Audit and Governance Committee agenda

Date: Wednesday 24 March 2021

Time: 10.00 am

Venue: MS Teams (remote) video conference. Accessible to members of the public at https://buckinghamshire.publici.tv/core/portal/home

Membership:

R Newcombe (Chairman), G Peart (Vice-Chairman), D Anthony, R Bagge, A Christensen, L Clarke OBE, R Jones, P Martin, R Sangster, M Smith, R Stuchbury and A Waite

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Agenda Item		Page No
1	**Apologies**	
2	**Minutes** To approve as a correct record the minutes of the meeting held on 27 January 2021.	**3 - 8**
3	**Declarations of Interest**	

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Audit and Governance Committee minutes

Minutes of the meeting of the Audit and Governance Committee held on Wednesday 27 January 2021 in Via Video Conference: Accessible to members of the public at https://buckinghamshire.publici.tv/core/portal/home commencing at 10.00 am and concluding at 12.35 pm.

Members present

R Newcombe (Chairman), G Peart (Vice-Chairman), D Anthony, R Bagge, A Christensen, L Clarke OBE, P Martin, R Sangster, M Smith, R Stuchbury and A Waite

Apologies

R Jones.

Agenda Item

1 Minutes

It was noted that the Counter Fraud Update and the Farnham Park Sports Field Charity Update would be considered by committee at their meeting 24 March 2021.

Resolved:

That the minutes of the meeting held on 18 November 2020 be approved as correct record.

2 Action tracker/ log

The committee considered the action tracker at pages 3 – 6 of the agenda pack. Two outstanding matters were noted which the committee would receive an update on at their meeting 24 March 2021.

Resolved:

To note the action tracker.

3 Declarations of Interest

None.

4 Treasury Management Mid-Year Update for 2020/21

The committee considered the treasury management mid-year update report for 2020/2021. It was noted that the council's 2020/21 treasury management strategy was approved by the Shadow Authority on 27 February 2020. The table at 1.2 of the report summarised the council's borrowing as at 30 September 2020.

In response to questions, the following key points were highlighted:

- In light of the pandemic and the likelihood of unexpected calls on cash flow, the council kept more cash available at short notice than is normal. Money Market Funds (MMFs) were diversified and liquid so that they could be accessed quickly.

- The committee noted that, due to the exceptional circumstances of the pandemic, the council had invested more in MMFs than was approved in the strategy due to the need to keep funds liquid. The Section 151 officer had been informed of this contravention and that the funds were AAA rated and were liquid.

- It was agreed that providers would be asked for information on their ESG policies and that this action be added to the action tracker. **(Action – Julie Edwards).**

- The council regularly reviewed loan repayments and it was noted that premiums made early repayments unviable.

- Public Works Loan Board (PWLB) loans were not now being used for commercial acquisitions although still would be considered where the primary objective is to support regeneration. This condition on PWLB borrowing related to future borrowing and not existing borrowing.

Resolved:

To note the treasury management mid-year update report for 2020/ 2021.

5 Treasury Management Strategy 2021/22

Members considered the Treasury Management Strategy 2021/ 2022 at appendix 1. The strategy was expected to be agreed by full council at its meeting on 24 February 2021. It was noted that the council was required to approve a treasury management strategy before the start of each financial year.

The committee agreed the removal of the upper limit on all MMF investments, and the increase from £25m to £30m on the individual limit on a MMF which was detailed in 1.4 and 1.11 of the report. Members also agreed the additions to the list of approved counterparties and the increase in the principal sums invested for periods longer than a year from £25m to £50m at 1.10 and 1.14 respectively.

The committee agreed that the wording in relation to the treasury management reporting arrangements detailed in appendix 1 be amended to reflect that, as a minimum, the three main treasury reports are reported and noted by the Audit and Governance Committee each year.

It was asked that the strategy be amended to include a note on ethical investments and the council's sustainability goals. Some members felt that the principals of Environment, Social and Governance (ESG) investing did not apply to this particular strategy. It was proposed by Councillor R Stuchbury and seconded by Councillor Mike Smith that wording on the council's investments being in accordance with the council's policies be added to the Treasury Management Strategy 2021/ 2022.

On being put to the vote, the amendment was lost.

In response to questions, the following key points were highlighted:

- The council assesses its options to avoid negative interest rates when investing, but won't take undue risk purely to avoid negative interest rates.

- The council had no intention of using financial derivatives at present and would seek to consider external advice before entering into financial derivatives to ensure it fully understood the implications.

- The strategy is reviewed by the Audit and Governance Committee annually prior to being agreed at council.

The committee agreed to add wording into the strategy around the need for strong governance processes to be in place in the case that it was the council's intention to enter into financial derivatives. Further, that the Chairman of the Audit and Governance Committee and cabinet member be informed of any intention to enter into financial derivatives.

Action (Julie Edwards): to make the proposed amendments and recirculate the amended strategy to committee members for approval prior to full council.

Resolved to **recommend to full council:**

The council's Treasury Management Strategy 2021/ 2022.

6 Redmond Review on the Effectiveness of Local Audit and Accountability to the Public

The committee received a report providing a high-level summary of the Ministry for Housing, Communities, and Local Government's (MHCLG) initial response to the Redmond Review on the Effectiveness of Local Audit and Accountability to the Public. The report also included proposed actions/ next steps for Buckinghamshire Council. The following key points were highlighted:

- MHCLG's response was grouped into five themes. Further guidance would be released by the government in due course and any updates reported to the Audit and Governance Committee.

- Redmond's suggestion of a new Office of Local Audit and Regulation was rejected by MHCLG and other system leadership options were being explored.

- Committee members received audit and governance training as part of the member induction programme. It was suggested that yearly treasury management training, in addition to this audit and governance training, could be beneficial to members given the changing nature of this area of work at present.

- If the council were required in the future to appoint an independent member, the council's constitution would need amending to reflect this requirement.

Resolved:

To note the report.

7 Business Assurance Strategy 2020/21 Update (including Internal Audit Plan)

Members received a report on the 2020/ 2021 Business Assurance Strategy and the 2020/ 2021 Internal Audit Plan at the appendix and appendix A respectively. With regards to the Internal Audit Plan, works that were postponed, deferred, or where there had been a change in focus, were highlighted in yellow. The reason for works being postponed or deferred was owing to resource being diverted to covid-19 related activity. The following key points were raised:

- A concern was raised as to whether there would be a backlog of audit work to be carried out next year, and it was noted that additional resource could be put in place if required.

- It was noted that the audit team were reviewing grants distribution including those distributed via community boards. An update on grants would be brought to the next meeting of the Audit and Governance Committee in March.

- A working group of the Communities and Localism Select Committee were undertaking an inquiry on grants and their effectiveness, and would report their findings to cabinet in March.

- Audit work had worked well remotely as officers had access to data electronically and were able to hold audit interviews virtually.

- Although the committee had not received the usual number of internal audit reports due to Covid-19, the Head of Business Assurance (& Chief Auditor) will be in a position to provide members with an annual opinion.

Resolved:

To note the report.

Note 1: Councillor Mike Smith left the meeting at 11.57.

8 Risk Management Group Update

Members received an update report on the work of the Risk Management Group (RMG). It was noted that directorates reported their risk registers to the group; in December 2020 the group received an update from Children's Services. The group were also presented with a covid-19 risk register which was a standing item on meeting agendas. In January 2021, the group also received an update from the Adults, Health and Housing directorate.

Resolved:

To note the report.

Note 2: Councillor Anders Christensen left the meeting at 12.07.

9 Update on the signing of the legacy Councils' accounts

Members noted that the legacy council's accounts had been signed off by the Chairman of the Audit and Governance Committee and Section 151 Officer before Christmas. It was also noted that members would receive an update on fees at the next meeting of the committee in March.

10 Constitution Working Group update

Members received an update on the work of the Constitution Working Group. It was noted that minor revisions to the constitution were agreed at the last Full Council meeting on 9 December 2020. Any proposed amendments to the constitution are reported to the Audit and Governance Committee and Standards and General Purposes Committee before being agreed by Full Council.

11 Work Programme

The following changes to the work programme were noted:

- The annual report to council was added to the work programme (March 2021).
- The Public Sector Internal Audit Standards External Assessment item would be deferred (May 2021).
- A report on auditor fees was added to the work programme (March 2021).

AUDIT & GOVERNANCE COMMMITTEE

ACTION TRACKER 2020-21 (UPDATED 16/03/21)

Decision			Tracking			
Meeting Date	**Item and Recommendations**	**Contact Officer**	**Further Action (Yes/No)**	**Committee**	**Meeting Date**	**Status (√/O/X)**
ACTIONS ONGOING						
27/01/21	**OUTCOME OF INSPECTION FROM THE INVESTIGATORY POWERS COMMISSIONER'S OFFICE (IPCO)** That Officers be asked to implement the additional recommendations from the IPCO report. That an update on the use of the RIPA powers generally by the Council be reported to the Committee in March 2021	Nick Graham Service Director Legal and Democratic Services	Yes	Audit and Governance	27/07/21 24/03/21	X O
27/01/21	**TREASURY MANAGEMENT STRATEGY** To make the proposed amendments and recirculate the amended strategy to committee members for approval prior to full council.	Julie Edwards Pensions and Investments Manager	Yes	Audit and Governance	24/03/21	O
27/01/21	**UPDATE ON SIGNING OF LEGACY ACCOUNTS** To receive an update on fees from enrst and young	Andrew Brittain Ernst & Young	Yes	Audit and Governance	24/03/21	O
18/11/20	**FARNHAM PARK SPORTS FIELD CHARITY ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20** Service Director – Corporate Finance be requested to inform the relevant Cabinet Member(s) of the Committee's concerns regarding the financial viability of the Charity. That a report on the Charity's financial viability, as discussed at the meeting, be submitted to the next Committee meeting in January 2021.	Richard Ambrose Service Director – Corporate Finance (S151)	Yes	Audit and Governance	27/01/21	O

Decision			Tracking			
Meeting Date	**Item and Recommendations**	**Contact Officer**	**Further Action (Yes/No)**	**Committee**	**Meeting Date**	**Status (√/O/X)**
18/11/20	Outcome of Inspection from the Investigatory Powers Commissioner's Office (IPCO) Officers be asked to implement the additional recommendations from the IPCO report. Update on the use of the RIPA powers generally by the Council be reported to the Committee in March 2021.	Nick Graham Service Director – Legal and Democratic Services	Yes	Audit and Governance	24/03/21	√
29/07/20	**AYLESBURY VALE DISTRICT COUNCIL: STATEMENT OF ACCOUNTS 2019/20 AND AUDIT REPORT** Members sought additional information on the statement of accounts and were informed:- That contingency fees paid to Transport for Bucks were only charged if they were used and would then appear in the accounts. Councils had not been required to pay these contingencies in advance. Section 151 Officer to provide Cllr Clarke with a note on the above process Members asked that they be informed in due course of any amendments to the financial statements, which applied to all four sets of District Council financial statements.	Richard Ambrose Service Director – Corporate Finance (S151)	Yes	Audit & Governance	18/11/20	√
29/07/20	**RISK MANAGEMENT STRATEGY (UPDATED)** Members sought additional information and were informed:- That they would be provided with information on the names of the various Risk Champions within the Council.	Maggie Gibb Head of Business Assurance (& Chief Auditor)	Yes	Audit & Governance	18/11/20	√
29/07/20	**INTERNAL AUDIT PLAN (UPDATED)** That a report in relation to the business interruption insurance be submitted to the next meeting.	Maggie Gibb Head of Business Assurance (& Chief Auditor)	Yes	Audit & Governance	18/11/20	√ (verbal update)

Decision			Tracking			
Meeting Date	**Item and Recommendations**	**Contact Officer**	**Further Action (Yes/No)**	**Committee**	**Meeting Date**	**Status (√/O/X)**
10/06/2020	**2019/20 TREASURY MANAGEMENT ANNUAL REPORTS (LEGACY COUNCILS)** Capital Financing Requirements (page 36) and at Gross Borrowing and the CFR (page 37), where the bottom-line additions needed to be corrected. Officers gave an undertaking to update this information on the website.	Julie Edwards Pensions and Investments Manager	Yes	Audit & Governance	29/07/20	√
10/06/2020	**EXTERNAL AUDIT PLAN** Plan to be reissued with typographical errors corrected	Richard Ambrose Service Director – Corporate Finance (S151)	Yes	Audit & Governance	29/07/20	√
10/06/2020	**INTERNAL AUDIT PLAN** The review of the Internal Audit Plan to take place in June 2020 and revised plan to be submitted for approval.	Maggie Gibb Head of Business Assurance (& Chief Auditor)	Yes	Audit & Governance	29/07/20	√
10/06/2020	**RISK MANAGEMENT GROUP** Members sought additional information and were informed that the draft terms of reference for the Risk Management Group required further work and would be reported back to the Committee for approval.	Maggie Gibb Head of Business Assurance (& Chief Auditor)	Yes	Audit & Governance	29/07/20	√
10/06/2020	**RISK MANAGEMENT STRATEGY** That an updated Risk Management Strategy be reported to the next Audit and Governance Committee meeting for approval.	Maggie Gibb Head of Business Assurance (& Chief Auditor)	Yes	Audit & Governance	29/07/20	√

STATUS KEY: √ = complete, O = follow-up arranged, X = follow-up yet to be arranged

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Report to Audit and Governance Committee

Date:	**24 March 2021**
Title:	**Farnham Park Sports Field Trust – Operations and Financial Position**
Relevant councillor(s):	**Cllr Clive Harris**
Author and/or contact officer:	**Mark Young, Sophie Payne**
Ward(s) affected:	**Stoke Poges/Farnham Royal**
Recommendations:	**To note the information provided within this report on the operations and financial position of the Trust; and the plans for a strategic review of Trust arrangements, with recommendations later in the year.**

1. Executive summary

1.1 The Audit and Governance Committee requested a report on the Trust's financial viability, following its review of the Trust's Annual Report and Financial Statements 19/20 in November 2020.

1.2 This paper provides further information as requested and sets out the plans and timetable for a full review of Trust operating arrangements, to be informed by the recommendations arising from the Buckinghamshire-wide Leisure Facilities Strategy that is currently in development.

2. Content of report

Background

2.1 Farnham Park Sports Fields Trust is the registered charity which manages the land at The South Buckinghamshire Golf Course in Stoke Poges, and Farnham Park Playing Fields, located on the edge of Farnham Common.

2.2 The land, which amounts to over 200 acres and is designated as green belt, was transferred to the local authority under The Eton Rural District Council Act 1971. The

Act requires the local authority, as corporate trustee, to use the trust lands *"for the maintenance and improvement of the physical well-being of persons resident in the rural district of Eton and adjoining areas by the provision of facilities for their physical training and recreation and for promoting and encouraging all forms of recreational activities calculated to contribute to the health and physical well-being of such persons".*

2.3 Following the creation of the new unitary authority from 1 April 2020, the land and responsibilities transferred to Buckinghamshire Council, who are now sole trustees of the trust. As a registered charity, the Trust is a separate entity and stands outside of the council accounts, but the authority as corporate trustee for the land effectively acts a guarantor for the charity. The land cannot be sold, however there can be developments undertaken on the land consistent with the objective of the trust around recreation and public health.

2.4 There is no specific named officer or Cabinet Member trustee listed with the Charity Commission. In practice, day-to-day operations are overseen by the Service Director for Culture, Sports and Leisure (who also has management responsibility for the Trust's staff); the Cabinet Member for Sports and Leisure is consulted on all key issues and retains oversight of the Trust's operations through monthly reporting (including financial monitoring). The Trust's finances are also included in the monthly reports for CMT Budget Board.

Operations

2.5 The facilities at The South Buckinghamshire Golf Course (130 acres) include a well-established 18-hole golf course, with a small practice area, car parking for approximately 100 cars, and a clubhouse with bar, catering, meeting and function facilities, plus changing rooms, and a small golf shop. The capital costs of creating this clubhouse were funded via a £2m loan from SBDC to the Trust in 2014, which is being paid back at a cost of £35k per year.

2.6 The facilities at Farnham Park Playing Fields (80 acres) include 11 grass football pitches, one rugby pitch, a play area operated by Farnham Royal Parish Council, plus two purpose built baseball/softball fields, and two purpose built softball fields operated by Baseball Softball UK Limited (BSUK; Farnham Park is their home venue and a strategic national site). Residents also use this site for exercise and dog walking. In addition, there are a number of occupied buildings on the site, including a clubhouse for Farnham Royal Rugby Club; Unity Martial Arts; Home Plate (clubhouse for BSUK); and a building with 8 changing rooms, showers and toilets. There are also some facilities on site which are out of use due to their poor condition: two vacant

buildings, tennis courts and a Multi-Use Games Area (the latter is currently let to BSUK as storage).

2.7 The Trust was also responsible for the operational maintenance and management of the nearby 9-hole South Bucks Academy golf course until its closure in November 2016. For the avoidance of doubt, this is council-owned land i.e. it does not form part of the Trust's assets or operations. The site is presently being converted into a new Country Park, funded through soil importation, which is expected to open in Spring 2023.

Staffing

2.8 The Trust's staff are all employees of Buckinghamshire Council (they were previously employees of South Bucks District Council and therefore transferred into Buckinghamshire Council from 1 April 2020). Staff receive no additional or separate remuneration from the Trust. The team, which works across both sites, includes 15 full time, 2 part-time, and up to 6 casuals (noting that 3 of the permanent posts are vacant and have been left unfilled this year due to Covid).

3. Financial position

3.1 The Trust's charity accounts are prepared on an annual basis by the Council's finance team, audited by an external audit company and sent to the Charities Commission.

3.2 The Trust has a separate bank account to the council, is registered for VAT and uses a separate finance system to the rest of the council.

3.3 It is believed that external financial advice was received many years ago that it would be beneficial for the Trust to be set up as a separate business, with separate account and VAT registration (these separate accounts go back to 2006), and this would be a Charity Commission requirement in any event. This allowed the Trust to generate VAT exempt income. This means that VAT is not charged on most income, such as green fees and pitch hire, However, VAT cannot be claimed back on VAT-able general expenditure, with the exception of catering and golf shop sales (the bar and catering operations were brought in-house following the failure of the incumbent operator. VAT is included in the price of all food and beverages, and an external stocktaking company is employed for regular stock checks and guidance). Overall, the above VAT arrangements equate to a saving each year of circa £48,000 for the Trust.

3.4 In addition, by operating as a separate business to the council, business rate relief of 80% has been granted due to the charitable status of the Trust. This saves in excess of £40,000 per annum in business rates.

3.5 As a charity, the Trust is also able to apply for some types of grant funding that would probably not be available to the Council. In 2020, the Trust successfully applied for financial support on the purchase of new equipment for Farnham Park Playing Fields, and a grant of over £12,000 was given by the Football Foundation. A further grant will be applied for the purchase of new grounds maintenance equipment, for which an additional sum of £25,000 is potentially available. The Trust was also successful in receiving funding from Sport England when the new clubhouse was opened in 2014.

3.6 The Trust has made a loss each year for many years, with a substantial element of this being at Farnham Park Playing Fields, which is as a direct result of the condition of the site, the present buildings and the facility mix.

3.7 Table 1 shows the net operational cost over the previous three complete years.

Please note that in 2017/18 the accounts did not allocate any of the shared management and maintenance costs to the catering operation or the playing fields, hence the larger sum shown against the golf course for this year. From 2018/19, the accounts were apportioned to more accurately show the actuals for each element of the operations.

Table 1 - Net Operational Costs

	2017/18 Actual £	2018/19 Actual £	2019/20 Actual £
NET OPERATIONAL COST			
South Bucks Golf Course	189,913	(39,321)	75,543
Catering	22,438	74,160	86,441
Farnham Park Playing Fields	6,645	117,561	165,582
TOTAL	**218,996**	**152,400**	**327,566**

3.8 It is believed that South Bucks District Council mitigated any loss from its own resources and that this was reported to the Council each year.

3.9 Factors affecting costs and income:

a) The operating loss is made greater by the costs of servicing the clubhouse loan (£34,600 p.a. for 2020/21) and the cost of depreciating the assets (c£74k in 2020/21 – see below). The latter would not be a real financial charge if the facilities were directly run by the Council due to the different treatment of depreciation between local authority accounts and charity/commercial accounts.

b) Depreciation costs for 2020/21 includes large items of equipment, such as maintenance vehicles that were originally purchased, and are split as follows:

South Bucks Golf Course, including maintenance	£63,800
Farnham Park Playing Fields	£10,600

All equipment within the catering section has already been depreciated across previous years.

It should be noted that over the last three years most maintenance equipment, including a wide selection of fairway mowers and greens mowers, are now being leased over a five-year agreement, which includes all repairs and service costs. This ensures that the equipment is kept in good working order, with a fixed annual fee. The present lease costs for maintenance equipment is c£75,000 per annum.

c) Member decisions in 2012-13 to amend from the final clubhouse construction the space to cater for weddings and large functions, in order to reduce construction costs, have had a material impact on the income generation capacity. The function room can only accommodate 60 people for a sit-down meal, and the room then needs to be cleared to create a dance area.

d) Golf course income has reduced in recent years as a result of a national general downward trend in the numbers playing golf, accompanied by a more competitive market on fees, particularly through online booking websites. There are several other golf courses in the immediate vicinity. There has also been a national general decline in the secondary spend (catering) associated with golf, plus increases in costs from suppliers.

e) A trend of increasingly wet winters and periods of very high temperatures in the summer, leading to the course being closed or partially closed, or the weather putting golfers off playing. In 2019/20, flooding of the course led to a very high number of days closed, with subsequent loss of income. Costs have also increased in recent years for tree safety and drainage works as a result of the weather.

f) Historically there have been a number of Service Level Agreements in place for finance, legal, HR and IT support, with recharges made to the Trust for the provision of these services (c£28k in 2020/21), plus fees of c£6k for external audit of the Trust accounts, as well as insurance costs of c£40k a year. The breakdown of the Service Level Agreement charges is as follows, and is split between the golf course and playing fields (all charges include VAT):

HR Support	£6,000

ICT Support	£2,400
Finance Support	£18,000
Communications Support	£1,200
Total	**£27,600**

g) Conversely, there was never any Service Level Agreement between the Trust and the Council for the costs of maintaining the land (although there was a historical recharge by the Trust of c£53k a year for the maintenance of the council's land that is now being turned into the new Country Park).

h) Trust staff are on ex-SBDC terms and conditions, moving up a spinal point each year, which results in an annual increase in salary costs of over 4%, assuming a 2% pay award. All staff costs are included within the operating cost information shown at para 3.7.

i) VAT: as set out above, the Trust does not pay VAT on golfing income, but equally this means it cannot reclaim VAT on any of its expenditure, with the exception of bar and catering (since VAT is charged on the income for these).

j) Table 2 highlights the comparative figures for 2020/21 if all depreciation and service level agreement costs were taken out of the operational costs of the Trust, which clearly shows that the golf course is making a profit, even when taking into account the catering section, and it is the playing fields which is the loss-making side of the business:

Table 2 – Comparison of Net Expenditure with and without Depreciation Charges

NET OPERATIONAL COST	2020/21 With depreciation and SLA cost £	2020/21 Without depreciation and SLA cost £
South Bucks Golf Course	10,000	(60,000)
Catering	14,000	10,000
Farnham Park Playing Fields	140,000	110,000
TOTAL	**164,000**	**60,000**

3.10 Measures taken to mitigate the deficits have included:

a) Increasing prices for green fees and pitch hire by 5% per year for the past three years, to reflect the improved quality of the course, and bring pricing in line with local competitor facilities. Prices for green fees will again increase by over 5% in FY 2021/22; and it is also proposed to remove senior discounts at weekends, to generate more income when demand is at its highest.

b) A plan was in place to introduce a new golf membership card in April 2020, which was expected to generate additional income of £10,000 per year. Due to the COVID-19 restrictions on opening, this had to be postponed; given that restrictions will continue for several months, it is anticipated that this will be introduced in early 2022.

c) Annual increases to bar and catering prices above inflation rates, as recommended by the external stock taking company, and again to fall in line with local courses. As seen above, bar and catering do not generate a profit of themselves but are intrinsic part of the overall offer, which if removed, would likely impact negatively on golf income.

d) At Farnham Park Playing Fields, prices for pitch hire have also been increased over the past three years, and are now higher than many local providers, particularly in the Slough area.

Covid impacts

3.11 Pre-Covid, the predicted deficit on operational costs for 2020/21 stood at £164,000, including loan repayments, depreciation of equipment, insurance costs and payment of Service Level Agreements. However, as with the Council's other leisure facilities, the pandemic has had a severe impact on income, as can be seen in the table below. The golf course has been closed for most of the year, and at Farnham Park Playing Fields there has been additional loss of income from tenants, pitch hire etc.

Table 3 – 2020/21 Projected Forecast with COVID Impact

NET OPERATIONAL COST	2020/21 PROJECTED £
South Bucks Golf Course	268,000
Catering	132,000
Farnham Park Playing Fields	187,000
TOTAL OPERATIONAL COST	**587,000**

3.12 While operating costs have been reduced wherever possible, maintenance savings at the golf course and playing fields have not been possible because the sites had to be maintained ready for a return to play, to avoid future loss of income. Three staff vacancies have been left unfilled, with the remaining team working flexibly; this has included the redeployment of staff members to the Council's wider Covid response whenever possible, including to help with managing unprecedented numbers of visitors to Country Parks, and most recently to support surge testing.

3.13 All Covid-related losses for the Trust have been included in the Council's financial monitoring, and provision has been made to cover these within the 2020/21

budgets. Measures are in place to recover some of these losses through the Government's Income Loss Support Scheme.

Looking ahead

3.14 Provision has also been made within the Council's MTFP 2021/22 for growth to cover the Trust projected BAU operational losses of £164,000 (see table below), plus an additional one-off amount of £67,000 for continuing loss of income in the early months of the financial year due to Covid restrictions. The golf course will reopen on 29 March; catering and functions will resume later in the spring, subject to the government roadmap. Similarly, at Farnham Park outdoor sports are due to recommence from April.

Table 4 – 2021/22 Estimate

	Estimated Expenditure £	Estimated Income £	Net Expenditure £
South Bucks Golf Course (incl depreciation, interest, recharges)	1,258,000	- 1,250,000	**8,000**
Catering (incl internal recharges)	303,000	- 283,000	**20,000**
Farnham Park Playing Fields (incl depreciation and internal recharges)	213,000	- 77,000	**136,000**
TOTAL	**1,774,000**	**- 1,610,000**	**164,000**

3.15 The projected financial position for 2022/23 onwards is of a similar order to 2021/22, albeit with minor reductions in the operating deficit based on the pricing adjustments mentioned earlier in this paper.

4. Review and options appraisal

4.1 In light of the known BAU financial pressures, a strategic review of the Trust arrangements has already been programmed to take place in 2021/22.

4.2 The initial phase of this work will be to complete a comprehensive options appraisal with input from Finance, Legal and other relevant parties, to inform recommendations to CMT and Members.

4.3 This will be informed by the Leisure Facilities Strategy work which is currently underway, with a focus both on meeting future leisure needs across Buckinghamshire and ensuring longer term financial sustainability. The analysis within the Strategy will be critical in providing a view of the future needs of the population and sports clubs/users, how these are met by the range of existing and

planned leisure facilities (including non-council facilities), and recommendations to inform the future development of Council-owned leisure facilities. Understanding the likely future facilities mix at the sites currently managed by the Trust will be important to inform any decisions on the future operating arrangements.

4.4 It should also be noted that as set out above there are long-term tenants on site at Farnham Park Playing Fields. In addition, any future development or changes to the Trust sites will obviously need to be looked at carefully, to ensure the Council adheres to the obligations of the Eton Rural District Council Act 1971 as set out above.

4.5 The proposed review timetable is as follows, noting that this may change dependent on the outcome of the options appraisal (for example, whether there is a need for any formal consultation):

- By end of April 2021 - Analysis from the Leisure Facilities Strategy work available, to inform options appraisal
- May-June - Development of initial options appraisal
- August-December - Stakeholder engagement/formal consultation if needed, followed by development of final recommendations
- January-March – Implementation.

5. Corporate implications

5.1 Relevant colleagues from Property, HR, Finance and Legal Services will be engaged in the next stage of developing a detailed options appraisal and recommendations.

5.2 Legal advice is that the Council as trustee is required to exercise its powers solely in the interests of the Trust, to do otherwise e.g. to exercise its power for its own benefit, would put into question the charitable status of the Trust, since it would exist in part for the benefit of the Council.

5.3 Financial Implications: The financial implications have been included in the body of the report and been reviewed by finance colleagues.

6. Communication, engagement & further consultation

6.1 Not applicable at this stage.

7. Next steps and review

7.1 As set out at paragraph 4.5, the findings from the Leisure Facilities Strategy will be used to inform options around the future facilities mix on the Trust sites and the

Trust operating arrangements, with an initial options appraisal to be completed by June.

8. Background papers

8.1 Previous years' annual accounts can be found on the Charity Commission website.

Report to Audit and Governance Committee

Date: 24th March 2021

Title: 2019/20 District Audit Fees update

Relevant councillor(s): N/A

Author and/or contact officer: Ernest & Young (External Auditors)/Richard Ambrose (S151)

Ward(s) affected: N/A

Recommendations: Members are requested to consider the proposed increase in Audit Fees for the legacy District Councils.

Executive summary

1.1 The purpose of the report is to present an update on the proposed increase in Audit Fees.

Content of report

1.2 The updated audit plans for all the districts were presented to this Committee in July 2020 which included proposed increase in fees resulting from changing risk and regulatory environment.

1.3 The updated audit plan also included the impact on audit risks due to outbreak of Covid-19 and creation of the new council, however any impact on fees was not quantified in the proposed increase during July.

1.4 The audit fees report from Ernest & Young (Appendix 1) includes an update on how those issues are impacting the scale fees of the District Councils which are subject to approval by Public Sector Audit Appointments (PSAA).

1.5 The table below provides members with the summary of fees and the total proposed increase for each legacy district Councils.

2019/20 Fees	AVDC	CDC	SBDC	WDC	Total
Main Audit scale Fees	43,724	31,792	32,647	47,961	156,124
Proposed increase - July	28,750	21,200	21,150	30,230	101,330
Proposed increase - July %	66%	67%	65%	63%	65%
Further proposed increase March 21	18,287	18,036	19,455	20,370	76,148
Further proposed increase March 21 %	42%	57%	60%	42%	49%
Total increase	**47,037**	**39,236**	**40,605**	**50,600**	**177,478**
Total increase %	**108%**	**123%**	**124%**	**106%**	**114%**

Other options considered

1.6 N/A

Legal and financial implications

1.7 The total consolidated budget for the District Councils' Main audit fees is £212k. The total revised fees (to be approved by PSAA) is forecasted at £334k resulting in a forecast overspend of £122k.

1.8 Corporate Finance will try to manage this forecast overspend within its overall budget, however ultimately this may have an impact on Council's overall General Fund position.

Corporate implications

1.9 None.

Consultation and Communication

1.10 None.

Next steps and review

1.11 n/a

Background papers

n/a

Your questions and views (for key decisions)

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.

Buckinghamshire District Councils

Audit fees update

Year ended 31 March 2020

March 2021

Appendix 1

Building a better working world

Private and Confidential

March 2021

Members of the Audit and Governance
Committee
Buckinghamshire Council

Dear Committee Members

Audit fees update

We have previously presented our Audit Plans and Reports for the 19/20 audits of the four Buckinghamshire Districts.

During that time we have noted in combination there were several drivers affecting the costs of delivering audits for 19/20:

- the change nationally in the risk and regulatory environment in which local audit is now operating;
- the outbreak of the COVID-19 pandemic and its impact on society and the economy; and
- specific to our four audits, the creation of the new Buckinghamshire Council and the demise of the four District Councils.

These technical issues and logistical challenges have been summarised in our previous reports, collectively setting out our how we carried out our responsibilities as auditor in a constantly evolving situation. The impact on scale fees of the national risk and regulatory environment has been previously shared with the committee (July 2020).

Now that our year end audits have finished, we are in a position to inform the Audit and Governance Committee of the impact of the other significant changes and revisions to the scope of our work and the cost implicit in delivering it.

This update is intended solely for the information and use of the Audit and Governance Committee and management. It is not intended to be, and should not be, used by anyone other than these specified parties.

Yours faithfully

Andrew Brittain

For and on behalf of Ernst & Young LLP

01 Update on audit fees

19/20 Audit fees for the legacy District Councils

Timeline

Time	Process	Communication with the DCs
Late 2019 through to March 2020	After the completion of the 2018/19 audits, EY had discussions nationally with PSAA to consider the impact that a number of external factors were having on the underlying cost of an audit. Whilst PSAA recognised the general picture, they stated that they did not have enough data to make decisions on individual bodies' scale fees. We therefore reviewed what we expected the impact to be - in terms of costs of delivery for the 19/20 audits - on an individual authority basis.	We highlighted this process as part of our audit plans submitted to the relevant pre-year end Audit Committees. We discussed with each of the s151 officers the process we had been through and the estimated cost for each Council that we planned to share with PSAA. The proposal was to reset the base 19/20 scale fee from AVDC £43,724, CDC £31,792, SBDC £32,647, WDC £47,961 to AVDC £72,474, CDC £52,992, SBDC £53,797 and WDC £78,461.
June - July 2020	By the end of June it was clear that the Covid-19 pandemic would have a significant impact on the work required to conclude all audits. As the situation was evolving during this period, quantifying it was not possible at that point. The impact that the demising authorities would have was also becoming clearer, both in terms of staff and systems on the provision of information. Again quantification, given the audits were ongoing, was not possible at this stage.	As part of our audit plan update (see extracts on pages 5 and 6), written at the end of June for the July A&G Committee we provided an analysis of the key factors driving the variation in the fee as it related to the base cost of delivering an audit. This was consistent with information previously shared with individual Councils. We also explained that this did not include the impact of Covid-19, but outlined the likely areas where it would have an impact, highlighting a few specific areas by individual Council. Finally we noted the issues identified in the provision of information associated with the move to the unitary authority.
November – December 2020	The audits of the Councils were completed and signed off, with appropriate recognition and disclosure of the impact of both Covid-19 and the situation relating to their demise. At this point we were able to quantify the total impact of all the additional factors previously identified.	Our Annual Audit Letter included the impact of the additional required areas of audit and the costs incurred in completing the delivery. In coming to these figures, we excluded a large number of hours incurred recognising where EY team changes had been a contributory factor. The resulting fees were discussed in detail with Richard Ambrose, and we subsequently agreed to share the costs we incurred because of the logistical inefficiencies from both Covid-19 and the impact of the unitary between us. This results in the additional proposed audit fees of AVDC £18,287, CDC £18,036, SBDC £19,455 and WDC £20,370. A further breakdown of these can be found in Appendix A.
March 2021	We are required to submit a detailed breakdown of all the fee variations to PSAA for their approval.	

19/20 Audit fees for the legacy District Councils

Extracts from the Audit Plan update June 2020

Our update to the Audit Plan presented to the July Audit & Governance Committee explained the likely impact of Covid-19 on the completion of the audit – both the technical and logistical challenges it presented.

We also explained that the analysis of fees presented did not take the impact into account at that point as it was not possible to quantify it accurately at that time.

We have included these extracts here for ease of reference.

19/20 Audit fees for the legacy District Councils

Other areas of audit focus

Impact of Covid-19

The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. Understandably, the priority for all Councils to date has been to ensure the safety of staff and the delivery of business-critical activities. However, the financial statements will need to reflect the impact of Covid-19 on all Councils' financial position and performance. Due to the significant uncertainty about the duration and extent of disruption, at this stage we have not identified one overall specific risk related to Covid-19, but wish to highlight the wide range of ways in which it could have an impact on the financial statements. These may include, but may not be limited to:

- **Going concern** - even with the unitary authority process, management will present the financial statements on a going concern basis and management's assessment of this will need to consider the impact of the current conditions on the Councils. Additional narrative disclosure will be required.
- **Revenue recognition** - there may be an impact on income collection (Council Tax and Business Rates) if businesses and residents are unable to work and earn income because of the lockdown and restriction of movement due to COVID-19.
- **Tangible assets** - there may be impairment of tangible assets if estimates of valuation are reduced because of the economic impact of the virus. The Councils may also have already incurred capital costs on projects where the economic case has fundamentally changed.
- **Pensions** - volatility in the financial markets is likely to have a significant impact on pension assets, and therefore net liabilities.
- **Receivables** - there may be an increase in amounts written off as irrecoverable and impairment of year-end balances because of the increased number of businesses and residents unable to meet their financial obligations.
- **Holiday and sickness pay** - the change in working patterns may result in year-end staff pay accruals which are noticeably different from prior years.
- **Annual Governance Statement**- the widespread use of home working is likely to have changed the way internal controls operate. The Annual Governance Statement will need to capture how the control environment has changed over the period and the steps taken to maintain a robust control environment during the disruption. This will also need to be considered in the context of internal audit's ability to issue their Head of Internal Audit opinion for the year, depending on whether they have been able to complete the remainder of the internal audit programme.

We have outlined below our latest considerations on the impact of the risks already identified as part of our audit plans for the Councils. We will provide an update on the impact of Covid-19 on the Councils' financial statements, and our responses to any additional risks of misstatement, when we report the results of our audit.

In addition to the impact on the financial statements themselves, the disruption caused by Covid-19 may have an impact on the ability of both auditors and auditees to complete the audit to the planned timetable. For example, it may be more difficult to access the necessary supporting documentation. There will also be additional audit procedures we must perform to respond to the additional risks caused by the factors noted above.

Appendix A

Fees

Summary of impact

Based on the factors above, and in light of requests from PSAA to provide further detailed analysis, we have estimated the impact on the four Councils to be as shown below. Note that given the timing of this exercise, it does not include the impact of any specific requirements for additional work in response to COVID-19. As noted below, these amounts are subject to PSAA approval.

19/20 Audit fees for the legacy District Councils

Extracts from the Audit Plan update June 2020

In the update to the Audit Plans we shared some specific examples for all four Councils of the incremental risks and challenges to the audit, inherent in delivering it at the time, covering both the effect of Covid-19 and the demising authorities.

We have included these extracts here for ease of reference.

Audit risks

Other areas of audit focus

Council	Risk impact	Rationale
Aylesbury Vale	We identified PPE valuation as a significant risk in our original plan. Since then we have received draft statements which have £24m of PPE reclassified as IP. We consider IP to be significant risk as well now, as a result	COVID-19 exacerbates the risks associated with valuation, especially of retail assets, which we already considered to be volatile because of overall economic factors (valuation assumptions include rental income, for example). We will therefore be involving our specialists to look at a sample of assets. The Council's valuers refer to "material uncertainty" in their valuation. While the main impact may well fall in 20/21, this in itself requires more rigorous consideration of post-balance sheet events and how the authority satisfied itself on going concern. Because of this we consider both going concern and PBSEs to be an inherent risk arising since our original plan.
Chiltern	We still have concerns over the capacity of the Council to provide all necessary support for the audit within the audit window (also applies to SBDC).	This risk was presented in our Audit Plan but the audit work has got off to a slow start because of problems accessing working papers, and the fact that the draft accounts were submitted for audit later than originally planned. As at the date of this report, we have everything we need but this issue has caused a significant delay on our planned timescales.
South Bucks	We identified the £19m investment property purchase by the Council's subsidiary, Consilio, to be an 'other' level risk.	Consilio already owns a Travelodge and has purchased an office complex (with a £19m loan from the Parent). Given the potential effect of Covid-19 on retail and office valuations (and the fact that Travelodge is subject to a voluntary CVA), this constitutes a level of uncertainty over the March 2020 valuation figures.
Wycombe	We identified both PPE and IP as significant risks because of the size and complexity of the property portfolio.	COVID-19 has the same potential effect as for AVDC, especially as the Council has a large retail portfolio. The same audit considerations therefore apply. Because of this we consider both going concern and PBSEs to be an inherent risk arising since our original plan.

Audit risks

Other areas of audit focus

Council	Risk impact	Rationale
All DCs	We identified an inherent risk around the move to a unitary authority in terms of adequate disclosures in the narrative reports and completeness of creditors. We also pointed out the potential impact on staff capacity of staff leaving and dealing with preparation of accounts while taking on new roles and responsibilities	There has been a joint approach to disclosures across all DCs, but the disclosures need to be revisited in the light of the multiple ways in which COVID is affecting areas of the statements. Completeness of creditors and year-end cut-off is proving more onerous as DCs have for the most part transferred to SAP and it is more difficult to identify, and test, transactions relating to the specific bodies. We are therefore testing jointly across all four, but the process is time-consuming. We have had issues getting information in time: 2 sets of statements were not available for the 1 June start of the audit. There is also the inherent inefficiency of the change to remote working because of COVID, although we acknowledge that overall the process has gone relatively smoothly.

02 Appendix

Appendix A

Additional work required

Area	Explanation
A - Specific account areas	
A1 - Pensions	The follow-up work required in relation to IAS 19 reporting including the revised balances plus assessment of the position in relation to both the McCloud and Goodwin cases.
A2 – Property valuations	Increase in risk, given valuers materiality uncertainty disclosure, required additional samples to be tested and for specific assets to be reviewed by our specialists with extended procedures to establish appropriate levels of support and/or material adjustments to the valuations within the statements.
A3 – VAT issue	Specific follow-up in relation to a VAT accounting issue highlighted at AVDC.
A4 – Group	Specific follow-up in relation to the group accounting at SBDC given the transactions at Consilio during the year.
B – Impact of demising authorities	
B1 – Reassessing – FS and VfM	Requirement to reconsider our risks; including fraud risks, management override, disclosure and capacity post the demising of the Councils.
B2 – Additional disclosure & reporting	Additional work needed to review the disclosures, and agree impact on the form of our opinion incorporating an Emphasis of Matter (EoM).
B3 – Unrecorded liabilities	Additional work required to gain assurance over unrecorded liabilities as a result of the 20/21 transactions being housed within the new Buckinghamshire Council system.
B4 – Exit packages	Specific follow-up at AVDC as a result of the significant additional number of exit packages at that Council.
B5 – Capacity issues at audit start	Impact of delays from resource constraints in the preparation of accounts and supporting working papers across several of the audits.
C – Impact of Covid-19	
C1 – Reassessment of materiality	Requirement to reassess materiality levels in response to the impact of the pandemic.
C2 – Reassess risks & going concern procedures	In light of the heightened risk, consideration of the impact on the financial statements, reviewing of managements assessment of going concern including evolving unitary funding and liquidity plans and disclosure thereof.
C3 – Required consultations	As a consequence of the pandemic, to quality assure all opinions issued, we were required to document our evidence in relation to going concern, the impact of Covid-19 and the resulting implications for the audit report (property valuation EoM) . Then the assessment of each Council was required to go through independent Partner review.
C4 – Remote working impact	Additional time incurred in obtaining responses and evidence as an inevitable impact of the inefficiencies of transferring to a different and remote way of working.

Appendix A

Fees

		SBDC	CDC	AVDC	WDC
A	*Specific account areas*				
1	Pensions	1,958	1,958	1,958	1,958
2	Property valuations	3,174	3,174	2,910	7,375
3	VAT issue	-	-	1,614	-
4	Group	1,214	-	-	-
		6,346	5,132	6,482	9,333
B	*Impact of demising authorities*				
1	Reassessing risks - FS & VfM	1,104	1,104	1,104	1,104
2	Additional disclosure & reporting	1,858	1,653	1,858	1,858
3	Unrecorded liabilities	962	962	962	962
4	Exit packges	-	-	1,316	-
5	Capacity issues at audit start	2,342	2,342	-	548
		6,266	6,061	5,240	4,472
C	*Impact of Covid-19*				
1	Reassessment of materiality	372	372	372	372
2	Reassess risks and going concern procedures	2,370	2,370	2,092	2,092
3	Required consultations	2,151	2,151	2,151	2,151
4	Remote working impact	1,950	1,950	1,950	1,950
		6,843	6,843	6,565	6,565

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Grant Thornton

The Annual Audit Letter for Buckinghamshire County Council and Buckinghamshire Pension Fund

Year ended 31 March 2020

March 2021

Contents

Appendices

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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Buckinghamshire County Council (the Council) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit and Governance Committee as those charged with governance in our Audit Findings Report on 18 November 2020.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Our work

Materiality	We determined materiality for the audit of the Council's financial statements to be £14,657,000, which is 1.5% of the Council's gross expenditure. We determined materiality for the audit of the Pension Fund's financial statements to be £29,137,000 which is 1% of the Pension Fund's net assets.
Financial Statements opinion	We gave an unqualified opinion on the Council's and the Pension Fund's financial statements on 18 December 2020. We included an emphasis of matter paragraph in our auditor's report in respect of the uncertainty over valuations of the Council's land and buildings and investment properties and the property assets of its pension fund given the Coronavirus pandemic. An emphasis of matter paragraph was also included in our auditor's report for the Pension Fund financial statements. This does not affect our opinion that the statements give a true and fair view of the Council's and the Pension Fund's financial position and its income and expenditure for the year.
Whole of Government Accounts (WGA)	Our work on the Council's consolidation return is still outstanding. There are several queries which need to be resolved by management before we can complete this work.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources except for for the matter we identified in respect of Ofsted's inspection children's services. We therefore qualified our value for money conclusion in our auditor's report to the Council on 18 December 2020.
Certificate	We are unable to certify that we have completed the audit of the financial statements of Buckinghamshire County Council until we have completed our audit of the Whole Government Accounts.

Working with the Council

Restrictions for non-essential travel have meant both the Council and audit team had to make arrangements to carry out the audit remotely in a manner that was efficient and did not compromise the quality of audit work performed. These included remotely accessing financial systems, and video calling to check the completeness and accuracy of information produced by the entity. The Council published its draft financial statements at the end of August, meeting the revised statutory deadline but later than initially expected. Our audit started in early September 2020 and progressed at a slower pace than planned both as a result of remote working and some challenges within the Council's finance team. Responses to our queries were slower than we anticipated, and the quality of the initial evidence provided was not always sufficient to close audit queries. We worked with management to ensure that these issues were resolved but they have meant that the audit was not completed in time to provide an opinion by 30 November 2020.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
March 2021

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's financial statements to be £14,657,000, which is 1.5% of the Council's gross expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We also set a lower level of specific materiality for termination benefits of £100,000.

We set a lower threshold of £733,000, above which we reported errors to the Audit and Governance Committee in our Audit Findings Report.

We determined materiality for the audit of the Pension Fund's financial statements to be £29,137,000 which is 1% of the Pension Fund's net assets.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Covid-19 The global outbreak of the Covid-19 pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to: - Remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation; - Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates; - Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and - Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.	As part of our audit work we: • Worked with management to understand the implications the response to the Covid-19 pandemic had on the Council's ability to prepare the financial statements and update financial forecasts and assessed the implications on our audit approach; • Liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arose; • Evaluated the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic; • Evaluated whether sufficient audit evidence using alternative approaches could be obtained for the purposes of our audit whilst working remotely; • Evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances; and • Evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment	We issued an unqualified audit report opinion including Emphasis of Matter paragraphs which highlight disclosures in the financial statements in relation to material uncertainties in respect of the valuation of land and buildings, investment properties and the Council's share of the property assets within the Buckinghamshire Local Government Pension Scheme. These uncertainties are as a result of the impact of the Covid-19 pandemic.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions

Property - Valuation of land and buildings and investment property
 	
The Council revalues its land and buildings on a rolling five yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£892m as at 31 March 2020) and the sensitivity of this estimate to changes in key assumptions.
 	
Additionally, management will need to ensure the carrying value of assets not revalued as at 31 March 2020 in the Council's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.
 	
The Council's investment property as 31 March 2020 was £187m.
 	
We identified the valuation of land and buildings, particularly revaluations and impairments and investment properties, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.
	As part of our audit work we :
	• Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
	• Evaluated the competence, capabilities and objectivity of the valuation experts;
	• Written to the valuers to confirm the basis on which the valuation was carried out;
	• Challenged the information and assumptions used by the valuers to assess completeness and consistency with our understanding;
	• Tested revaluations made during the year to see if they had been input correctly into the asset register;
	• Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end; and
	• Engaged our own valuer expert to provide commentary on:
	  • the instruction process in comparison to requirements from CIPFA/ IFRS / RICS; and
	  • the valuation methodology and approach, resulting assumptions adopted and any other relevant points.
		The Council's valuer included in their report a material uncertainty paragraph with regards to the movement of property prices and valuations as a result of Covid-19. Given the magnitude of land, building and investment property valuations to the balance sheet and the caveat made by the valuer in their valuation report, we highlighted the material uncertainty in our audit report, in Emphasis of Matter (EOM) paragraphs, drawing attention to the disclosure made in the statement of accounts.
		
		We identified that academies, which the Council derecognised from its non-current assets after the year end, were not been revalued in 2019/20. We challenged management to value these assets. Following this valuation, the derecognised academy assets resulted in a net valuation gain of £3.66million. We recorded this as unadjusted misstatement in the audit findings report.
		
		During the investment property testing, we identified that a number of assets were excluded from the fixed assets register. The Council believed these assets have been fully disposed off but were valued by the Council's valuer. In addition to this, one asset was omitted in error from revaluation entries. These total an adjustment of £2,682k which was partially adjusted for in the final version of the financial statements, £798k was adjusted for and £1,844k remains as an unadjusted misstatement.
		
		We recorded this as unadjusted misstatement in the audit findings report.

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Management override of internal controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance. We identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.	As part of our audit work we completed; • Evaluated the design effectiveness of management controls over journals; • Analysed the journals listing and determined the criteria for selecting high risk unusual journals; • On a risk-based basis, tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • Gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and • Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.	There are no material issues arising to draw to the attention of those charged with governance in respect of this risk.
Revenues include fraudulent transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.	We reported in our audit plan that we had considered the risk factors set out in ISA240 and the nature of your revenue streams and had determined that the risk of fraud arising from revenue recognition could be rebutted, because: • there is little incentive to manipulate revenue recognition as the majority of your income is derived from grants or formula-based income from central government and taxpayers; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Buckinghamshire County Council, mean that all forms of fraud are seen as unacceptable. Therefore, we did not consider this to be a significant risk for your audit. Our assessment did not change during the audit.	There are no material issues arising to draw to the attention of those charged with governance.

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Valuation of pension fund net liability The pension fund net liability, as reflected in the Council's balance sheet as the net defined benefit liability, represents a significant estimate in your financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£625m) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	As part of our audit work we: • updated our understanding of the processes and controls put in place by management to ensure that your pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out your pension fund valuation; • assessed the accuracy and completeness of the information provided to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; in particular, reviewing the adjustments made as a result of the McCloud judgement and considering the impact of the 'other experience' adjustment arising from the updating of member data as part of the 2019 triennial actuarial update and • requested assurances on the controls in place for Buckinghamshire Pension Fund surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. Considered the impact of Covid-19 in the net assets statement.	There is an Emphasis of Matter paragraph in the Buckinghamshire Pension Fund auditor's report to highlight disclosures in respect of the material uncertainty in the valuation of property investments in the fund as a result of the Covid-19 pandemic. Given the Council's share of the pension fund's property investments is significant, their valuation is of sufficient magnitude on the net pension fund. We included the Emphasis of Matter (EOM) paragraph, drawing attention to the disclosure made in the statement of accounts. The EOM paragraph does not qualify the opinion. The draft financial statements did not include disclosures in respect of this matter, Management updated the final version of the financial statements to include sufficient disclosures in relation to the material uncertainty referred to above. There are no other material issues arising to draw to the attention of those charged with governance in respect of the identified risk.

Pension Fund Significant Audit Risks - Continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
The revenue cycle includes fraudulent transactions (rebutted) Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	As communicated in our Audit Plan, we have rebutted this risk. We have made no changes to this assessment.	Our audit work did not identify any issues in respect of material misstatement due to fraud relating to revenue recognition.
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Fund faces external scrutiny of its spending and stewardship of funds, and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.	We have: • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions	Our audit work did not identify any issues in respect of management override of controls.

Pension Fund Significant Audit Risks - Continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
The valuation of Level 3 investment You revalue your investments on an annual basis with the aim of ensuring that the carrying value of these investments is not materially different from their fair value at the balance sheet date. By their nature level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£154 million as at 31 March 2020) and the sensitivity of this estimate to changes in key assumptions. Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers and custodians as valuation experts to estimate the fair value as at 31 March 2020. We therefore identified valuation of Level 3 investments as a significant risk.	We have: • evaluated management's processes for valuing Level 3 investments • reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met • for a sample of investments, tested the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreed these to the fund manager reports at that date. We reconciled those values to the values at 31 March 2020 with reference to known movements in the intervening period.	Brunel declared a material valuation uncertainty in their Infrastructure assets with a value of £3,601k as at 31 March 2020 due to the impact of COVID-19 19. We included an emphasis of matter in the auditor's report on the financial statements of Buckinghamshire Pension Fund in respect of the effects of Covid-19 on the valuation of property investments. Our audit work did not identify any other issues in respect of the valuation of Level 3 investments other than the above.

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the Council's financial statements on 18 December 2020.

Preparation of the financial statements

The Council presented us with draft financial statements in August, meeting the revised statutory deadline but later than initially expected. Our audit started in early September 2020 and progressed at a slower pace than planned both as a result of remote working and some challenges within the Council's finance team. Responses to our queries were slower than we would have anticipated, and the quality of the initial evidence provided was not always been sufficient to close audit queries. We have worked with management to ensure that these issues were resolved but they have meant that the audit was not be completed in time to provide an opinion by 30 November 2020.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit and Governance Committee on 18 November 2020.

In addition to the key audit risks reported above, we identified the issues reported in Appendix A which we have asked the Council's management to address for the next financial year.

Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website alongside the draft Statement of Accounts in December.

The narrative report was prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

From our review of the annual governance statement, we noted that it was not very clear, how the Council has complied with the core and sub principles under the code. In addition, the key elements of the systems and processes that comprise the Council's governance arrangements were not clearly disclosed within the AGS.

We have included a control point for this in Appendix A.

Pension fund accounts

We gave an unqualified opinion on the pension fund accounts of Buckinghamshire Pension Fund on 18 December 2020. We also reported the key issues from our audit of the pension fund accounts to the Council's Audit and Governance Committee on 18 November 2020.

In addition to the key audit risks reported above, we identified the issues reported in Appendix B during our audit that we asked management to address for the next financial year.

Whole of Government Accounts (WGA)

We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.

As the Council exceeds the specified group reporting threshold we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements.

Our work on the consolidation return is still outstanding. There are several queries which need to be resolved by management before we can complete this work.

Certificate of closure of the audit

We are unable to certify that we have completed the audit of the financial statements of Buckinghamshire Council until we complete our work in relation to WGA.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

Overall Value for Money conclusion

We are satisfied that, in all significant respects, except for the matter we identified overleaf, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

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Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan - Significant Risk - Financial Resilience

In light of the increasing funding pressures that the Council faces, there is a risk that the Council will not be able to generate new revenue streams or deliver savings of sufficient scale to maintain a balanced budget over the period covered by the Medium-Term Financial Plan. The demand and uncertainty over some revenue streams created by the COVID-19 pandemic adds to this risk.

How we responded to the risk

As part of our work, we have reviewed recent performance against the budget and considered the reasonableness of the assumptions in the Medium-Term Financial Plan new for the new Unitary Authority. We have considered how these have been affected and updated by the Covid-19 pandemic.

Findings and conclusions

In a year where March saw the outbreak of the Covid-19 pandemic, the Council has performed well to achieve an underspend of £0.53m against its revenue budget in 2019/20. There has continued to be pressures on the demand-led budgets for children's social care, education and skills, and health and wellbeing, which overspent. However, the Council was able to make savings in other areas, such as corporate costs, planning and environment helped to deliver the overall underspend. As a result of the outturn position, the General Fund balance for the County Council was £30m at 31 March 2020.

There was an overall underspend/slippage of £5.46m (5.9%) on the 2019/20 Capital Programme. The main variance was within the Education and Skills portfolio, this was mainly due to slippage on primary and secondary school places projects caused by delays on land purchases and building delays.

The County Council ceased to exist on 31 March 2020 and as such its existing revenue and capital budgets were consolidated with that of the four district authorities in Buckinghamshire to form the revenue and capital budgets for the new unitary authority Buckinghamshire Council.

Value for Money conclusion

Significant risk: Financial resilience continued

Medium Term Financial Plan

Buckinghamshire Council, the new unitary authority, formally began operating on 1 April 2020. The start of the Council coincided with Covid-19 lockdown conditions. On 27 February 2020, the Shadow Authority agreed a medium-term financial plan for the financial years 2020/21 to 2022/23 which was balanced in all three years. A capital programme totalling £501m was also agreed for the same 3 years. The budget was the amalgamation of the existing revenue budgets and capital programmes of the five-predecessor councils. Within this budget are contingency budgets, which are held both to mitigate future budget risks, and to fund future pay increases. The opening General Fund balance for the Council is expected to be £45.1m, dependent on the financial performance of the predecessor councils in 2019/20. This represents 10.4% of the net operating budget, or 3.8% of the gross budget.

Since then, the country has been in the throes of the Covid-19 pandemic, which has not only created additional pressures in the current financial year but has increased both the impact and likelihood of the risks which were highlighted in the MTFP agreed in February 2020 and has given rise to new risks.

The Government has partially recognised the financial challenges faced by local authorities in respect of Covid-19 and in March and April 2020 allocated two tranches of central funding which totalled £3.2 billion nationwide. Buckinghamshire Council's share of this funding amounted to £25.6m. A further package of measures was announced in July 2020 with the Council eligible to receive a further £3.5m in grant funding. The Government recently announced proposals to fund 75% of 95% of lost budgeted fees and charges income for local authorities, which can unavoidably not be recovered in 2020/21 and are not already offset by other support. The guidance provided by MHCLG makes clear however, that this does not include investment income or commercial rents, and only covers income directly related to the provision of services. Management's best estimate is that the Council will receive around £10.5m of compensation from the scheme against losses of £16.0m by March 2021.

The Government announced the re-phasing of repayments to meet Collection Fund deficits accrued in 2020/21 over three years rather than one. This will be beneficial to the Council in the short-term due to anticipated significant reductions in income, particularly relating to Business Rates in 2020/21.The expected impact of the unfunded pressures (£2.6m) is therefore delayed until 2021/22.

The Council is currently working on plans to extend the medium-term financial plan to 2024/25 and has developed three scenarios in order that the potential scale of any funding gap can be modelled. These are a "current best estimate model", a "low impact" and a "high impact" model.

The key areas included in the modelling are:

- Council Tax, including deficits carried forward from 2020/21, based on a potential reduced collection rate and slower growth;
- The continuation of the Adult Social Care Precept;
- Business Rates deficits, carried forward from 2020/21 and potential reduced receipts in future years from lower uplifts and business failures;
- Loss of income in service budgets due to post-Covid-19 impact;
- Unavoidable growth including rebasing adult social care growth, the existing budget pressures in home to school transport and a provision for a 2% pay award in 2023/24 and 2024/25; and
- The potential to review the timing of the balance of Unitary savings due to be delivered outside the previous MTFP period are added in 2023/24 and 2024/25.

Value for Money findings continued

Significant risk: Financial resilience continued

2021/22 Budget

The Council is currently focused on developing plans to deliver a balanced the budget for 2021/22 and develop outline plans for the remainder of the MTFP period. The Council estimates a budget gap of £8.8million in 2021/22. The Council's financial strategy to close the budget is as follows:

- Continue to lobby for all current and future Covid-19 costs and lost income to be fully compensated by Government through the Comprehensive Spending Review and Local Government Finance Settlement;
- A review of corporate contingency budgets has been undertaken and some opportunities to reduce these identified, including National Living Wage, Redundancy Pot in and Pension Costs;
- Changing the assumption of council tax receipt;
- A target of savings from increased home working, including travel, mileage clams, printing and utility costs;
- Other savings identified across some directorates; and
- Transferring some General Fund Reserves to an Earmarked Reserve in 2021/22 to further protect the Council against economic uncertainties.

Review of 2020/21 Budget outturn

In the report to Cabinet on 10 November 2020, the forecast revenue outturn for quarter 2 of 2020/21 is an overspend of £4.9m, The forecast Capital outturn is £174.7m, representing slippage of £15.7m. This is an increase of £10.5m from the £5.2m reported at Quarter 1. Overall directorate budgets are forecast to overspend by £47.4m. £41.8m of the current overspend is due to additional costs and lost income as a result of Covid-19. Corporate & Funding are forecast to underspend by £42.5m, due to an estimated £39.6m of additional un-ringfenced grant income from central government in response to Covid-19.This comprises £29.6m of un-ringfenced grants to cover expenditure pressures and an estimate of £10.5m of grant income from the Sales, Fees and Charges lost income compensation scheme. This gives a net overspend of £4.9m.

Whilst Buckinghamshire Council is clearly experiencing pressures both in business-as-usual budgets and as a result of the Covid-19 pandemic, the Council currently holds £45m of General Fund Reserves. The Council's level of reserves is sufficient to address difficulties in its financial position when measured against the best estimate scenario which the Council is currently modelling, this reflects existing pressures exacerbated by the impact of the pandemic. However, if the situation moves closer to the worst-case scenario the Council will find that its reserves may not be sufficient in the medium to long term.

Conclusion

Overall, as the reserves position shows, Buckinghamshire Council is maintaining its general fund reserves at a good level. It is overall one of the better placed councils to survive the challenges faced in respect of LG finances and the financial impact of Covid-19. We believe the significant risk of financial pressures is mitigated

Value for Money findings continued

The risk as identified in our Audit Plan - Significant risk: Ofsted inspection of children's services

Ofsted issued a report on your children's services in January 2018 which gave you a rating of 'inadequate'. Two further monitoring visits performed by Ofsted in 2018 provide evidence that progress is being made, but there is still work to be done.

How we responded to the risk

We reviewed progress made in addressing the issues raised in the re-inspection reports issued by Ofsted after their two further monitoring visits. We also considered your performance against your internal objectives and targets in delivering safe and reliable children's services.

Findings and conclusions

Since the inspection report issued in January 2018, the Council has had four Ofsted monitoring visits, the latest two of which were carried out in May 2019 and October 2019. The report for the fourth monitoring visit was issued to the Council in December 2019 and concluded:

"There is evidence of limited improvements having been made to services for children in care since the last inspection. Work to improve the availability of local placements for children is beginning to deliver results. Independent reviewing officers now maintain greater oversight of children's plans. However, poor practice remains, which continues to have a negative impact on the timely progression of children's plans and prevents some children from achieving timely permanence."

The Council's next monitoring visit was due to take place in May 2020 but was suspended due to the Covid-19 pandemic, inspections will not recommence until 2021. The Council was able to deliver its annual social care and education presentation to the Ofsted Regional Director virtually and in response Ofsted recognised the high level of activity and improvement in some key performance indicators (KPIs), such as the timeliness of initial assessments and initial child protection conferences. The Council has made notable progress since the last inspection, increasing the number of children with the Council's foster carers, reducing the number of children placed with parents under court orders, and increasing the number of children staying with their carers by 20%.

The Council had expected that its next full inspection would take place from July 2020 onwards, but this will now be delayed due to the Covid-19 pandemic. The Council anticipates that on re-inspection it will move from the current 'inadequate' rating and be on a trajectory to a rating of 'good'. Latest KPIs and audits carried out by the Council's improvement advisers in Hampshire County Council show that children in Buckinghamshire are not in unsafe conditions and quality issues in children's services are not significant or widespread.

The Council's Children's Services Improvement Board is Chaired by the DfE appointed Improvement Adviser from Hampshire County Council. The Improvement Board maintains oversight of the Council's progress against the Children's Services Improvement Plan in which progress in each area is RAG-rated.

Review of the Improvement Plan movement from November 2019 to October 2020 shows a good direction of travel and supports the view that any failings are not significant or widespread.

Value for Money

Significant risk: Ofsted inspection of children's services continued

Impact of Covid-19 on children's services

The Covid-19 pandemic had significant impact on statutory children's services. Protecting children and improving vulnerable children's outcomes rely on direct, face-to-face interactions. During lockdown social worker visits to children had to stop unless there were extreme extenuating circumstances. The service took a number of proactive steps to ensure children were kept safe, and to protect the most vulnerable, including:

- daily video call meetings with managers and teams;
- setting minimum standards for conducting virtual visits to families; and
- a comprehensive audit and dip sampling process to clearly understand the work of the service in the high risk environment.

During the lockdown period over 96% of cases had contact with a social worker every 4 weeks, 79% of which were conducted virtually.

Since the start of the pandemic children's services has maintained close oversight of performance, monitored through weekly reporting and virtual team contact. This coupled with the robust quality assurance programme has provided team-level information on the strength of work within the service, ensuring standards are maintained and that children and young people are protected.

The Council has seen a 71% increase in referrals during the period, compared to the prior year, putting considerable pressure on the service. The complexity of cases being referred, usually with families not previously known to the Council, is worrying and potentially a direct consequence of the pandemic. To manage additional demand resources have been reorganized and additional agency staff employed.

There have been a number of lessons learnt during the pandemic. For example, for some specific cohorts of children and young people the use of virtual contact was well-received and enabled social workers to form stronger relationships with individuals. The service will continue to allow virtual contact with some children and young people in very specific and well-managed circumstances. During the pandemic geographical teams have worked more closely to share information and best practice as virtual meetings allow team managers to check in with teams more frequently. A children's services staff survey in July 2020 was very positive, with 88% of staff reporting that they felt supported and happy to work in the County. This is reflective of the time and resource invested to support staff during the pandemic, including heads of service having daily touch down meetings at the start of lockdown ensuring teams had better connections with managers.

The response to the pandemic and the fact that the service has remained stable is testament to the improvements made during the Council's Ofsted Improvement Journey. Since the Ofsted report in January 2018 the service has endeavoured to put in place heads of services and team managers who understand what 'good' looks like and put quality and child safety at the forefront.

Conclusion

The Council has continued to make progress in its Ofsted Improvement Journey to address the issues raised by Ofsted in its 2018 re-inspection report. The two monitoring visits in 2019 demonstrate that progress has continued, and the Council has the political and financial support needed to invest in its children's services. Recruitment continues to be the Council's main challenge as high reliance on agency staff creates a lack of stability in the workforce and impacts on the consistent application of good practice.

Ofsted's 'inadequate' rating of children's services remains in place and we propose an 'except for' qualification of our value for money conclusion in respect of Ofsted's inspection of children's services. We do however recognise the improvements made by the services and the continued direction of travel towards a 'good' rating.

Value for Money

Risks identified in our audit plan - Significant risk: Implementation of the new Unitary Authority

In April 2020, your services and those of the four Buckinghamshire district councils transferred to a new unitary authority, Buckinghamshire Council. The start of the new Council has coincided with the outbreak of the COVID-19 pandemic and this has been an area of focus for the new authority.

How we responded

We reviewed arrangements for the transition to unitary status and the impact of the COVID-19 pandemic on those plans.

Findings and Conclusions

Transition

Buckinghamshire Council came into existence on 1 April 2020 in unique and unexpected circumstances, with all efforts focused on dealing with the Covid-19 pandemic. The fact that the Council was able to successfully and smoothly transition to Unitary as planned, without delay, during the pandemic is testament to the strong project management in place for the implementation.

A transition plan was agreed by all legacy authorities in June 2019 and underpinned by preliminary work to baseline the Council's corporate service areas. The Council opted to use existing resources within legacy authorities to manage and develop the transition programme to ensure that staff could have ownership over and be engaged in the development plan, and that the process could be jointly owned and run by all legacy authorities. The transition programme was overseen by the Implementation Board, made up of members from each of the legacy councils, and progress was reported monthly to the Shadow Executive and Scrutiny. Each workstream was monitored through the Programme Office, and tracked weekly, which involved manual review of Post It boards in the Programme Office. Weekly meetings were held with workstream leads, with change managers aligned to the Implementation Board to act as conduits between the workstreams and Programme Office.

It was important for the transition programme to be pragmatic and not over-ambitious in what could be achieved in a tight timeframe. With this in mind, on transition the Council can be proud that nearly all elements of the transition plan were delivered on 1 April 2020, and the outstanding items were not ones that caused any operational issues.

A major factor in the successful implementation of the Unitary during the pandemic is that the Council already had in place a three-tier management structure that was immediately able to deal with Covid-19 issues faced by the Council. This coupled with the strong project plans in place, such as Day 1 modelling, customer access points, online presence with new website, and re-branding, meant that the risks on transition were reduced.

Learning from the transition

Transition to Unitary ensured that the Buckinghamshire response to Covid-19 is more joined up. Rather than responsibilities being split between district authorities and the county council there is one approach, led by officers already used to working together in the run up to transition.

There are no major learning points from Buckinghamshire Council's transition other than it would have been better to start the transition programme earlier. The Council was clear on what the 'must-haves' were for transition and worked steadily through the milestones of the transition programme. The way that the Council dealt with the transition is viewed as a success story by MHCLG and being shared with other authorities going through the transition process.

Value for Money

Significant risk: Implementation of the new Unitary Authority continued

Service review programme

With the new Authority emerging during the start of lockdown the Council was in emergency mode for the first quarter of 2020/21. The new Service Improvement Team, drawn from legacy authorities, had planned to develop a service development programme but this was delayed for three months whilst people were redistributed across the Council to support emergency cells set up to deal with the pandemic.

The Better Buckinghamshire service reviews programme is looking at each service area to review resourcing, savings, and design principles. Service reviews are the mechanism for the Council to explore savings opportunities in a structured way and to devise delivery plans. The Council aims to identify £3m of service reconfiguration savings in 2021/22 through the wave 1 and 2 service reviews being carried out in 2020/21. Over £21m of savings are proposed from service reconfigurations in 2022/23 and 2023/24.

The Service Improvement Board was set up to manage and monitor the delivery of the service redesign savings. The service reviews will design future service models around principals developed collaboratively through workshops with Resources functions. The principles set out what 'good' looks like for the Council's services and are developed around the following areas to structure the discovery and design stages of the service reviews: customer and staff experience; people, skills and culture; finance and efficiency; process; and technology, data and digital. As at November 2020 there are 11 service reviews underway:

- 5 reviews are in wave 1 (stages: 2 at discovery, 3 at design),
- 5 reviews are in wave 2 (stages: 4 at initiation, 1 at discovery & design) and
- 1 review is in wave 3 (initiation stage).

Conclusion

The new Unitary Authority was created during a time of challenge and uncertainty. The smooth transition was aided by the close working relationships between all predecessor authorities and the strength of the arrangements that the Shadow Authority had in operation in the lead up to the transition date.
We conclude that the risk of implementation of the new Unitary Authority has been mitigated and there is no need for us to consider qualifying our value for money conclusion in respect of the transition

Appendix A - Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	July 2020
Audit Findings Report	November and December 2020
Annual Audit Letter	March 2021

Fees

	Planned fees £	Proposed final fees £	2018/19 fees £
Council audit	92,828	106,752	92,066
Audit of Pension Fund	29,275	33,666	19,275
Total fees	**121,341**	**139,542**	**111,341**

Appendix A - Reports issued and fees (Council)

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £67,828 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table.

Area	Reason	Fee proposed
Pensions – IAS 19	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage.	4,500
PPE Valuation – work of experts	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	9500
Raising the bar	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity	6,500
New standards / developments	In line with government directive, the audit of the financial statements was done remotely. Obtaining and review of audit evidence remotely proved more challenging and took longer than it would normally take to review.	4,500
Covid -19 Impact	The additional significant risk of Covid-19 and additional time it took to complete the audit as a result of remote working arrangements has meant an increase in time taken to complete the audit and increased volume of work and scope of our audit work to reflect this additional risk. A fee increase of 15% from the amount proposed in the audit plan is proposed to cover the additional work incurred by Grant Thornton	13,924
Total		38,924

Audit fee variation – Covid-19

Additionally, over the last six months the current Covid-19 pandemic has had a significant impact on all our lives, both at work and at home. The impact of Covd-19 on the audit of the financial statements has been multifaceted. This included:

- Revisiting planning- we have needed to revisit our planning and refresh our risk assessments, materiality and planning as well as additional work in areas such as going concern and disclosures in accordance with IAS 1 in particular in respect to material uncertainties.
- Management's assumptions and estimates - there is increased uncertainty over many estimates including investment and property valuations. Our audit opinion will include an emphasis of matter in respect of this.
- Remote working – the most significant impact of terms of delivery is the move to remote working. We, as have other auditors, have experienced delays and inefficiencies resulting from this new working environment. This is understandable and arise from the availability of relevant information, the need for us to devise alternative methods to evidence the veracity of the information provided and not being able to sit with an officer to discuss a query or a working paper. Obtaining an understanding via teams or telephone is often more time consuming.

We have been discussing the matter with PSAA over the last few months and these issues are similar to those experienced in the commercial sector and the NHS. In both sectors there is a recognition that audits will take longer with commercial deadlines expended by four months and the NHS deadline by one month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached https://www.frc.org.uk/about-the-frc/covid-19/covid-19-bulletin-march-2020 sets out the expectations of the FRC.

Fee variations are subject to PSAA approval.

Appendix A - Reports issued and fees (Pension Fund)

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £19,275 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table.

Area	Reason	Fee proposed
Raising the bar	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.	3,500
Valuation oof Level 3 Investments	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms in respect of valuations of hard to value investments needs to improve across the sector. Accordingly, we plan to enhance the scope and coverage of our work to ensure an adequate level of audit scrutiny and challenge over the assumptions And evidence that underpin the valuations of level 3 investments this year to reflect the expectations of the FRC and ensure we issue a safe audit opinion.	4,500
Triennial Valuation	We carried out additional work this year in respect of the triennial revaluation carried out by the actuary	2000
Covid -19 Impact	The additional significant risk of Covid-19 and additional time it took to complete the audit as a result of remote working arrangements has meant an increase in time taken to complete the audit and increased volume of work and scope of our audit work to reflect this additional risk. A fee increase of 15% from the amount proposed in the audit plan is proposed to cover the additional work incurred by Grant Thornton	4391
Total		14,391

Audit fee variation – Covid-19

Additionally, over the last six months the current Covid-19 pandemic has had a significant impact on all our lives, both at work and at home. The impact of Covd-19 on the audit of the financial statements has been multifaceted. This included:

- Revisiting planning- we have needed to revisit our planning and refresh our risk assessments, materiality and planning as well as additional work in areas such as going concern and disclosures in accordance with IAS 1 in particular in respect to material uncertainties.
- Management's assumptions and estimates - there is increased uncertainty over many estimates including investment and property valuations. Our audit opinion will include an emphasis of matter in respect of this.
- Remote working – the most significant impact of terms of delivery is the move to remote working. We, as have other auditors, have experienced delays and inefficiencies resulting from this new working environment. This is understandable and arise from the availability of relevant information, the need for us to devise alternative methods to evidence the veracity of the information provided and not being able to sit with an officer to discuss a query or a working paper. Obtaining an understanding via teams or telephone is often more time consuming.

We have been discussing the matter with PSAA over the last few months and these issues are similar to those experienced in the commercial sector and the NHS. In both sectors there is a recognition that audits will take longer with commercial deadlines expended by four months and the NHS deadline by one month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached https://www.frc.org.uk/about-the-frc/covid-19/covid-19-bulletin-march-2020 sets out the expectations of the FRC.

Fee variations are subject to PSAA approval.

Appendix A - Reports issued and fees continued

Fees for non-audit services

Service	Proposed Fees £	Final Fees £
Audit related services		
- Provision of IAS 19 Assurances to Scheme Employer auditors	7,00	12,000
- Agreed upon procedures in respect of the Teachers' Pension Scheme	7,500	7,500

Non- audit services

- For the purposes of our audit, we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all non-audit services which were identified.

- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.

Appendix B - Council Action plan

We have identified seven recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management, and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	**IFRS 16 implementation has been delayed by one year** In our review of the Council's accounting policies, we confirmed that the disclosure in relation to IFRS 16 is appropriate. The implementation of the new standard is due to come into effect in 2020/21 and will require significant preparatory work.	In finalising assessment of the impact of IFRS 16, in preparation for its implementation, the Council must ensure completeness of the assessment of leases so that all relevant leases are included in the assessment. **Management response** IFRS16 has now been delayed by another year, to be implemented in 2021/22 A full assessment will be completed of all our leases. An implementation plan will be created to ensure we are fully compliant

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Appendix B - Council Action plan – continued

Assessment	Issue and risk	Recommendations
Medium	**Omission of Other Public Sector Bodies from Impairment loss Allowance** In our review of bad debt provision, we identified that no impairment loss allowance was recorded for Other public sector bodies. Their rationale was "Other public sector bodies cannot go bankrupt like private companies and individuals". It was communicated to the Council that omission of Other public sector bodies from the Impairment Loss Allowance calculation would be against their own debt management policy. If the Council does not want to include debtors from Other public sector bodies in the Impairment Loss Allowance, then the policy should be updated. As of now, the policy is applicable for 2019/20 financial year and hence an Impairment Loss Allowance should be calculated on debtors from Other public sector bodies. We reperformed the calculation to determine that impact is clearly below our triviality levels, hence no further adjustment has been proposed.	Omission of Other public sector bodies from the Impairment Loss Allowance calculation is against the council's own debt management policy. If the Council does not want to include debtors from Other public sector bodies in the Impairment Loss Allowance, then the policy should be updated. **Management response** Whilst the Debt Management Strategy defines a recommended approach to providing for losses on debts relating to Public Bodies, it is guidance. All outstanding debts are extracted from SAP and provided to Heads of Finance. ILA values are proposed by Heads of Finance having reviewed their debts and consider the likelihood of non-payment in order to propose their ILA. We will review the review for both the DMS and the corporate review of proposed ILA's
Medium	**Bank Reconciliations - Reconciling items** When we tested reconciling items, we noticed that a large number of them pertain to vendor payments in SAP. The 'vendor' represents the cardholder. In sample testing, we have viewed the SAP screenshot evidencing the 'Vendor payment'. By the council's own admission, there should be a clearing document which should match the items in the bank statement to the 'vendor payments' We found that the matching exercise has not been performed and due to this, a large number of reconciling items which mainly contra each other remain in the listing.	The Council's bank team should clear the transactions monthly and carry out the matching exercise in order to reduce the large number of reconciling items in the listing. **Management response** We may not be able to clear down the entries each month as dependent on cardholder or approvers dealing with their steps within the timeframes. Monitoring reports to be run weekly to identify outstanding items. We are currently recruiting to a dedicated team which will cover this task so this will address this aspect moving forward and the Accounts Payable Manager is working on and looking into the historic items so these balances can be cleared down

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Appendix B - Council Action plan – continued

Assessment	Issue and risk	Recommendations
Medium	**Investment properties** We noted from our audit of investment properties that the value for New House Farm was not revalued in line with the 19/20 updated Carter Jonas value. This resulted in an understatement in investment property of £798k. This was an error in omission on the Council's part and was correct in subsequent drafts. Further we noted that, Old Police Station headquarters was not valued in 19/20 by Carter Jonas despite the fact that prior to the summer of 2019 this asset was obsolete, and work was performed to get the asset into a usable position, and it has since been leased from summer 2019.This would also result in an understatement in investment property asset balance on the balance sheet given the asset is currently in use. Agricultural investment property totalling £1,884k relating to Land at Spade, Langley Farm, Deep Mill and Isle of Wight Farm were not included in the fixed asset register. An overall adjustment of £2,862k was expected to be made to the investment property balances in the accounts. However, management has only adjusted for the £798k in relation to New House Farm. The £798k and the £1,884k are in our adjusted and unadjusted reporting, respectively. This has also been included on the unadjusted misstatement schedule in Appendix C.	The responsible individual that is appointed by the Council to instruct the valuer should perform a reconciliation to ensure that all assets to be valued are included in the list of assets instructed for valuation. In management's control activities, a formal control is needed for a second reviewer to sign off on investment property information before they are sent to the valuer. This should be documented and maintained on file. A second reviewer is also needed to verify that the Carter Jonas revaluation values are reflected into the fixed asset register at year end and this review must be formally documented and maintained on file. **Management response** Agreed – A full reconciliation will be performed to ensure all assets are valued in agreement to our valuation policy. This reconciliation will be signed off by the Technical Accountant

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Appendix B - Council Action plan – continued

Assessment	Issue and risk	Recommendations
Medium	**Annual Governance Statement** We analysed the disclosures in the Annual Governance Statement against the '2016, Delivery of good governance code'. From our review, we noted that it not very clear within the disclosure, how the Council has complied with the core and sub principles under the code. In addition, the key elements of the systems and processes that comprise the Council's governance arrangements were not clearly disclosed within the AGS.	We have recommended to management to ensure that they explicitly state how they have complied with the requirements of the 'Delivery of good governance code' in the AGS for the new Unitary Council in next year's audit. **Management response** Agreed in principle – this will be taken into account for the 20/21 AGS. The Delivering Good Governance document is referred to on p.2 of the 19/20 AGS and p3 demonstrates how we meet the requirements. This format has been used for a number of years for BCC, and we do not believe it needs to be changed for this year.
Medium	**Pooled Budgets** During our audit of the pooled budgets, we noted some variances between the disclosures on the Council's accounts and the audited accounts of the counterparties. Following meetings and emails exchanged with Children Services and Adult Services, it was concluded that the entities do not communicate and reconcile the values being reported in their financial statements. Hence, the Council was unaware of the figures within Oxford Health NHS and NHS Buckinghamshire Clinical Commissioning Group. A total difference of £2,994 was noted.	We recommend that the Commissioners and team members in Children and Adult Services have in place an agreement of values between BCC and the counterparties to avoid discrepancies between their financial statements. **Management response** Agreed. We will ensure there is an agreement and documentation in place between us and the counterparties that details each of the contributions for all of the pooled budgets we are involved in.

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Appendix C - Pension Fund Action plan

We have identified the following recommendations for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management, and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	**Investment Valuation** As part of our testing of investments we reconciled the year end valuations as per the custodian reports with the fund manager statements. In doing so, we discovered that a variance amounting to £10,059k was attributable to the fact that State Street (the Custodian) had used the 31st December valuation data (latest available at the time) to value the 31st of March positions. The client also used the custodian figures in preparation of their accounts.	The use of custodian figures for accounts preparation was inappropriate as the valuation was dated as at 31 December 2019 whereas the fund manager statements include the more up-to-date figures. **Management response** The reason for using the December 2019 is down to timing and not having the 31st March 2020 positions available from the custodian. We will liaise with State Street to discuss if they are able to provide the information needed in a more timely manner.
Medium	**Scheme Contributions** The reconciliation of monthly returns for scheme contributions from scheduled and admitted bodies had a total difference of £3,808k We could not obtain a clean reconciliation between the accounts and employer contribution records; the total difference was £3,808k. Auditor sought an explanation for this variance; however this could not be provided by the client at a macro level. Auditor thus performed an employer-by-employer reconciliation to determine why this difference occurred and reconciled this down to a trivial difference of £11k. There were also several insignificant differences noted in relation to several other employers. Whilst the accuracy and completeness of the reconciliation has been improved since this issue was first identified, we consider that there remains a need to improve further these aspects of the reconciliation	Whilst the accuracy and completeness of the reconciliation has been improved since this issue was first identified, we consider that there remains a need to improve further these aspects of the reconciliation . **Management response** We are in the process of improving the reconciliation. Including monthly reports to management

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Appendix C - Pension Fund Action plan - Continued

Assessment	Issue and risk	Recommendations
Medium	**Investments - Challenge to assumptions** We made inquiries regarding the assumptions that are used by the fund managers for valuations of level 2 and level 3 investments and concluded that client does not challenge them. Furthermore, management failed to demonstrate any challenge to the classification methodology for the different hierarchy of investments..	The responsibility for proper valuation and classification of investments is managements and hence they should challenge the assumptions made by the fund managers and custodians. Management should be able to demonstrate how they challenged the valuation and classification assumptions provided by its experts. **Management response** We will ensure to review and challenge the fund managers and custodians where we can
Medium	**Management challenge of actuary** During our review of the actuarial PV of Promised Retirement Benefits, as required, we sought to obtain management's review and challenge of the actuary's estimate. There was no evidence of management's formal challenge to the actuary's estimate. Management are responsible for the judgements within the financial statements. They are required to retain evidence of their challenge and correspondences with the experts while making their judgments and decisions regarding accounting estimates.	Management should evidence that they have considered alternative assumptions or outcomes, and why they have rejected them Management should evidence of how management otherwise addressed estimation uncertainty in making the accounting estimate. **Management response** We will ensure to review and challenge the Actuary where we can
Low	**IAS 19: Digital filing System** As part of our IAS 19 testing, we noted several instances of version control issues. Multiple email exchanges between the Pension Fund and the employers for confirmation of data to be sent to the actuary, were initially sent as final evidence to our audit team. It proved extremely cumbersome to obtain the final source data from employers which agreed to that sent to the actuary. An appropriate system of version control regarding source data is needed. This will ensure that the audit is more efficient, and less time is spent going through several emails which are not supporting the source data sent to the actuary.	An appropriate filing system should be in place so the final communication containing source data from employer is easily identifiable. This will ensure that the audit is more efficient, and less time is spent going through several emails which are not supporting the source data sent to the actuary which should be audited. **Management response** We will ensure we keep the final versions of all data submitted to the actuary by the individual employers

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Appendix C - Pension Fund Action plan - Continued

Assessment	Issue and risk	Recommendations
Low	**IAS 19: Milton Keynes Council** As part of our IAS 19 testing, we noted that Milton Keynes Council, did not respond to efforts by the Pension Fund to obtain their data to be sent to the actuary. Similarly, it was also noted that up to August 2020, the March 2020 employer return was not submitted despite several attempts to obtain this information. Consideration should be given by management to identify ways in which data can be obtained from Milton Keynes Council ahead of year end closedown and audit.	Management should consider identifying ways in which data can be obtained from Milton Keynes Council ahead of the audit to assist with the efficiency and the delivery of the audit in a timely manner. **Management response** We have been liaising with MK ongoing and have now obtained the data required

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Report to Audit & Governance Committee

Date:	24 March 2021
Title:	**Value for Money Arrangements**
Relevant councillor(s):	Cllr Katrina Wood
Author and/or contact officer:	Richard Ambrose, Service Director - Corporate Finance
Ward(s) affected:	None specifically
Recommendations:	**To note the new arrangements around assessing value for money for the 2020/21 financial year.**
Reason for decision:	To understand the new arrangements for assessing value for money relating to 2020/21.

1. Content of report

1.1 The National Audit Office (NAO) have recently published the Code of Audit Practice for 2020. This recognises that the current work that local auditors do in respect to the Value for Money (VfM) conclusion does not add much value to audited bodies.

1.2 The new Code of Audit Practice sets out an overall framework for VfM work and this will apply to the 2020/21 audits of financial statements. Furthermore, an updated Auditor Guidance Note has been drafted, which sets out detailed guidance on what VfM work needs to be performed. This is currently out for public consultation although no significant changes are expected.

1.3 The new approach to VfM re-focuses the work of local auditors to:

- ✓ promote more timely reporting of significant issues to local bodies;
- ✓ provide more meaningful and more accessible annual reporting on VfM arrangement issues in key areas;
- ✓ provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness; and
- ✓ provide clearer recommendations to help local bodies improve their arrangements.

1.4 Under the new Code, the NAO have devised three specified reporting criteria to help auditors structure their commentary on VfM arrangements. These are governance, financial sustainability and improving economy, efficiency and effectiveness. Auditors will need to report their conclusions on each of these three criteria.

1.5 External auditors will now need to publish an Auditor's Annual Report, which will be different to the old annual audit letter. The aim is that this new document will have far more impact. It will include: -

- Commentary on arrangements – allows auditors to better reflect local context and draw attention to emerging or developing issues. It will also include their risk-based work;
- Recommendations – where there are significant weaknesses identified. It will include the auditor's judgement of the weaknesses and the evidence on which the view has been based;
- Progress in implementing recommendations – from the previous year;
- Use of additional powers – such as issuing a public interest report;
- Opinion of the financial statements – summary of what the opinion audit found.

1.6 Conversations with our external auditors, Grant Thornton, have taken place and they have highlighted that they will need to speak to a range of officers / members but do expect to be able to consider the work of internal audit and so hope not to have to duplicate any work. They will also share with us the sort of documents / working papers that they are likely to need to carry out their work although they would expect much of this to already exist. Grant Thornton have produced some slides that they would like to discuss with the Audit & Governance Committee (see appendix).

2. Legal and financial implications

2.1 It is likely that audit fees will be increased in the range of 10% to 20% to reflect the additional VfM work that needs to be performed. Further increases may be needed for those audited bodies that have more risk of significant weaknesses. There has been a government announcement of some additional funding (£15m) for local authorities but this may not fully cover the additional fees charged.

2.2 There are no legal implications arising from the report.

3. Corporate implications

3.1 The external auditors will need to speak to a selection of Officers from across the authority. An action plan in response to any recommendations made will need to be formulated and monitored against.

4. Local councillors & community boards consultation & views

4.1 N/A

5. Communication, engagement & further consultation

5.1 N/A

6. Next steps and review

6.1 Any further guidance and/or identification of evidence required will be shared with the Committee.

7. Background papers

Appendix 1 – Value for Money update for Audit Committee on new arrangements 2020-21.

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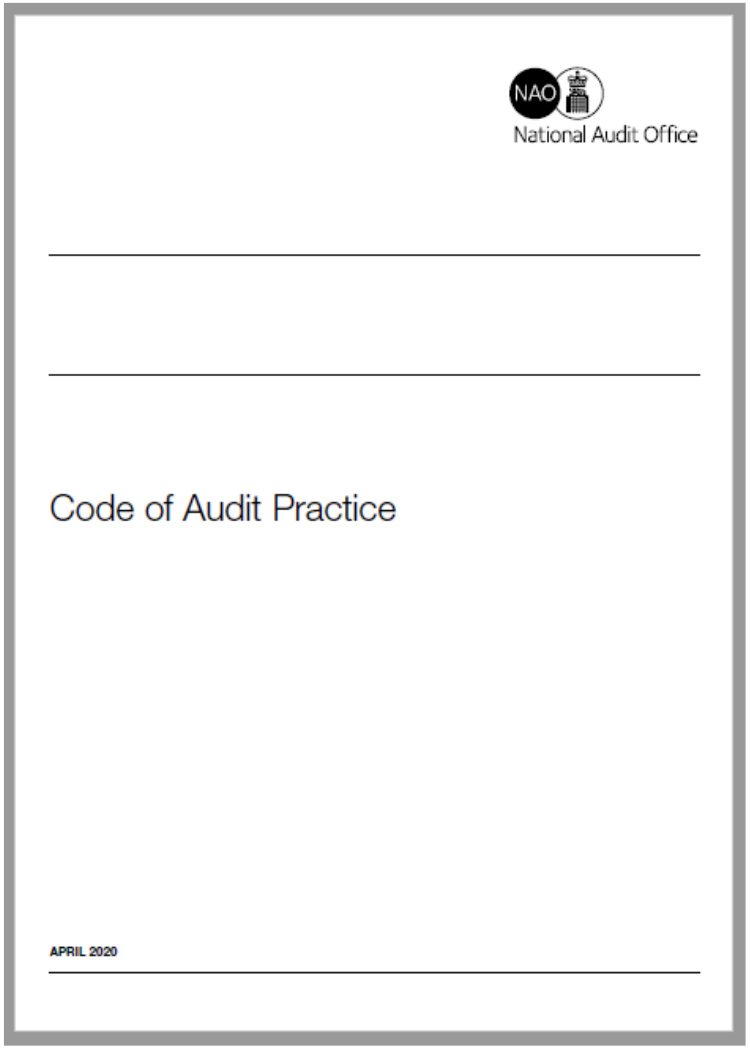
Value for money Update for Audit Committee on new arrangements 2020-21

Appendix 1

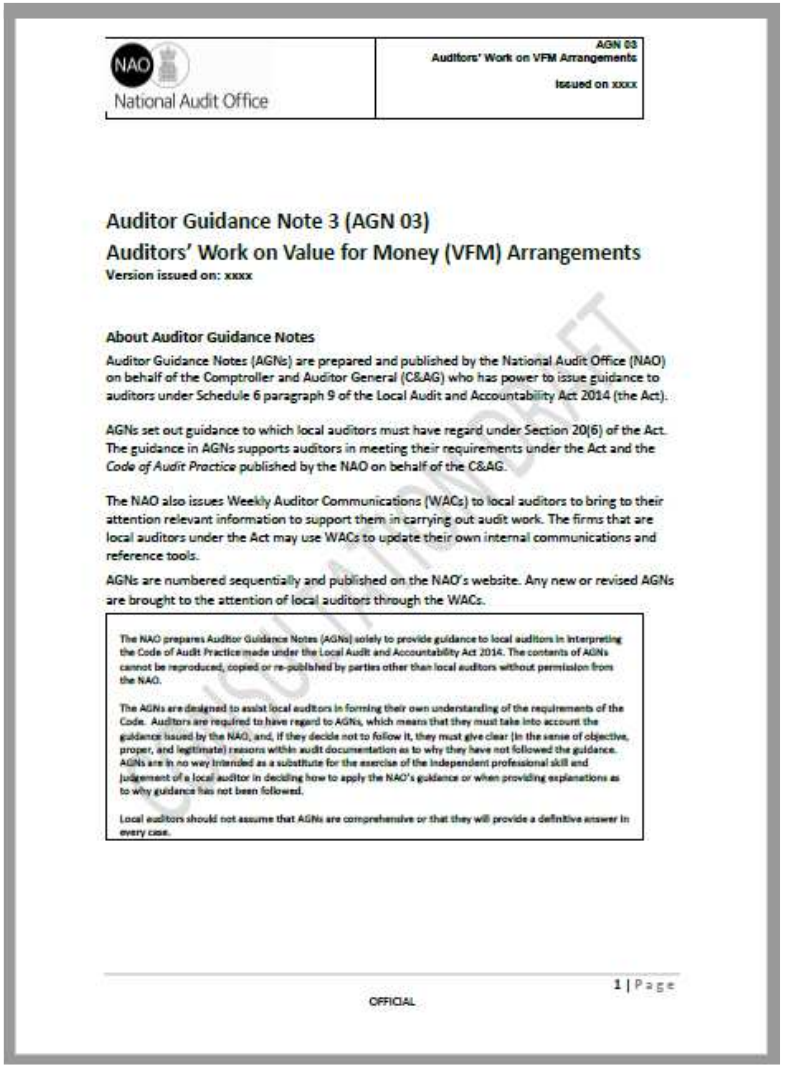
How have the NAO changed value for money work ?



NAO National Audit Office

Code of Audit Practice

APRIL 2020



NAO National Audit Office

AGN 03
Auditors' Work on VFM Arrangements
Issued on xxxx

Auditor Guidance Note 3 (AGN 03)
Auditors' Work on Value for Money (VFM) Arrangements

Version issued on: xxxx

About Auditor Guidance Notes

Auditor Guidance Notes (AGNs) are prepared and published by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (C&AG) who has power to issue guidance to auditors under Schedule 6 paragraph 9 of the Local Audit and Accountability Act 2014 (the Act).

AGNs set out guidance to which local auditors must have regard under Section 20(6) of the Act. The guidance in AGNs supports auditors in meeting their requirements under the Act and the *Code of Audit Practice* published by the NAO on behalf of the C&AG.

The NAO also issues Weekly Auditor Communications (WACs) to local auditors to bring to their attention relevant information to support them in carrying out audit work. The firms that are local auditors under the Act may use WACs to update their own internal communications and reference tools.

AGNs are numbered sequentially and published on the NAO's website. Any new or revised AGNs are brought to the attention of local auditors through the WACs.

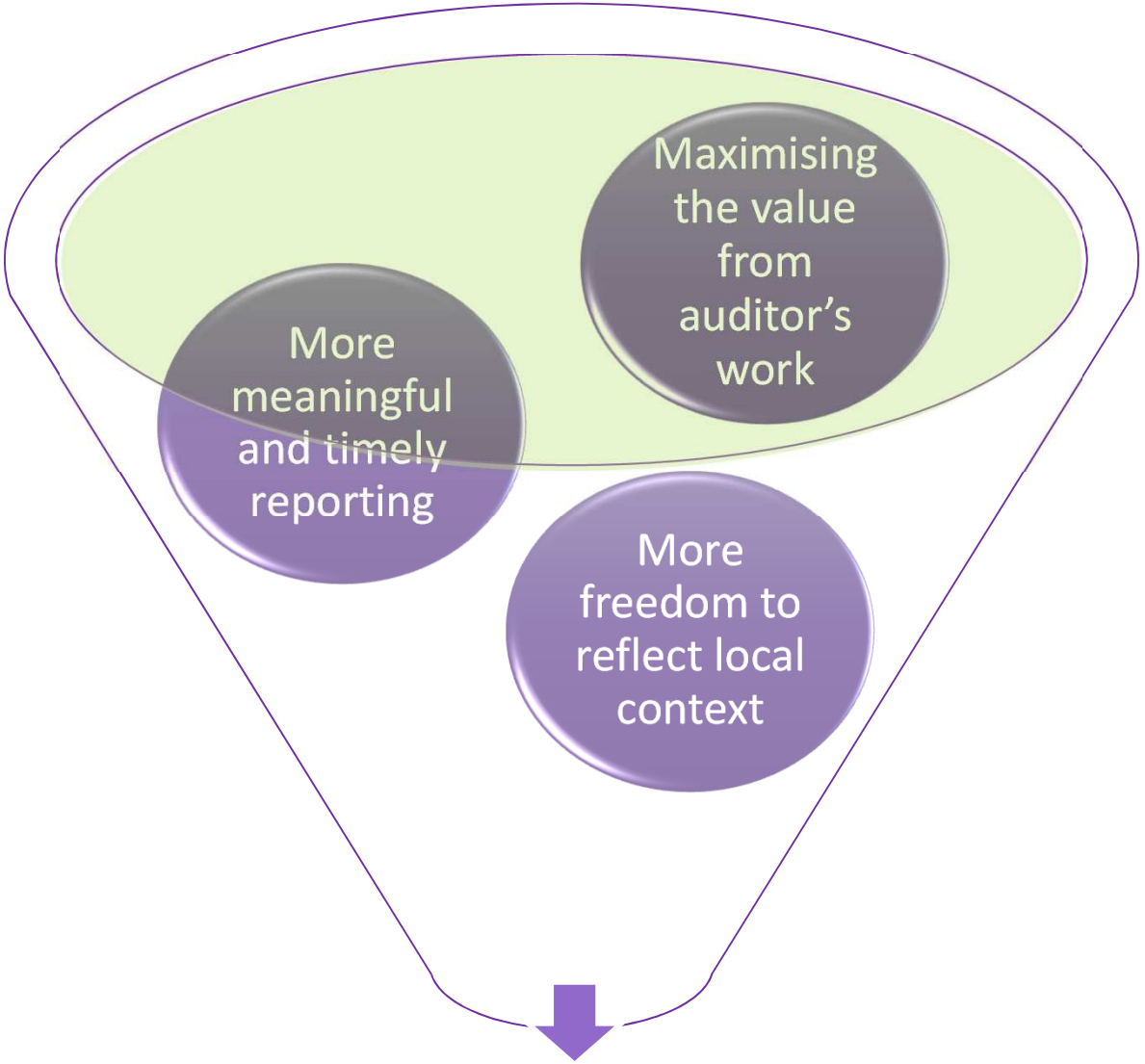
The NAO prepares Auditor Guidance Notes (AGNs) solely to provide guidance to local auditors in interpreting the Code of Audit Practice made under the Local Audit and Accountability Act 2014. The contents of AGNs cannot be reproduced, copied or re-published by parties other than local auditors without permission from the NAO.

The AGNs are designed to assist local auditors in forming their own understanding of the requirements of the Code. Auditors are required to have regard to AGNs, which means that they must take into account the guidance issued by the NAO, and, if they decide not to follow it, they must give clear (in the sense of objective, proper, and legitimate) reasons within audit documentation as to why they have not followed the guidance. AGNs are in no way intended as a substitute for the exercise of the independent professional skill and judgement of a local auditor in deciding how to apply the NAO's guidance or when providing explanations as to why guidance has not been followed.

Local auditors should not assume that AGNs are comprehensive or that they will provide a definitive answer in every case.

OFFICIAL

How is value for money work changing ?



VFM arrangements commentary and recommendations

The three criteria have changed…

~~Informed decision making~~

~~Sustainable resource deployment~~

~~Working with partners and other third parties~~

Governance

Financial sustainability

Improving economy, efficiency and effectiveness

A key change in reporting…

~~Annual Audit Letter~~

Auditor's Annual Report

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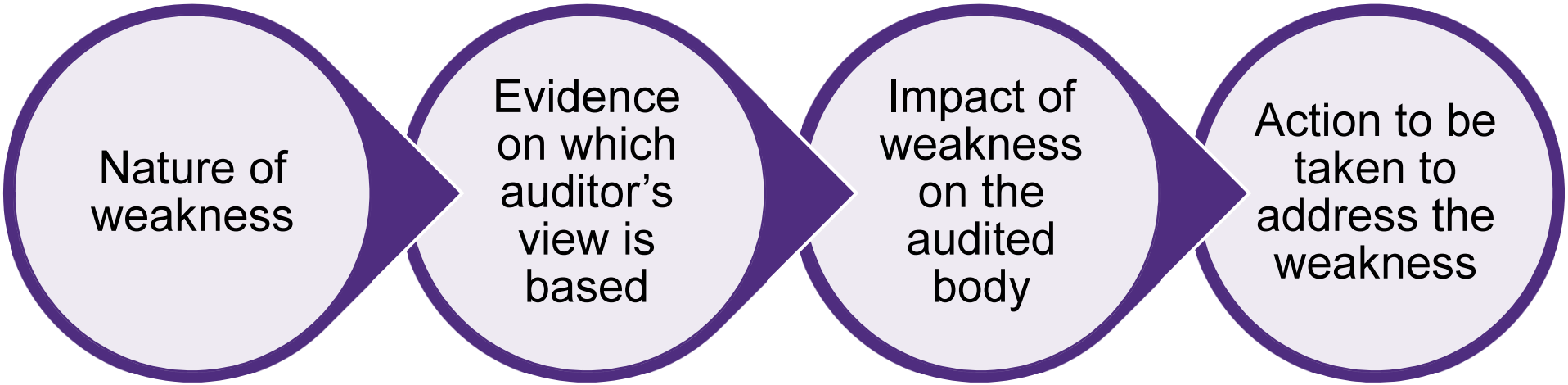
So what is in an Auditor's Annual Report ?

- Commentary on arrangements
- Recommendations
- Progress in implementing recommendations
- Use of additional powers
- Opinion on the financial statements

Recommendations



Practical implications

The new approach is more complex, more involved and will lead to better quality working achieving more impact. Before beginning work, we will discuss with you:

- Timing
- Resourcing
- Fees

Q&A

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Report to Audit and Governance Committee

Date: 24th March 2021

Title: Adoption of new Council Accounting Policies

Relevant councillor(s): N/A

Author and/or contact officer: Paul Earley

Ward(s) affected: N/A

Recommendations: Members are requested to

(i) Note and adopt the new accounting policies for the Council.

Content of report

Accounting Policies

1.1 General Overview

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end 31st March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

Activity is accounted for when it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed and where there is a gap between the date supplies are received and their consumption, these are included as inventories in the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined in the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor/creditor for the is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Provisions

Provisions are made where an event has taken place that gives a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income & Expenditure Statement (CIES) when the Authority has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation taking into account relevant risks and uncertainties. When payments are eventually made, these are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at each year-end and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

1.4 Overheads and Support Services

The cost of overheads and support services are managed separately, therefore these service segments are reported separately in accordance with the Council's arrangements for accountability and financial performance.

1.5 Employee Benefits (Benefits Payable during Employment)

Short-term employee benefits are settled in full within 12 months of the year-end. Benefits include wages and salaries, paid annual leave, paid sick leave bonuses and non-monetary benefits for current employees and are recognised as a service cost in the year in which employees render service. An accrual is made for the holiday entitlement cost (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry to the next financial year. The accrual is made at the wage and salary rates applicable in the following year as the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but is then reversed out through the Movement in Reserves Statement (MiRS) so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

1.6 Employee Benefits (Termination)

Termination benefits are due following a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits, and are charged on an accruals basis to the relevant service expense line in the comprehensive income and expenditure statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises restructuring costs. When termination benefits involve pensions enhancement, the general fund balance is charged with the amount payable to the pension fund or pensioner in-year, not the amount calculated according to the relevant accounting standards. In the MiRS, appropriations are required to/from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and these are replaced with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year-end.

1.7 Employee Benefits (Post-Employment Benefits-Local Government Pension Scheme)

Employees of the Council are members of three separate pension schemes:

- the Local Government Pensions Scheme (LGPS), administered by Buckinghamshire Council
- the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education
- the NHS scheme

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the authority.

For LGPS members' retirement benefits, statutory provisions require the General Fund to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year as distinct from the amount calculated according to the relevant accounting standards. In the MIRS there are appropriations to and from the Pensions Reserve to remove the debits and credits for retirement benefits charged in the CIES and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows, rather than as benefits as earned by employees.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the balance sheet.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme administered by Buckinghamshire Council.

The liabilities of the Buckinghamshire Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis, using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections or projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate determined by the Actuary (based on the market yields on high quality corporate bonds).

The assets of Buckinghamshire Council pension fund attributable to the Council are included in the Balance Sheet at their fair value, using the following methods:

- Quoted Securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

The change in the net pension's liability is analysed into the following components:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the services for which the employees worked.
- Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment, whose effect relates to years of service earned in earlier years, debited or credited to the Surplus or Deficit on the Provision of Services in the CIES.
- Net Interest Cost – the expected change in the present value of net liabilities that arises from the passage of time, charged to the Financial and Investment Income and Expenditure line in the CIES.
- Return on Assets – excluding amounts included in net interest on the net defined benefit liability, charged to the Financial and Investment Income and Expenditure line in the CIES.
- Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumption, debited/credited to the Pensions Reserve.
- Contributions paid to Buckinghamshire Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year as distinct from the amount calculated according to the relevant accounting standards.

In the MiRS, there are appropriations to and from the Pensions Reserve to remove the debits and credits for retirement benefits charged in the CIES and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows, rather than as benefits earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.8 Employee Benefits (Discretionary Benefits)

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that have been applied to the LGPS.

1.9 Property Plant and Equipment - Definition

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes, and that are expected to be used during more than one financial year, are classified as PPE.

1.10 Property, Plant and Equipment (PPE) - Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure in excess of £10,000 on fixed assets is capitalised. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

1.11 Property, Plant and Equipment (PPE) - Measurement

Assets are initially measured at cost, comprising:

- The purchase price

- Any costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Council does not capitalise borrowing costs incurred whilst assets are under construction. Assets are then carried into the Balance Sheet using the following measurement basis:

  - Infrastructure, community assets, plant, vehicles and equipment and assets under construction – historical cost
  - All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value, because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Assets in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are booked within the Revaluation Reserve to recognise unrealised gains. In-year gains will be credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

- Where there is an opening balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain);

- Where there is no balance or an insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line

Assets included in the balance sheet at current value below £10m are revalued on a rolling basis within a five-year time-frame. Assets with a current value over £10m are revalued annually. Increases in valuations are matched by credits in the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of an impairment loss previously charged to a service revenue account.

1.12 Property, Plant and Equipment (PPE) - Impairment

Material assets are assessed at each year-end for impairment. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance on the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the relevant CIES line.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant CIES service line up to the amount of the original loss adjusted for depreciation that would have been charged if the loss had not been recognised.

1.13 Property, Plant and Equipment (PPE) - Depreciation

Depreciation is accounted for on all PPE assets by the systematic allocation of their depreciable amounts over the useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold and certain Community Assets), and assets that are not yet available for use (i.e. assets under construction). Newly acquired or completed assets are depreciated in the year following acquisition or completion.

Depreciation is calculated on the straight-line allocation over the useful life of the asset.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

1.14 Property, Plant and Equipment (PPE) - Disposals

When an asset is disposed of or decommissioned, the carrying amount in the Balance Sheet is written off to Other Operating Expenditure in the CIES as part of the gain/loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES. When a component is replaced, the carrying amount of the old component is derecognised and the new component reflected at cost in the carrying amount of the overall asset. Such recognition and de-recognition takes place regardless of whether the replaced part has been depreciated separately. Any revaluation gains accumulated for the asset or component in the Revaluation Reserve are transferred to the Capital Adjustment Account. Disposal amounts in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce underlying borrowing needs. Receipts are appropriated to the Capital

Receipts Reserve from the General Fund in the MiRS. Where the amount due in relation to the asset (including leased assets) is contingent on payments in future financial years, this is posted to the Deferred Capital Receipts Reserve in the MiRS and a long-term trade receivable is created in the Balance Sheet. Such gains are not usable for financing new capital expenditure until backed by cash receipts. When future payments are received, the element of the capital receipt for the asset disposal is used to write down the long-term trade receivable. At this point, the Deferred Capital Receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund in the MiRS.

1.15 Investment Properties

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which an asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are properties with a carrying value over £250k are revalued as part of an annual programme while properties with a value less than £250k are revalued as part of a five-year rolling-programme, according to market conditions at the end of the year. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund. The gains and losses are therefore reversed out of the General Fund in the MiRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve. Rentals received in relation to investment properties are credited to Financial and Investment Income and result in a General Fund gain.

1.16 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets in-year:

- depreciation attributable to the assets used by a service;
- revaluation and impairment losses on assets used by a service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to a service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, impairment losses and amortisations are therefore replaced by the MRP in the MiRS on the general fund balance, by way of an adjusting transaction within the capital adjustment account for the difference between the two.

1.17 Intangible Assets

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. In practice, no intangible asset held meets this criterion, and they are therefore carried at amortised cost. Intangible assets are amortised over their useful lives to the relevant service line in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are posted to the relevant service line in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the net loss on disposal of non-current assets line in the CIES.

1.18 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred in-year that may be capitalised under statutory provisions that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in-year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MiRS from the general fund to the capital adjustment account then reverses the amounts charged to ensure no impact on the council tax level.

1.19 Heritage Assets

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, eg when an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

1.20 Valuation Techniques used to Determine Fair Values

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available are used so as to maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for

which fair value is measured or disclosed are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset/liability.

1.21 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.22 Inventories & Long Term Contracts

Inventories are included in the balance sheet at the lower of cost & net realisable value.

Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

1.23 Financial Assets

Assets are classified into three types –

1. Amortised Cost - valued at Amortised Cost in Balance Sheet, movements in Amortised Cost are debited/credited to the Surplus or Deficit on the Provision of Services,
2. Fair Value through Profit and Loss (FVTPL) - Fair Value in Balance Sheet, all gains and losses posted to Surplus or Deficit on the Provision of Services,
3. Fair Value through Other Comprehensive Income (FVOCI) - Fair Value in Balance Sheet, movements in amortised cost debited or credited to Surplus or Deficit on the Provision of Services with Fair Value movements debited or credited to Other Comprehensive Income and Expenditure

1.24 Financial assets measured at amortised cost

Financial assets at amortised cost are recognised in the balance sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially

measured at fair value. They are subsequently measured at amortised cost. Annual credits to the financing and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the balance sheet is the outstanding principal receivable plus accrued interest, and interest charged to the CIES is the amount receivable for the year.

1.25 Financial Liabilities

Financial liabilities are recognised in the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at amortised cost. Annual charges to Financing & Investment Income and Expenditure in the CIES for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. For most of the Council's borrowings, this means that the Balance Sheet captures the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Premiums and discounts on the early redemption of loans are charged to the CIES when incurred but Regulations allow the impact on the General Fund to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund is managed by a transfer to/from the Financial Instruments Adjustment Account in the MiRS.

1.26 Government Grants and Contributions

Amounts recognised are not credited to the CIES until the conditions attached to the grant/contribution have been satisfied. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (Creditors or Capital Grants Receipts in Advance). When conditions are satisfied, the grant or contribution is credited to the relevant service segment line (revenue grants and contributions attributable to specific services) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES. Where revenue grants that have been credited to the CIES are intended to meet specific service expenditure that has not yet been incurred, an equivalent amount is transferred from the General Fund to an Earmarked Reserve in the MiRS. A transfer is made in future years to match expenditure as it is incurred.

Where capital grants are credited to the CIES, these are reversed out of the General Fund in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to

the Capital Grants Unapplied Reserve. Amounts in the Capital Grants Unapplied Reserve are then transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.27 Classification of Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the PPE from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for the payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies generally applied to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, Property, Plant and Equipment held under finance leases are funded in accordance with statutory requirements. Depreciation and

revaluation and impairment losses are therefore removed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are

therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Council grants an operating lease over property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a premium paid or discount offered at the commencement of the lease). If material initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.28 VAT

VAT payable is included as an expense to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

1.29 Community Infrastucture Levy (CIL)

The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy. The income is used to fund a number of infrastructure projects (including transport, flood defences and schools) to support the development of the area. CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure

1.30 Events after the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that have occurred between the balance sheet date and the date when the statement of accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the balance sheet date – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the balance sheet date – the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

1.31 Materiality and Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of financial performance.

1.32 Contingent Assets

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.33 Contingent Liabilities

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.34 Accounting for Council Tax and Non-Domestic Rates (NDR)

Billing authorities act as agents collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including Government for NDR) and as principals collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection/distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central Government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted. The council tax and NDR included in the CIES is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the MiRS. The Balance Sheet includes the Authority's share of the year-end balances for council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed of determinable payments), the asset is written down and a charge made to Financing and Investment Income in the CIES. The

impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.35 Schools

The Code confirms that the balance of control for local authority maintained schools (ie those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the group accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

1.36 Interests in companies and other entities

The Council has material interests in Aylesbury Vale Estates, Consilio Property Ltd, Farnham Park Sports Fields Charity and Higginson Park Trust. In the Council's own single-entity accounts this interest is recorded as a financial asset at cost less any provision for losses.

1.37 Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund in the MiRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in-year against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund in the MiRS so that there is no net charge against Council Tax for the expenditure. Unusable reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council.

Other options considered

1.38 N/A

Legal and financial implications

1.39 All local authorities are required to agree their accounting policies and include these within the statement of accounts.

Corporate implications

1.40 The accounting policies are in line with accepted best practice.

Consultation and Communication

1.41 None.

Background papers

None

Report to Audit and Governance Committee

Date:	24 March 2021
Title:	Annual Report to Council
Relevant councillor(s):	Cllr Richard Newcombe
Author and/or contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	**To recommend that the Annual Report be presented to the next Council meeting**
Reason for decision:	N/A

1. Executive summary

1.1 This annual report has been prepared to inform Buckinghamshire Council of the work carried out by the Council's Audit and Governance Committee during the financial year. The content and presentation of this report meets the requirements of the CIPFA Audit Committees Guidance 2018 to report to full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

1.2 Buckinghamshire Council is in a unique position in that it came into existence under lockdown conditions and the whole of its first year has been dominated by the impact of Covid-19.

2. Content of report

2.1 The Audit Committee is a key part in the Council's governance framework to provide an independent oversight on the effectiveness of the Council's governance, risk, financial management, and internal control arrangements.

2.2 The Audit and Governance Committee has met five times during the year:

1. 10 June 2020
2. 29 July 2020
3. 18 November 2020
4. 27 January 2021
5. 24 March 2021

2.3 At each meeting we have reviewed our Forward Work Programme ensuring the work mirrors the level of risks and priorities of the Council. Any actions raised during previous Committee meetings are reviewed for completeness.

2.4 Throughout the year, the Committee has continued to receive valued professional reports, support and advice from Corporate Finance, Treasury Management, Risk Management, Procurement, Internal Audit and from our External Auditors.

2.5 20/21 has been an extraordinary year due to the launch of the new unitary council on 1 April 2020, and as a result, the Audit and Governance Committee has overseen the auditing of the accounts for the five legacy authorities.

2.6 All sets of accounts were given a clean bill of health by the external auditors, and credit must be given to the finance officers who achieved this despite the challenges of both the impact of the Covid-19 pandemic, and also the loss of key knowledge through the departure of senior finance staff from the legacy authorities.

2.7 The Audit and Governance Committee also reviewed the Annual Governance Statements for each of the five legacy authorities in order to assess whether they properly reflected the risk environment and whether the content was consistent with the evaluation of the internal controls and governance arrangements during the year.

2.8 In addition, the Committee reviewed the five legacy authorities Treasury Management Annual Reports.

2.9 The Committee approved the terms of reference for Internal Audit (Internal Audit Charter) and the Business Assurance Strategy and Annual Audit Plan.

2.10 The delivery of the Internal Audit Plan was prevented because key members of the Business Assurance team were redeployed in response to the Covid-19 pandemic. However, planning has continued and it is currently expected that the Internal Audit plan will be delivered in the next municipal year.

2.11 Priorities have been reviewed regularly, and the plan has remained fluid to allow for assurance activity to take place in the highest risk areas. The Audit Manager has been leading on the assurance arrangements over the Covid-19 grants received by

Buckinghamshire Council, and the Investigations Team have assisted with the controls over the payments of business grants.

2.12 The Risk Management Group is a sub-group of the Audit and Governance Committee and has met five times during the financial year. It will meet for a sixth time on 12th April – before the Council on 21st April 2021. The group review the strategic and directorate risks facing the authority and the internal controls and governance in place to manage those risks to demonstrate how risk management is embedded within Services.

2.13 The Audit and Governance Committee undertook the scrutiny role for the development of future Treasury Management strategy prior to its presentation to Council for approval. 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.

2.14 The Chair of the Audit and Governance Committee would like to thank members and officers who have supported the work of this Committee by presenting, discussing, challenging, and debating solutions to the governance, risk, financial, and control environment of the Council.

3. Other options considered

3.1 N/A.

4. Legal and financial implications

4.1 There is regular review of financial risks through the Risk Management Group and the Audit and Governance Committee also considered the value for money conclusions of the external auditors.

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 N/A

9. Background papers

9.1 Audit and Governance Committee agendas.

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.

Report to Audit and Governance Committee

Date:	24 March 2021
Title:	**20/21 Business Assurance Strategy update (including Audit Plan)**
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 note the report.**
Reason for decision:	N/A

1. Executive summary

1.1 This report provides members with an update on progress against the approved 20/21 Business Assurance Strategy, including the Internal Audit Plan.

2. Content of report

2.1 Please see report at Appendix 1.

3. Legal and financial implications

3.1 None.

4. Corporate implications

4.1 None

5. Local councillors & community boards consultation & views

5.1 N/A

6. Communication, engagement & further consultation

6.1 N/A

7. Next steps and review

7.1 The next update will be in the form of the 20/21 Annual Audit Opinion to be presented to members at the next meeting of the Audit and Governance Committee.

8. Background papers

8.1 20/21 Business Assurance Strategy**.**

9. Your questions and views (for key decisions)

9.1 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.

Audit and Governance Committee

Business Assurance Update 2020/21

March 2021

1. Introduction

1.1 The Business Assurance Team is responsible for implementing the Council's Assurance and Risk Strategy through delivery of work programmes covering the following areas of activity:

- Internal Audit;
- Risk Management;
- Counter Fraud; and
- Assurance.

1.1 This report outlines the work being undertaken by the Business Assurance Team for the year ending 31 March 2021. The 20/21 Internal Audit, Risk Management, Counter Fraud and Assurance work plans were produced with reference to the Strategic and Service Risk Registers from the sovereign councils. The plans were prepared in consultation with Senior Management including the Chief Executive, Corporate Directors, S151 and Monitoring Officers from the sovereign councils to ensure completeness and to capture any further input from the Leadership Team. Whilst plans were agreed for 20/21 due to the global pandemic the team had to re-prioritise agreed activities as a number of officers were redeployed to support the Councils response to the Covid-19.

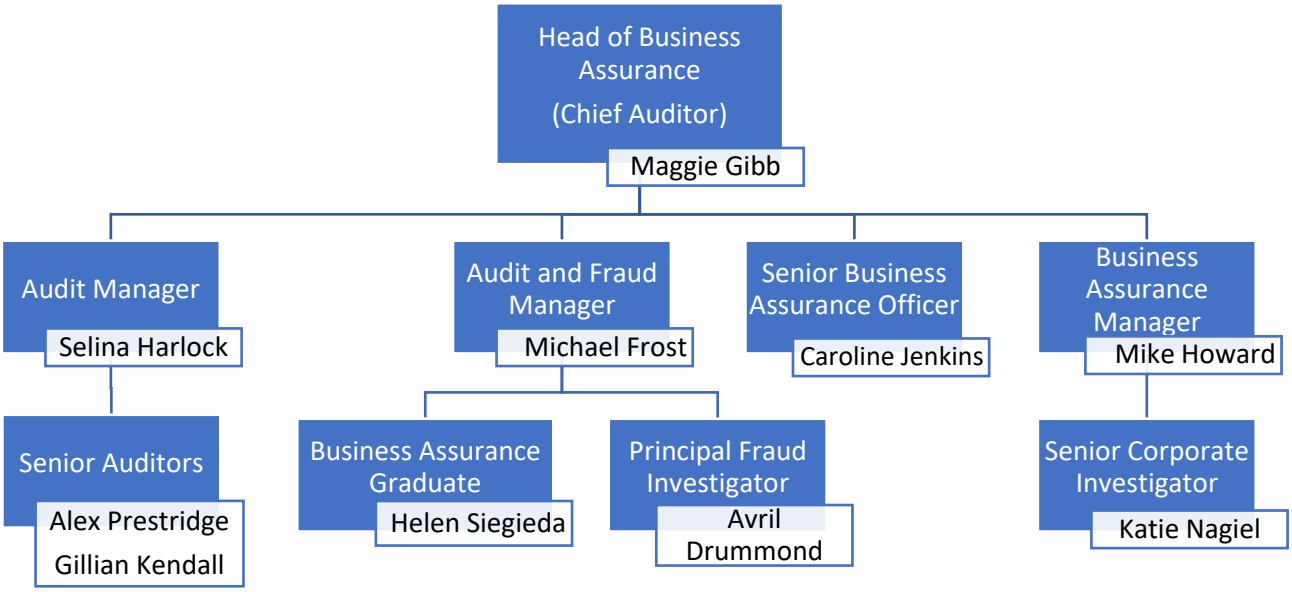
1.2 We continue to work towards a combined assurance model using the "three lines of defence" approach, with Internal Audit operating as the third line of defence. The first line of defence is achieved by the management controls and systems within each of the services, and the second line of defence from the professional leads responsible for monitoring the key governance frameworks such as finance, HR, technology, contract management and decision making. Progress towards embedding this model has been delayed in 20/21 due to the global pandemic, however we are working towards embedding this into the governance reporting process during 21/22, which will include reporting to the Directorate Boards, Corporate Management Team and the Audit and Governance Committee.

1.3 Our plans continue to be dynamic in nature and are reviewed and realigned on a regular basis to take account of new, emerging and changing risks and priorities. The plans have been particularly fluid during 21/22 due to the Covid-19 pandemic.

1.4 In Q3 and Q4 the team has continued to make good progress against plans, to respond and re-prioritise work based on availability and capacity across the Council. Whilst progress is being made to deliver the Business Assurance work plans which help ensure that there is an appropriate governance and control framework in place and that risk management is embedded across the Council; the team has continued to assist with the Covid-19 response, recent support included helping with the surge testing.

2. Resources

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



3. Risk Management

3.1 The Business Assurance Team has continued to embed risk management across Buckinghamshire Council and with all Directorate risks identified being uploaded onto Pentana, the corporate risk management system. This process has been complimented by a series of risk management training sessions that have been delivered across the organisation to ensure that officers are aware of their roles and responsibilities in relation to risk management. We have begun a further review of risks to ensure that the magnitude of risks is understood and that there are appropriate internal controls and/or actions undertaken to mitigate risks and address some of the risk gaps identified. This work will continue during 21/22.

3.2 As well as the business as usual activities, the Business Assurance team has continued to deliver a reporting framework for Covid-19 risks. Risks are identified through Covid-19 'cells' and reported to the Corporate Management Team and the Risk Management Group on a regular basis.

3.3 The Risk Management Group (RMG) meets approximately every six weeks, with a rolling programme of "deep dive" risks reviews for each of the Directorates. The last Risk Management Group meeting was held in March 2021 where the Communities Directorate presented their key risks.

4. Internal Audit

4.1 The Internal Audit function, supported by Mazars (through the APEX London Audit Framework) has been progressing with the delivery of the approved 20/21 audit assignments. The original 2020/21 Internal Audit Plan was reviewed and updated following the impact of the Covid-19 pandemic on both the risk profile of the organisation and the resources to deliver the internal audit activity. As at the end of February 2021, 12 grant claim validation reviews have been completed; 12 audits are currently at draft report stage; and three audits are at the fieldwork stage.

4.2 Whilst we have an agreed Internal Audit plan which was approved as part of the Business Assurance Strategy, we continue to apply a fluid approach in the delivery of the plan. The Internal Audit activity is continuously reviewed and amended as required and remains flexible to react to emerging issues/ risk and pressures from Covid-19.

4.3 Since Q3 the Internal Audit Team has been providing assurance over the Covid-19 grant funding being received from central government. Due to the pace at which activities were moving, the allocation and utilisation of the grants had been left to the relevant Service and there was no clear process for monitoring and having oversight of all the funding received. What became apparent was that there was a risk of overlap in the activities/schemes that were being delivered by the various grants. As such this could have an impact on how the Council was maximising the funding thus increasing the probability of some grants not being fully utilised.

4.4 It is widely recognised that it has been difficult to keep a track of all the funding being received from the various government departments due to the varying means by which the grants are announced and received. In a recent email from MHCLG they provided a summary of funding for each Local Authority based on their "current best understanding". Upon review we found that this summary was incomplete. Internal Audit have put in place a comprehensive 'Grant Register' framework to track all grants that have been received and undertaken deep dives for each grant to ensure that funding is being maximised and spent in line with the grant conditions.

4.5 As at the end of February 2021, the Council has received 50 grants to support with the Council's Covid-19 response. Whilst the majority of the grants are not S31 ringfenced, they are however supported by specific conditions that limit how the funds are to be spent and are therefore fundamentally "ringfenced". Due to these loose conditions it is in many cases unclear if there are clawbacks on some

of the grants, therefore we have taken a prudent approach and working with the assumption that there will be clawbacks as many of the grants require a return or a reconciliation at year end. Deep dives are being undertaken for each grant to ensure that there are plans in place to fully utilise the funds and avoid returning unspent balances back to central government. Risks and opportunities are being reported on a weekly basis to the Heads of Finance, Service Director – Service Finance (Deputy S151) and Deputy Chief Executive. Monthly reports are presented to CMT providing an update on spend against each grant and highlighting any areas of risk or concern.

4.6 Prior to this Internal Audit work, Directorates were monitoring the Covid-19 grants as part of their general budget monitoring activity. However, due to the sporadic announcements and allocation of grants from government along with the loose conditions associated with the funding, it became essential that we monitor the grants centrally to ensure complete and effective utilisation of the funds. By putting in place a Grant Register and a clear reporting process Internal Audit are now provided greater visibility for all Covid-19 funding being received and continues to highlight risks and opportunities via the weekly reporting to ensure prompt action is taken. Due to the significant values, and the intense resource requirements, this work will form a significant part of the 20/21 Annual Audit Opinion.

4.7 In Q3 and Q4 the Business Assurance Team has continued to report to each Directorate SLT to ensure that senior management are aware of the audits in the plan, proposed time scales for delivery and any changes that are to be made to the original plan. The Audit Board, chaired by the Service Director for Corporate Finance (S151), continue to review progress against the Business Assurance Strategy, in particular delivery of the Internal Audit Plan where they considered and approved the requests for deferring some audit activity and the resulting impact on resourcing the current plan. See **Appendix A** for the changes to the original 20/21 Internal Audit Plan.

4.8 The team are now working towards developing the Internal Audit Plan for 21/22 and are liaising with each Directorate to understand priorities and risks in the Services that enable the identification of key audit areas to be included in the plan. An Audit Plan will be developed for each Directorate and presented to each Directorate SLT, to the Audit Board and to CMT to ensure the plan considers service and strategic risks/ priorities. The proposed plan will be reported to Audit and Governance Committee for formal approval in May 2021.

4.9 The Internal Audit function has an audit tool, 'Pentana', that is used for maintaining files and working papers and for capturing management actions (audit recommendations). At present the Pentana system only holds the open management actions for legacy BCC, and those from the legacy districts were being managed via spreadsheets. In Q2 and Q3 Internal Audit reviewed and followed up all 67 actions from the legacy districts and confirmed that all have been fully implemented or were superseded by new processes. For example, many finance actions were no longer relevant as the legacy financial systems are no longer used, therefore processes have changed in line with the SAP financial system. There were 151 open actions from legacy BCC and 49 of overdue with 40 actions relating to seven school audits. The overdue actions fell due at the end of December 2020, however due to national lockdown and pressures on schools a decision was taken to pause the follow-up of these actions. The outstanding management actions will be followed up once schools are open again. See **chart 1** below for a summary on the status of those legacy BCC actions. The nine non-school related overdue audit actions are owned by officers who are heavily involved in the Covid-19 response and the follow up has been deferred until April 2021.

Chart 1: Total number and status of management actions for legacy BCC

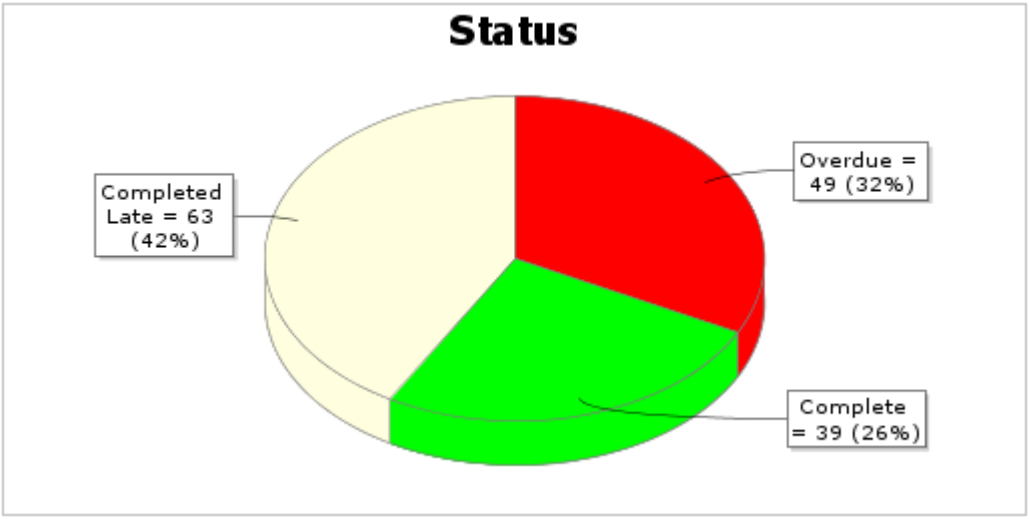


Chart 1: Total number and status of management actions for legacy BCC

The Business Assurance team continue to monitor the implementation of all open actions and progress on the management actions are regularly reported to Directorate SLTs, CMT and to the Audit and Governance Committee.

5. Business Assurance

5.1 The Business Assurance Team continue to provide quarterly reporting to central government on specific Covid-19 grants that are administered by the Revenues and Benefits Team. Post payment assurance is required and through review of payments and the returns being submitted Business Assurance are able to provide this independent assurance each quarter.

5.2 Assurance is also being provided on the final reconciliations for the grants prior to the submissions to central government departments. Through these reviews, recommendations are being made for how the administration, management and reporting of the grants can be improved to reduce the risk of error and enable effective and efficient reporting.

5.3 In Q4 Business Assurance have been commissioned to undertake a full review of key financial processes that are in place to understand our finance systems architecture. This work will consist of walkthroughs and process mapping on key functions to ensure complete understanding of how the SAP system is being utilised. This work will feed into the continuous improvement work that is in-progress within Finance and will be crucial input for the procurement of the new Enterprise Resource Planning system.

6. Counter Fraud

6.1 The primary responsibility for the prevention and detection of fraud, corruption and theft rests with Senior Management. The Business Assurance Fraud Team is responsible for developing and implementing the Anti-Fraud and Corruption Policy. All suspicions of theft, fraud and irregularity should be reported to the Chief Internal Auditor, in accordance with the policy. The Fraud Team 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 are monitored to ensure 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.

6.2 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.

6.3 The Counter Fraud Team have been working closely with the Revenues and Benefits Teams to investigate any potentially fraudulent Business Rate Grant Claims. Below is a summary of the cases that the team have dealt with:

Business Rate Grant applications referred to Business Assurance	47
Additional Restrictive Grants applications referred to Business assurance	22
Number failed risk assessment (deemed to be low risk and so not investigated, or closed after initial investigation)	23
Number investigated (BRG and ARG)	46
Number of potential prosecution claims	10
Number of prosecution files being prepared for legal services as of 31 December 2020	4 Awaiting a court date for the 1st prosecution

6.4 Other cases currently under investigation as follows:

- Council Tax Reduction cases: received fourteen and investigating nine.
- Single Person Discount cases: received five and investigating four.
- Discretionary grants: received three and investigating three with one a possible prosecution.
- Disabled Facilities Grant: received one but not investigated due to admission of guilt.
- Housing Fraud cases: received seven and investigating seven (one of which is a house of multiple occupancy (HMO), with two potential prosecutions. Audit and Fraud Manager attended Bucks Housing Forum to promote joint working and investigations (35 attendees). Meetings pending for Vale of Aylesbury, Paradigm Housing, and Red Kite Housing.
- Blue Badge case received one and investigated one with prosecution pending.
- Insurance fraud cases received one and investigated one
- Phishing scams or attempts: 12

6.5 A Fraud Risk Register has been developed. The Fraud Risk Register considers the key fraud risks for each service. This will ensure where possible that risks have been identified and mitigation controls are in place for each identified risk. The Fraud Risk Register was reported to the Risk Management Group in March 2021.

6.6 We have several investigations that are in progress across the Council and updates are reported to the respective Service Directors and formally to the Statutory Officers Group.

6.7 Fraud awareness training sessions are being delivered across the Council, and the training is tailored to the respective teams receiving the training to help ensure greater understanding of risks and how to detect and report suspected fraud.

Appendix A: 20/21 Internal Audit Plan

Directorate	Service	Audit Title	Revised Days 20/21	Notes
Deputy Chief Executive	**Corporate**	Governance	0	To be delivered through work with Corporate Governance Manager and Assurance Framework
	Corporate	Business Cases	0	Deferred to 21/22
	Corporate	Budget Management	20	Deferred to 21/22
	Corporate	Grants	40	High priority on-going
	Corporate	Post Payment Assurance Plan	40	On-going; looking at assurance that we have taken reasonable steps to ensure that payments are made to legitimate clients.
	Corporate	Covid-19 Response	40	On-going, this will include looking at supplier payments/emergency payments/decision making process etc
	PP&C	Information Governance	20	Draft reporting stage
	PP&C	Consultations	0	Deferred to 21/22
	PP&C	GDPR	0	Deferred to 21/22, new accountability framework from ICO will need to be implemented so service would like this to be included next year.
	L&SP	Community Boards	0	Deferred to 21/22
	L&SP	Lottery	10	Draft reporting stage

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	L&SP	Devolution Funding	15	Deferred to 21/22
	SI	Transformation/projects	50	High priority - Service Reviews Assurance
	L&D	Legal Services	0	Deferred to 21/22
	L&D	Elections	0	Deferred to 21/22 due to canvassing currently in progress, election preparation is in progress and service review has commenced.
Resources	**Finance**	Treasury Management	15	Draft reporting stage
	Finance	Pensions	5	Deferred to 21/22. There are no process changes and no signification findings have been highlighted in the last few audits, therefore a follow-up of the open audit actions will be undertaken.
	Finance	Accounts Payable	20	Draft reporting stage
	Finance	Accounts Receivable	20	Draft reporting stage
	Finance	Capital Programme	0	Deferred to 21/22 as new governance process is being put together and a review is in progress led by Mark Preston, review to be undertaken once governance arrangements have been embedded
	Finance	General Ledger	15	Draft reporting stage
	Finance	Purchasing Card	15	Fieldwork in-progress

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Finance	Contract Management	40	Deferred to 21/22, some contract management assurance being provided via the Leisure Contracts Audit.
	Finance	SAP	40	High priority - being delivered partially through Finance Task and Finish Group
	Finance	Debt Management	20	Draft reporting stage
	Finance	CTRS/HB	25	High priority (Q4)
	Finance	Council Tax	25	High priority (Q4)
	Finance	NNDR	20	High priority (Q4)
	Finance	Feeder Systems	30	Fieldwork in progress
	HR	Payroll	20	Draft reporting stage
	HR	Contracts	0	Cancelled - No longer required as contracts are not manual as initially thought
	HR	Apprenticeship Levy	0	Deferred to 21/22
	HR	SAP Migration (Payroll)	0	Included in the payroll audit
	HR	IR35	0	Deferred to 21/22. IR35 audit was completed during unitary readiness and High Cost Interim are under scrutiny through CMT, plus there is currently a recruitment freeze.

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Business Ops	Business Continuity	0	BCP are currently under regular review due to Covid - review 21/22
	Business Ops	Blue Badges	0	Deferred to 21/22not critical as processes have largely remained unchanged.
	Business Ops	End to End Processes/Reviews (e.g. Revs & Bens/CBS/Services to Schools)	0	Deferred to 21/22 (assurance to be provided though Service Reviews)
	ICT	Network/Cyber Security	25	In progress
	ICT	21/22 Audit Needs Assessment	20	Q4
	ICT	Remote Working	20	High priority Q4
Communities	**Neighbourhood Services**	Taxi Licensing	0	Deferred to 21/22 review to be undertaken after harmonisation of policies and service review has been completed.
	Neighbourhood Services	Street Cleansing	0	Deferred to 21/22
	Neighbourhood Services	Waste Collection Contract	15	Draft reporting stage
	Neighbourhood Services	Crematorium	0	Deferred to 21/22, the predominant reason for this is that the service is gearing up to respond to a second covid19 peak and they are anticipating a period of increased demand on top of a normal already high demand winter period. Proposed the audit be undertaken in Q1 after new Crematorium Service Manager has been in post.

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Highways & Technical	Parking	15	Deferred to 21/22
	Highways & Technical	Transport for Bucks (Street Works)	15	Draft reporting stage
	Transport	Integrated Transport	15	To be postponed as the new system will not be implemented until 20/21 and service do not have capacity to support an audit. Focus will be on follow up on audit actions raised last year full end to end review for next year.
	Culture, Sport and Leisure	Leisure Contracts	15	Fieldwork in progress
	Culture, Sport and Leisure	Events Management	0	Deferred to 21/22
	Culture, Sport and Leisure	Libraries and Archives	0	Deferred to 21/22
Planning, Growth & Sustainability	**Planning & Environment**	CIL/Section 106	15	Deferred to 21/22 – Service review in progress
	Planning & Environment	TBC	0	Deferred to 21/22 (assurance to be provided though Service Reviews)
	Property and Assets	Wycombe Old Library	0	To be covered under Project Governance
	Property and Assets	Health and Safety	10	Deferred to 21/22
	Property and Assets	Project Governance	15	Deferred to 21/22

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Housing & Regulatory Service	Enforcement (housing)	0	Deferred to 21/22 as the service is getting ready for their service review - homelessness is higher risk
	Housing & Regulatory Service	Homelessness/Temporary Accommodation	15	Deferred to 21/22 – Service review in progress
	LEP	LEP	20	Deferred to 21/22
Adults & Health	**All**	Budget Management	0	To be included in Corporate Budget Management Audit
	All	Income Processes	0	Deferred to 21/22, income levels are lower due to Covid and this is being tracked closely for inclusion in the loss of income compensation claim
	All	Savings Plans	0	Deferred to 21/22
	Adult Social Care	Implementation of Medications Policy - Commissioning	0	Audit completed in 19/20 follow up will be undertaken in 21/22
	Adult Social Care	Implementation of Medications Policy - In-house services i.e. Seeleys	0	Due to Covid in-houses services were closed, defer to 21/22
	Adult Social Care	Deprivation of Liberty Safeguard - DoLS	0	Follow-up of audit actions to be undertaken - process remains the same as the new guidance has not yet been received.
	Adult Social Care	Interface - Hospital Discharges and Social Care	0	Deferred to 21/22
	PH, Early Help & Prevention	TBC		Deferred to 21/22

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Quality Standards & Performance	Quality Assurance Framework (QAF)	0	Deferred to 21/22
	Integrated Commissioning	Integrated Commissioning Governance	0	Deferred to 21/22 Team impacted by Covid
	Integrated Commissioning	Forward Planning	0	Deferred to 21/22
	Integrated Commissioning	Choice and Charging Policy	0	Deferred to 21/22, Policy is not live yet – impacted by Covid
	Integrated Commissioning	Self-Funders	0	Replaced with the Choice and Charging Policy per service request
Children's Services	**Social Care**	Case Management - Throughput of Case Loads	0	Deferred to 21/22
	All	HR Processes (incl. recruitment, disciplinaries & grievances)	20	Deferred to 21/22
	Social Care	Social Work England Information Requests	0	Deferred to 21/22
	All	Safer Recruitment	0	Deferred to 21/22
	Education	SEND - Complaints	10	Replaced with Appeals and Tribunals Audit – Draft reporting stage
	Education	SEND - SARs	10	
	Education	Early Years - Entitlement for 2/3/4 yrs. and Claims Payments	0	Deferred to 21/22

Directorate	Service	Audit Title	Revised Days 20/21	Notes
	Social Care	Commissioning of Residential placements	0	Deferred to 21/22
	Social Care	Insurance - Compliance	10	Draft reporting stage
	Education	Schools - Thematic Review	70	Deferred to 21/22

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Report to Audit and Governance Committee

Date:	24 March 2021
Title:	**2021/22 Internal Audit Plan**
Relevant councillor(s):	**N/A**
Author and/or contact officer:	Maggie Gibb – Head of Business Assurance (& Chief Auditor), 01296 387327
Ward(s) affected:	**N/A**
Recommendations:	**To note the report**
Reason for decision:	N/A

1. Executive summary

1.1 This report presents the proposed approach for the 2021/22 Internal Audit planning process.

2. Content of report

2.1 Members will be aware that the majority of the 2020/21 Internal Audit Plan had to be deferred due to the impact of the Covid-19 pandemic.

2.2 The Internal Audit plan always has to remain dynamic in nature and be realigned on a regular basis to take account of new, emerging and changing risks and priorities. The plans have been particularly fluid during 2020/21 due to several Covid-19 related assurance requirements such as grant income verification work and post-payment assurance for business grant payments. In addition, some of the Internal Audit resource were redeployed to support the response to the pandemic.

2.3 The 2021/22 Internal Audit planning process is in progress and will be discussed with Corporate and Service Directors before being presented to the Corporate Management Team for agreement.

2.4 The planning process will involve a review of key priorities and risk registers for each of the Directorates.

2.5 The 2021/22 Internal Audit Plan will be presented to the Audit and Governance Committee for approval at the first meeting in the new financial year.

2.6 During Q1, we propose to start delivering the deferred 2020/21 Internal Audit activity, in agreement with the relevant Service Director. The priority of each of the deferred audits will be assessed in consultation with the service.

2.7 The Covid-19 related assurance activity will continue during Q1.

2.8 The 2020/21 deferred audits are listed at Appendix 1.

3. Other options considered

3.1 TN/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 timing of the deferred audits will be agreed with the relevant Service Director, and outputs will be reported to the Audit and Governance Committee during 2021/22.

9. Background papers

9.1 2020/21 Business Assurance Strategy (incl. 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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2020/21 Internal Audit Plan – Deferred Audits

Service Area	Audit Title/ Auditable Area	Rationale/ Comments	Number of Days
Corporate			
Cross Cutting	Savings Plans	Deferred from 20/21	20
Cross Cutting	Budget Management	Deferred from 20/21	20
Cross Cutting	Corporate Governance	Deferred from 20/21	20
DCE			
Localities & Strategic Partnerships	Devolution Funding	Deferred from 20/21	15
Policy and Comms	GDPR	Deferred from 20/21	10
Policy and Comms	Consultations	Deferred from 20/21	10
Localities & Strategic Partnerships	Community Boards	Deferred from 20/21	20
Legal/ Dem Services	Legal Process Review	Deferred from 20/21	20
Legal/ Dem Services	Elections	Deferred from 20/21	15
Adults and Health			
Adult Social Care	Implementation of Medications Policy - In-house services	Deferred from 20/21	10
Adult Social Care	Interface - Hospital Discharges and Social Care	Deferred from 20/21	15
Quality Standards & Performance	Quality Assurance Framework (QAF)	Deferred from 20/21	20
Integrated Commissioning	Integrated Commissioning Governance	Deferred from 20/21	15
Adult Social Care	Self-Funders	Deferred from 20/21	15
Integrated Commissioning	Choice and Charging Policy	Deferred from 20/21	15
Resources			
Finance	Pensions	Deferred from 20/21	12
Finance	Capital Programme	Deferred from 20/21	15
Finance	Contract Management	Deferred from 20/21	40
Finance	Asset Management	Deferred from 20/21	15
Finance	Budget Management	Deferred from 20/21	20
Finance/ HR/ IT	Service Now Review	Deferred from 20/21	20

Finance	Cash Receipting End-to - End Process Review	Deferred from 20/21	20
Business Ops	Business Continuity	Deferred from 20/21	15
Business Ops	Blue Badges	Deferred from 20/21	10
HR	IR35	Deferred from 20/21	15
HR	Apprenticeship Levy	Deferred from 20/21	15
Planning Growth & Sustainability			
Property & Assets	Wycombe Old Library	Deferred from 20/21	10
Property & Assets	Project Governance	Deferred from 20/21	15
Property & Assets	Health & Safety	Deferred from 20/21	15
Economic Growth & Regeneration	LEP	Deferred from 20/21	10
Planning & Environment	Enforcement (Housing)	Deferred from 20/21	15
Planning & Environment	CIL/Section 106	Deferred from 20/21	15
Housing and Reg Service	Homelessness	Deferred from 20/21	15
Housing and Reg Service	Temporary Accommodation	Deferred from 20/21	15
Communities			
Neighbourhood Services	Taxi Licensing	Deferred from 20/21	15
Neighbourhood Services	Street Cleansing	Deferred from 20/21	15
Neighbourhood Services	Crematorium	Deferred from 20/21	15
Highways & Technical Services	Parking	Deferred from 20/21	20
Highways & Technical Services	Transport for Bucks	Deferred from 20/21	15
Culture, Sports & Leisure	Libraries and Archives	Deferred from 20/21	15
Culture, Sports & Leisure	Events Management	Deferred from 20/21	15
Children's Services			
Social Care	Case Management - Throughput of Case Loads	Deferred from 20/21	15
Social Care	Social Work England Information Requests	Deferred from 20/21	15

Social Care	Commissioning of Residential Placements	Deferred from 20/21	20
Education	Schools - Thematic Review	Deferred from 20/21	70
Social Care	Safeguarding Board	Deferred from 20/21	15
Social Care	Care Leavers	Deferred from 20/21	15
Education	Early Years - Entitlement for 2/3/4 yrs and Claims Payments	Deferred from 20/21	15

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Report to Audit and Governance Committee

Date: 24 March 2021

Title: Review of the Constitution

Author and/or contact officer: Nick Graham Service Director Legal and Democratic Services
nick.graham@buckinghamshire.gov.uk

Ward(s) affected: none specific

Recommendations: Committee is asked to:-

1. **Note and provide comments on the proposals for changes to the Constitution.**
2. **Resolve the constitutional changes, with any proposed amendments, within the remit of the Committee are referred to the Standards and General Purposes Committee for recommendation to full Council.**

Reason for decision: To provide recommendations to Council to update the Constitution to allow better and more transparent decision-making.

Content of report

1.1 Under s9P Local Government Act 2000 the Council is required to prepare and keep up to date a Constitution containing the standing orders of the Council and such other information as is required or is desirable. On 27 February 2020 Buckinghamshire Council Shadow Authority adopted the Buckinghamshire Council Constitution to have effect from 1 April 2020. It was also resolved that the Constitution would be reviewed in April 2021 to ensure the Council's operation as a new authority was properly supported and governed by the Constitution.

1.2 Audit and Governance Committee has responsibility to maintain an overview of those aspects of the Council's Constitution which relate to decision-making, Contract Procedure Rules and Financial Procedure Rules. Any required changes are to be referred to the Standards and General Purposes Committee for recommendation to full Council. In addition the Monitoring Officer has delegated powers to make minor amendments and has done so to ensure consistency, correct minor errors and to reflect updated legislation, including in relation to coronavirus.

1.3 This report is to bring the results of the review into the Constitution to the Committee for consideration and, where appropriate, referral to the Standards and General Purposes Committee for recommendations to change to be made to full Council.

1.4 A members working group consisting of the Chairmen and Vice-chairmen of both this Committee and Standards and General Purposes Committee has met a number of times to consider proposed changes and provide initial comments. Feedback from appropriate members and officers to the proposals has also been obtained.

1.5 The suggested areas for change and recommendation are set out in Appendix A. Some of the changes are set out in detail while others are in principle to allow drafting of proposed changes to take account of member feedback, both at Committee stage and at full Council.

1.6 Whilst this Committee does not have responsibility for all of the proposals, any comments on those proposals outside of its terms of reference are nevertheless welcomed, especially where they may overlap with governance issues. Comments will be provided to Standards and General Purposes Committee for consideration.

1.7 Where the proposed changes are of a detailed nature, require further legal input and/or affect other parts of the Constitution it is recommended that in principle approval is provided. It is anticipated that full Council would authorise the Monitoring Officer to finalise the drafting of the changes with the approval of the Constitution Working Group.

1.8 The review of the Constitution also includes a review of the Councillor Code of Conduct which has co-incided with the publication of a Model Code of Conduct by the Local Government Association in response to recommendations by the Committee on Standards in Public Life. This comes within the remit of the Standards and General Purposes Committee. It has already had initial consideration and will be considered by the Standards and General Purposes Committee together with any referrals from this Committee at a special meeting in April.

Other options considered

1.9 The proposed changes are considered desirable to allow the Council to operate more effectively, however recommendation to full Council could also be delayed to allow greater feedback on the proposed changes.

Legal and financial implications

1.10 None except as set out in the body of the report.

Corporate implications

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

Consultation and communication

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

Next steps and review

Finalise drafting where appropriate and either request further feedback or recommend to full Council.

Background papers

None

Your questions and views (for key decisions)

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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Constitution Review

Proposals for Changes to the Constitution

Responsibility for Updating the Constitution

1. Recommend that the overlap of responsibilities between the Audit and Governance Committee and the Standards and General Purposes Committee in relation to oversight and changes to the Constitution are separated and clarified.

   As regards constitutional elements suggested that standards and ethical matters (not including the Officer Code of Conduct or other personnel matters) are reserved to Standards and General Purposes Committee and all other constitutional elements reserved to Audit and Governance Committee with all changes to the Constitution to be recommended via the Standards and General Purposes Committee.

   Reasons: to clarify and set out the roles and responsibilities of each Committee and clear path for changes to avoid duplication or overlap. There is also concern that the current definitions and responsibilities have a potential to create a gap in responsibilities in this regard. This will result in constitution changes other than standards and ethics taking a longer route via both Audit and Governance and Standards and General Purposes Committees but will ensure that one committee has full oversight of all changes.

Joint Arrangements

2. Recommend the extent of joint arrangements detailed within the Constitution is reviewed and delegated authority is given to the Monitoring Officer to update relevant parts of the Constitution to appropriately reflect the position. This will include the Channel Panel

   Reasons: full details were not originally included in the Constitution to allow flexibility especially where re-organisation issues were still to be finalised. Including more joint working arrangements, such as advisory groups, panels and partnerships assists transparency and understanding of the structure of the Council as well as decision making and accountability.

   This is intended to be an update to reflect arrangements already in place and will not create any new joint arrangements.

Community Boards

3. Recommend further details of the Terms of Reference, including references to awards of grants, are included in the Constitution via a delegation to the Monitoring Officer to update with the current arrangements.

   Reasons: details of the Community Boards were not included to allow development of the Boards with the community. The Boards have been operating for some time and whilst they are meant to be flexible and informal it is now considered appropriate to include details in the Constitution to aid transparency and create consistency by utilising the best current practices as a base.

   As the details need to be relevant and applicable to all Boards taking into account local variations, it is not proposed that the details are to be prescriptive. They will however reflect the current position and operation of the Boards and will not introduce any new powers.

Council and Committee Procedure Rules

Motions

4. Recommend the insertion of clauses relating to recission of previous decisions and motions previous rejected.

   Motion to rescind a previous decision
   1. No motion or amendment to a motion to reverse a decision made at a meeting of the Council within the preceding six months shall be moved unless the notice of motion is signed by at least [15] councillors (including the proposer).
   Motion similar to one previously rejected
   2. No motion or amendment to a motion to the same effect as one rejected by the Council within the preceding six months shall be moved unless the notice of motion is signed by at least [15] councillors (including the proposer). Once the Council has determined the extant motion or amendment, no one may propose a similar motion or amendment within a further period of [six] months.
   3. The requirements in Rules 1 and 2 above shall not apply where the motion in question arises from the recommendation of the Cabinet or a committee.

   Reasons: while the Monitoring Officer, in consultation with the Chairman, can refuse to accept motions which are illegal, improper, vexatious or out of order having specific clause to cover this, together with a threshold for support will allow greater clarity and fairness.

5. Recommend the decision on whether to refuse motions which are illegal, improper, vexatious or out of order is changed from "*the Monitoring Officer in consultation with the Chairman*" to "*the Chairman in consultation with the Monitoring Officer*".

   Reasons: similar decisions, eg on content of questions, rests with the Chairman and aligns with the overall role of the Chairman. Monitoring Officer will still have the legal oversight due to notice requirements and consultation.

   Deadline for questions

6. Recommend change to the notice period for member questions to Cabinet from midday 5 clear working days before the meeting to midday [3] clear working days before the meeting. Retain exception for urgent questions with the consent of the Chairman/Leader.

   Reasons: It was expected that agendas would be published earlier than the required 5 clear working days before the meeting. However where the minimum publication time is observed, ie up to midnight on the 6th working day before the meeting, members could miss the deadline whilst waiting for the agenda.

Planning Committee Procedures

7. Para 3.13(f) Consider changing the decision-maker on the order that planning applications will be considered to the Service Director in consultation with the Chairman

   Reason: There may be circumstances where applications need to be considered by the same committee and that the order in which they are considered by committee is important due to inter-dependencies. Whilst this is likely to only occur in a minority of cases, the proposed change allows the service to manage the agenda in consultation with the Chairman.

   Planning Speaking Arrangements

8. Para. 3.19 – amend the order in which Planning Applications are to be decided to include points of clarification from all speakers after the speakers have spoken as well as after the end of the debate in accordance with the current public speaking arrangements. To include clarification on the application itself.

   Reason: The proposed change is to clarify current public speaking arrangements.

9. Para. 3.20 states that: "*The following will be invited to speak at the first Planning Committee meeting at which a matter is considered: a. Members of the public who have previously made written representations objecting to or in support of the application; b. Town or Parish Councils who have been consulted on the application and where they have made a written representation; c. Members of the Council; and d. The applicant or agent.*

We currently notify all ward members and any members who have called the application in to committee, however the constitution allows any member to speak at committee. Ideally we therefore need a requirement for Members to register to speak in the same way other speakers do. It is therefore recommended that a line is added to the following effect **'***all those wishing to speak at Planning Committee will need to register to do so***'.** However also see proposal at 10 below.

Reason: The proposed change is to clarify current arrangements and assist with the co-ordination of the Planning Committees.

10. Consider giving an automatic right to speak to the member(s) calling in the application **without** the need to register (ie an exception to the suggestion at 9 above).

    Reason: such Members will be expected to speak anyway and will have called in for specific reasons, having this as an automatic right will lessen the administration and ensure those Members cannot lose their rights by oversight.

11. Recommend further clarity is provided to ensure that only the person who has spoken, even if it is on behalf of another person, is able to answer points of clarification during the committee meeting and extend flexibility on speaking arrangements to Area Committees.

    Reason: To ensure a consistent approach is taken across the Area and Strategic Planning committees.

Planning decision different from Officer Recommendations

12. Para 3.25 – consider adding additional paragraphs to provide a procedure for when the Committee is minded to not follow the recommendation of officers including discretion for the Chairman to adjourn to either later the same day or to a different day

    Reason: The proposed change is to add greater clarity on the procedure to be followed in circumstances where the committee reach a different conclusion to the recommendation of officers.

Planning Call In

13. Para 3.31 (a) Consider allowing notification of wish to call in by Councillors after 28 days provided material considerations and reasons for the delayed request to call-in are included and the application has not already been decided.

    Currently states "*Within 28 days of being notified of a Planning Application, members must use Public Access to notify the planning officer that they may wish to call-in the Planning Application to the relevant Planning Committee".*

    The 28 day period is essential in order that the Council is able to determine applications within statutory timescales. It is however recognised that we need to take into account

the evolution of a planning application. It is therefore proposed to provide some flexibility to accommodate such circumstances and to allow the Service Director Planning and Environment in consultation with the Chairman to consider issues raised by members after the 28 days that may merit further scrutiny at committee.

It is suggested that a new paragraph 3.32 is inserted as follows:

"If after the 28 days of being notified of a Planning Application as a direct result of substantial changes to the Planning Application, or change of circumstances or another reason for the delay in notification members notify the planning officer, using Public Access, that they wish to call in the Planning Application to the relevant Planning Committee citing material planning reasons then, provided the application has not yet been decided, the Service Director Planning and Environment in consultation with the Chairman (or, in his absence, the Vice-Chairman) of the relevant Planning Committee will consider the request and determine whether or not the matters raised would benefit from scrutiny at Planning Committee, or whether the exercise of delegated powers is appropriate"

Reason: to take into account the evolution of Planning Applications, which may result in change of a Members position, past the 28 day call in period. This would need to be treated separately to the process outlined in 3.31 (a-e) to ensure the Council could meet statutory timescales in determining applications.

14. include requirement for officers to inform councillors where call in request not agreed and a requirement that where a call in has been made by all members of a particular ward the matter will automatically be referred to committee

Reason: Whilst the number of call-in requests that have not been agreed are very much in a minority of cases, there have been instances where local members have not been informed of the decision and have only found out once an application has been determined. This change would make it clear that the service will inform local members if a call-in decision has not been agreed.

Where all members of a particular ward agree that an application should be considered by planning committee indicates there is greater public interest in having a referral. Providing this as an automatic referral provides greater certainty.

15. Para 3.31 – Consider amending the whole of Para 3.31 and extending the opportunity to request a call-in to planning committee to Town and Parish Councils with material reasons and an undertaking to attend the meeting if referred to committee.

This would mean Town and Parish Councils would have 28 days to request a call-in via the Public Access system. Once received, the request to call-in would be considered by the Service Director for Planning and Environment and the relevant Chairman.

Reason: Having considered feedback from Town and Parish Councils, the majority are comfortable with the current arrangement of call-ins being directed through their unitary councillor. It was however agreed that this part of the constitution would be reviewed following concerns expressed by Town and Parish Councils, particularly in the north of the county, who previously had the right to call in planning applications to committee. The change recommended here does not give an absolute right for call-in but it does offer the opportunity for Town and Parish Councils to request a call-in (the same opportunity afforded to unitary councillors). However, it would remain the responsibility of the senior officer, in consultation with the Chairman to decide whether or not applications should be considered by committee or if they should be delegated. This change is considered to strike an appropriate balance between the needs of the service and applicants and those of Town and Parish Councils. A separate call-in process would need to be developed for Town and Parish Councils.

Strategic Sites Committee

16. consider changing Para 1.2 of the terms of reference for referral of matters to the Strategic Sites Committee as tracked below:

"Responsibility for:
a. wider strategic development;
b. sites which have a significant impact beyond the specific local area; ~~and~~ or
c. sites fundamental to the implementation of an adopted or emerging Local Plan.
By way of example, ~~T~~this will include but is not limited to:
i Major infrastructure;
~~ii Minerals and Waste;~~
~~iii Secondary Schools;~~
iii~~iv~~ Large Scale Major Development comprising:
• Housing (approx. 400 dwellings or more)*
• Employment (approx. 10,000 sq m or 2 hectares or more)*
• Retail (approx. 10,000 sq m or 2 hectares or more)*
**exceptionally, smaller schemes may be considered by the Strategic Sites committee.*

Reason: The criteria contained in the Constitution are indicative only and it is a matter of interpretation of the relevant Service Director which applications are reported to Strategic Sites Committee. This proposed change therefore emphasises this point and makes it clear that the Service Director retains a discretion to determine the appropriate route for planning applications. It is strongly advised that the Council seeks to avoid becoming very prescriptive about which applications are reported to which committee as this could impact on the efficient operation of the service. (Please also see comments in paragraph 17 below)

Area Planning Committees

17. Recommended the terms of reference for the Area Planning Committee are simplified to highlight that some matters may come within the remit of both an Area Planning Committee and the Strategic Sites Committee in which case responsibility will be

determined by the referral made (para 1.1) and remove the current text of paragraph 1.2 and replace it with:

"*To determine those planning applications and other matters referred to and brought before the Committee for consideration and determination which are not referred to the Strategic Sites Committee or otherwise come within the remit of Strategic Sites Committee.*"

Reason: To reflect the purpose and responsibility of the Area Planning Committee in a more easily understood way utilising plain English as appropriate. This may also require similar amendments for consistency in the Strategic Sites Committee terms of reference.

Planning Appeals and Non-Determination

18. Include discretion for Service Director in consultation with the chairman to determine whether a 'minded to decision' relating to an appeal on non-determination can be delegated to officers or referred to the relevant planning committee

    Reason: this is not currently dealt with in the Constitution therefore include for clarity and transparency. A 'minded to decision' sets out the position the Council will take at an appeal on non-determination. The appeal will be determined by the Planning Inspectorate.

Licensing

19. Amend terms of reference so that as required in the Budget and Policy Framework only those policies which come within the Statement of Licensing Policy are required to be adopted by Full Council. Other licensing policies outside of the Statement of Licensing Policy to be dealt with by the Licensing Committee unless they decide to refer to Full Council.

    Reasons: current terms of reference require the development and review of policies relating to the functions of the Licensing Committee to be submitted to Full Council for adoption. Some of these are not within the Statement of Licensing Policy and can be dealt with by the Committee. They can still be referred to Full Council for example where the matters of policy affecting the public are significant or a wide departure from the existing position.

20. Include formal speaking arrangements and associated procedures for speaking at Regulatory Committees within Constitution

    Reasons: to provide clarity and to ensure references and procedures within the Constitution are complete.

Senior Appointments and Pay Committee

21. Amend terms of reference to include power to suspend the Chief Executive, Monitoring Officer or Section 151 Officer pending investigations and to carry out, where appropriate, equivalent procedures under the Senior Managers Policy in relation to the statutory officers.

    Reasons: it is considered prudent to include this to ensure there are no gaps in the employment procedures as regards statutory officers or where it may be difficult or inappropriate for other offices to deal with such employment issues. This is intended to support and supplement the Senior Managers Policy.

Contract Procedure Rules

22. Technical amendments required to procedures relating to opening tenders, clarification of threshold levels, extend sealing to contracts above £1,000,000 except in an emergency and with approval of S151 Officer, up to date terminology and to reflect current changes in legislation as a result of Brexit.

    Reasons: to clarify and bring up to date with legislation and current practice. In relation to sealing, it is currently *possible* that a contract above £1,000,000 might not require sealing. Suggest that except in limited circumstances which would be approved by the S151 Officer all contracts over this amount should be sealed.

    Waivers

23. Amend 6.22(c) to remove the requirement for a financial assessment for waivers below £50,000.

    Reasons: as this relates to lower value procurements it is not considered that such an assessment will be necessary in the majority of cases. The sign off procedure for waivers allows challenge and regular reports are provided to the Audit and Governance Committee on waivers.

24. Remove Monitoring Officer from approval process for waivers but include a provisio that a minimum of 3 separate approvals must be obtained for each waiver.

    Reasons: there are currently 4 approvers required for a waiver: S151 Officer (or delegated officer); Monitoring Officer, Corporate Director and Cabinet/Portfolio Holder or Chief Executive. As detailed above, regular reports are provided to Audit and Governance Committee regarding the waivers granted (and refused) to provide oversight by members and support good governance in this area. Whilst there are some delegations in place (from the S151 Officer and Monitoring Officer) this remains cumbersome and can still create extra burdens. Given the governance and oversight already built into the system, it is considered that this is not necessary.

Delegations

25. Except where delegated authority already exists, change the delegations in an emergency from:

    In a major emergency listed below, the Leader or Deputy Leader or in their absence the relevant Cabinet Member or, if appropriate, the Chief Executive or a Corporate Director may take any immediate urgent decision required without consultation.

    to:

    In a major emergency listed below, the Leader may take any immediate urgent decision required without consultation. In the event that the Leader cannot be contacted or is unavailable either of the Deputy Leaders may take any immediate urgent decision required without consultation. In the event that the Leader and neither of the Deputy Leaders can be contacted or are unavailable for any reason the Chief Executive may take any immediate urgent decision required without consultation.

    Reasons: to retain decision making with members.

26. Extend power to take decisions in the absence of directors to Deputy Chief Executive as well as the Chief Executive

    Reasons: ensure backup for Chief Executive and spread of workload.

27. Consider whether to prohibit delegations from two different senior officers to the same officer.

    Reasons: there is no prohibition on this and if done would effectively reduce the number of decision makers, oversight and governance and potentially increase the possibility of fraudulent decision making.

28. Review and amend as appropriate powers to take legal action as per the Legal Exceptions Chart (also see 29. Below).

    Reasons: as legal action is reserved to the Service Director Legal and Democratic Services and to the Corporate Directors greater clarity is needed over the split of responsibilities, ie instructions and decisions, advice and the proceedings themselves. This will complement service reviews and is not meant to change the current position.

29. Amend the clarifications on delegations to the Corporate Director or Directors with responsibility for planning to include defending planning appeals (also see 28. Above)

    Reasons: although the general delegations would include this, listing it would clarify the position. Further details of legal input and advice are however still required, (eg to ensure no overlap with 18 above).

30. Clarify that the definition of "Planning Officers" in respect of referral of private planning applications to Committee in the Legal Exceptions Chart includes all officers working in the Planning and Environment Service.

    Reasons: although Planning Support or Administrative Officers take no part in decision making, for transparency it is considered that all planning applications made by any officer working within the Planning and Environment Service should go to Committee. This was meant to be the case but due to the technical definition included in the Constitution for other purposes this is not necessarily clear and should be clarified.

31. Update Legal Exceptions Chart to clarify that a Planning Application is as detailed in the Glossary to the Constitution.

    Reasons: only outline, full or reserved matter applications are able to be called into committee. However the use of lower case "planning applications" could lead members of the public and local members to believe that any application made to the Planning Department may be called in to committee such as applications to discharge conditions, Certificates of lawfulness, advertising consents, etc. By referring back to the Glossary definition this would be clarified.

32. Change Select Committee membership requirements and restrictions to preclude Select Committee members from being members of executive working groups.

    Reasons: where a policy or proposal considered by an executive working group is called in or otherwise considered by a Select Committee, this ensures that no member will be reviewing or scrutinising a decision in which they took part. This supports the scrutiny function of the Select Committees.

Planning Protocol (Not part of Constitution)

Whilst not part of the Constitution, the Planning Protocol is attached as an appendix to the constitution. Following a year of operation, there are some areas of the protocol that need to be updated. These changes are agreed with the Cabinet Member and will be introduced when a new constitution is published.

Report to Audit and Governance Committee

Date:	24 March 2021
Title:	**Risk Management Group update**
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 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 1 March 2021.

1.2 The Council's Risk Management Framework and the Terms of Reference for the Risk Management Group were both approved by the Audit and Governance Committee in July 2020.

2. Content of report

2.1 The Corporate Director and Head of Finance for Communities attended the meeting to present the key risks which had been escalated to the Communities Senior Leadership Team in line with the Risk Escalation Framework.

2.2 The key risk themes in Communities were as follows:

Transport Services

COM-TS-01 Data Quality and Data Cleanse - IF data quality is not improved THEN delays in invoice payments, missing children for issuing bus passes/allocating routes, service disruption and data breaches may occur. The three tender phases will not be based upon good quality data.

COM-TS-04 Financial Overspend - IF the tendering does not continue to schedule as planned, AND if operational financial controls, and demand management are not improved THEN financial overspends on home to school transport will take place.

COM-TS-07 COVID-19 Supplier Market Instability - IF suppliers struggle with the closing of schools and lack of further commercial opportunity with BC and the general public, THEN the supplier pool post Covid-19 could be diminished and costs and service provision could be impacted.

COM-TS-12 Client Transport - IF the accuracy on information held in the client transport ICT system (Routewise) is not improved then budget forecasting will continue to be inaccurate, late disputed payments to suppliers will continue and it will be harder to achieve value for money from contracts.

Neighbourhood Services

COM-NS-30 Waste Operations: Major incident severely affecting staff levels – IF there is a major incident such as a pandemic / sickness, general strikes etc that severely impacts on staffing levels, THEN there is a risk of non-delivery of key services and cause reputational damage. Costs would increase due to the need for agency staff.

Highways & Technical Services

COM-HTS-04 Strategic Flood Management: Impact of major flood events - IF major flooding occurs THEN resources may be stretched and day to day flood duties and projects may not get delivered.

COM-HTS-11 TfB Service deterioration due to re-procuring of contract (TfB): disruption and change - IF the re-procurement of the highways services contract is not well managed and communicated AND the existing contractual relationship with Ringway Jacobs suffers as a result THEN there will be an increased risk to service delivery associated with staff uncertainty and distraction.

COM-HTS-12 Off Street Parking: Car Park Income - Covid19 has resulted in a reduction in the take up of parking spaces in the car park which is impacting on revenue. IF the current trend continues THEN there is a risk the impact will reduce income by 40% for 2020/21 and 15% thereafter.

Culture, Sport & Leisure

COM-CSL-01 Governance arrangements of Trusts from legacy Councils - IF the governance arrangements and liabilities for Trusts from legacy councils are not fully understood, THEN there may be unforeseen financial pressures and legal implications.

COM-CSL-05 Future financial sustainability challenges around leisure provision - IF the leisure centres are unable to operate in a financially sustainable way, especially in light of Covid-19, THEN this could cause unforeseen financial pressures, reduction in activities offered or closure in leisure centres for Buckinghamshire residents.

Key Financial Risk Register

In addition to the risk registers described above, our Head of Finance – Communities is responsible for maintaining a financial risk register, with the following risk highlighted:

COM-KF-02 Loss of income and increased financial assistance given as a result of COVID-19 - IF the Council, as a result of Covid-19, continues to lose income from services such as parking, Country Parks, Household Recycling Centres, Energy from Waste etc and / or continues to provide financial support to services such as Leisure Centres etc THEN this would impact on the MTFP and the Council's ability to meet a balanced budget, failure to deliver on commercial plan and met Council's objectives.

2.3 The Strategic and Covid-19 Risks Registers were presented, and it was noted that the risk information was largely similar to that presented to the previous RMG.

2.4 As reported to the previous RMG, the most significant risks relate to contracts/market failure, external financial pressures and safeguarding.

2.5 A key risk relating to the difficulty in recruiting qualified social care staff within Children's Services was raised as a concern by the RMG. This risk continues to be monitored and managed however it is a significant risk faced by many local authorities and will remain under review by the RMG.

2.6 A further discussion was held regarding the risk "gap" (the difference between the current score and the target score), and the need to have robust actions in place to close the gap.

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 RMG is to be held on 12 April 2021.

9. Background papers

9.1 None.

10. Your questions and views (for key decisions)

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

Report to Audit and Governance Committee

Date:	24 March 2021
Title:	**Audit Committee Review of Effectiveness**
Relevant councillor(s):	**Councillor Richard Newcombe**
Author and/or contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	**N/A**
Recommendations:	**To note the report**
Reason for decision:	N/A

1. Executive summary

1.1 The inaugural meeting of Buckinghamshire Council's Audit and Governance took place in June 2020, and as such the committee has not be in existence for a full year.

1.2 However, despite this, it was considered prudent to undertake a high-level review of the effectiveness of the committee before the elections in May.

1.3 The review has been carried out through consultation with members of the committee and officers who have attended the meetings on a regular basis.

2. Content of report

2.1 Audit Committees are a key component of the Council's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.

2.2 The purpose of an Audit Committee is to provide those charged with governance in the Council, independent assurance on the adequacy of the Council's risk management framework, internal control environment and the integrity of the financial reporting and governance processes.

2.3 By overseeing both Internal and External Audit, it makes an important contribution to ensuring that effective management arrangements are in place.

2.4 As outlined in the CIPFA publication "Audit Committees: Practical Guidance for Local Authorities (2018)", the core functions of the Audit Committee are to:

(a) Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the Council's objectives.

(b) In relation to the Council's Internal Audit functions: Oversee its independence, objectivity, performance and professionalism; Support the effectiveness of the Internal Audit process; Promote the effective use of Internal Audit within the assurance framework.

(c) Consider the effectiveness of the authority's risk management arrangements and the control environments. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues.

(d) Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risk of fraud and corruption.

(e) Consider the reports and recommendations of External Audit, and other inspection agencies where applicable, and their implications for governance, risk management or control.

(f) Support effective relationships between External Audit and Internal Audit, inspections agencies and other relevant bodies and encourage the active promotion of the value of the audit process.

(g) Review the financial statements, External Auditor's opinion and reports to Members, and monitor management actions in response to the issues raised by External Audit.

2.5 Buckinghamshire Council's Audit and Governance Committee operates in accordance with the approved Terms of Reference.

2.6 Four meetings have been held during the 2020/21 financial year (June, July and November 2020, and January 2021). The fifth meeting of the committee will be held on 24 March 2021 where this report will be considered.

2.7 In addition to this, the Risk Management Group (sub-group of the Audit & Governance Committee) has met four times during the financial year.

2.8 Member training sessions have been held on the role of the audit committee, fraud awareness and treasury management.

2.9 Members of the Committee have a wide range of both experience and professional knowledge. The Committee has the benefit of being well supported by Council Officers. The Service Director – Corporate Finance (S151), Head of Business Assurance (Chief Auditor) and External Audit regularly attend the meetings. Other officers attend as necessary to present specific reports.

2.10 The Chair and the Vice Chair have regular pre-meetings with lead Officers to review and discuss meeting content to ensure the Committee's Terms of Reference are adhered to.

2.11 The Committee has a rolling and flexible programme of work for its main areas of activity which is reviewed and amended throughout the year to reflect changes in policies, priorities and risks.

2.12 The Committee considered items which are presented annually, such as internal and external audit plans, internal and external audit reports, the statement of accounts, the annual governance statement as well as several other items including the treasury management annual report.

2.13 2020/21 has been an exceptional year due to the launch of the new single unitary authority for Buckinghamshire. This has resulted in the Audit and Governance committee being required to approve the accounts for the five legacy authorities.

2.14 The Committee considers its work programme at each meeting and has been responsive to the need to change the timings of meetings to allow it to receive audit reports. The Committee has also undertaken informal briefing sessions, for example. on legacy Council statement of accounts which has assisted in formal meetings being more focussed and effective.

2.15 The items considered by the Audit and Governance Committee during 2020/21 can be viewed at here.

2.16 Members of the committee and officers who support the committee were asked for their views on a short number of high-level questions, the results of which are as follows:

Do you feel that the A&G Committee has discharged its duties in accordance with the Terms of Reference?	Yes. *All respondents agreed that the committee has discharged its duties in accordance with the Terms of Reference.*
Do you think that the current frequency of meetings is sufficient to allow the Committee to properly consider the items on the agenda?	Majority of respondents responded yes, with comments as follows: - *Formation of Unitary council has taken up a lot of time with legacy council business to deal with.* - *Some of the Committee agendas and papers running into two or three hundred pages and the requests for the paper version, rather than on line, it does not give the Committee Member sufficient time to look at and consider the items on the agenda.* - *Yes but in view of the special circumstances flexibility has been required making this a little difficult to judge for a more normal future.*
What do you feel worked well during 2020/21 A&G Committee meetings?	Responses included: - *The clear methodical approach taken by the chairman and the engagement of officers in answering our questions.* - *MS Teams remote meetings, allowing to meet safely during the Covid-19 pandemic.* - *Member / Officer relationships worked well to ensure Audit & Governance Committee discharged its duties.* - *Strong chairmanship and a Member-led Committee.* - *Private sessions on statement accounts in advance of committee meeting.* - *Appropriate attention for all papers.* - *Consideration of risks separately by Risk Management Group in private meeting so can discuss and challenge in detail.* - *The meetings were well chaired and full time was given to details.*

	- *Good level of teamwork amongst committee members and officers with a clear understanding of our duties and the role of the committee.* - *The virtual Teams meeting were well run, and questions asked were, in the main, responded to in a timely way. If the information was not readily available a written response was given in good time. Officers were very willing to give full answer to questions and explain the items too.* - *The committee works well together and has fulfilled its purpose*
Are there areas for improvement?	Responses included: - *Getting printed papers to members was initially a bit difficult but was quickly sorted .I feel it is important particularly for risk where it is hard to read them on a small screen.* - *It will be good to return to face to face meetings when possible.* - *Committee agendas and items and the sending out of paperwork by post in a timely manner.*

2.17 An action plan will be developed to address areas for improvement where required.

2.18 In conclusion, the committee has been effective in undertaking the functions set out in its terms of reference, in accordance with the Accounts and Audit Regulations 2015.

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 A full review of the effectiveness of the Audit and Governance Committee will be scheduled for Q4 of 2021/22.

9. Background papers

9.1 None**.**

10. Your questions and views (for key decisions)

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