



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

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November 2021



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1. Introduction

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

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

2. Responsibilities

- 2.1 Section 151 of the 1972 Local Government Act and the Accounts and Audit Regulations 2015 sets out the requirement for all local authorities to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The PSIAS define internal auditing as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

2.2 Internal Audit is not responsible for the control system. This responsibility sits with management who are accountable for maintaining a sound system of internal control and is responsible for ensuring that adequate arrangements are in place for gaining assurance about the effectiveness of the overall system of control. Management should ensure that the organisation operates in accordance with the law and proper standards, that public funds are safeguarded, properly accounted for and used economically, efficiently and effectively.

3. Purpose and Scope of Report

3.1 The objectives and scope of internal audit are set out in the Internal Audit Charter. In accordance with the PSIAS, the Internal Audit Charter is reviewed by the Audit and Governance Committee on an annual basis. The 2020/21 Internal Audit work was performed in accordance with the Internal Audit Charter which was approved by the Audit and Governance Committee in June 2020. The Charter defines the mission, scope, roles, and responsibilities of the internal audit function.

3.2 This report:

- includes an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, risk management and internal control environment;
- discloses any qualifications to that opinion, together with the reasons for the qualification;
- presents a summary of the audit and anti-fraud work from which the opinion is derived, including reliance placed on work by other assurance bodies; and
- highlights any issues the Chief Internal Auditor judges particularly relevant to the preparation of the Annual Governance Statement.

4. Basis of Audit Opinion

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

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

- The Chief Internal Auditor has operational management responsibility for the Risk Management and Strategic Insurance functions, so is not wholly independent. The risk of conflict of interest is managed partially through the Risk Management Group who under the direction of the Chair

of the Audit and Governance Committee, monitors and reviews the adequacy and effectiveness of the risk management strategy and process; and, where audit activity is undertaken in areas where the Chief Auditor has operational responsibility, reports are sent directly to the Service Director - Corporate Finance (S151 Officer) or Monitoring Officer.

4.3 The overall opinion is based on the following:

- The results of all audits undertaken during 2020/21.
- Any follow-up action taken in respect of audits from previous periods.
- Whether or not management actions have been agreed for all material areas of weakness identified.
- On-going advice and liaison with management, including regular attendance by the Chief Internal Auditor and Audit Managers at council meetings relating to matters concerning risk, governance and internal control.
- The effects of any material changes in the Council's objectives or activities or risk profile.
- Whether any limitations have been placed on the scope of audit.
- The scope of the internal control environment - which comprises the Council's policies, procedures, operational systems and processes in place to:
 - Establish and monitor the achievement of Buckinghamshire Council's objectives;
 - Facilitate policy and decision making;
 - Ensure economic, effective and efficient use of resources;
 - Ensure compliance with set policies, procedures, and regulations;
 - Safeguard the Council's assets and interests from loss, including those arising from fraud, irregularity and corruption.
- Consideration of third-party assurances.

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

5. Covid-19 Impact

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

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

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

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

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

6. Chief Internal Auditor Opinion

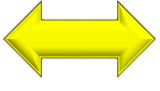
Based on the work performed, our experience, and the current Covid-19 climate in which the Council is operating along with the on-going service transformation programme which is fundamental for the new organisation, in my opinion the adequacy and effectiveness of the Council’s internal control, risk management and governance framework was of **reasonable assurance**. The overall system of internal control facilitated the effective exercise of the Council’s functions and provided an **unqualified** opinion regarding the effective, efficient and economic exercise of the Council’s functions for 2020/21.

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

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

7. Commentary on my Opinion

7.1 The Chief Internal Auditor is satisfied that there has been adequate and effective coverage provided to enable a robust audit opinion to be given.

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

**See Appendix C for the definition of Opinions*

Key areas which informed the overall **reasonable** conclusion are as follows:

- 7.2 **Internal Audit Work:** The internal audit work undertaken allowed us to draw a **reasonable** conclusion as to the adequacy and effectiveness of the Council's system of internal control. Examples of good practices were noted through audit work performed this year; however, there are some areas of weakness and non-compliance in the control framework which may put some of the system objectives at risk and could potentially impact the achievement of the Council's objectives. From the control weaknesses identified none are understood to have had a material impact on the Council's affairs. It should however be noted that none of the Council's maintained schools were subject to an internal audit review during 2021/21, therefore the opinion on the control environment within schools is limited to the Covid-19 risk assessment assurance that was undertaken.
- 7.3 In the year ending 31 March 2021, a total of 34 reviews were undertaken by the Business Assurance Team. 19 reviews resulted in an Internal Audit opinion on the effectiveness of the control environment – see Appendix A for a summary of internal audit work performed. The remaining 15 were “other” assurance type reviews such as grant certifications or advisory/assurance work where an opinion was not provided but control weaknesses/management actions may have been raised. There were a number of ad-hoc assurance requests for the Business Assurance Team from services which demonstrated how the team can add value to the organisation through non-standard audit activity. The team also provided the Internal Audit service to Buckinghamshire and Milton Keynes Fire Authority and to a local Academy Trust.
- 7.4 The overall '**reasonable**' opinion reflects the widening scope of the internal audit activities, with new audit areas being undertaken each year as part of the agreed Internal Audit Plan. Whilst we had an agreed Internal Audit plan which was approved by the Audit and Governance Committee, we continued to adopt a fluid approach in the delivery of the plan such that the Internal Audit activity was continuously reviewed and amended as required; remained flexible to react to emerging issues/risks; and was responsive to senior management assurance and/or consultancy requests.
- 7.5 In order for the Council to derive maximum benefit from internal audit, agreed actions should be implemented in a timely manner. The Pentana management actions tracking system is fully embedded as a business management tool maintained by the Business Assurance Team and reviewed periodically by directorate leadership teams and the Corporate Management Team. All open management actions from each of the legacy authorities were carried forward from previous years into the new unitary organisation where they were reviewed and followed up for implementation. At the beginning of the year there were 218 open management actions across all

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

7.6 **Key Financial Systems:** A review of the Council’s financial systems was undertaken to ensure that financial controls are robust and adequately support an effective control environment. Following a risk-based approach and in consultation with the Section 151 Officer, some of the key financial systems were not reviewed this year where they were found to be effective from the previous year and processes had remained unchanged. The work undertaken identified areas that required improvement, specifically in the operation of key controls in place which may put some of the system objectives at risk. Therefore, our opinion based on the financial systems reviewed is ‘reasonable’. Table 1 below is a summary of the key financial systems that were evaluated, and the assurance opinions reached.

Table 1: Summary of Key Financial System Audits

Audit Title	Assurance Opinion	No. of Actions Raised	Direction of Travel
Payroll	Reasonable	10	
Accounts Payable	Reasonable	9	
Pensions	N/A – deferred to 21/22 due to the pandemic	N/A	
General Ledger	Reasonable	4	
Accounts Receivable	Reasonable	4	
Capital Programme	N/A – deferred to 21/22 due to the pandemic	N/A	
Purchase Cards	Reasonable	11	
Feeder Systems	N/A – deferred to 21/22 due to the pandemic	N/A	
Treasury Management	Reasonable	3	
Audit Title	Assurance Opinion	No. of Actions Raised	Direction of Travel
Debt Management	Reasonable	10	

Council Tax and NNDR	Reasonable	4	
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- 7.7 **Non-Financial System Audits:** These were operational audits undertaken during the year which were identified during the annual audit planning process by referencing the Strategic and Directorate Risk Registers and through discussion with the Senior Leadership Teams. However due to service transformation programmes being in-progress and resources across the Council being re-deployed to support with the Covid-19 response, 40 audits were cancelled/ postponed with agreement from the Audit Board and approval from the Audit and Governance Committee.
- 7.8 From the seven directorate audits that were carried out; an overall ‘**reasonable**’ assurance has been given. Some areas of improvement were identified; however none were found to be material. The identified actions continue to be monitored by the team to ensure full implementation.
- 7.9 **Risk Management:** Risk management informed the planning for all internal audit work that was undertaken. A risk-based methodology was applied for the development of the annual audit plan and each audit assignment focused on the key risks in relation to system objectives, with audit work structured to direct audit resource in proportion to risk exposures.
- 7.10 Reporting and monitoring of risk management is fully embedded into the business management process across the Council. A Risk Management Strategy is in place (approved by the Audit and Governance Committee) which informs the Risk Management Framework consisting of a tailored Risk Reporting and Escalation Frameworks for each directorate to suit their business needs. This escalation mechanism ensured that key risks were visible to senior management to enable more effective decision making during 2020/21. As well as the management of service and strategic risks, the risk management system (Pentana) was used to manage risks for major projects and key programmes. A risk management training programme is in place to ensure that officers are aware of their roles and responsibilities in relation to risk management and understand the Council’s Risk Management Strategy.
- 7.11 A Covid-19 risk register was developed from the on-set of the pandemic. These risks captured key risks from each Covid-19 response cell, directorate Covid risks and strategic Covid risks. The risk register was challenged and reviewed by the Corporate Management Team and reported to the Risk Management Group on a regular basis.
- 7.12 The adequacy and effectiveness of the Council’s risk management system was overseen by the Audit and Governance Committee through the Risk Management Group and the Corporate Management Team challenged and reviewed the strategic risks regularly. Based on the operation

of the risk management framework observed this year, a ‘**reasonable**’ level of assurance has been given to this area.

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

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

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

- 7.21 Based on the implementation of the Task and Finish Group actions and the operation of the financial governance arrangements observed this year, a '**reasonable**' level of assurance has been given to this area.
- 7.22 **Contract Management:** Effective contract management is a key control process to ensure delivery in a cost-effective manner and the timely identification of non-compliance to enable quick resolution of risks are appropriate and managed accordingly. There is a Supplier Management Policy in place which forms part of the Council's Commissioning Model and provides best practice guidance on the processes that are to be followed to enable effective management of contracts entered into with suppliers or partners for the provision of goods, works or services.
- 7.23 The Supplier Management Policy specifies the mandatory documents and data fields that should be populated on Contract Management Application (CMA) for each contract; this includes setting out the contracts that should have a Best Practice Self-Assessment (BPSA) carried out on an annual basis. Contracts with suppliers where there is an ongoing relationship and who have an aggregated value of £5k or more must be entered on the CMA. All contracts held on CMA are segmented according to the annual spend and the criticality, looking at risk and supply threats of the product or service supplied.
- 7.24 The new Council's spend with external organisations is circa £430m per annum with some £380m recorded on CMA. Given the scale of spend and the potential risk and opportunity this presents, the diversity and reach of the supply chain and the potential variability of contract management approaches across the previous legacy Councils; a Supplier Management Group was put in place. This is a steering group that looks at Supplier Relationship Management and identifies areas of improvement. The group aims to: promote consistent and high-quality Supplier Relationship Management across the organisation; maximise value for money; leverage the supply chain to support corporate objectives and promote social value; and understand as well as promote supplier resilience. Whilst the Procurement and Supplier Relationship Manager provides the framework of compliance and best practice, they cannot force the service areas to comply. Consequently, Internal Audit undertake assurance reviews of contracts each year as part of the annual audit plan, however due to the pandemic the work undertaken was limited to two areas within the Communities directorate. As such based on the continuous monitoring of compliance by the Supplier Management Group and the work carried out; an overall '**reasonable**' assurance has been given.
- 7.25 **Counter Fraud:** The Business Assurance Team procedures alone cannot guarantee the detection of fraud and corruption nor can we give an overall assurance opinion on counter fraud, therefore

management have responsibility for ensuring that there are adequate controls in place to manage the risk of fraud and corruption. The size and complexity of the authority means that some irregularities are inevitable, and when these arise Business Assurance must deploy resources to investigate these.

7.26 For the year 2020/21, several referrals were made to the Business Assurance Team, and outcomes of investigations were reported to the Statutory Officers Group on a six-weekly basis.

7.27 Any control issues identified from the investigations were highlighted to management and action plans agreed to address any weaknesses. Key stakeholders were consulted during the investigations and progress reported to the respective Corporate Directors and formally to the Statutory Officers Group. Due to the inherent risk of fraud and the obvious costs in countering fraud with heightened pressure on resources, the Business Assurance Team has adopted a long-term proactive strategy to raise fraud awareness and enhance prevention measures. Part of this plan is to tackle current issues and cases while simultaneously learning lessons, gathering intelligence through detailed post incident reflective risk assessments. A detailed Fraud Risk Register is maintained by the Audit and Anti-Fraud Manager and is reported to the Risk Management Group on a regular basis. A fraud awareness training programme is in place and targeted sessions have been delivered to Members, Senior Management and across key risk areas such as procurement, contract management, finance, commissioning and HR.

7.28 The Business Assurance Team has been working closely with the Revenues and Benefits Teams to investigate any potentially fraudulent Covid-19 Business Rate Grant Claims. The table below shows number of applications and claims reviewed by the Investigations Team as at end of 2020/21:

Business Rate Grant (BRG) applications referred to Business Assurance	48
Additional Restrictive Grant (ARG) applications referred to Business assurance	55
Number failed risk assessment (deemed to be low risk and so not investigated, or closed after initial investigation)	33
Number investigated (BRG and ARG) to 31 March 2021	47
Number of potential prosecution claims	6
Number of prosecution files being prepared for legal services as at end of 2020/21.	3

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

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

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

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

8. Overall Conclusion

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

8.2 The Council, through the leadership of the Corporate Management Team and the challenge and scrutiny of the Audit and Governance Committee have actively promoted a strong culture of accountability, good governance, anti-fraud and established a robust process for monitoring the implementation of actions. Some areas of improvement have been identified from the risk-based audits and the assurance work carried out in the year, however the Corporate Management Team continued to react quickly to put actions in place to mitigate the risks.

9. Assessment against the Public Sector Internal Audit Standards

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

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

Appendix A - Summary of Internal Audit Activity

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

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

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

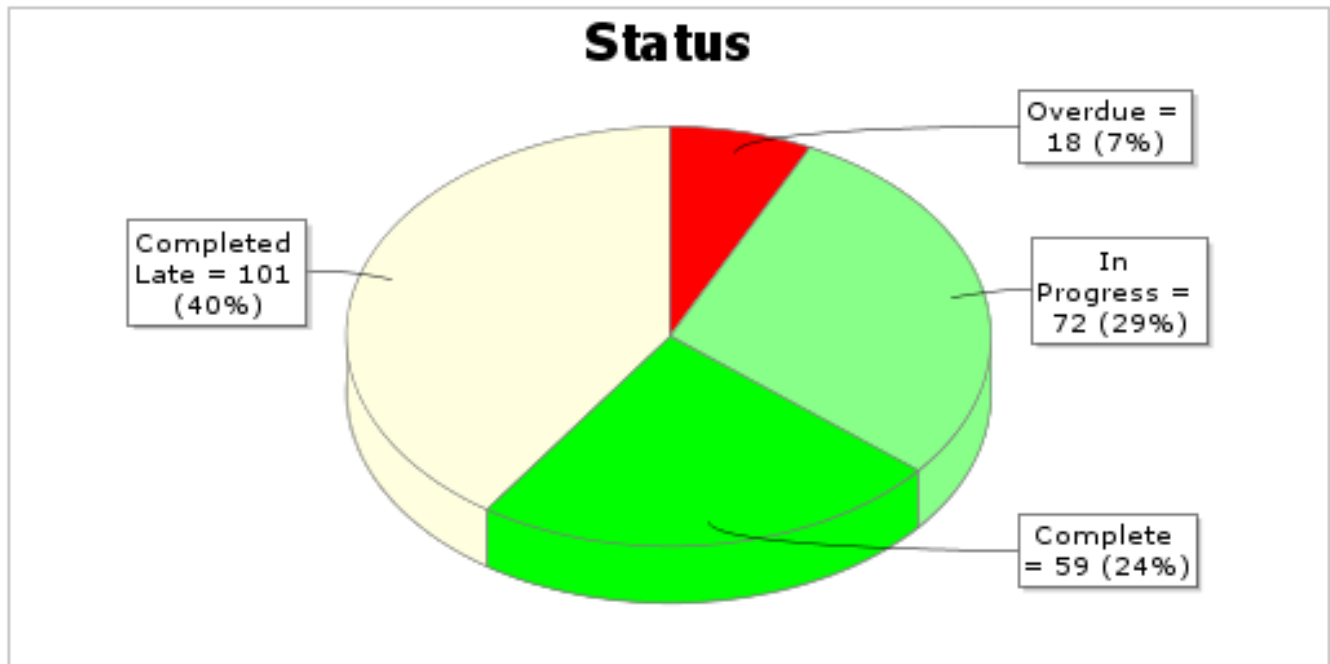
Service	Audit Title	Notes
Communities		
Neighbourhood Services	Waste Collection Contract	Final Report (Reasonable Assurance)
Neighbourhood Services	Crematorium	Deferred to 21/22
Highways & Technical	Parking	Deferred to 21/22
Highways & Technical	Transport for Bucks (Street Works)	Final Report (Reasonable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

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

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

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

Appendix B – Summary Status of Audit Actions



Details on the overdue actions can be found in the confidential part of the report.

Appendix C – Definition of Opinions

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