



# Buckinghamshire Council

## Audit and Governance Committee

### Minutes

**MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON WEDNESDAY 5 JULY 2023 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 10.00 AM AND CONCLUDING AT 1.05 PM**

#### **MEMBERS PRESENT**

R Newcombe (Chairman), L Clarke OBE (Vice-Chairman), D Anthony, P Brazier, N Hussain, D King, S Rouse, N Thomas and S Wilson

#### **OTHERS IN ATTENDANCE**

T Butcher

#### **Agenda Item**

##### **1 APPOINTMENT OF VICE-CHAIRMAN**

Prior to the start of the formal agenda, the Chairman, on behalf of the Committee congratulated the Risk team on their excellent achievement of having recently won the Risk Team of the Year Award at the Association of Local Authority Risk Managers Annual Awards.

##### **RESOLVED:**

**That Councillor L Clarke OBE be appointed as Vice-Chairman of the Audit & Governance Committee for the ensuing year.**

##### **2 APOLOGIES**

Apologies for absence had been received from Councillors R Carington, M Dormer and W Raja.

##### **3 DECLARATIONS OF INTEREST**

Councillor L Clarke OBE declared a personal interest in item 8, Pension Fund Accounts 2020/21, in that she was in receipt of a Buckinghamshire Council administered pension.

##### **4 MINUTES**

##### **RESOLVED:**

**That the minutes of the meetings held on 10 and 17 May 2023 be approved as a correct record.**

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

The Committee received an update on the 2020/21 and 2021/22 Statement of Accounts. Mr Mark Stocks, Audit Partner, Grant Thornton, External Auditor was in attendance for this item. Mr David Skinner, Section 151 Officer introduced the item. Prior to the update, the Chairman explained that with the number of sets of accounts being dealt with at the same time there was a risk of the Committee not having a clear understanding of where they were with having approved and commented on the different accounts including, the overall Council accounts, the Pension Fund Accounts, Housing Benefit Claim certifications and accounts for Higginson Park and Farnham Park charities. As a result, Mr Skinner would produce a matrix which would be updated each meeting to detail each financial year and the various items that the Committee was required to consider for each and the dates this had been done.

**ACTION: Mr Skinner to produce a document to detail each financial year and the various accounts and associated reports which had been/were due to be presented to the Committee. This would be drafted prior to the next meeting.**

Key points raised during the update and in discussion included:

- Since the time of the previous meeting, audit work remained on track to meet the anticipated December 2023 date for sign off of the 2020/21 accounts and April 2024 for sign off of the 2021/22 accounts. Cleansed data for cash and cash equivalents had been sent to the external auditor along with the sampling evidence requested on long term debtors. The team was also on track with providing information on short term debtors and creditors. Evidence was being collated as required on samples of long-term creditor fees and charges.
- The national position with outstanding audits remained cause for concern. In relation to 2021/22 accounts, 74% of local authorities remained outstanding with their accounts whilst around 30% of 2020/21 accounts remained outstanding. Given this was the case nationally, Government and regulatory bodies were considering a solution to the national position which could accelerate things, although at this stage the solution was not clear.
- Mr Stocks confirmed that there were sufficient external audit resources to complete the audit. The external auditors work with the NHS had concluded and the focus was now on local Government audit. In terms of internal resourcing, the significant amount of work being undertaken by the team was emphasised, however Members were advised that staffing levels had increased and members of the finance team had been repurposed to provide additional capacity so there was a satisfaction that there was sufficient capacity.
- The Committee heard that the work completed on the 2020/21 accounts to date had not raised any fundamental issue in terms of the accounts or declared provisional outturn positions. Assurance was given that there was a sound system of internal control and the fundamental position was strong.

**RESOLVED:**

**That the update be noted.**

## 6 2020/21 HOUSING BENEFIT GRANT CLAIM CERTIFICATION

The Committee considered a report which provided a review of the Housing Benefit Subsidy Claim for 2020/21. Mr David Skinner, Section 151 Officer and Mr Mark Stocks, Audit Partner, Grant Thornton, External Auditor presented the item. As this was the first year of the merged Buckinghamshire Council, the Housing Benefit Records had remained on four separate legacy systems, which presented its own risks and challenges. Therefore, testing had been performed equally across all four systems and Cumulative Audit Knowledge and Experience (CAKE) was carried out for 13 areas in total. The outcome of all the testing had resulted in a small

adjustment of £1k to the Housing Benefit subsidy claim and a roll forward of 10 areas of CAKE testing into the 2021/22 audit.

The Council was responsible for compiling grant claims and returns in accordance with the requirements and timescales set by Department for Work and Pensions (DWP). Grant Thornton, as the Council's external auditor, annually reviewed the grants the Council claimed through a grant certification process.

The nature and complexity of the Housing Benefit scheme linked to the volume of claims (83,473 changes during 2020/21) meant that most local authorities would have had some errors identified through their annual subsidy claim audit.

During discussion, points raised included:

- The report was a positive report, with a small adjustment of £1k on an £80m claim. This was particularly pleasing as the systems had since been consolidated which further increased confidence in processes.
- This was a highly complex claim which involved significant checking. The position was monitored monthly and scrutinised regularly by the management team. The rigorous testing regime provided internal assurance which had then been evidenced in the external audit report.
- The 2021/22 housing benefit audit work was well underway with the majority of testing having been completed.
- The Committee was advised that there was a rolling programme of training for staff, and regular meetings were held between the revenue and benefits service and housing service area to identify issues and share lessons learned to enhance training in the future.
- It was noted that 100% checking had been in place for April and May 2023 and that now the consolidated system was being used, the checking routine would be subject to review and potentially subject to a future report to the Committee.

**RESOLVED:**

**That the report be noted.**

**7 ANNUAL AUDIT REPORT 2021/22**

The Committee considered the external auditors interim annual report for 2021/22. Under National Audit Office (NAO) Code of Practice regulations, external auditors were also required to make a Value for Money assessment to consider that local authorities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The report provided detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Mr David Skinner, Section 151 Officer and Mr Mark Stocks, Audit Partner, Grant Thornton, External Auditor presented the item.

The external auditor's conclusion of the Council's Value for Money detailed assessment was provided in Appendix A.

Points raised during discussion included:

- As noted above, the Council had increased staffing capacity and had produced an articulated plan which it was delivering against to catch up on the accounts. The report would remain interim, as had the 2020/21 annual audit report, until the relevant years accounts were able to be signed off.
- Overall, the report was positive. In terms of financial sustainability there was satisfaction

with how the Council was balancing its budget and was not drawing on reserves to fund recurrent expenditure. There were no governance concerns, although it was noted that there was not as much governance around subsidiary companies during 2021/22 as there was presently. In relation to economy, efficiency and effectiveness the Corporate Plan was clear and progress was noted within Childrens Care Services.

- The management response on strengthening internal audit resourcing was explained in that resourcing had been strengthened through the team's restructure and any audits that had to be deferred had been replaced with other important audits. It was noted that there would be a change of approach to deferred audits in the current year.
- The management response for the SEND recommendation would be clarified further prior to the report being finalised to ensure there was clarity around the internal audit/external audit/SEND audit inspection regimes.
- The Committee discussed complaints reporting, and whilst the overall number of complaints was reported to the Standards and General Purposes Committee, the Committee agreed that a report on payments out to complainants should be presented to this Committee for both the 2022/23 and 2023/24 financial years in line with the requirements of the Constitution. It was explained that there had been some increases seen to complaint levels following the covid lockdown period where complaints were suspended, however levels had since subsided and returned to a level in keeping with previous years.

**ACTION: That a report on payments out to complainants be added to the work programme for an appropriate meeting of this Committee in 2023/24.**

- The Committee heard that the Buckinghamshire Shareholder Committee had been set up by Cabinet and had been in operation for around a year, overseeing subsidiary companies' business plans and finances and producing an annual report to Cabinet. The Committee requested that an annual report on companies' governance be presented to an appropriate meeting in the 2023/24 financial year. It was confirmed that company directors had received the appropriate training in September 2022 and this training would take place annually.

**ACTION: That an annual report on companies' governance be added to the work programme for an appropriate meeting of this Committee in 2023/24.**

- It was explained that the external auditor had used benchmarking information to assess overall service expenditure referred to within the performance review, monitoring and assessment section of the report. The Committee was advised that from an external audit perspective it was those red rated performance indicators that the Council and/or Committee may wish to focus further on. The Chairman advised that the formulation of KPI's was a governance issue and suggested a report on this subject come to the Committee at a future meeting to ensure KPIs were fit for purpose. The monitoring of KPIs was subject to scrutiny by the relevant select committee.

**ACTION: That a report on the formulation of key performance indicators be added to the work programme for an appropriate meeting of this Committee in 2023/24.**

- The Committee noted that Community Boards were incorrectly described within the Partnership Working section of the document and highlighted that all ward members within the Board areas were Board Members.
- A Member queried the wording of 'follow-up of previous recommendations' number 1, which noted that the Committee disagreed with the recommendation. The Chairman explained that this disagreement was around the 'continued keen focus' wording as it was difficult to evidence that this was necessary given that the recommendation arose from a 2020/21 report and we were now into the 2023/24 year. The Member suggested that this recommendation be re-instated with the appropriate level of wording due to his concerns around budget management and finances in the current climate.
- The Committee agreed that the report was positive and captured the relevant

information, although would require a comprehensive check to ensure it was accurate, comprehensible throughout and reflected the points raised above to ensure areas such as the SEND audit clarification, Community Boards, Risk Management Group membership, and finances were accurate.

**ACTION: Mr L Ashton to provide a list of the above points to Mr D Skinner to produce a draft paper to circulate to Members for agreement by the end of July 2023 for forwarding on to Mr M Stocks to incorporate the comments and changes.**

**RESOLVED:**

**That the findings in the report by the external auditor attached at Appendix A on the Council arrangement for securing Value for Money (VfM) in its use of resources, the recommendations made and management's response be noted with the above amendments to be made for inclusion in the final version of the report.**

**8 PENSION FUND ACCOUNTS 2020/21**

The Committee received the Buckinghamshire Pension Fund Accounts to 31<sup>st</sup> March 2021 and the associated Audit Findings Report. Councillor Tim Butcher, Deputy Cabinet Member for Accessible Housing and Resources presented the report.

The Buckinghamshire Pension Fund Accounts and Net Assets Statement showed that in the year to 31<sup>st</sup> March 2021 the value of the Buckinghamshire Pension Fund increased by £725m to £3.638bn. Grant Thornton had substantially completed the audit and they had not identified any adjustments to the financial statements that impacted the Buckinghamshire Pension Fund's net asset position. Grant Thornton anticipated issuing an unqualified audit report opinion. The report appended to the agenda pack summarised the income, expenditure and returns on investments for the financial year 2020/21.

There had been three main changes to the draft Audit Findings Report considered by the Committee in September 2021. These were detailed in the report and involved: Page 10 significant judgement or estimate Level 2 investments £3,410m; Page 23 reclassification of cash in the current and prior period and Page 26 Note 3 – Contributions.

Following questions raised by Members, the Committee was advised that the Pension Fund Committee would be receiving the report following this meeting and should any issue arise from that meeting it would be fed back to this Committee. It was confirmed that there were no liability driven investments within the portfolio.

The Committee received assurance that the Council was not in breach of any regulations, whilst there was guidance on when accounts should be signed off, this was not statutory.

**RESOLVED:**

- 1. That the audited Statement of Accounts for Buckinghamshire Pension Fund for the year ended 31st March 2021 be reviewed and noted.**
- 2. That management's proposed treatment of areas identified by the auditor be approved.**
- 3. That the Buckinghamshire Pension Fund Statement of Accounts 2020/21 be approved and final sign off of the Statement of Accounts be delegated to the Chairman of the Audit and Governance Committee and the S151 Officer subject to:**
  - No material changes in the accounts or material findings by the Pension Fund Committee**
  - Final sign off by the external auditors of Buckinghamshire Council accounts 2020/21.**

## **9 TREASURY MANAGEMENT ANNUAL REPORT 2022/23**

The Committee considered the Treasury Management Annual Report 2022/23 which provided a summary of the Council's treasury position on 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023. In line with the CIPFA Code of Practice for Treasury Management and the Council's Financial Regulations, the Council was required to provide the Audit and Governance Committee with a report on the previous year's treasury management activity. Councillor Tim Butcher, Deputy Cabinet Member for Accessible Housing and Resources presented the report.

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

The report also provided a detailed overview of funds held by treasury portfolio, an overview of external borrowing and a detailed picture of the treasury cash position.

### **RESOLVED:**

**That the Treasury Management Annual Report 2022/23 be noted.**

## **10 ANNUAL GOVERNANCE STATEMENT 2022/23**

The Committee received the Annual Governance Statement (AGS) for 2022/23 which was presented by Mr Glenn Watson, Principal Governance Officer. The Committee was advised that the purpose of an AGS was to comment on the effectiveness of a council's governance arrangements for the year in question. An AGS should be public facing. Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) noted that the AGS should be high level, strategic, meaningful and brief. It should be written in an open and readable style.

The AGS must be published alongside the Statement of Accounts and should reflect the governance in the year just concluded. The AGS was normally prepared alongside the timeline for producing the Statement of Accounts. While the Council's Accounts for 2022/23 are not scheduled to be completed during this year, the Council's External Auditors need to see an agreed version of an Annual Governance Statement during the preparation of their assessment.

An AGS should contain an Opinion as to the effectiveness of the governance arrangements, signed by the Chief Executive and the Leader of the Council. This draft AGS contains such an Opinion for 2022/23 based on the assurances contained within it: "The Council's governance arrangements in 2022/23 were sound and provide a robust and effective platform for achieving the Council's priorities and challenges in 2023/24."

Members of the Committee during 2022/23 were invited to submit their views on the key areas of governance during that year and on any areas of preferred focus for 2023/24. Comments received had been reflected in the draft which complied with CIPFA guidance. The draft also reflected various annual, and other, reports prepared for Council, Cabinet and Committees which related to aspects of governance during 2022/23 as noted in the covering report.

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

Points raised during discussion included:

- A Member requested that the AGS be checked through for consistency in its references to the Senior Management Team and Statutory Officers. It was also requested that within references to Community Boards and High Wycombe Town Committee, unparished areas should be mentioned.
- On page 41 of the reports pack, it was requested that under 'where do we get assurance from?', the Standards and General Purposes Committee also be included. Further, on page 45 of the reports pack, it was noted that the team had completed 19 grant assurance reviews or claims verifications and it was asked that how many this figure was out of also be referenced.
- A Member requested that further detail on how the Council's subsidiary companies were managed be included within the AGS along with ensuring the names of the companies were included and clear.
- The Committee discussed whether reference should be included to note that Buckinghamshire Council's Select Committee Chairmen and Vice-Chairmen were all from the ruling political party. It was also discussed whether the appropriate role of scrutiny, in terms of checking and challenging decisions should be included in the AGS. The Chairman noted that the Principal Governance Officer would need to be careful in covering these areas within the AGS as the document focused on 2022/23 and not the current position, the document would need to remain politically impartial.
- A Member requested that the second paragraph on page 47 of the reports pack be given further thought, as the training statistics were difficult to fully understand without the context of how many the staff figures were out of. It was also questioned whether the paragraph on the Monarchy was required in the AGS.
- A Member noted that a key responsibility of the Council was to carry out its statutory obligations in the most efficient, cost-effective way and queried whether this should be included within the introductory section as a key priority.
- Within the action plan, the Committee challenged whether the Communities and Localism Select Committee was the right Committee to deal with the Community Board review, particularly the governance risk around the dispersal of funds to Community Boards and it was requested that this be reviewed.
- The Committee also noted that the Corporate Director for Children's Services had been assigned several actions and queried the timeline and how these would be managed.
- Within the action on Community Governance Reviews it was requested that the fourth bullet point be amended to include reference to local Councillors. A suggestion was also made to add a further bullet point to understand Buckinghamshire Council's commitment to the Community Governance Reviews.

**ACTION: Mr G Watson to produce an updated version of the AGS, in the latest design format taking into consideration all of the above points. This draft was to be circulated in advance of the next Committee meeting, with the intention of the AGS being signed**

off at that meeting.

**RESOLVED:**

**That the draft Annual Governance Statement 2022/23 be noted and was to be presented at the next Committee meeting in September 2023 subject to further amendments being made based on the comments raised above.**

**11 AUDIT COMMITTEE - REVIEW OF EFFECTIVENESS**

The Committee received the Audit Committee Review of Effectiveness. Audit committees were a key component of an authority's governance framework. Their purpose was to provide an independent and high-level focus on the adequacy of governance, risk, and control arrangements. The Committee's role in ensuring that there was sufficient assurance over governance risk and control gave greater confidence to all those charged with governance that those arrangements were effective. In accordance with CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022 appended at Appendix 1, an evaluation of the effectiveness of Buckinghamshire Council's Audit and Governance Committee had been undertaken, and areas for improvement had been identified.

CIPFA's Self-Assessment of Good Practice checklist provided a high-level review that incorporated the key principles set out in their Position Statement and guidance document Audit Committees: Practical Guidance for Local Authorities and Police. Where an audit committee had a high degree of performance against the good practice principles, it was an indicator that the committee was soundly based and had in place a knowledgeable membership. These were the essential factors in developing an effective audit committee.

The results of the self-assessment exercise, carried out by some members of the Audit and Governance Committee and a sample of officers who support the committee, could be seen in Appendix 2. The majority of the good practice principles were assessed as "fully complies" and required no further improvement. An Improvement Plan had been drafted following the self-assessment and a collaborative discussion held between Members and officers to address the actions required where the good practice principles had been assessed as "partially complies" or "does not comply" and therefore required improvement.

The improvement plan would be monitored and updated on a regular basis and presented at the Audit and Governance Committee as a standing item on the agenda. The Committee noted that as part of the improvement plan the external auditor and chief auditor would make themselves available prior to each meeting should Members wish to raise any questions or discuss specific issues. Members were also advised that a training evaluation of Members would be done as part of the improvements to be made and training for all Members would be arranged in due course.

**RESOLVED:**

**That the report be noted.**

**12 INTERNAL AUDIT CHARTER**

The Committee considered the Internal Audit Charter, which was appended in full to the agenda pack. The Public Sector Internal Audit Standards (PSIAS), which took effect from the 1 April 2013, provided a consolidated approach across the whole of the public sector providing continuity, sound corporate governance and transparency. The Standards required all Internal Audit activities to implement and retain an 'Internal Audit Charter', the Charter was presented to the Committee annually. The purpose of the Internal Audit Charter was to formally define the Internal Audit activity's purpose, authority and responsibility.



The Internal Audit Charter was reviewed by CIPFA as part of the External Quality Assessment in Q3 of 2021/22 and was found to comply with best practice. There had been minor amendments made, which included amending and updating job titles.

Key points raised during discussion included:

- Within the key performance indicators appended to the report, a Member queried whether the measure of success of client satisfaction and whether they accepted recommendations was suitable as this appeared to go against the nature of internal audit.

**ACTION: Ms M Gibb to review the KPI on this particular point, assess how it works over the coming year and report back to the Committee when the Charter is next reviewed.**

- The Committee heard that audit actions were reported to CMT regularly, and there was a strong view amongst the Chief Executive and CMT that implementation of audit actions be followed through and taken forward. The Committee emphasised that there needed to be reciprocal obligations of performance objectives for CMT and Directors.
- In section 13.1, it was raised that the reference to 'Buckinghamshire Fire & Rescue Service' should read 'Buckinghamshire and Milton Keynes Fire & Rescue Service'.
- Paragraph 8.2 was clarified to the Committee in that the internal audit team included responsibility for the risk management team and insurance and business continuity, these areas of work were audited by an independent body and it was ensured that the team was not auditing its own work.
- The Committee heard that the Chief Auditor has direct access to the Chairman of the Committee, the Chief Executive and External Auditors should anything need to be escalated. The team complied with the public sector internal audit standards which was clear on independence and objectivity.

**RESOLVED:**

**That the Internal Audit Charter be approved subject to the above amendments.**

### **13 APPOINTMENTS TO THE RISK MANAGEMENT GROUP**

**RESOLVED:**

**That the below appointments to the Risk Management Group for the ensuing year be noted.**

**Councillors:**

**D Anthony**

**R Carington**

**L Clarke OBE**

**N Hussain**

**R Newcombe**

**N Thomas**

### **14 RISK MANAGEMENT GROUP UPDATE**

The Committee received an update on the Risk Management Group meeting held on 12 June 2023. The Corporate Director for Planning, Growth and Sustainability (PGS) along with the Service Director for Economic Growth and Regeneration, the Business Strategy Manager, and the Head of Finance for PGS were in attendance. Since PGS last attended RMG, there had been some structural changes within the directorate within the Transport Infrastructure and Funding service having been dispersed. The functions of that team which related to holding High Speed Two Railway (HS2) and East West Railway (EWR) to account and managing the delivery of highways infrastructure projects had moved to the Communities Directorate. The function of that team which related to Transport Strategy and Funding had moved into the Planning and Environment Service. The key risk themes from the meeting were detailed within the report. The

risks were discussed in detail, as well as the mitigating actions being challenged by the members.

**RESOLVED:**

**That the update be noted.**

**15 2023/24 DRAFT BUSINESS ASSURANCE STRATEGY (INCL. INTERNAL AUDIT AND COUNTER FRAUD PLAN)**

The Committee received the 2023/24 Draft Business Assurance Strategy which included the proposed internal audit plan. The Internal Audit plan was produced with reference to the Strategic and Directorate Risk Registers and had been prepared using a risk-based methodology that enabled the provision of an independent opinion on the adequacy and effectiveness of the systems of internal control (comprising of risk management, corporate governance, financial and operational controls). Whilst there was a plan in place, the need to have a fluid approach to enable an effective response to emerging risks and the needs of the organisation was recognised, as such a risk-based planning model had been used to assess and identify the key audit engagements that 'must' be delivered this year. The remaining audits in the plan that were RAG rated 'medium' or 'low' would be carried out based on availability of resource and other urgent requests.

A number of contingency days had been included to allow time to react to ad-hoc and unplanned requests for assurance or fraud work. Any proposed changes to the plan would be reported to the Audit Board and Audit and Governance Committee for approval. Quarterly updates were presented to each of the directorates, and the planned audit and assurance activity was reviewed for appropriateness each time. Views of the directorates were also sought on the work of the Business Assurance Team to enable continuous improvement and ensure that the needs of the organisation were being met as best possible.

An update on delivery of the Business Assurance Strategy and a summary of the internal audit output would be presented as a standing agenda item at Audit and Governance Committee meetings.

Points raised during discussion included:

- There was an intent to reduce audit deferrals as much as possible, and where there was a need to defer an audit for a justifiable reason this would be reported to the Committee.
- The audits had been RAG rated to ensure that all the red rated audits were delivered, with the medium and lower priority reviews to be completed where capacity allowed.
- Available resources were highlighted in the strategy, this included the internal resource as well as the access to the London Audit Framework who could be approached should additional resource be required or auditors who specialised in certain areas. The Committee was informed that an officer was currently acting up as the Audit Lead, and this could become permanent with a senior auditor then being recruited. The Assurance Lead role had been unsuccessful in getting appropriately skilled applicants, an issue impacted by higher salaries offered elsewhere in the market.
- A Member advised that at 2.1 of the report, three lines of defence were referred to, although only two were detailed. It was suggested that the third line of defence which was internal audit and assurance be added.
- In section 4.2, it was noted that there was a typo and that 'SOLCACE' should read 'SOLACE'.

**RESOLVED:**

**That the 2023/24 Business Assurance Strategy and Internal Audit Plan be approved subject to the above amendments in respect of sections 2.1 and 4.2.**

**16 2022/23 BUSINESS ASSURANCE STRATEGY UPDATE (INCLUDING INTERNAL AUDIT PLAN)**

The Committee considered a report which provided an update on the internal audit work being undertaken by the Business Assurance Team as the team moved toward completion of the 2022/23 plan. Delivery of the Business Assurance work plans helped ensure that there was an appropriate governance and control framework in place and that risk management was embedded across the council to enable the achievement of set objectives. Ms Maggie Gibb, Chief Auditor and Head of Business Assurance presented the report.

Following questions, the Committee was assured that scoping work had commenced on the two previously deferred IT audits and had been agreed with the client. Members also requested a review of the wording on page 83 of the reports pack to reflect the change from the Clinical Commissioning Group (CCG) to an Integrated Care Partnership (ICP).

**ACTION: Ms M Gibb to update the wording of the above.**

**RESOLVED:**

**That the report be noted.**

**17 CONTRACT PROCEDURE RULES - WAIVERS AND BREACHES (6 MONTH UPDATE)**

The Committee considered the contract procedure rules, waivers and breaches update. Mr Mark Preston, Assistant Director, Finance attended to present the report. This report provided a quarterly summary in relation to compliance with the Council's Contract Procedure Rules (CPR's), compliance with the Public Contracts Regulations 2015 and summarised the waivers and breaches.

The number of contract waivers granted in the last quarter to March 2023. Were detailed within the report along with details of what the high waivers were in respect of. No breaches had been reported to the Statutory Officers in the period since the last report.

In respect of procurement and contract management training, an additional 83 training sessions had been attended in Q4 2022/23 bringing the 2022/23 total so far to 341 and a cumulative total since 1st April 2020 to 1,479. The team had also developed and launched a new 'Tender Process' module in March which encompassed an overview of the regulations and things to consider; the tender documents; tendering timeline; step-by-step review of the Open Procedure.

In May 2022 the Procurement Bill was published in Parliament. The proposed date for the Bill to clear the legislative process was Spring 2024. Procurement had established a project in readiness that would be rolled out once the Bill was finalised and updates on progress and deliverables would be provided.

During discussion, points raised included:

- The Procurement team was regularly attending monthly directorate budget board meetings and presenting figures around work being undertaken and contracts which were coming up. This had been working well in practice and provided Service Directors and Corporate Directors with a clear picture of forthcoming contracts.
- In relation to training, the team was working on regularly reporting training statistics for future reports to the Committee. Within the 2022/23 financial year, 53 contract managers who were on the contract management application out of 136 had attended at

least one training session during the year. Others may well be experienced officers who had attended in previous years. Statistics would continue to be developed and training information put in an improved context for Members on a regular basis.

- The Committee was pleased to note that there had been no breaches to report within this period and paid thanks to the team. A suggestion was made that in the future where there were not any breaches, a nil report be submitted within the confidential part of the agenda.
- Members suggested that it would be useful to provide categorisation of waivers to identify in number terms, reasons why directorates may be applying for a higher number of waivers, even where they had been advised in good time of contract renewals.
- A Member raised concern that most high value waivers came from critical services such as Adult Social Care, Children's Services and Housing and noted that a trend analysis would be helpful to understand the reasons for this and whether this related to a lack of competition in the market. The Committee was advised that the team was liaising with other local authorities to find a workable solution on enhancing the marketplace in these sorts of circumstances and the need to be aware of the local and wider market was recognised.

**RESOLVED:**

**That the report and the work of the strategic procurement team be noted.**

*Note 1: Councillor N Hussain left the meeting at 12.06 p.m.*

**18 ACTION LOG**

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

- 3. 2022/23 Business Assurance Strategy update
- 12. Pension Fund Accounts 2021/22
- 14 and 15. Audit and Governance Committee Annual Report to Council

Further points noted included:

- 8. General (accessibility) - to remain open as an external audit report received for this meeting remained in smaller font size than size 12.

**RESOLVED:**

**That the action log be noted**

**19 WORK PROGRAMME**

The Committee considered the work programme which covered the items for the following meeting. The full 2023/24 work programme would be circulated prior to the next meeting. A Member suggested a deeper dive into the Council's approach to mandatory training across directorates and how it was decided what training was mandatory and how this was managed against risks the Council was dealing with. The focus of this would be on the risk aspect rather than delivery.

As discussed under earlier agenda items, Members also requested that reports on subsidiary companies governance (annual), complaints (payments out) for the current and previous financial year, and formulation of KPIs be included on the 23/24 work programme.

**ACTION: Ms M Gibb to update the work programme based on the above.**

**RESOLVED:**

**That the work programme be noted.**

**20 DATE OF THE NEXT MEETING**

Wednesday, 27 September 2023 at 10 a.m.

**21 EXCLUSION OF THE PUBLIC**

**RESOLVED:**

That pursuant to Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting during consideration of Minutes No 22, 23, 24, and 25 on the grounds that they involved the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act as defined as follows:

Minute 22 – Confidential Minutes of the Audit and Governance Committee held on 10 May 2023

Minute 23 – Contract Procedure Rules – NOT REQUIRED

Minute 24 – 2022/23 Audit Actions Update and Completed Audits

Minute 25 – Action Log (confidential)

**22 CONFIDENTIAL MINUTES**

**RESOLVED:**

That the confidential minutes of the meeting held on 10 May 2023 be approved as a correct record.

**23 CONTRACT PROCEDURE RULES - WAIVERS AND BREACHES (6 MONTH UPDATE)**

This item was not required as there were no breaches to report in the period since the previous occasion the report was presented to the Committee.

**24 2022/23 AUDIT ACTIONS UPDATE AND COMPLETED AUDITS**

The Committee held a detailed discussion on audit actions and completed audits that had taken place since the last meeting of the Committee.

**RESOLVED:**

**That the report be noted.**

**25 ACTION LOG (CONFIDENTIAL)**

The Committee considered the confidential action log and

**RESOLVED:**

**That the current Action Log (confidential) be noted.**