CIPFA performance in public services

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

Buckinghamshire Council's Internal Audit Service

Final Report

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1. Introduction

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

2. Background

2.1 The Buckinghamshire Council's Internal Audit Service is part of the Council's Business Assurance function, comprising the Internal Audit team, the Corporate Investigations (Anti-fraud) team, Risk Management and Insurance team. The Internal Audit team provides internal audit services to Buckinghamshire Council (BC), Buckinghamshire and Milton Keynes Fire Authority, and an academy. The Internal Audit function is a co-sourced service managed by the Interim Head of Business Assurance (HBA) and currently has an in-house team of four, made up of an Audit Manager and three Senior Auditors. This is an interim structure in place pending a detailed service review (due to take place in early 2022) with two of the Senior Auditors being seconded into the Service (one of which is a CIPFA Trainee). All members of the Internal Audit team are suitably experienced, and all hold relevant professional qualifications, as does the Business Assurance Manager who also undertakes some reviews (and is a former head of internal audit from a district council that merged into the new Buckinghamshire Unitary Authority in 2020). The in-house service is supported by an external contractor from the Apex Framework Contract (currently Mazars) who undertake a range of internal audits, including all the IT audit assignments. Any investigation assignments are carried out by the Council's Corporate Investigations Team, which is also managed by the Interim Head of Business Assurance.

2.2 From an operational perspective, Internal Audit reports directly to the Corporate Leadership teams and the Audit Committees at their respective clients. These two bodies fulfill the roles of 'senior management' and 'the board', as defined by the Public Sector Internal Audit Standards. For the Council, the Interim HBA reports directly to the Service Director Corporate Finance (the Council's Section 151 Officer) and has direct access to the Council's Chief Executive Officer, the Chair and full membership of the Audit and Governance Committee (A&GC). In addition, the Interim HBA is part of the Council's Audit Board which comprises the Section 151 Officer, the Monitoring Officer (Deputy Chief Executive), the Director of Legal Services as well as the HBA, and meets prior to every A&GC meeting to review all documents being presented to the committee, and to discuss any control and governance issues, emerging risks etc. Regular reports on the audit plan and its delivery and the annual HBA's opinion and out turn are made to the Council's Corporate Management Team and the Audit & Governance Committee. Similar arrangements (apart from the Audit Board) are in place for the Fire Authority.

2.3 The Business Assurance function, like the newly formed Buckinghamshire Council unitary authority, only came into existence in April 2020 and right at the start of the COVID-19 pandemic. Not only have they had to deal with the challenges arising from the merging together of five authorities, with their different cultures, operating methods and legacy systems, together with the implementation of new systems and process etc., but they have also needed to be insightful and proactively support the organisation to implement the COVID-19 support measures

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

2.4

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

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

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

3. Validation Process

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

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

- self-assessment against the standards.

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

All the above documents were examined during the EQA.

3.3   The validation process was carried out during the autumn of 2021 and involved interviews with the key personnel from Internal Audit and the Business Assurance Function, plus a sample of key stakeholders from Internal Audit's customer base, made up of members of the senior management teams and chairs of Audit Committees. Overall, the feedback from the interviewees was positive with clients valuing the professional and objective way Internal Audit delivered services.

3.4   A questionnaire was sent to a range of other key stakeholders in advance of the assessment commencing and the results analysed during the review. A summary of the survey results is shown at appendix A of the report.

3.5   The assessor also carried out an end-to-end review of a sample of completed audits, covering the Council and the Fire Authority, to confirm his understanding of the audit process used by Internal Audit and embedded in their Pentana audit management system.

4.   Opinion

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

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

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

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

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

5.1 **Mission Statement and Definition of Internal Audit**

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

5.2 **Core Principles for the Professional Practice of Internal Auditing**

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

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

5.3 **Code of Ethics**

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

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

5.4 **Attribute Standard 1000 – Purpose, Authority and Responsibility**

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

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

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

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

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

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

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

5.6 nine relating to this standard. **(Paragraph 9.2).**

Attribute Standard 1200 – Proficiency and Due Professional Care

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.10   **Performance Standard 2200 – Engagement Planning**

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

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

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

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

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

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

5.12 **Performance Standard 2400 – Communicating Results**

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

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

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

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

5.13 **Performance Standard 2500 – Monitoring Progress**

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

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

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

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

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

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

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

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

8. Survey results

8.1 The results of the survey of key stakeholders from Internal Audits clients are shown in appendix A of the report. The number of returned questionnaires was sixteen which is a reasonable number of responses and sufficient to provide a meaningful analysis.

8.2 Overall, many of the responses were positive with respondents valuing the services provided by Internal Audit. However, this is not the case for all questions in the survey as there are a significant number of less favourable responses. We appreciate that there are many factors that may have prompted these responses, and in particular the impact of having to merge five authorities into one at the same time as dealing with a pandemic that has changed the way the new Unitary Authority was expecting to operate. Nonetheless, the Interim Head of Business Assurance may wish to explore these further to establish if there are any underlying issues that may need to be addressed.

9. Issues for management action

9.1 We have assessed Buckinghamshire Council's Internal Audit Service as conforming to the PSIAS and the LGAN, however we feel there are still opportunities to enhance the way the Service operates. We have therefore made the following suggestions that management should consider addressing.

9.2 The internal audit manual is a version that has been inherited from the old Buckinghamshire County Council and, during the recent challenging times, has served the Service well. However, this manual is now out of date and needs to be replaced with one that better reflects the way the new unitary authority operates. We therefore recommend that the Service rewrites its internal audit manual.

9.3 The Service has recently obtained the latest version of the IDEA data analytics software application, a tool that is widely used by internal audit services as it can facilitate the internal audit of systems and processes involving large amounts of data, for example all the Council's key financial systems, by testing the whole data population rather than using small samples. Whilst we recognise that the service has made some use of IDEA in the past, we suggest they consider expanding the use of the application and making it part of their routine audit approach.

9.4 To assist with the redesign of the Internal Audit Team which will be an inevitable part of the forthcoming service review, we suggest that the Interim Head of Business Assurance considers producing a skills, competencies and qualifications matrix for the various levels of staff being considered for the new structure, based on the guidance set out in the CIPFA publication "The Excellent Internal Auditor; Good Practice Guide to Skills and Competencies.

9.5 The Interim Head of Business Assurance should consider including a section in the annual report on the progress made by the service in delivering the actions on its quality assurance programme action plan.

9.6 To provide greater clarity and demonstrate the link between the internal audit plan and the Council's risks and objectives, the Interim Head of Business Assurance should consider cross referencing the individual audits in the plan to the respective strategic and/or operational risks, and the Council's objectives. To demonstrate the importance of each audit in the plan, the Interim Head of Business Assurance should also consider assigning a priority to each of them.

9.7 To try and prevent internal audit reports being sent to individuals other than those on the agreed distribution list, and to deter readers from extracting parts of the audit report and using them out of context, the Interim Head of Business Assurance should consider adding a paragraph to the disclaimer section in the individual audit reports restricting the distribution of the report and/or using any part of the reports contents, without the prior approval of the Interim Head of Business Assurance.

9.8 This external quality assessment and the Service's own self-assessment of conformance to the standards confirms that the Internal Audit service does indeed conform to the public sector internal audit standards. As such the Service should consider adding a statement to each audit report confirming that the audit has been completed in accordance with the standards.

9. Definitions

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

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

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

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

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

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

Summary of Survey Results

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

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

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

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

- The Business Assurance Team is well regarded and is proportionate in its approach. However, I think that there is potential for more value add by a deeper partnership approach.

- I think that Internal Audit are a valued business partner that have been used to step in and undertake work more commonly undertaken by other parts of finance.

- I think they could be more challenging of the overall control framework and governance processes and challenge and provide an assessment against best practice elsewhere.

- I think it's also worth noting that the Internal Audit arrangements also ensures strong alignment / connection with Members, particularly through the Risk Group and Audit and Governance Committee.

- Some of my answers are based on the last 12 month and my personal view that internal audit are spread too thin.

- I also feel that audit do add value to the organisation but due to the lack of resource they are unable to do the value-add parts of the role linked to process review and continuous improvement.

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