the Bank of England's rate hikes with significant falls in net asset values as the asset class adjusted to future borrowing costs. The dividend yield on the Local Authorities' Property Fund was 4.26% in the year to 31 March 2023.
- 2.14 The Council invests with other local authorities, the 2022/23 Treasury Management Strategy included a statement that where a local authority has issued a section 114 notice or has been granted permissions to use capital to help with their revenue budgets the investment can only be placed with the prior approval of the Service Director of Finance (Section 151 officer) in consultation with the Cabinet Member for Accessible Housing and Resources. The number of local authorities who are experiencing financial difficulties has increased significantly over recent years resulting in s114 notices, Best Value reports and Public Interest reports, applications for Capitalisation Directives, as well as reports of general financial pressures being experienced by councils. In this economic environment, the policy was tightened so that future investments with other local authorities require advance approval from the Chief Executive, the Leader of the Council and the Service Director of Finance (Section 151 officer) or deputies in the case of absence.
- 2.15 Furthermore, if a local authority that the Council has invested in subsequently issues a section 114 or is given a capitalisation directive, or any other untoward financial event experienced by an authority who the Council held an investment in will be reported to the Audit and Governance Committee at the earliest opportunity. This policy was formally adopted in the Treasury Management Strategy for 2023/24.
- 2.16 During 2022/23 there were several articles in the press about high levels of indebtedness with other local authorities. The Council received a letter of assurance from Slough Council that a loan would be repaid, the loan was repaid on the maturity date of the 22nd October 2022. A loan placed with Thurrock Council was also repaid on its expected maturity date the 6th January 2023.
- 2.17 In line with the requirement of the Treasury Management Strategy to report to the Audit and Governance Committee at the earliest opportunity any local authority that the Council had an investment with who subsequently issued a section 114 or was

given a capitalisation directive, or any other untoward financial event, an update was provided on a loan made to Birmingham City Council. It was reported on 10th May 2023 that the Council had a £10m loan with Birmingham City Council which is due to be repaid on 1 September 2023, this loan was made before the additional sign off requirements were introduced. The loan was covered by the statutory underpin and there was nothing to suggest that there would be an issue with the repayment or indeed the overall financial stability of Birmingham City Council. Birmingham City Council had experienced some issues with its implementation of a new ERP system, so it was thought appropriate to report it to the Committee.

- 2.18 **Prudential Indicators:** Each year, the Council agrees Prudential Indicators under the Local Government Act 2003 which are affordable, prudent and sustainable. The 2022/23 indicators were agreed by Council on 23rd February 2022, updated indicators for 2023/24 were agreed by Council in February 2024.
- 2.19 **Borrowing Indicators:** The Capital Financing Requirement measures the Council’s underlying need to borrow for capital purposes. This is essentially the Council’s outstanding debt, necessary to finance the Council’s capital expenditure. The actual debt is dependent on the type and maturity of the borrowing undertaken as well as seeking the optimal cashflow situation.
- 2.20 Comparing gross debt with the capital financing requirement is an indicator of the Council’s prudence in managing its capital expenditure and is designed to ensure that, over the medium term, external borrowing is only for capital purposes. The Council should ensure that gross debt does not exceed the total of the ‘capital financing requirement’. The values are measured at the end of the financial year.

Comparison of gross debt with the capital financing requirement

Actual Debt Compared to CFR £m	Approved £m	Actual £m
Debt	394.56	292.73
Capital Financing Requirement	579.76	570.67
Under / (over) borrowing	185.20	277.94

- 2.21 On 31st March 2023 the actual debt was £277.94m lower than the capital financing requirement.
- 2.22 The authorised limit for external debt is required to separately identify external borrowing (gross of investments) and other long-term liabilities such as covenant repayments and finance lease obligations. The limit provides a maximum figure that the Council could borrow at any given point during each financial year.
- 2.23 The Operational Boundary for External Debt is a key management tool for in-year monitoring and is lower than the Authorised Limit as it is based on an estimate of the most likely level of external borrowing at any point in the year. In comparison, the authorised limit is the maximum allowable level of borrowing.

Authorised Limit (for total external debt)

Authorised limit £m	Approved	Actual
Debt*	510.00	292.73
Other long-term liabilities *	10.00	0.00
Total Authorised limit (for external debt) *	520.00	292.73

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

- 2.24 There were no breaches of the authorised limit in 2022/23.

Operational boundary (for borrowing)

Operational Boundary £m	Approved £m	Actual £m
Debt	410.00	292.73
Other long-term liabilities	7.50	0.00
Total Operational Boundary (for external debt)	417.50	292.73

- 2.25 The operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached. Actual debt in 2022/23 was below the operational boundary. The operational boundary allowed for circa £100m borrowing approval delegated to Cabinet should viable and robust businesses come forward, this was not utilised in 2022/23.
- 2.26 **Treasury Management Indicators:** The Council measures and manages its exposures to treasury management risks using the following indicators.
- 2.27 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. The portfolio average credit rating of AA- exceeded the target of A.

Credit Risk Indicator

	Indicator as at 31 March 2023	Target
Portfolio average credit rating	AA-	A

- 2.28 **Maturity structure of borrowing:** This indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator

	31 March 2023	Upper Limit	Lower Limit
Under 12 months	2%	30%	0%
12 months and within 24 months	2%	25%	0%
24 months and within 5 years	7%	30%	0%
5 years and within 10 years	27%	40%	0%
10 years and above	62%	80%	20%

- 2.29 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

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

Upper Limit for Principal Sums Invested for Periods Longer than a Year

	2022/23	2023/24	2024/25
Investments as at 31 st March 2023 invested for longer than 365 days	£0m	£0m	£0m
Limit on principal sums invested beyond year end	£25m	£25m	£25m

3. Legal and financial implications

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

4. Corporate implications

4.1 There are none.



Audit and Governance Committee

Date:	5 July 2023
Reference number:	N/A
Title:	Draft Annual Governance Statement 2022/23
Cabinet Member(s):	N/A
Contact officer:	Nick Graham, Director of Legal & Democratic Services Glenn Watson, Principal Governance Officer
Ward(s) affected:	N/A
Recommendations:	To consider and approve the Draft Annual Governance Statement 2022/23.
Reason for decision:	It is a statutory requirement to adopt an Annual Governance Statement.

1. Executive summary

- 1.1 This report contains the draft Annual Governance Statement (AGS) for 2022/23.
- 1.2 The purpose of an AGS is to comment on the effectiveness of a council's governance arrangements for the year in question. An AGS should be public facing. Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) says it should be high level, strategic, meaningful and brief. It should be written in an open and readable style.
- 1.3 The AGS must be published alongside the Statement of Accounts and should reflect the governance in the year just concluded. The AGS is normally prepared alongside the timeline for producing the Statement of Accounts. While the Council's Accounts for 2022/23 are not scheduled to be completed during this year, our External Auditors nevertheless need to see an agreed version of an Annual Governance

Statement during the preparation of their assessment.

- 1.4 An AGS should contain an Opinion as to the effectiveness of the governance arrangements, signed by the Chief Executive and the Leader of the Council. This draft AGS contains such an Opinion for 2022/23 based on the assurances contained within it:

“The Council’s governance arrangements in 2022/23 were sound and provide a robust and effective platform for achieving the Council’s priorities and challenges in 2023/24.”

- 1.5 Members of the Committee during 2022/23 were invited to submit their views on the key areas of governance during that year and on any areas of preferred focus for 2023/24. Comments received have been reflected in the draft.

2. Content of report

- 2.1 The draft AGS complies with CIPFA guidance in containing:

- a) An assessment of effectiveness with examples
- b) An Opinion on that effectiveness
- c) An Action Plan for 2023/24, and comments on the actions for 2022/23
- d) A Conclusion

- 2.2 The draft also reflects various annual, and other, reports prepared for Council, Cabinet and Committees which relate to aspects of governance during 2022/23. This has included:

- a) Chief Finance Officer’s Statutory Reports to Budget Setting Council
- b) Corporate Plan Refresh Report to Council
- c) Buckinghamshire Council Annual Report to Annual Meeting in May 2023
- d) Annual Scrutiny Report 2022/23
- e) Community Boards Annual Report May 2023
- f) Audit & Governance Committee Draft Annual Report

- 2.3 The Committee was of the view last year that the final version of this year’s AGS should receive a design in keeping with the Council’s other publications. This is in hand. The Council’s Design Team will accordingly create a design for the approved or revised content. A separate non-statutory Code of Governance, evidencing the Council’s governance arrangements, is being prepared for consideration by the Committee at its next meeting.

3. Other options considered

- 3.1 It is a legal requirement to produce an AGS and there is clear guidance from CIPFA as to the elements that an AGS should contain.

4. Legal and financial implications

- 4.1 The Council is required to produce an Annual Governance Statement under the Audit and Accounts Regulations 2015.

5. Corporate implications

- 5.1 The AGS reflects the effectiveness of the Council's governance during 2022/23 and sets out priority actions planned for 2023/24.

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 Approval of an AGS by this Committee fulfils the legal requirement for members to adopt the AGS ahead of the required signature by the Leader of the Council and the Chief Executive.
- 8.2 Once finalised, the AGS would sit alongside the Council's Statement of Accounts. It would also be made available on the Council's website and in hard copy form at each of the Council's offices and libraries.

9. Background papers

- 9.1 CIPFA's 'Delivering Good Governance in Local Government: Framework' (2016 Edition).

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Buckinghamshire Council

2022/23 Annual Governance Statement (AGS)

DRAFT

INTRODUCTION

We want to make Buckinghamshire the best place to live, raise a family, work and do business.

Our key priorities are:

- Strengthening our communities
- Protecting the vulnerable
- Improving our environment
- Increasing prosperity



Delivering these requires good governance - for our residents, employees, businesses, service users and councillors. Our **Corporate Plan** provides the building blocks to our success. Supporting the Plan are a number of strategies and policies showing how we will deliver our ambitions, and our 'Local Code of Governance' will set these out in more detail.

It has remained an extraordinarily difficult time for local government and for the many differing and diverse communities, businesses, and sectors we serve. Cost-of-living and inflationary pressures alongside new and increasing demands on council services have dominated the past year, at a time when recovery from the Covid-19 pandemic remains a priority.

At the third anniversary as Buckinghamshire Council, we are continually improving our systems and services, supporting and empowering our communities, and responding to external conditions in a way that inspires hope and creates opportunity for all. We will continue to adapt, building on the positive changes we have already made.

Good governance is essential to that. It underpins both our approach and our commitment to engage with local communities and partners.

This Annual Governance Statement looks honestly at how effective our governance has been during 2022/23. It also looks ahead to some of our governance priorities and improvements for 2023/24.

STATEMENT OF OPINION

We are pleased to confirm our opinion that the Council's governance arrangements in 2022/23 were sound and provide a robust and effective platform for achieving the Council's priorities and challenges in 2023/24.

SIGNATURES

Signed on behalf of Buckinghamshire Council:

Rachael Shimmin
Chief Executive

Date

Martin Tett
Leader of the Council

Date

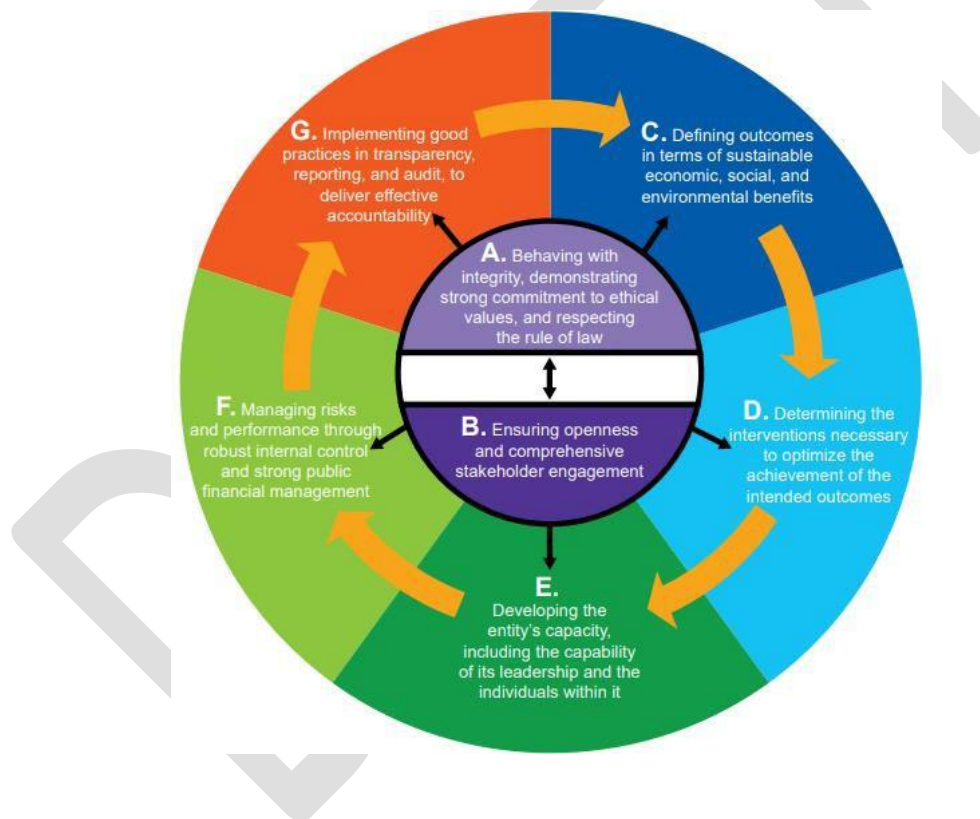
Part 1 - Governance at Buckinghamshire Council

Governance means: the values, culture, processes and systems by which the Council is controlled, directed and through which we deliver services for our communities. Governance means carrying out our activities in accordance with the law and proper standards, and that public money is properly accounted for, and used well. .

We have a duty under the [Local Government Act 1999](#) to put in place proper arrangements for:

- the continuous improvement of our functions
- the governance of our affairs, including those of the Local Government Pension Scheme, which includes arrangements for the management of risk.

The Council has approved and adopted a Constitution, together with other governance policies and practices. Together they form our 'corporate governance framework'. This Annual Governance Statement reviews the effectiveness of that framework, mindful of the CIPFA's "Seven Principles of Good Governance".



Part 2 - Essential elements of governance

As a local authority, the responsibility for good governance is shared by councillors and officers.

Buckinghamshire Council has **147 councillors**, three for each of the 49 wards. These councillors are from different political parties and have different roles in the decision-making process. All councillors agree to follow the member code of conduct and the rules for making decisions set out in [our Constitution](#).

Five important strands of governance interlink: together they aim to ensure that decisions are taken soundly, in a resourced and managed environment, with strong internal and external controls.

1. Making decisions;
2. Holding decision-makers to account through scrutiny;
3. Financial management and external audit;
4. Managing risks through internal control;
5. Senior Management Team and Statutory Officers.

1) Making decisions

The Council as a whole sets the budget and policy framework of the Council. The executive – through the Cabinet – takes the key decisions within that framework. Within the Constitution, the ‘Schemes of Delegation’ give certain roles to councillors and to officers. For example, the Financial Procedure Rules and other supporting procedures clearly define how decisions are taken and highlight the processes and controls required to manage risks. The Council’s democratic decision-making structure can be found [here](#).

2) Holding decision-makers to account through scrutiny

Scrutiny provides the legal power for councillors to look into issues of concern for residents, holding decision-makers to account for the decisions they are making. Scrutiny is not decision-making but acts as a check and balance to the executive, which takes the majority of key decisions on behalf of the Council. There are also specific powers for scrutiny to hold the NHS to account within health scrutiny. Scrutiny at Buckinghamshire Council is carried out by six Select Committees.

3) Managing the Council’s finances

Strong financial management is critical to ensuring the financial sustainability of the Council. Our framework reflects that. The Constitution contains the Financial Procedure Rules which set the principles for managing the Council’s financial affairs. A set of strategic documents form the second level of financial governance, with a third tier represented by detailed financial instructions to provide clear guidance on the operation of key financial processes. All documents are regularly reviewed and updated to ensure they remain current and fit for purpose, reflecting changes in the external environment and also in the Council itself.

The Council operates in an uncertain environment. This has led to major failings in other councils. The Council’s Financial Management Strategy sets out how we work to manage this uncertainty and to ensure the Council’s aims and objectives continue to be delivered into the future. There is strong external assessment of the Council’s financial capability and areas for improvement are captured in the Finance Improvement Plan. The “CIPFA Financial Management Code” sets out the key elements for demonstrating good financial management in the public sector. This underpins our Financial Management Strategy.

The **External Auditor** is legally required to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. They would report to the Council if any significant matters came to their attention. The External Auditor also attends meetings of the Audit & Governance Committee.

4) Managing risks through internal control

The system of internal control is designed to manage risk to a reasonable level. It could not eliminate all risk of not achieving policies, aims and objectives. It can, though, provide a reasonable if not an absolute assurance of effectiveness. The system of internal control is based on an on-going process

to:

- identify and prioritise the risks to the Council of not meeting its policies, aims and objectives;
- evaluate the likelihood and potential impact of those risks being realised; and to
- manage them efficiently, effectively and economically.

The **Chief Internal Auditor** undertakes the required annual self-assessment of the Council’s Internal Audit function, against the Public Sector Internal Audit Standards.

5) Senior Management Team and Statutory Officers

The **Council’s Management Team** – comprising the Chief Executive and her directors - implements the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues. The Council’s Corporate Management Team (CMT) has a separate budget board meeting; and all meetings of CMT have legal and finance input into their discussions.

There are regular meetings throughout the year of our **Statutory Officers** (Head of Paid Service, Monitoring Officer, Chief Finance Officer and Chief Internal Auditor) to review and monitor governance issues.

- Rachael Shimmin – Head of Paid Service
- Sarah Ashmead – Monitoring Officer
- David Skinner – Chief Finance Officer (the ‘Section 151 Officer’)
- Maggie Gibb – Chief Internal Auditor

In addition, the Council has a statutory officer overseeing each of Adults and Children’s services, both reporting directly to the Chief Executive.

Part 3 - Governance – key roles:

The Council	<ul style="list-style-type: none"> ➤ Approves the Corporate Plan ➤ Approves the Constitution ➤ Approves the budget and policy framework of the Council
Cabinet	<ul style="list-style-type: none"> ➤ Main decision-making body of the Council ➤ Made up of the Leader of the Council and a number of Cabinet Members with responsibility for different portfolios ➤ Supported by Deputy Cabinet Members
Audit and Governance Committee	<ul style="list-style-type: none"> ➤ Provides assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment ➤ Approves annual Financial Statements and the Annual Governance Statement ➤ Attended by the Section 151 Officer

Standards and General Purposes Committee	<ul style="list-style-type: none"> ➤ Oversees the Council’s Councillor Code of Conduct and the overall standards of conduct and ethics of Members and co-opted Members of Buckinghamshire Council
Select Committees (6)	<ul style="list-style-type: none"> ➤ The select committees each fulfil a check and challenge function for decisions and policies made by the Cabinet helping the Council to assess its performance and learn lessons. <ul style="list-style-type: none"> • Children’s & Education Select Committee Covering the portfolio areas of: Education and Skills, Youth Provision and Children’s Services • Communities & Localism Select Committee Covering the portfolio areas of: Communities, Culture, Regulatory Services, Sports and Leisure • Finance & Resources Select Committee Covering the portfolio areas of: the Leader of the Council, Resources, Property and Assets • Growth, Infrastructure & Housing Select Committee Covering the portfolio areas of: Planning and Enforcement, Housing and Homelessness, Town Centre Regeneration • Health & Adult Social Care Select Committee Covering the portfolio areas of: Adult Social Care and Communities and Public Health • Transport, Environment & Climate Change Select Committee Covering the portfolio areas of: Transport, Logistics and Environment and Climate Change
Shareholder Committee	<ul style="list-style-type: none"> ➤ A sub-committee of Cabinet. The Shareholder Committee manages the shareholding interests in the Council’s trading companies and joint ventures ➤ Appoints and removes directors to the companies, issues best practice guidance and arranges training ➤ Monitors the performance of the companies
Community Boards and Town Committee	<ul style="list-style-type: none"> ➤ 16 advisory Community Boards in local areas provide a forum for discussing local issues, making recommendations to decision-making bodies, and overseeing allocated spending ➤ A High Wycombe Town Committee exists to consider and advise the Council on any issues affecting the High Wycombe Town area. The Committee is an advisory body and does not have decision making powers

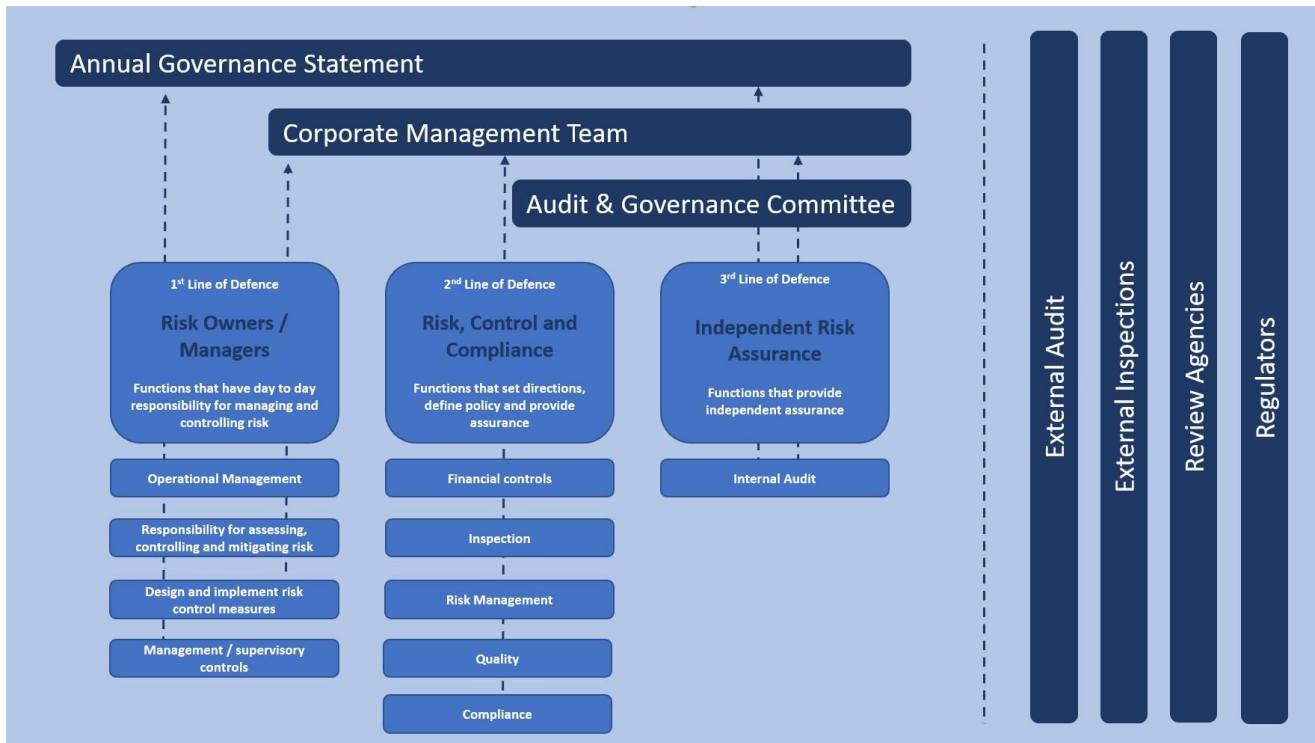
Corporate Management Team (CMT)	<ul style="list-style-type: none"> ➤ The Chief Executive (CEO) and Corporate Directors ➤ CMT has overall accountability for the governance framework ➤ CMT implements the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues ➤ Accountability for developing and maintaining the Council's governance and risk framework
Chief Finance (S151) Officer	<ul style="list-style-type: none"> ➤ Responsible for managing the Council's finances and providing expert financial advice to the Council ➤ Accountable for developing and maintaining the Council's internal control and counter-fraud framework ➤ Contributes to the effective corporate management and governance of the Council ➤ Attends formal 1:1s with CEO, and attends all CMT meetings
Monitoring Officer	<ul style="list-style-type: none"> ➤ Advises the Council on ethical issues, standards, and powers to ensure the Council operates within the law and statutory Codes of Practice ➤ Overall responsibility for the maintenance and operation of the Whistleblowing Policy and contributes to the effective corporate management and governance of the Council
Director of Adult Services	<ul style="list-style-type: none"> ➤ The Children Act 2004 requires every upper tier local authority to appoint a Director of Adult Services (DASS) ➤ Provides key professional leadership role for staff working in adult social care services ➤ Ensures accountability of services to local communities through consultation with local people and, in particular, users of services ➤ Statutory member of the Health and Wellbeing Board and the Buckinghamshire Adults Safeguarding Board ➤ Delivers the Council's part in: <ul style="list-style-type: none"> • Improving preventative services and delivering earlier intervention • Managing cultural change to give people greater choice and control over services • Tackling inequalities and improving access to services • Increasing support for people with the highest levels of need

<p>Director of Children's Services</p>	<ul style="list-style-type: none"> ➤ The Children Act 2004 requires every upper tier local authority to appoint a Director of Children's Services (DCS). ➤ Discharges the education and children's social services functions of the local authority (set out in section 18(2) of the Children Act 2004) including <ul style="list-style-type: none"> • Children and young people receiving education or children's social care services in the area; and • All children looked after by the local authority or in custody ➤ Works with other local agencies to improve outcomes for children and young people.
<p>Managers</p>	<ul style="list-style-type: none"> ➤ Responsible for developing, maintaining, and implementing the Council's governance, risk, and control framework ➤ Contribute to the effective corporate management and governance of the Council
<p>Internal Audit</p>	<ul style="list-style-type: none"> ➤ Provides independent assurance and opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework ➤ Delivers an annual programme of risk-based audit activity, including counter fraud and investigation activity ➤ Responsible for developing and implementing the Anti-Fraud and Corruption Policy and monitoring the investigation of any reported issues ➤ Ensures all suspected or reported irregularities are dealt with in accordance with the Anti-Fraud and Corruption Policy; identifies improved controls ➤ Makes recommendations for improvements in the management of risk
<p>External Audit</p>	<ul style="list-style-type: none"> ➤ Audits / reviews and reports on the Council's financial statements (including the Annual Governance Statement) ➤ Provides an opinion on the accounts and use of resources, including the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion) ➤ Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft

Part 4 - Preparing the Annual Governance Statement

The Council has reviewed the Council's existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government Framework - 2016 Edition' good practice guidance. The review of effectiveness is informed by **three lines of defence**:
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- senior managers within the Council who have responsibility for the development and maintenance of the governance environment;
- the Head of Internal Audit and other professional leads including the Chief Finance Officer, Director of Human Resources and Director of Information Technology;
- Internal Audit and other inspections made by external auditors, independent review agencies and inspectorates.



The key sources of assurance that inform this review and where it is obtained from are:

Where do we need assurance?					
Compliance	Standards of Conduct and Behaviour	Risk Management	Financial Management	Service Delivery	Effectiveness of Internal Controls

Where do we get assurance from?						
Constitution	Audit & Committee, Council, Scrutiny	Internal and External Audit	Risk Management Strategy and Framework	Performance Management System / Reporting	Complaints, Counter Fraud and Whistleblowing	Independent and External Sources (e.g. OFSTED, CIPFA)

Part 5 – Effectiveness of our governance in 2022/23 – an overview

Here are some examples of ‘governance’ during the year.

The Jubilee, the Death of Queen Elizabeth II and the Accession of King Charles III

This year was hugely significant for our Monarchy. The joy of the Jubilee was followed by great sadness and mourning at the passing of Queen Elizabeth. The accession of King Charles was a historic event, nationally and locally. Local authorities have a key role to play in communicating and commemorating these events. We worked closely with the Lord Lieutenant and our partners in delivering our plans.

At a Council meeting in September 2022, the Chairman highlighted the overwhelming response from people across Buckinghamshire to the death of the Queen: the Council followed its plans in making the arrangements for memorial services, vigils, spaces to place tributes and setting up books of condolence. The Proclamation of King Charles was duly made on Sunday 11 September on the steps of Exhibition Suite, Market Square, Aylesbury by the High Sheriff, Debbie Brock. Proclamations were also made across Buckinghamshire, for example in Beaconsfield, Buckingham, Chesham, Denham, High Wycombe, Marlow, Newton Longville and Wendover.

Statement of Accounts

The Council’s Statements of Account for the years 2020/21 and 2021/22 still require finalising. Buckinghamshire Council has experienced delays in accounts sign-off along with many other Councils for a variety of reasons: these have included resource challenges during the initial preparation of the accounts; the impact of Covid-19 on both the complexity and pace of the audit; the inherent complexity of the 2020-21 statement covering the first year of the new Council, unifying five legacy councils to form the second largest unitary council in the country; and increased assurance work for auditors during the first year of new International Auditing Standards.

Nationally the picture was similar, with only 9% of authorities having completed their accounts by the due date. Strengthened resources within the Council and from our external auditors have been committed to finishing these important tasks. Even so, because preparing the opening balances for 2020/21 took a significant amount of time, this has impacted the preparation of the 2021/22 audit, which cannot be achieved until that for 2020/21 is completed. The Council’s Audit & Governance Committee has provided essential challenge on this during 2022/23 and has required a ‘lessons learned’ report on conclusion of the work.

A restructure of the finance service, including the appointment of a new Chief Accountant, strengthened the professional support for this work, as did the commissioning of firms to provide additional expertise. Our auditors also dedicated resource to completing this work.

The Council's financial position is sound. The Annual Report from our external auditor, Grant Thornton, confirms that "the Council has a good record of financial management". It noted that a three-year planning cycle is in place, starting in 2022/23. The report said:

"Overall, the Council has a strong capacity to manage variances over the short to medium term. We are satisfied that the Council has appropriate arrangements in place to ensure it manages risk to its financial sustainability."

Treasury Management

The Audit & Governance Committee undertook the scrutiny role for the development of future Treasury Management Strategy prior to its presentation to Council for approval in February 2023. It also received mid-term and annual reports on the extent of compliance with the approved Treasury Management Strategy and an analysis of the performance against the targets set. During the year it recommended the Treasury Management Strategy and performance monitoring reports for Council approval.

Children's Services

OFSTED Review

In December 2021, OFSTED's inspection of our Children's Services issued a rating that improved from 'inadequate' to 'requires improvement to be good'. OFSTED held an annual conversation with the Council in July 2022 under the Inspecting Local Authority Children's Services (LACS) inspection framework. In preparation for that meeting, the Council shared its own self-assessment and performance data for both children's social care and education. Feedback from OFSTED was positive and the Council's self-assessment was accepted in full. In October 2022, OFSTED conducted a Focused Visit, under the LACS framework, that looked at our services and support offered to care leavers. This was not a graded inspection but OFSTED identified a number of positive practices including:

- support to care leavers in Buckinghamshire having improved since the last inspection; and
- leaders in Buckinghamshire having an understanding of the strengths of the service, the areas for development and the future challenges.

As a result of our improvement journey, a 'whole system' Children's Services Transformation Programme has been developed in order to help realise our shared ambition to deliver good quality services to children.

See Annex 1 for further information on our actions.

Special Educational Needs and Disabilities Service

A Special Educational Needs and Disabilities (SEND) inspection took place between February and March 2022 by OFSTED and the Care Quality Commission. As a result, the Council was required to submit a Written Statement of Action (WSOA) to address significant areas of weakness. These related to the provision of specific health services for children and young people with SEND. The Council and the Clinical Commissioning Group were jointly responsible for submitting the WSOA. This was approved in August 2022. A WSOA Working Group was established reporting to the Integrated Services Board. The Department for Education carried out its first monitoring visit in December 2022 and gave positive feedback on progress with some recommendations for continued

focus. Reflecting on this, our External Auditors were also satisfied that the Council had good arrangements in place to monitor and assess our response to the regulator. See Annex 1 for more information on our actions.

Business Assurance

The Business Assurance Strategy, including the Internal Audit Plan, was agreed by the Audit Board and approved by the Audit and Governance Committee in July 2022. The 2022/23 Internal Audit, Risk Management, Assurance and Counter Fraud work plans were produced with reference to the strategic and directorate risk registers; and informed through discussion with Senior Leadership Teams for each directorate.

A new Business Assurance structure went 'live' from 1st November. Work plans have been resourced through a mix of in-house staff and a partnership arrangement with the APEX London Audit Framework. This arrangement allowed us to request specialist resource such as IT auditors and contract auditors and gave flexibility to respond to urgent requests, such as investigations.

The Business Assurance Team is responsible for delivering the Council's Risk Management, Assurance, Internal Audit, Counter Fraud, Insurance and Business Continuity services. The team operates under the Service Director for Legal and Democratic Services within the Deputy Chief Executive Directorate.

The team continued to deliver work programmes including: assurance reviews of the Council's financial and operational systems, computer audit reviews, corporate and social housing fraud investigations, fraud awareness training, corporate governance and risk management reviews, and compliance reviews to check adherence to policies, procedures, and systems.

Workstreams saw the following progress:

Risk Management

Deep dive risk reviews continued across certain service areas. This was to ensure risks were relevant and current, were updated with realistic target scores, and had internal controls as well as mitigating actions. A key theme of the team's work was gaining greater visibility of how programme and project risks are being captured and escalated across the directorates. This included ensuring that major projects and programmes were captured on the corporate risk management system. Following feedback from the Medium-Term Financial Planning (MTFP) and Budget Scrutiny processes, the team also began to review the key financial risk process across the organisation, including the reporting to Directorates and the Corporate Management Team budget boards. The Risk Management Group (sub-group of the Audit & Governance Committee) met seven times during the year and reviewed the effectiveness of the risk management process within each of the directorates as well as regularly reviewing the strategic, key financial and fraud risk registers. A Risk Management Group update was provided to the Audit & Governance Committee throughout the year.

Business Continuity Management (BCM)

In November 2022, we held Exercise Faraday, to test our preparedness against planned or unplanned power outages as we suspected we may experience some of these events over the winter period given Central Government planning assumptions. The exercise consisted of a scenario built over two days with a final workshop to review lessons identified. We had approximately 30

responses across the organisation to the exercise and a well participated workshop.

Work began to implement the new Buckinghamshire Council Corporate Resilience Framework and Standards. This included taking on board some of the recent lessons learnt from 'Exercise Faraday'. Development also began of a new BCM Framework as well as refreshing the corporate Business Continuity Plan (BCP). This includes a new BCP template to ensure structure, readiness, and consistency. The Council Resilience Group, which provides governance over the Corporate Resilience Framework and Standards met in February 2023 to discuss activities within the three areas of: organisational, emergency and community resilience. This included discussion around cyber resilience and climate change.

Internal Audit

The Internal Audit plan which was approved as part of the Business Assurance Strategy, highlighted a more fluid approach in the delivery of the audit plan to respond to the needs of the Council. The Internal Audit Plan was regularly reviewed through discussions with Directorate Leadership Teams and the Audit Board 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 was communicated through the periodic activity reporting process. Whilst we deferred/cancelled eight audit engagements from the current plan, the team agreed to conduct five unplanned assignments which were requested by the services in response to key risks/issues being faced.

As of 13 March 2023, only five out of 395 (1%) audit management actions were overdue for implementation. The Internal Audit Team also implemented a new audit system which was a key action from the CIPFA External Assessment.

Business Assurance

The Business Assurance Team continued to deliver Covid-19 grant assurance as the requirements from central government for returns, reconciliations and pre/post assurance checks continued. The team liaised with the services and supported in the collation of the required returns, reconciliations and certification where required. In addition, the team have completed 19 grant assurance reviews or claim verifications. This involved evaluation of expenditure activity to ensure accuracy and compliance with grant conditions. Several assurance engagements were also finalised, including: the Customer Relationship Management (CRM) System Programme; the Temporary Accommodation Review; and the New Highways Contract.

Counter Fraud

The Business Assurance Team's procedures alone cannot guarantee the detection of fraud and corruption, nor can it give an overall assurance opinion on counter fraud. Managers therefore have responsibility for ensuring that there are adequate controls in place to manage the risk of fraud and corruption. The size and complexity of the authority means that some irregularities are inevitable, and when these arise the Fraud Team deploy resources to investigate these. Whilst responding to fraud allegations raised internally and externally, the team also had a proactive schedule of activity that includes Fraud Awareness Training and probity reviews.

Scrutiny

Scrutiny at Buckinghamshire Council is carried out by six Select Committees. Each Select Committee has a different remit and each examines local services across the public sector. The Committees are made up of elected Councillors who are not part of the Council's Cabinet, together with some co-

opted representatives from relevant local organisations. The Annual Scrutiny Report 2022/23 highlighted the scope of the work of the committees, including the completion of several important serviced reviews, including:

- Pathways into SEND Services (Children's and Education Select Committee): in light of the SEND inspection outcome, the Select Committee decided to set up a Review Group of five Councillors to look at the pathways to services for children and young people with SEND.
- Community Board Review (Communities and Localities Select Committee): to review the effectiveness of the Boards.
- Budget Scrutiny Inquiry (Finance and Resources Select Committee): a key part of the Committee's annual work programme, the review involved questioning leading members and officers about the draft budget proposals.
- Call-in requests (Growth & Infrastructure Select Committee): call-in is an important mechanism in the Council's constitution which allows backbench councillors to challenge Cabinet decisions. Two decisions subject to call-in requests were considered by the Committee:
 - o proposed residential development at the site of the former Buckinghamshire County Council Sports and Social Club
 - o Little Marlow Lakes Country Park
- Primary Care Networks, PCNs (Health and Adult Social Care Select Committee): 17 recommendations to help PCNs in their development including governance and oversight.
- Pollution in Buckinghamshire's Rivers and Chalk Streams (Transport, Environment and Climate Change Select Committee): report to Cabinet made 10 recommendations - 8 to Cabinet, 1 to the water companies and 1 to the Environment Agency. The inquiry was featured as good practice in a case study by the Centre for Governance & Scrutiny (CfGS).

Community Boards

During 2022/23, our 16 Community Boards began to move away from what was perceived as grant giving Boards to focus on projects which are identified through the discussions at the Boards. The local priorities are identified through the Boards and a high number of projects to deliver the priorities are now being established and delivered through Board action groups. The overall management of the budgets and performance data has vastly improved, with clear and accurate record keeping. Board meetings have also continued to develop and strengthen with many taking place face-to-face engaging directly with partners and residents.

Contract Procedures and Waivers

The Council's Contract Procedure Rules govern the Council's contract management. During the year, the Procurement & Supplier Relationship Management Team provided service areas with a monthly report of all contracts. In addition to this, a quarterly update report of all contracts over £50k, due to expire within the next 18 months, was sent to Contract Managers. The Team proactively followed up to ensure appropriate action was being taken. Six monthly reports of contract procedure rule waivers and breaches were made to the Audit & Governance Committee.

A waiver of the procedures is not a negative act, it can be a tool for the Council to get a quick solution at best value and is subject to a high level of assurance. When a waiver is requested, service areas are required to complete mandatory actions to reduce both the risk of future waivers and breaches. Compliance checking is undertaken to ensure these actions are followed up and that those members of staff involved in purchasing activity are both adequately trained, ensuring contracts are up to date.

The Committee expressed concern in the year that a breach of the Contract Procedure Rules had occurred. The Committee also requested and received an update on what action Procurement had taken on incidences of past breaches.

Contract Management Training for Managers was a priority in the year. An additional 243 training sessions had been attended by managers in Q1 and Q2 2022/23 alone, bringing the total since 1st April 2020 to 1,318.

South Waste Round Reorganisation May to September 2022

The waste collection services in the south of the county are delivered through a contractual arrangement between the Council and Veolia ES Ltd (Veolia). A reorganisation of the collection rounds was included as part of the agreed contractual terms and a reorganisation commenced on 9th May 2022. The round reorganisation was based on over 90% of the residents in the south of the county having a day or week change to their waste collections. It was recognised and planned that this was a large change and would lead to increased levels of missed bins and customer interaction with the Council via the customer contact centre for a short period of time.

Despite a positive early start and an effective communications programme, the level of disruption far exceeded expectations which continued beyond all anticipated timeframes. The scale and persistence of the performance issues caused real inconvenience and understandable frustration for affected residents and presented significant operational, communications and reputational issues for the Council.

As a result of these significant impacts on the council and residents, an audit of the process, governance arrangements, operational decision making, and performance management was commissioned which and undertaken by Mazars our independent auditor. They prepared a report of the findings including recommendations which were used to inform the Council's Lessons Learned action plan. The report and action plan were presented to the Council's Risk Management Group who also made recommendations which were used to inform the development of a small scale round reorganisation in the North Waste service which was implemented with no problems.

Managing our Council Companies

During the year, the Council significantly strengthened its governance of the Council's three companies and one joint venture. Following best practice, the Council's Cabinet created a sub-committee – called the 'Shareholder Committee' - to manage the Council's shareholding interests. The first meeting took place in July 2022 and the Committee commissioned training for all of the Council's company directors and members of the Committee. The Committee developed a set of *Conflicts of Interest Guidance* for officers and councillors potentially serving as company directors. This was approved in January 2023 and circulated to serving directors. The Committee has also set out an approach to selecting and appointing directors and maintaining a pool of councillors or officers who might serve as directors in future. The Committee has a work programme which includes reviewing the performance of each company.

The companies are:

- Aylesbury Vale Estates (50% ownership) – a joint venture with Akeman Property

- Buckinghamshire Advantage (100% BC ownership)
- Consilio Property Ltd (100% BC ownership)
- London Road Business Park Management Ltd (100% BC ownership)

Learning Lessons

The Council has been keen to learn from other councils' experience of governance. This has included learning lessons from the reports issued about some councils' governance arrangements. For example, an external review of Nottingham City Council led to the issuing of national guidance on good governance on the oversight of council companies: we put this into practice in establishing the Shareholder Committee; and the Committee did likewise in developing governance protocols in-year. The Audit & Governance Committee has agreed that 'learning lessons' should be a key feature of its work programme in 2023/24.

Electoral Boundary Review

During 2022/23, the Council responded to several consultations issued by the Local Government Boundary Commission for England on the future shape of this Council's wards – the areas represented by councillors. Whether proposing a pattern of wards or responding to the Commission's own proposals, the Council had clear governance arrangements in place. Full Council approved each response. It did so having received recommendations from our Standards & General Purposes Committee. The Committee, in turn, had received worked-up suggestions from a cross-party Electoral Review Working Group reporting to the Committee.

The responses were guided by the need to balance the statutory criteria of community identity, effective local governance, and electoral equality: that is, ensuring that councillors represent roughly the same number of electors. The Council responded on time to each stage. The new wards come into effect at the May 2025 local elections and will see councillor numbers reduced from 147 to 97. That will, of course, have its own governance implications for decision-making and the practicalities of community engagement: see Annex 2 for more information.

Parish and Town Council Charter

During the year, the Council launched our Town and Parish Council Charter, working on 22 pilots and an additional 80 opportunities to devolve assets to town and parish councils. We also appointed a dedicated officer to lead on engagement with town and parish councils.

Place Based Growth Board

In February 2023, Cabinet agreed to establish a Place Based Growth Board which will ensure close working with some of our key partners towards an agreed vision for future economic growth and development in Buckinghamshire. This board will provide a more streamlined and integrated place-based growth approach and furthers Buckinghamshire's ambition to lead the way in defining what best in class integration looks like for economic delivery. The areas of strategic focus, each with their own board sitting beneath the Growth Board are: Place & Regeneration; Opportunity Bucks; Skills; Enterprise & Investment.

Part 6 - Action Plans

An update on the Actions from 2022/23 is included at **Annex 1**. The AGS Action Plan priorities for 2023/24 are set out in **Annex 2**.

Part 7 - Conclusion

The opinion of the **Chief Finance Officer** is that the Council continues to operate robust internal controls and good public financial management. Further action is required to manage financial pressures and develop strategies to meet the long-term financial challenges that face the Council. There has been no need for the Chief Finance Officer to exercise his statutory escalatory powers. The Council complies with its financial regulations and procedures together with relevant codes of practice and guidance.

It is the opinion of the **Monitoring Officer**, that the Council has complied with its Constitution and that its corporate governance arrangements are sound.

David Skinner
Director of Corporate Finance (S151)

Sarah Ashmead
Deputy Chief Executive (Monitoring Officer)

Annex 1 – Review of Action Plan for 2022/23

Governance Issue	Action to be taken	Responsible Officer	UPDATE ON ACTION
Children's Services	<p>Following the re-inspection by OFSTED and the improved rating for the Council ('requires improvement to be good'), the Council is committed to acting on the recommendations for action:</p> <ol style="list-style-type: none"> 1) Agreeing a Cabinet-agreed Action Plan 2) Ensuring follow-through of the Action Plan (viewable here) by: <ol style="list-style-type: none"> a) using existing Quality Assurance Framework and Check & Challenge process to review practice and monitor progress on a regular basis b) action leads to provide six-weekly updates which will consider progress alongside Performance and Impact Reporting (including data trends, quality assurance and key performance indicators) c) progress against this plan will also be a standing item on each Improvement Board Agenda. 	Corporate Director of Children's Services	<p>Met. Additional progress:</p> <ol style="list-style-type: none"> 1. The annual conversation with OFSTED was held in July 2022. Feedback received from OFSTED at the end of the annual conversation was positive and the Service's self-assessment was accepted in full. 2. In October 2022, in line with the inspection of local authority children's services (ILACS) framework, OFSTED conducted a Focused Visit that looked at our services and support offered to care leavers. Whilst this was not a graded inspection, OFSTED has now published their findings from this visit. The full report can be accessed here; however, some key governance headlines are below: <ol style="list-style-type: none"> a. Caseloads for some practitioners who are supporting care leavers are high. This makes it more challenging for them to undertake meaningful direct work with young people. b. While care leaver participation has been strengthened in Buckinghamshire, their voices at corporate parenting panel are inconsistent. c. Leaders in Buckinghamshire understand the strengths of the service, the areas for development and the future challenges. d. Care leavers are strongly encouraged to engage in education and training. This is a real strength in Buckinghamshire. e. Gaps in service provision, different thresholds between children and adult services or insufficient planning mean that some care leavers' emotional health needs are not met in a timely way.

			<p>f. Care leavers, including those over 18 who are at risk of or experiencing exploitation, benefit from effective multi-agency risk management meetings and specialist, meaningful direct work via the exploitation team.</p> <p>g. Comprehensive performance data is used to support the progress of work effectively across the service. Check and challenge meetings help to provide leaders with an additional line of sight to good practice.</p> <p>h. Senior leaders made a conscious decision to target quality assurance activity at areas of greatest risk within the wider children's service.</p> <p>i. The revised care leaver offer is clear and accessible and includes an aspirational emphasis on education. One care leaver told inspectors, 'I feel so lucky to be a Bucks care leaver.'</p> <p>6. Inspectors also identified areas of practice that need to improve, as outlined in Annex 2.</p>
Children's Services	<p>Following the first inspection by OFSTED and the Care Quality Commission of the services and support provided across Education, Health and Care in Buckinghamshire for children and young people with special educational needs and/or disabilities – SEND – the Council is committed to:</p> <ol style="list-style-type: none"> 1) Implementing the Written Statement of Action in response to the inspection findings. 2) the Children's Services Continuous Improvement Board overseeing the Written Statement of Action, 	Corporate Director of Children's Services	<p>Met. Additional progress:</p> <ol style="list-style-type: none"> 1. Since finalising the Written Statement of Action (WSOA) significant work has been undertaken to establish the infrastructure and monitoring mechanisms. This has included: <ol style="list-style-type: none"> a. The development of detailed operational plans with metrics to capture the specific activity and targets that underpin the published high level WSOA. b. Alignment of activity with the wider SEND improvement programme to prevent duplication, ensure interdependencies are understood, and wider priorities continue to be addressed. c. The development of a dashboard to track Key Performance Indicators and visually evidence progress.

	<p>providing appropriate external challenge to drive improvement at pace and scale.</p> <p>3) Implementing the monitoring arrangements and liaising with the Department for Education, at the agreed frequency (every 4-6 months) who will assess and support our progress.</p> <p>4) Maintaining our Quality Assurance work and improvement programme activity, overseen by the SEND Integrated Services Board</p>		<p>d. Allocation of a dedicated project manager to oversee progress and escalate issues where this is insufficient. An additional health funded project support officer role is also in the process of being created.</p> <p>e. Establishment of a WSOA governance structure, including a monthly meeting with leaders across education, health, care and parent representatives, as well as a SEND Improvement Board that will scrutinise progress and ensure accountability.</p> <p>f. Wide-scale mapping of existing resources and support available across the local area for children and young people with SEND.</p> <p>g. An under 5s Task and Finish Group has been created, with key professionals across the Local Area to identify key improvement actions, prioritising early identification of need, by providing the right support at the right time for children under 5 regardless of wait times.</p> <p>2. As part of ongoing monitoring, our first meeting with the DfE to review progress within the WSOA was held in December 2022. This was an opportunity to provide an update on each action identified within the WSOA, to ensure progress is being achieved at pace and reflect any evidence available, demonstrating a positive impact to the lived experience of children and young people.</p> <p>3. Feedback following this meeting was positive; however, progress needs to be maintained within all workstreams to ensure improvement work continues at pace. Progress against the WSOA will continue to be monitored through day-to-day project management, monthly reporting to the WSOA Group, and presentations at the SEND Improvement Board which continues to meet every 6-8 weeks.</p>
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Shareholder Committee	<p>Establishment of a Shareholder Committee (a committee of the Cabinet) under the Council's decision-making arrangements for 2022/23</p> <p>Delivery of training for Directors and for Members of the Shareholder Committee</p> <p>Creation of specific guidance on Conflicts of Interest to guide the Committee and the Council in the consideration of appointments to directorships and to the Committee</p> <p>Establish the role of Audit & Governance Committee in reviewing the governance for the Council's trading companies.</p>	Director of Corporate Finance	<p>Met - Completed July 2022</p> <p>Met - Completed September 2022</p> <p>Met - Completed January 2023</p> <p>Met - Completed in March 2023:</p> <p>Met - Annual report on the governance of companies added to the Audit & Governance Committee forward plan – consistent with the Committee's existing terms of reference to review the Council's governance generally</p>
Electoral Review of Buckinghamshire Council	<p>The Council to engage fully in the public consultations on the future pattern of wards for Buckinghamshire Council (effective from May 2025) by:</p> <p>a) recommending a pattern of wards</p> <p>b) commenting fully on the Commission's own proposals</p>	Deputy Chief Executive	<p>Met – Completed April 2023</p> <p>Responses formulated through agreed means:</p> <ul style="list-style-type: none"> - cross-party working group to Standards & General Purposes Committee - Committee to Full Council - Following consultation with local members <p>Responses met Local Government Boundary Commission timeframes:</p> <ul style="list-style-type: none"> - April 2022 (proposals to the Commission) - November 2022 (commenting on the Commission's proposals) - April 2023 (response to Commission's further, limited consultation) <p>All responses based on the legal criteria, supported by evidence and mapping, and worked up from proposals recommended by a cross-party working group of the Standards & General Purposes Committee. The Commission's final decision was published on 30 May 2023 (see Annex 2 for follow up actions during 2023/24)</p>

Local Code of Corporate Governance	<p>Creation of a Local Code of Corporate Governance. While not a statutory requirement, achieving an up-to-date Local Code is considered 'best practice'. The Code is intended to describe the Council's governance framework and will support future Annual Governance Statements which assess the effectiveness of governance.</p> <p>a) Creation of a draft Local Code of Corporate Governance</p> <p>Review and adoption by the Audit & Governance Committee</p>	Deputy Chief Executive	<p>In progress</p> <p>Template circulated to Business Managers, Statutory Officers and CMT for presentation to Audit & Governance Committee for comment – September 2023</p>
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Annex 2 – Action Plan for 2023/24

These represent areas of particular focus for 2023/24. The Action Plan does not detail the full, day to day conduct of governance activity; that will be listed instead in the Code of Governance due to be presented to the Audit & Governance Committee in September 2023.

Governance Issue	Action to be taken	Timescale	Responsible Officer
Children's Services – arrangements for care leavers	<p>1) To follow through on the improvements suggested by OFSTED Inspectors:</p> <p>a. The number, quality and impact of audits and the extent to which care leavers' voices are included in this work to help underpin learning.</p> <p>b. The number of 22- to 25-year-olds who are aware of the local offer and accessing support.</p> <p>c. The consistent voice of care leavers at Corporate Parenting Panel.</p>	September 2023	Corporate Director of Children's Services

	<p>d. The sense of permanence and stability for care leavers in staying put arrangements.</p> <p>2) The service will continue to follow a cycle of improvement, reviewing and testing our practice and oversight to ensure that the Service is making progress and creating actions to address our priority areas.</p> <p>3) The Improvement Board, under the Independent Chairmanship of John Coughlan, CBE, to continue its remit to:</p> <p>a. challenge the pace and quality of progress, in terms of both actions and their impact.</p> <p>b. To provide, where appropriate, scrutiny and direction to secure the improvements required.</p> <p>c. To challenge the pace and quality of progress, in terms of both actions and their impact.</p> <p>d. To seek assurance that service risks are being managed appropriately.</p> <p>e. To hold to account all partners and ensure identified actions are carried out in a timely manner demonstrating impact on the lives of children and young people.</p> <p>f. To facilitate external oversight and transparency of the improvement process.</p>	<p>Monthly</p> <p>Quarterly</p>	
<p>Children's Services – actions to implement the 'Written Statement of Actions' (SEND)</p>	<p>Embedding the actions/practices agreed with inspectors (in the Written Statement of Actions, WSOA) for children and young people with special educational needs and/or disabilities:</p> <p>Progress against the WSOA will continue to be monitored through:</p> <ul style="list-style-type: none"> • project management • reporting to the WSOA Group, and • presentations at the SEND Improvement Board which continues to meet every 6-8 weeks 	<ul style="list-style-type: none"> • day to day • monthly • 6-8 weekly 	<p>Corporate Director of Children's Services</p>

Statement of Accounts	<ol style="list-style-type: none"> 1) Achieve manifest progress to achieving duly signed-off Statements of Account for the years: <ul style="list-style-type: none"> • 2020/21 • 2021/22 2) Make in-year progress for the preparation of the accounts for 2022/23 3) Written reports to each scheduled meeting of the Audit & Governance Committee during 2023/24 to update on progress 4) Lessons learned report to be considered by the Audit & Governance Committee at the conclusion of the 2020/21 accounts 	<ul style="list-style-type: none"> • December 2023 • April 2024 • December 2024 • January/March 2024 	Chief Finance Officer
Business Assurance Team	<ol style="list-style-type: none"> 1) Developing the new Business Continuity Management (BCM) Framework including the Cyber Resilience Framework 2) Refresh the Corporate Business Continuity Plan (BCP) 	<p>September 2023</p> <p>September 2023</p>	Director of Legal & Democratic Services
Shareholder Committee	<p>Review the operation of the Council's governance arrangements for the Shareholder Committee, including:</p> <ul style="list-style-type: none"> • Refreshed training for all members of the Committee and the Council's appointed directors • Identify a pool of potential directors – with training • Review business plans of each company/joint venture • Review the risk management arrangements for the companies • Review the effectiveness of the Guidance on Conflicts of Interest • Continue to learn from best practice 	<ul style="list-style-type: none"> • September 2023 • October 2023 • Company per meeting • June 2023 • January 2024 • October 2023 	Chief Finance Officer, Monitoring Officer
Electoral Review of Buckinghamshire Council – governance implications	<p>To assess the governance implications arising from the outcome of the Electoral Review:</p> <ul style="list-style-type: none"> • Establish a project plan for reviewing the implications/options • Indicative areas to include: <ul style="list-style-type: none"> ○ Governance: sustainable meeting structure ○ Community Board: scope/shape ○ Cllr Development/Support: needs ○ Communications: change/scope ○ Constitution: likely changes ○ Members' Allowances: review plan ○ Scheme of Delegation: additional delegations needed 	<p>September 2023</p> <p>October 2023 – March 2024</p>	Director of Legal & Democratic Services

Community Governance Reviews	<p>Following publication of the final Electoral Review outcomes, schedule and undertake any relevant Community Governance reviews (of parish arrangements) in accordance with legislation</p> <ul style="list-style-type: none"> • Agree decision-making routes for assessing and adopting Community Governance Reviews • Establish project timeframes for Reviews • Publish relevant terms of reference for each Review • Undertake effective communication and consultation with affected communities 	<p>August 2023</p> <p>December 2023</p> <p>December 2023</p> <p>January – March 2024</p>	Director of Legal & Democratic Services
Local Code of Corporate Governance	<ol style="list-style-type: none"> 1) Adopt and publish a Local Code of Corporate Governance; and 2) Use the Local Code as an integral springboard for preparing the 2023/24 Annual Governance Statement. 	<p>September-December 2023</p> <p>January-March 2024</p>	Director of Legal & Democratic Services
Audit & Governance Committee – review of annual reports	<p>A) The Committee’s work programme to include scheduled annual reviews of key governance areas, including:</p> <ul style="list-style-type: none"> • Shareholder Committee - governance arrangements • Regulation of Investigatory Powers Act (RIPA) usage – the implementation of the Council’s RIPA policy • Lessons learned from other authorities – implications for governance of best practice reviews <p>B) Agree a position on the involvement of ‘Independent Members’ in the membership and work of the Committee.</p>	<p>November 2023</p> <p>November 2023</p> <p>January 2024</p>	Director of Legal & Democratic Services
Major change projects	Further develop the culture and practice of good governance at the heart of our Major Projects, and the integral role of the Risk Management Group.	March 2024	Director of Major Projects

Community Board Reviews	Finalise a further review of Community Board arrangements and effectiveness, under the oversight of the Communities & Localism Select Committee	Communities & Localism Select Committee work programme	Deputy Chief Executive – Policy & Communications
Support for elected members	<p>Consider improvements to communications in support of members, including</p> <ul style="list-style-type: none"> • Review compliance with service responsibilities to keep local councillors informed of issues affecting their ward • Improvements to achieve sustainable, joined-up communications to councillors on issues affecting the Council • Review services' responsiveness to councillor queries for information, and assess options for improving the capture and culture of councillor feedback on local issues • Review of the scope of mandatory training 	March 2024	Director of Legal & Democratic Services
Transparency of member groups	<p>Increase the transparency for members of groups/bodies set up by the Cabinet, Council and Committees:</p> <ol style="list-style-type: none"> 1) Publicise and maintain on the Intranet a list of current bodies (e.g. sub-committees, task and finish groups, member-officer working groups, informal cross-party working groups, select committee review groups) to which members are appointed 2) Give an indication of their purpose, membership, longevity and their parent body. 	December 2023	Director of Legal & Democratic Services
Electoral preparation for a general election	Continue reviewing plans and resources in readiness for any General Election which may take place in 2024.	Monthly	Returning Officer



Report to Audit and Governance Committee

Date:	5 July 2023
Title:	Internal Audit Charter
Relevant councillor(s):	N/A
Author and/or contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	To approve the Internal Audit Charter
Reason for decision:	N/A

1. Executive summary

1.1 The purpose of the report is to present the Internal Audit Charter for approval.

2. Content of report

1.2 The Public Sector Internal Audit Standards (PSIAS), which took effect from the 1 April 2013, provide a consolidated approach across the whole of the public sector providing continuity, sound corporate governance and transparency. The Standards require all Internal Audit activities to implement and retain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the Internal Audit activity's purpose, authority and responsibility.

1.3 The Internal Audit Charter was reviewed by CIPFA as part of the External Quality Assessment in Q3 of 2021/22 and was found to comply with best practice.

1.4 The Internal Audit Charter has been presented to, and agreed by, the Audit Board (S151, Monitoring Officer and Director for Legal and Democratic 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 The Internal Audit Charter is subject to review on an annual basis, with the next review scheduled for July 2024.

9. Background papers

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.



Buckinghamshire Council

INTERNAL AUDIT CHARTER

Head of Business Assurance (& Chief Internal Auditor)

Date: 5 July 2023

Next review: July 2024

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS), which took effect from the 1 April 2013, provide a consolidated approach across the whole of the public sector providing continuity, sound corporate governance and transparency. The PSIAS require all Internal Audit activities to implement and retain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the Internal Audit activity's purpose, authority and responsibility.
- 1.2 The Internal Audit Charter will be subject to approval by the Audit and Governance Committee on an annual basis to ensure that it is up-to-date and in line with the PSIAS requirements, which are subject to external validation within a five-year operating period.

2. Purpose

- 2.1 The role of Internal Audit is best summarised through its definition within the PSIAS, as an:
- 'independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.*

3. Authority

- 3.1 The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:
- 'undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.*
- 3.2 The standards for 'proper practices' in relation to Internal Audit are laid down in the PSIAS (updated 2017).

4. Responsibility

- 4.1 There is a statutory requirement under Section 151 of the Local Government Act 1972 for the Council to establish a clear framework for the proper administration of the authority's financial affairs. The Council has delegated this responsibility to the Service Director of Finance. The S151 Officer relies, amongst other sources, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.
- The Chief Internal Auditor is responsible for effectively managing the internal audit activity in accordance with the *'Definition of Internal Auditing'*, the *'Code of Ethics'* and *'the PSIAS'*.
- 4.2 Accountability for responding to Internal Audit reports and advice lies with Senior Management. The Chief Internal Auditor must be satisfied that Senior Management accept accountability for and provide an adequate response to issues raised through Internal Audit's work. When the Chief Internal Auditor is not satisfied, the matter will be escalated to the Board and relevant Corporate Management Team (CMT) members or Audit and Governance Committee, as appropriate.

5. Definitions

- 5.1 For the purposes of this charter, the following definitions shall apply in line with the duties laid out in the PSIAS:

Chief Audit Executive – is the person in a senior position responsible for effectively managing the Internal Audit activity in accordance with the Internal Audit Charter and the mandatory elements of the International Professional Practices Framework. In Buckinghamshire Council the Chief Internal Auditor is the designated 'Chief Audit Executive'.

The Board - the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. For Buckinghamshire Council this shall mean the Audit and Governance Committee. Buckinghamshire Council has put in place a sub-group of the board referred to as the Audit Board which comprises of the Monitoring Officer, Section 151 Officer and Chief Internal Auditor charged with directing and/or overseeing the activities and management relating to Internal Audit.

Senior Management – those charged with responsibility for the leadership and direction of Buckinghamshire Council, this shall mean members of CMT which comprises the Chief Executive and Corporate Directors, including the Monitoring Officer and Section 151 Officer.

6. Position in the Organisation

- 6.1 The Chief Internal Auditor reports functionally to the Audit and Governance Committee, and organisationally to the Service Director for Legal and Democratic Services, with a "dotted line" reporting arrangement to the Service Director of Finance (and Chief Finance (S151) Officer) who has statutory responsibility under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper finance administration of the Council's affairs.
- 6.2 The Chief Internal Auditor has direct access to the Chief Executive who carries the responsibility for the proper management of Buckinghamshire Council and for ensuring that the principles of good governance are reflected in sound management arrangements.
- 6.3 The Chief Internal Auditor has direct access to the Council's Monitoring Officer where matters arise relating to Monitoring Officer responsibility, legality and standards.
- 6.4 Where it is considered necessary to the proper discharge of the Internal Audit function, the Chief Internal Auditor has direct access to the Chairman (and other members as appropriate) of the Audit and Governance Committee.

7. Internal Audit Resources

- 7.1 The Chief Internal Auditor will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience, reflecting the responsibilities that arise from the need to liaise internally and externally with members of the Board, Senior Management and other professionals.
- 7.2 The Service Director of Legal and Democratic Services will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the Internal Audit opinion. Internal Audit must be adequately staffed in terms of numbers, qualification level and experience, having regard to its objectives and to the standards. All Internal Auditors will hold a professional qualification or be training towards a professional qualification. Resourcing may be supplemented by commissioning additional audit capacity if the S151 Officer or Chief Internal Auditor feels it appropriate.

- 7.3 The Chief Internal Auditor will ensure that the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the Annual Internal Audit Strategy and Plan.
- 7.4 The Internal Audit Strategy and Plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources. Such proposals will be presented for agreement to the Audit Board and approval from the Audit and Governance Committee.
- 7.5 Senior Management and the Audit Board will be advised where, for whatever reason, Internal Audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process. The Annual Internal Audit Strategy and Plan will be submitted to Senior Management, the Audit Board and the Audit and Governance Committee for approval. The Chief Internal Auditor will be responsible for delivering the plan.
- 7.6 The plan will be kept under review to ensure it remains responsive to the changing priorities and emerging risks. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Audit Board, Senior Management and the Audit and Governance Committee as appropriate.

8. Independence and Objectivity

- 8.1 Internal Audit will be sufficiently independent of the activities they audit to enable them to perform their duties in a manner that facilitates impartial, unbiased and effective professional judgements and advice.
- 8.2 Internal Auditors will have no direct operational responsibility or authority over any of the activities audited within Buckinghamshire Council. They will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair Internal Audit's judgement. Internal Auditors will not undertake audits for at least two years in an area where they have had previous operational roles and/or undertaken consulting activity. Internal Audit will therefore ensure that any potential conflicts of interest are recognised and addressed through the planning and resourcing process.
- 8.3 Internal Auditors must display the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or processes being examined.
- 8.4 If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to Senior Management and the Audit Board. The nature of the disclosure will depend upon the impairment.
- 8.5 The Chief Internal Auditor will confirm to the Audit and Governance Committee, at least annually, the organisational independence of the internal audit activity as part of the Annual Report.

9. Due Professional Care

9.1 The Council's Internal Audit activity will conform to standards and guidance contained in the PSIAS. The PSIAS encompasses the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework which include:

- the Definition of Internal Auditing;
- the Core Principles;
- the Code of Ethics; and
- the International Standards for the Professional Practice of Internal Auditing.

9.2 Internal Auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported to the Chief Internal Auditor.

9.3 In carrying out their duties, Internal Audit (subject to the appropriate vetting and security requirements for access and on production of identification) shall have unrestricted access to all records (documentary and electronic), assets and premises, belonging to the Council or its key delivery partner organisations. Internal Auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of Internal Audit work will not be used to effect personal gain. Internal Audit has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. Such access shall be granted on demand and not subject to prior notice.

10. Scope of Internal Audit Activities

10.1 Annually, the Chief Internal Auditor will submit to the Audit and Governance Committee the Annual Internal Audit Strategy and Plan for review and approval prior to the commencement of the financial year. The Chief Internal Auditor will communicate the impact of resource limitations and significant interim changes to the Audit Board and the Audit and Governance Committee.

10.2 The Annual Internal Audit Strategy and Plan will be developed based on a prioritisation of the audit universe and reference to the Strategic Risk Register. The plan is also informed through discussion with Senior Management including the Chief Executive, Corporate Directors, S151 and Monitoring Officers. Prior to submission to the Audit and Governance Committee for approval, the plan will be discussed with the Audit Board and Senior Management. The audit plan is dynamic in nature and will be reviewed and realigned on a regular basis to take account of new, emerging and changing risks and priorities. Quarterly meetings with the Corporate/Service Directors are scheduled to ensure the plan is kept under continuous review. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

10.3 A range of Internal Audit services are provided (Annex 1) to form the annual opinion. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

- 10.4 Internal Audit may perform consulting and advisory services related to governance, risk management and control as appropriate for the organisation. It may also evaluate specific operations at the request of the Board or Senior Management, as appropriate.
- 10.5 For each audit assignment, Internal Auditors will develop and document a plan including the objectives of the review, the scope, and timing and resource allocations. In planning the assignment, auditors will consider, in conjunction with the auditees, the objectives of the activity being reviewed, significant risks to the activity and the adequacy and effectiveness of the activity's governance, risk management and control processes.
- 10.6 Internal Audit will consult with the Council's external auditor and with other relevant inspection/assurance and review bodies, as required, in order to co-ordinate effort, ensure adequate coverage and minimise any duplication. The Chief Internal Auditor will meet regularly with the external auditors to consult on audit plans, discuss matters of mutual interest and to seek opportunities for cooperation in the conduct of audit work. The external auditors will have the opportunity to rely on the work of Internal Audit where appropriate.

11. Fraud and Corruption Responsibilities

- 11.1 The primary responsibility for the prevention and detection of fraud, corruption and theft rests with Senior Management.
- 11.2 Internal Audit is responsible for developing and implementing the Anti-Fraud and Corruption Strategy which is set out in the Council's Constitution. All suspicions of theft, fraud and irregularity should be reported to the Chief Internal Auditor, in accordance with the strategy. Internal Audit will investigate cases of suspected fraud and financial irregularities. In some cases, this may be delegated to the service itself following an assessment of risk and financial impact. All investigations will be monitored by Internal Audit, ensuring that all suspected and/or reported irregularities are dealt with promptly and in accordance with this strategy; and that action is identified to improve controls and reduce the risk of recurrence.
- 11.3 Internal Audit also facilitate Buckinghamshire Council's participation in the National Fraud Initiative (NFI), in which the Council's data is matched with data supplied from other Local Authorities and external agencies to detect potentially fraudulent activity.

12. Reporting and Monitoring

- 12.1 The PSIAS require the Chief Internal Auditor to provide an annual opinion, based upon and limited to the work performed, and on the overall adequacy and effectiveness of the organisation's systems of internal control which consist of a framework of governance, risk management and control. The annual report will incorporate as a minimum:
- the opinion;
 - a summary of the work that supports the opinion; and
 - a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

12.2 Organisational independence is achieved when the Chief Internal Auditor reports functionally to the Audit and Governance Committee, who will receive, challenge and monitor the following reports:

- Internal Audit Charter;
- Annual Audit Strategy and Plan;
- Internal Audit budget and resource plan;
- Progress in delivering the Annual Internal Audit Strategy and Plan;
- Internal Audit performance;
- Annual Internal Audit Opinion and Report; and
- Scope, form and results of internal and external assessments, as part of the quality management and improvement plan.

13. Provision of Assurance to Third Parties

13.1 The Council's Internal Auditors undertake Internal Audit and assurance activity for third parties, such as Buckinghamshire Fire & Rescue Service and local Academy Trusts.

13.2 The same principles detailed in this Charter will be applied to these engagements. In performing consulting engagements, Internal Audit will ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If Internal Audit develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.

14. Quality Assurance

14.1 The Internal Audit team will work to the PSIAS to maintain consistency in service provision. This requirement will be enforced through appropriate supervision and supervisory/management review of all audit working papers, action plans and audit reports.

14.2 Internal Audit will maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity; and evaluates the activity's conformance with the Standards and application of the Code of Ethics. As such, the programme assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

14.3 The Chief Internal Auditor will communicate to senior management and the Audit and Governance Committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing monitoring at least annually, internal assessments upon completion and external assessments conducted at least every five years. Disclosure will include:

- the scope and frequency of both internal and external assessments;
- the qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest;
- conclusions of assessors; and
- corrective action plans.

The results of the quality assurance improvement programme and progress against any improvement plans will be included in the Chief Internal Auditor's annual report.

ANNEX 1

Assurance Services

- a. **Risk based audit:** in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.
- b. **Developing systems audit:**
- the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and
 - programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.
- c. **Compliance audit:** in which a limited review, covering only the operation of controls in place to fulfil statutory, good practice or policy compliance obligations are assessed.
- d. **Quality assurance review:** The PSIAS requires that a quality assurance framework be established, which will include both internal and external assessment of the work of Internal Audit. The Chief Internal Auditor is responsible for providing periodically an internal quality assessment (IQA) on the internal audit activity as regards its consistency with the requirements of the PSIAS. This will be carried out through annual self-assessment using the checklist in the CIPFA Application Note. Results of these IQAs will be communicated to the Audit and Governance Committee through the annual report. External quality assessments (EQAs) will be conducted at least once every five years and may be a full external assessment or a self-assessment with independent validation in line with the PSIAS. These reviews will be commissioned in line with the PSIAS, and the approach will be agreed by the Board with outcomes reported to the Board by the Chief Internal Auditor.
- e. **Follow-up:** The PSIAS also require the Chief Internal Auditor to establish a follow-up process to monitor and ensure management actions have been effectively implemented. This Internal Audit will facilitate the Council's monitoring of implementation of agreed management actions, reporting on progress quarterly to the Board and Senior Management. Individual follow-up assignments will be commissioned to review areas that receive a "Limited" assurance rating.
- f. **Fraud and irregularity investigations:** Managing the risk of fraud and corruption is the responsibility of management; Internal Audit will assist management in the effective discharge of this responsibility. Audit procedures alone cannot guarantee that fraud or corruption will be detected. Internal Audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption. It is the responsibility of Senior Management to promote awareness of and adherence to the Council's Anti-Fraud and Corruption Strategy. It is important that the Chief Internal Auditor is notified of all suspected or detected fraud, corruption or impropriety, to inform the annual audit opinion and the risk-based plan.
- g. **Advisory / consultancy services:** The PSIAS defines consulting services as follows:
"Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training".

Buckinghamshire Council's Internal Audit Strategy and Plan will clearly show items which fall within the definition of consulting services. The PSIAS requires that approval must be sought from the board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement (Standard 1130).

- h. Third party assurance:** the availability of objective assurance from other assurance providers will be considered in determining audit needs. Where Internal Audit needs to work with the Internal Auditors of other organisations, a practice which is expanding with the development of more organisational strategic partnerships, the roles and responsibilities of each party, as well as billing arrangements, will be clearly defined, agreed and documented prior to the commencement of work. Internal audit will also ensure awareness of and seek to place reliance on the work of other review bodies such as HMIC and HMRC, et cetera.

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Report to Audit and Governance Committee

Date:	05 July 2023
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:	N/A

1. Executive summary

- 1.1 The purpose of the report is to provide an update on the Risk Management Group (RMG) meeting held on 12 June 2023.
- 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 For the Risk Management Group meeting held on 12 June 2023, the Corporate Director for Planning, Growth and Sustainability (PGS) along with the Service Director for Economic Growth and Regeneration, the Business Strategy Manager, and the Head of Finance for PGS were in attendance.
- 2.2 Since PGS last attended RMG, there had been some structural changes within the directorate within the Transport Infrastructure and Funding service having been dispersed. The functions of that team which related to holding High Speed Two

Railway (HS2) and East West Railway (EWR) to account and managing the delivery of highways infrastructure projects had moved to the Communities Directorate. The function of that team which related to Transport Strategy and Funding had moved into the Planning and Environment Service.

- 2.3 The key risk themes were as follows:
- 2.4 **PGS-PE-21 Single IT System** - IF a single IT system / software package (e.g. Uniform) is not delivered in a timely way THEN this will extend the impact on the ability of services such as planning and housing to operate business as usual AND this would impact on performance with potential complaints and reputational damage.
- 2.5 **PGS-PE-59 Housing Infrastructure Fund (HIF)** – Failure to deliver the requirements of the HIF contracts between the Council and Homes England. This will mean that critical infrastructure and associated housing sites do not come forward. The Council then faces risks related to repaying costs, funding shortfalls in finances and jeopardising the five year housing land supply.
- 2.6 **PGS-MT-01 Recruitment & Retention** - IF we do not recruit and retain sufficient numbers of experienced and adequately skilled staff THEN we may not be able to deliver services to the expected standard and service delivery may suffer.
- 2.7 **PGS-KF-02 Impact of Economy on Property Asset Value & Rental Income** - IF the longer term impacts of COVID and the recent economic downturn & changes in the Property Market result in investment properties devaluing AND/OR tenants defaulting and struggling to pay rents THEN this this will result in pressure to the Council through loss of tenants (loss of income; payment of voids rates and utilities), additional borrowing costs for capital expenditure (CAPEX) to enhance the assets to attract new tenants/restructure buildings, and reduced ability to generate new income to meet Medium Term Planning Financial (MTFP) targets.
- 2.8 **PGS-KF-03 Ongoing Budget Sustainability for Corporate Estate (maintenance, dilapidations, etc. on offices, theatres, leisure, car parks, libraries and others)** - IF the age of the Corporate Estate begins to demand increased maintenance requirements THEN there is likely to be unbudgeted pressures on the Capital Programme.
- 2.9 **PGS-KF-05 S106 / CIL** - IF Section 106 (of the Town and Country Planning Act 1990 allows a local planning authority to enter into a planning obligation with a landowner as part of the granting planning permission) and Community Infrastructure Levy (CIL) receipts are not monitored and managed effectively across the Council THEN this will have an impact on the council's ability to programme and utilise the receipts in the best way to deliver Member priority outcomes for the council.

- 2.10 **PGS-KF-10 Asbestos Indemnity Liability on transferred housing stock** - IF the projected expenditure on asbestos removal for two Housing Providers with whom the Council has an indemnity liability is more than budgeted for THEN the Council will have unbudgeted financial pressures that it is legally obliged to cover.
- 2.11 **PGS-KF-11 Temporary Accommodation Costs** - IF Temporary Accommodation Demand AND/OR costs for hotels increase, AND the demand or costs cannot be reduced through prevention or additional units, THEN there will be revenue budget pressures.
- 2.12 The risks were discussed in detail, as well as the mitigating actions being challenged by the members.
- 2.13 New risks, risks which had been de-escalated or closed and a sample of non-escalated risks were included in the report from the PGS directorate.

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 next meeting of the Risk Management Group is to be held on 17 July 2023.

9. Background papers

- 9.1 None.

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Audit and Governance Committee

Date:	5 July 2023
Reference number:	N/A
Title:	2022/23 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 report provides an update on the Internal Audit work being undertaken by the Business Assurance Team as we move towards completing the 2022/23 plan.
- 1.2 The 2022/23 Internal Audit Plan has been reviewed to identify the key audit activities to be delivered considering the priorities within the Directorates and working around any key service priorities.
- 1.3 Delivery of the overall Business Assurance work plans, including Internal Audit, help ensure that there is an appropriate governance and control framework in place and that risk management is embedded across the Council to enable the achievement of set objectives.

2. Content of report

- 2.1 The Business Assurance Strategy, including the Internal Audit Plan was agreed by the Audit Board and approved by the Audit and Governance Committee in July 2022. The 2022/23 Internal Audit work plan was produced with reference to the strategic and directorate risk registers; and informed through discussion with Senior Leadership Teams for each directorate.
- 2.2 Quarterly reporting to directorate leadership teams/boards, CMT and the Audit Board continue to take place which helps to keep work plans under continuous review to reflect emerging risks and priorities across the Council. We routinely seek the views of the directorates on the work of the Business Assurance Team to enable continuous improvement and ensure that work being delivered is meeting the needs and expectations of the organisation.
- 2.3 The internal audit plan has had to remain fluid to respond to new/emerging risks and priorities. Whilst some audits are deferred from the original plan, there is still adequate coverage to meet the organisations assurance requirements. Alternative assurance mechanisms (other than internal audit) are also in place to support the overall assurance framework.
- 2.4 Progress against the approved Business Assurance 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 2022/23 Business Assurance Strategy and Internal Audit Plan.

10. Your questions and views (for key decisions)

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

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BUCKINGHAMSHIRE COUNCIL

Business Assurance Update

Including Progress against the Internal Audit Plan 2022/23

Maggie Gibb

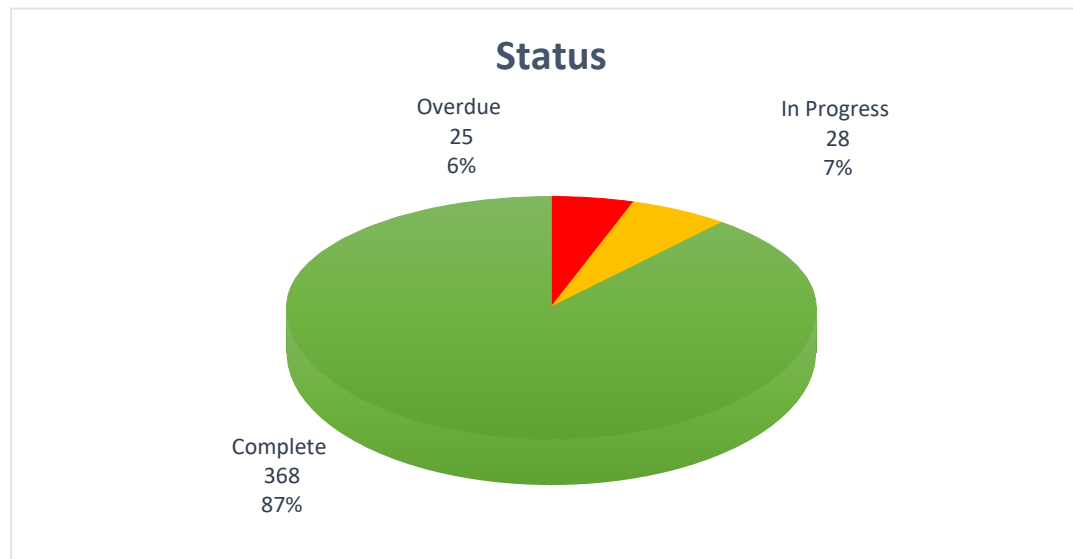
Head of Business Assurance (& Chief Internal Auditor)

July 2023

1. Introduction

- 1.1 This report outlines the work carried out by the Business Assurance, Internal Audit Team for FY 2022/23 to date. Quarterly updates on Business Assurance activities continue to be presented to each directorate leadership team providing them with an overview of the Internal Audit and other assurance activities including progress on implementation of audit actions.
- 1.2 The Internal Audit Function, supported by Mazars (through the APEX London Audit Framework) has been progressing with the delivery of the approved 2022/23 audit engagements. The Appendix 1 below provides a status update on the progress that has been made by the Internal Audit team to deliver the approved 2022/23 Internal Audit Plan.
- 1.3 The team continue to monitor implementation of agreed management 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:

Chart 1 - Summary Status of Management Actions



1.4 The Internal Audit Team have also been progressing with the implementation of the new audit system which was a key action from the CIPFA External Assessment. All audit actions from previous years have been migrated to the new system, however work is still in progress to capture all the audit actions from the audit engagements completed in 2022/23. As such the table above does not include all the completed audits that have management actions. This task will be completed by end of July ahead of the Chief Auditor's annual opinion being produced.

Appendix 1 - Summary of Internal Audit Activity

Corporate				
Service	Audit Title/ Activity	Objectives/Risk/Concerns		Status Update
Cross-cutting	Assurance Framework	Identify and map the main source of assurance across the Council and coordinating them to best effect.		On-going
	Covid-19 Pre and Post Payment Assurance Plan	Undertake require assurance reviews and returns in line with government requirements.		Completed
	Grants	Undertake grant certification in line with grant conditions		Completed
Deputy Chief Executive				
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Policy & Communications	GDPR	Deferred from 21/22 plan. To ensure that the Council is compliant with GDPR requirements. To ensure that there is adequate process for the identification, review, and reporting of a personal data breach.	HIGH	Completed
Policy & Communications	Complaints	Deferred from 21/22 plan. To ensure that there are rrobust and effective systems are in place for the complete, accurate and timely recording, processing, and acknowledging of complaints. Including effective monitoring framework, which delivers accurate, timely and relevant information for management review.	HIGH	Completed
Legal & Dem Services	Legal Processes	To ensure that there are adequate arrangements in place for the services to engage with the legal team, cases are recorded, monitored and costs tracked appropriately.	HIGH	Review to be undertaken in August as part of the ISO accreditation readiness. Scope of review agreed with the service.
Policy & Communications	Community Boards	Deferred from 21/22 plan. To evaluate the governance arrangements, risk management and financial management is adequate, transparent and board objectives are monitored and reported on.	HIGH	Draft Report currently under review with the service. Management actions require guidance from Legal and this is currently being agreed.

Policy & Communications	Devolution	Deferred from 21/22 plan. To evaluate the processes and procedures in place to ensure an effective transfer of services and assets to town and parish councils in line with the approved policy.	LOW	Not started due to Low priority
Service Improvement	Corporate Performance Framework	To assess the adequacy of the Council's performance and reporting arrangements.	MEDIUM	Assurance review completed
Service Improvement	Helping Hand Programme Assurance	Evaluate the delivery of the programme and ensure that objectives are met, risks are adequately managed and value for money is evident.	MEDIUM	Assurance review completed
Service Improvement	Better Buckinghamshire Programme Assurance	Ensure that the programme is effectively managed to deliver set objective in a timely manner and within budget.	MEDIUM	Assurance review completed
Service Improvement	Homes for Ukraine	New added in Q4 – End to end review of the process; including the administration of payments	HIGH	Fieldwork in-progress

Adults & Health

Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Integrated Commissioning	Direct Payments	Audit deferred from 20/21 & 21/22 audit plan End to end process reviewing adequacy and effectiveness of controls in place.	HIGH	Draft Report, exceptions identified from the audit have a wider impact on key processes. These are being evaluated before management actions can be finalised.
Adult Social Care	Continuing Health Care	End to end process review evaluating arrangements in place with the CCG (includes client assessment/ eligibility and financial management).	HIGH	Defer to 2023/24 – BOB are undertaking a review of CCG which will impact current process. Review to be undertaken after new arrangements are embedded.
Adult Social Care	Seeleys Establishment Audit	Seeleys was recently subject to a CQC inspection which resulted in a 'Good' rating. We recommend that this audit be cancelled as we can place reliance on the external CQC inspection.	MEDIUM	Cancel

Integrated Commissioning	Commissioning and Financial Management of Spot Contracts	End to end process reviewing adequacy and effectiveness of controls in place.	HIGH	Dynamic purchasing vehicle being implemented, and service are currently experiencing resource pressures due to vacancies. Scope agreed and fieldwork to commence after vacant posts are filled.
Integrated Commissioning	E-brokerage	End to end process reviewing adequacy and effectiveness of controls in place.	MEDIUM	Per above – audit are in the same service and impact the same resources.
Public Health	Joint Strategic Assessment.	Focus of review to be agreed with the service	LOW	Not started due to Low priority
Finance	A&H Debt Recovery (Unsecured Debt)	As debt recovery was paused during the pandemic and the debt recovery process has been moved to Finance Operations team, the audit will be reviewing adequacy and effectiveness of controls	MEDIUM	Draft report currently under review. A number of findings identified that require input from different teams.

Children’s Services

Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Education	Schools Thematic Review	Review of key controls for sample of schools selected per the risk assessment.	HIGH	Seven School Audits Completed Downley School Bierton CoE Combined School Maids Moreton CoE School St James and St John CoE School St Mary’s Farnham Royal CoE School William Harding School Winslow CoE Combined School
Social Care	Direct Payments (including clawbacks)	End to end process reviewing adequacy and effectiveness of controls in place	HIGH	Completed

Social Care	Placement and Panel Decisions	New added in Q4 - There is an increase in spend within placements and assurance is required that controls are adequate. Requested by the Corporate Director.	HIGH	Fieldwork paused as a consultation is in progress that will impact on the current process. Agreed to continue review once process is embedded
Social Care	Social Care Ofsted Improvement Plan Assurance	Evaluate the completeness adequacy of the improvement plan against the findings raised in the Ofsted report.	MEDIUM	Completed
Education	SEND Process review – Focused on ECCOH	New added in Q4 End to end review of processes and evaluation of controls to identify inefficiencies in process and improvements to data quality.	HIGH	Audit combined with the Placement and Panel Decisions review.
Social Care	Section 17 Payments	End to end process reviewing adequacy and effectiveness of controls in place.	MEDIUM	Completed
Social Care	Supported Families Programme	Grant Verification	N/A	Completed
Education	Related Party Transaction Assurance (SFVS)	Verification work in line with DfE guidance	N/A	Not Yet Due

Communities

Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Highways & Technical Services	Parking On/Off Street	End to end review of processes and evaluation of controls on the new system.	HIGH	Completed
Highways & Technical Services	Streetworks	New added in Q4 – Review was requested by the Service Director in response on a number of complaints being received from	HIGH	Assurance review completed
Transport Services	Home to School Transport	End to end review of processes and evaluation of controls on the new system.	HIGH	Assurance review completed
Neighbourhood Services	Household Recycling Centres	New contract in place, review of processes at the HRC; and contract management with new contractor.	MEDIUM	Fieldwork in-progress
Neighbourhood Services	Business Licenses and Permits – Process review	End to end review of processes and evaluation of controls on the new system.	LOW	Not started due to Low priority

Neighbourhood Services	Southern Waste Round Re-organisation	Review of the service following the re-organisation to evaluate operating model along with key learnings from the assurance review.	HIGH	Assurance review completed
Neighbourhood Services	Southern Waste Round Re-organisation	Assurance review following increase complaints and waste collection performance following the re-organisation	HIGH	Assurance review completed
Culture, Sports & Leisure	Higginson Park	Financial Controls Audit	LOW	Not started due to Low priority
Culture, Sports & Leisure	Farnham Park	Financial Controls Audit	LOW	Not started due to Low priority
Highways & Technical Services	New Highways Contract Assurance	Provide assurance on the processes being proposed for the new contract arrangement	HIGH	Assurance review completed – 3 phased approach
Planning, Growth & Sustainability				
Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Housing & Regulatory Services	Temporary Accommodation Assurance	New added in Q4 – Review commissioned by the Corporate Director and Monitoring Officer to understand the root cause of the estimated shortfall for FY22/23 of c.£3m.	HIGH	Completed
Housing & Regulatory Services	Enforcement (Housing)	Audit deferred from 21/22 audit plan. End to end process reviewing adequacy and effectiveness of controls in place.	LOW	Not started due to Low priority
Housing & Regulatory Services	Homelessness and Temporary Accommodation	Audit deferred from 20/21 & 21/22 audit plan, merged with Temporary Accommodation audit. This area has not been looked at before and it is a high-profile area in terms of the significant financial spend and reputational risk resulting from housing people in temporary and emergency accommodation for lengthy periods	HIGH	Completed
Planning & Environment	Building Control	Building control is subject to an external audit by the Local Authority Building Control. We recommend that this audit be cancelled as we can place reliance on the external audit.	MEDIUM	Cancel
Property & Assets	Property – Maintenance and Reactive Works	End to end process reviewing adequacy and effectiveness of controls in place.	HIGH	Defer to 2023/24

Housing & Regulatory Services	Disability Facilities Grant (Use of the funding)	Review the process for commissioning housing adaptations and the use of the DFG fund. To include review of contractors used, VfM.	LOW	Not started due to Low priority
LEP	LEP Financial Controls Assurance	Evaluation of key financial controls	LOW	Not started due to Low priority
Strategic Transport & Infrastructure	Project Assurance	Strategic Transport & Infrastructure review of project management controls include reporting and escalation arrangements in place within the service.	HIGH	Completed
Finance	K2 Systems Audit	Large volume and value of transactions processed; therefore, an evaluation of key controls will be undertaken.	HIGH	Defer to 2023/24

Resources

Service	Audit Title/ Activity	Objectives/Risk/Concerns	RAG Per Model	Status Update
Business Operations	Blue Badges, Administration and Enforcement	To ensure that badges are only issued to residents who satisfy one or more of the eligibility criteria (as updated by the Disabled Persons (Badges for Motor Vehicles) (England) (Amendment) Regulations 2019 (S.I. 2019 No. 891) on 30 August 2019 to include 'hidden' disabilities) set out in the legislation that governs the scheme.	MEDIUM	Completed
Business Operations	Shop4Support	End to end sales process review	MEDIUM	Cancelled and replaced with CRM Review
Business Operations	CRM Programme Assurance	New - The transition from multiple CRMs to a single unified one is a strategic change which is expected to deliver cost and operational benefits. Phase 1 is to provide assurance across multiple pillars in the transition for the Waste Service, identifying practical recommendations which can feed into the next phases of the review.	HIGH	Completed
HR & OD	Teachers Pensions – new system in place	New system in place, review process and controls in place	MEDIUM	Defer to 2023/24
HR & OD	Payroll Follow-up	Ensure that the actions from the 2021/22 audit have been fully implemented.	MEDIUM	Completed
HR & OD	Learning and Development	New - To review organisational, spend on learning and development to ensure consistency and quality of training.	Low	Not started due to Low priority

Finance	Capital Programme Governance	To ensure business cases are adequate, approved and projects on the programme are sufficiently monitored.	HIGH	Draft Report – report currently going through the quality assurance review
Finance	Procurement	Ensure that procurement rules are clearly documented and followed in all procurement exercises.	MEDIUM	Completed
Finance	Pensions	Evaluation of key controls	LOW	Not started due to Low priority
Finance	Completeness and Effectiveness of the Finance Assurance Pack	Evaluation of the adequacy of controls monitoring and assessment on the effectiveness of the assurance pack. Includes review of key transactional processes i.e. journals, AP, AR, Cost Centre management, scheme of delegation	MEDIUM	Draft Report – report currently going through the quality assurance review
Finance	Council Tax	Evaluation of key financial controls	HIGH	Completed
Finance	National Non-domestic Rates	Evaluation of key financial controls	HIGH	Completed
Finance	Council Tax Reduction Scheme/ Housing Benefits	Evaluation of key financial controls	HIGH	Completed
IT	IT/Infrastructure Resilience – Per Audit Needs Assessment	A number of IT/Infrastructure resilience-related risks feature in the Council’s IT Risk Register. The audit will address; consideration of the impact of the pandemic on IT/infrastructure resilience, People, process, and technology perspective, including a high-level review of the IT architecture and technology in place.	HIGH	Defer to 2023/24
IT	Disaster Recovery and Backups – Per Audit Needs Assessment	Disaster recovery was noted as having a residual risk score of 10 in the Council’s IT risk register with a fully tested strategy and plan required to provide the Council assurance that full business continuity can be provided. This audit would test controls in regard to backup scope, frequency, offsite location, testing and recovery.	HIGH	Defer to 2023/24
IT	Change/Patch Management	This audit will consider the following: 1. Change to infrastructure and applications are governed through a consistent policy/process; 2. The change process addresses the request, impact, authorisation, testing, deployment of changes; 3. Comparison with LG peers concerning good change control practice commonly identified; 4. Patch management is undertaken across the estate in a complete, accurate and timely manner.	HIGH	Completed

Counter Fraud Plan			
Proactive/ Probity Activity	NFI data matches	Support services with collating the NFI data and determining an approach for prioritising the instances that require investigation.	
	Blue badge abuse	Investigate blue badges that have been in place for long periods and ensure that these are valid.	
	Covid grant recovery	Undertaking post payment assurance and identify and investigate instances of possible false claims	
	Schools	Lessons learnt from 21/22 investigations to be shared with all schools and presented via schools' forum.	
	Fraud awareness training	Hold formal sessions to groups across the Council to raise awareness of what the Business Assurance Team's responsibilities are in relation to fraud and counter-fraud, different types of fraud, fraud risks, whistleblowing procedures etc.	
	Internal Communication on Fraud	Send messages across the Council to promote 'good practice' and raise awareness of potential indicators of fraud and staff responsibilities.	
	Policy Reviews	Review and refresh the key fraud policies, including Anti-Fraud and Corruption Policy.	
Reactive Activity	Assess cases referred via whistleblowing channels and investigate where necessary.		
Continuous Improvement	Embed the case management system		
	Fraud networking and chairing of key networks		
		External Clients	No. of Days
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.		110
Academies	Audit plans approved and key days for audit delivery agreed with the Academies		30

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Audit and Governance Committee action log

Last updated: 27 June 2023

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
1	<p>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.</p>	Maggie Gibb / Governance Officer	25-Jan-22	30-Jun-22	<p>Update Sept 22: Work to be progressed as part of Corporate Governance review being undertaken by Principal Governance Advisor.</p> <p>Update Nov 22: Work to be achieved by end of March 2023; initial scoping taking place with Deputy Monitoring Officer and to be taken forward by Principal Governance Officer.</p>		Ongoing
Page 91	<p>Farnham Park Sports Field Charity and Higginson Park Trust To ensure that the 22/23 accounts, and subsequent years are signed by a separate officer to the S151 officer on behalf of the Council as Trustee</p>	Dave Skinner	27-Sep-22	01-Apr-23	<p>Update July 23: The 2022/23 accounts will be ready for approval for September committee and The Assistant Director of Finance – Pensions, Procurement and Rev & Bens will sign these accounts when ready.</p> <p>Update March 23: The Assistant Director of Finance (Pensions, Procurement and Revenues & Benefits) will sign the 2022/23 accounts for the Farnham Park Sports Field Charity and Higginson Park Trust as a deputy s151 officer and who is completely independent of the 2 organisations.</p> <p>Update Jan 23: Proposal is that one of the Assistant Directors will sign off FPT and HPT accounts and they have sufficient seniority as Deputy S151's. Will need to think about how this works with preparation and separation of duties but that will be the working premise</p> <p>Update Nov 22: Alternative officer being considered</p>		Ongoing
3	<p>2022/23 Business Assurance Strategy Update To clarify whether there were any proceeds of crime orders or compensation ordered by the Court for the counter fraud offence sentence referred to in the November meeting papers</p>	Maggie Gibb	23-Nov-22	01-Feb-23	<p>Update July 23: No proceeds of crime orders or compensation ordered for the case referred to.</p> <p>Update March 23: 1 case went to court and was successfully prosecuted. The costs as at 18/1/2022 which were paid by Milegate Ltd are set out below.</p> <ul style="list-style-type: none"> •Count 1 – Fine £21,000 (25% credit allowed for guilty plea) •Count 3 – No separate penalty •Costs - £7,410 (50% of total costs thus far for all defendants) •Statutory surcharge applies <p>There is another case awaiting trial – the trial date is being set on Friday 17th March.</p>		To be closed Agenda Item 18

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
4	<p>Buckinghamshire Statement of Accounts 20/21 A comprehensive lessons learned report to be produced and presented to the Committee at the appropriate time.</p>	Dave Skinner	01-Feb-23	31-Dec-23	<p>Update July 23: this is an ongoing continuous improvement process and lessons learnt are already being implemented for the 2021/22 and 2022/23 accounts. The audit of 2020/21 account is not yet completed and therefore the report to the audit committee on lessons learnt will be made once the audit is complete.</p> <p>Update March 23: A comprehensive list of lessons learnt is being compiled as the audit of the 2020/21 accounts progresses and considered in preparation for the audit of the 2021/22 and 2022/23 accounts.</p>		Ongoing
Page 92	<p>External Auditors Annual Report To establish what would be most appropriate for the Committee to review in terms of the Council's subsidiary companies, whether there would require a change to the terms of reference of this committee and produce an annual report on companies' governance.</p>	Dave Skinner / Glenn Watson	01-Feb-23	07-Nov-23	<p>Update July 23: The Audit & Governance Committee's remit for considering the Council's governance arrangements are deliberately widely drawn. They include the remit to: "Consider the Council's corporate governance arrangements and make recommendations to ensure compliance best practice". This includes the arrangements for the governance of the Council's subsidiary companies. As such, it is intended later in the 2023/24 council year to bring forward an annual report on company governance to this Committee. This is consistent with the draft Annual Governance Statement 2022/23 which includes an action for bringing company governance to the attention of the Committee (November 2023) as part of its existing remit. No change to the existing terms of reference is needed to achieve this. Any wish for a separate reference to company governance could be made to the Monitoring Officer and Constitution Review Group.</p> <p>Update March 23: The Audit & Governance Committee's remit for considering the Council's governance arrangements are deliberately widely drawn. They include the remit to: "Consider the Council's corporate governance arrangements and make recommendations to ensure compliance best practice". This includes the arrangements for the governance of the Council's subsidiary companies. As such, it is intended later in the 2023/24 council year to bring forward an annual report on company governance to this Committee. This is consistent with the Annual Governance Statement 2021/22 which included an action for bringing company governance to the attention of the Committee as part of its existing remit. No change to the existing terms of reference is needed to achieve this. Any wish for a separate reference to company governance could be made to the Monitoring Officer and Constitution Review Group.</p>		Ongoing
6	<p>Contract Procedure Rules - Waivers and Breaches (2) To review how training statistics were presented in future reports to give a wider understanding of overall take up.</p>	Simon Davis	01-Feb-23	01-Sep-23	<p>Update July 23: Reporting of training stats are being given wider context as part of an internal review of procurement training. Courses are currently being overhauled to ensure we keep relevance and accommodate any sector changes.</p> <p>March 23: Training delivery statistics are being reviewed with further contextual data being considered.</p>		Ongoing

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
7	General To arrange a session open to all Committee Members to cover the different technical areas and terms dealt with by the Committee.	Maggie Gibb / Dave Skinner / Leslie Ashton	01-Feb-23	29-Mar-23	Update July 23: This session will be picked up as part of the wider audit and governance training for the Committee which will be arranged in due course. Update March 23: Planning for this session is underway and session will be scheduled in April/May. Update 29 March 23: This training will be arranged for a date after the Council AGM in May so that any Membership changes can be picked up		Ongoing
8	General (accessibility) To ensure reports contained within reports are of at least font size 12	Mark Stocks / Leslie Ashton / report authors	29-Mar-23	10-May-23	Update June 23: Grant Thornton have been reminded to use appropriate font size and all internal reports will continue to be checked moving forward. Update April 23: Buckinghamshire reports are being checked for font size. This has been raised with the Committee Services team to cover all Council Committee papers.		To be closed
9	Statement of Accounts 2020/21 To circulate figures of bad debt to the Committee	Dave Skinner	29-Mar-23	10-May-23	Update May 23: Further thought being given as to how to present the figures to Members		Ongoing
Page 33	Anti-Fraud & Corruption Policy and Anti Money Laundering Policy To be updated and brought back to the next Committee	Maggie Gibb / Selina Harlock	29-Mar-23	10-May-23	Update June 23: All policies will be presented to A&G for approval in September. Work is ongoing with HR to review and update the Whistleblowing Policy.		Ongoing
	Anti-Money Laundering Policy To present statistics on funds recovered at a future meeting	Maggie Gibb / Selina Harlock	29-Mar-23	10-May-23	Update June 23: To be included in Head of Audit's Annual Report due to be presented in September 23.		Ongoing
12	Pension Fund Accounts 2021/22 To undertake a check of wording used throughout the accounts and update it to ensure consistency.	Julie Edwards / Dave Skinner	17-May-23	05-Jul-23	Update June 23: Checks completed - action can be closed		To be closed
13	2022/23 Business Assurance Strategy Update To provide further information and statistics on Risk Management Training delivery.	Maggie Gibb	17-May-23	05-Jul-23	Update June 23: to be provided to September meeting		Ongoing
14	Audit & Governance Committee Annual Report to Council To circulate a self-assessment tool to Members	Maggie Gibb	17-May-23	05-Jul-23	Update June 23: Self-assessment tool circulated and completed		To be closed
15	Audit & Governance Committee Annual Report to Council To share a revised version of the report to Members electronically inviting comments, prior to the report being submitted to Full Council.	Maggie Gibb	17-May-23	04-Jul-23	Update June 23: Document to be circulated by 30 June 2023		To be closed

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