



Report to Council

Date:	12 July 2023
Title:	Annual Report of the Audit and Governance Committee
Relevant councillor(s):	Cllr Richard Newcombe, Chairman of the Audit and Governance Committee
Author and/or contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	Council is asked to note the content of this report
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 2022/23 financial year.
- 1.2 In accordance with CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022, the Audit and Governance Committee should report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance.

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 six times during the year:

1. 11 May 2022
2. 28 July 2022
3. 27 September 2022
3. 23 November 2022
4. 1 February 2023
5. 29 March 2023

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 The Audit and Governance Committee is responsible for approving and monitoring the Council's Whistleblowing Policy, Anti-Fraud and Corruption Policy and Money Laundering Policy.

2.6 One of the committee's key responsibilities is to approve the Council's Financial Statements and Annual Governance Statement.

2.7 The following statement was published on the Council's website on 1st June:

"The audit of the draft statement of accounts for the year ended 31 March 2021 for Buckinghamshire Council has not yet been completed by the external auditors, Grant Thornton UK LLP. The Accounts and Audit (Amendment) Regulations 2021 require that the audited accounts and opinion are published by 30 September 2021.

The delay has arisen due to a combination of factors, comprising the following:

- the Council experienced resourcing challenges during the initial preparation of the draft statement of accounts;
- the impact of Covid-19 on both the complexity of the audit and pace at which it can be completed;
- the inherent complexity of the Council's 2020-2021 statement of accounts which covers the first year of existence for the new Council;
- the increased assurance work that auditors are required to carry out nationally with respect to pensions and asset valuations.

The audit and issue of the audit opinion is expected to conclude during December 2023 after which the statement of accounts and audit opinion will be published as soon as is reasonably practicable."

2.8 It is a primary task of the Committee to oversee the Council's financial reporting process the core of which is the completion of the accounts. Since 30th September 2021 the Committee has requested and received reports at all except one of its meetings (when it considered the Climate Risk register motion remitted by the Full Council). These reports have been provided by Senior Officers, including the S151 Officer, and by the External Auditors themselves. All have been subjected to extensive questioning, testing and challenge by members of the Committee, as evidenced in the minutes.

The draft accounts, as prepared by the officers, have been presented to the Committee.

Throughout the fundamental issues have remained the same:

- that the unification of the five legacy authorities to form the second biggest unitary authority in the country was a major task for our finance staff;
- that the auditing of the new authority's opening accounts was a major task for the auditors notwithstanding that they were already the auditors of the County Council and that the accounts of the four district councils (all audited by EY) were in good order;
- That the shortage of professional finance/audit staff throughout local authorities and local authority auditors created additional pressures on staff (including staff turnover and loss of corporate memory);
- That the above was aggravated by the first year of new International Auditing Standards, which created extra work (recognised by the provision to local authorities by the Government of an extra £15m); and
- That all the above were aggravated by the COVID 19 pandemic in at least two respects, namely a) the general adverse effect on staff of Covid and the change in working practices to cope with it and b) the provision of many much-needed support packages by the Government, using local government as their delivery vehicle, thereby increasing the number of auditable transactions.

In addition some other issues have arisen which have been beyond local control such as the national requirement to include infrastructure in the audit (subsequently rescinded).

The Committee has constantly sought and received reassurance that the Cabinet Member and Deputy Cabinet member have been sighted on the whole problem.

2.9 We have been pleased with initiatives to improve the position of the authority such as the recruitment of a Chief Accountant. We have also been pleased by the co-operation between officers and the auditors and with a series of plans to bring the audit to a conclusion. We have been dismayed that those plans have not achieved everything that was hoped for.

- 2.10 We are aware of the need to “catch up” with the audits for following years and we are pleased that the Pension Fund Audit has been completed for 2020/21 even though it cannot be signed off until the main accounts are complete.
- 2.11 It is important to see this delay in the national context. For instance, only 9% of authorities completed their accounts by the due date. Regrettably delay seems to be endemic to the system at present.
- 2.12 The Annual Governance Statement for 2021/22 was agreed in November 2022. Members will consider the Annual Governance Statement for 2022/23 at the July 2023 meeting.
- 2.13 The Committee approved the terms of reference for Internal Audit (Internal Audit Charter), the Business Assurance Strategy including the Annual Internal Audit Plan, and the Counter Fraud Plan.
- 2.14 Priorities have been reviewed regularly, and the plan has remained fluid to allow for assurance activity to take place in the highest risk areas.
- 2.15 The Audit and Governance Committee has received updates on the work of the Counter Fraud/Investigations team, including details of successful outcomes, prosecutions and recoveries.
- 2.16 The Risk Management Group is a sub-group of the Audit and Governance Committee and has met seven times during the financial year. The group review the strategic and key 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.
- 2.17 The Audit and Governance Committee is responsible for approving the Risk Management Strategy, and the Risk Management Group monitors the effective implementation of the strategy.
- 2.18 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.
- 2.19 The Audit and Governance Committee has continued to review the Council’s Constitution.

- 2.20 A review of the impact and effectiveness of the Audit and Governance Committee was carried out in June 2023 using the CIPFA Self-Assessment of Best Practice. The review concluded that the committee conformed with the majority of the principles of good practice, with some areas for improvement. An improvement plan has been developed to address areas of partial or non-conformance.
- 2.21 The Chairman 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.

