



# Buckinghamshire Council

## Audit and Governance Committee

### Minutes

**MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON WEDNESDAY 17 JANUARY 2024 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 10.00 AM AND CONCLUDING AT 12.13 PM**

#### **MEMBERS PRESENT**

R Newcombe (Chairman), P Brazier, R Carington, M Dormer, D King, N Thomas and S Wilson

#### **OTHERS IN ATTENDANCE**

T Butcher

#### **Agenda Item**

##### **1 APOLOGIES**

Apologies for absence had been received from Councillors S Barrett, L Clarke OBE and A Collingwood.

The Chairman welcomed Councillors S Barrett and A Collingwood to the Committee. Councillors Barrett and Collingwood replaced Councillor S Rouse and the vacancy left by Mr D Anthony.

##### **2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

##### **3 MINUTES**

###### **RESOLVED:**

**That the minutes of the meeting held on 27 November 2023 be approved as a correct record.**

##### **4 BUCKINGHAMSHIRE COUNCIL STATEMENT OF ACCOUNTS**

The Committee received an update on the 2020/21 Statement of Accounts along with subsequent years' statements of accounts. A summary of audit progress covering 2020/21 to 2022/23 had also been circulated prior to the meeting and tabled. Mr Mark Stocks, Audit Partner, Grant Thornton, External Auditor was in attendance for this item. Mr David Skinner, Section 151 Officer introduced the update.

Key points raised during the update and throughout the discussion included:

- Work continued to complete the 2020/21 set of accounts following substantial progress having been made to conclude a host of issues. Areas of focus remained, one of which

was the revaluation of Council owned land and buildings with historic valuations dating back to 2017/18 requiring further examination, on which the finance team continued to work closely with the external auditors to address. It was noted that much of the previous valuation data came from legacy councils which added a layer of complexity; however, the finance team was working hard to address the issue.

- In terms of the impact of the property valuation, the Committee heard that the primary focus of the audit was to provide assurance around general fund reserves and ensure income and expenditure for 2020/21 was accurately stated, however there could be a scenario where the balance sheet was uncertain which could result in a qualification on that aspect of the accounts. This would not impact the general fund reserves or usable reserves, however, would give a level of uncertainty around property valuations until the 2023/24 cycle was concluded and up to date valuations of assets were recorded. This would not impact the way the Council was run and nothing untoward was suggested in respect of historic valuations. The Committee heard that if anything, it was believed that the assets may have been slightly undervalued.
- A separate ongoing area had been in relation to auditing IT systems, with the external auditor experiencing some difficulties from their side with getting the necessary IT access. This had been resolved just prior to this meeting and the Council would now seek to provide the data required to undertake testing as soon as possible.
- There was confidence, that as with previous obstacles faced, the outstanding queries could be satisfied to issue an opinion on the 2020/21 accounts in time for March's Committee meeting and assurance was provided that the finance team was appropriately resourced to satisfy the conclusion of the audit. The external audit team was currently on site working with the finance team.
- In terms of the previously discussed Government backstop date, the Committee was advised that the proposed date was expected to move from the end of March 2024 to the end of September 2024. This would still not allow sufficient time to satisfactorily audit the 2021/22 and 2022/23 accounts, and the plan would remain to conclude draft documentation for those sets of accounts with some kind of disclaimer of opinion expected to be issued. This would allow work to move on to the 2023/24 set of accounts as soon as possible with the audit planned to be completed by the end of the 2024 calendar year.
- It had also been previously discussed that accounting standards and regulatory requirements may be amended to reduce the burden and complexity involved in local authority accounting, however these proposals had not progressed or been released at the time of this meeting.
- The change of external auditor, following the PSAA retendering was due to commence for the 2024/25 accounts. Once the 2023/24 work was completed there would be close liaison between the Council, Grant Thornton and the incoming audit team with activity planned to ensure adequate handovers were in place.

**RESOLVED:**

**That the update be noted.**

**5 TREASURY MANAGEMENT STRATEGY 2024-25 TO 2026-27**

The Committee received the Council's Treasury Management Strategy Statement 2024-25 to 2026-27 which would be presented to Full Council at its meeting on 21 February 2024. Councillor T Butcher, Deputy Cabinet Member for Accessible Housing and Resources to present the Strategy.

The Local Government Act 2003 ("the Act") and the Regulations made under the Act required the Council to have regard to the Prudential Code for Capital Finance in Local Authorities and to

set Prudential Indicators for the next three years to ensure that the Council's capital investment plans were affordable, prudent and sustainable.

The Act also required the Council to set out a statement of its treasury management strategy for borrowing and to prepare an Annual Investment Strategy (AIS) (as shown in Appendix 1). This set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Treasury Management Strategy Statement and Annual Investment Strategy must both have regard to guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC) and must be agreed by Full Council.

Treasury management at the Council was conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which required the Council to approve a treasury management strategy before the start of each financial year. This report fulfilled the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The Investment Strategy was considered separately within the Capital Investment Strategy. The TMSS and AIS form part of the Council's overall budget setting and financial framework. The strategy covered the three main areas of capital; borrowing; and managing cash balances.

During discussion, points raised included:

- It was highlighted as per paragraph 3.5 of the report, that the Council complied with CIPFA's Prudential Code for Capital Finance in Local Authorities recommendation that the Council's debt should be lower than its highest forecast CFR over the next three years. The Council was under borrowing at present which allowed for some flexibility for limited early borrowing in future years to take advantage of potential favourable interest rates.
- Attention was drawn to changes from last year's Strategy as detailed in paragraphs 5.5 and 5.6 of the report. To align with the UK's sovereign rating of AA- it was recommended to lower the sovereign rating from AAA to AA- which was in line with advice from Link Treasury Services Ltd, the Council's external treasury management advisor. If the Council was not to reduce the rating, the Committee heard that this would reduce investment options available, so setting the rating at AA- ensured that there would be a degree of flexibility.
- In terms of aligning the strategy with assessing equalities and human rights issues, it was confirmed that the Council had no power over the sovereignty ratings, although the Treasury Management team would take these issues in to account when making an investment decision. By implementing exclusions, it would again affect investment flexibility which was important to ensure the best returns were achieved to assist in delivering services to residents.
- The country limits were recommended to increase by a further £40m to £80m, the Committee was advised that this was to increase flexibility to the Council's investment strategy and maximise its effectiveness. This was particularly important, as the flexibility around fast-moving investments in other local authorities had been removed, given the required sign offs from the Chief Executive, Leader, and S151 Officer. At present, it was confirmed that the Council held no investments in local authorities and had no plans to, although the strategy still allowed for this should future plans change.
- The implementation of the change in accounting standards for 2023/24 under International Financial Reporting Standards 9 was delayed until 31 March 2025. This set out that any potential loss or gain from selling certain investments would need to be taken in to account within the Council's balance sheet. This affected investment instruments such as the pooled Local Authority Property Fund administered by CCLA.

- A Member queried the upper limit within the borrowing strategy, and questioned if it were too generous. The Committee was advised that the limit provided important flexibility and it was unlikely that the limit would be reached. The key determinates would still be accounted for when taking any decision on borrowing. A mid-year treasury management report would be presented to the Committee for further oversight, and it was confirmed that the Cabinet Member and Deputy Member regularly reviewed the position and challenged any changes.
- The Committee discussed the provision of potentially including a dashboard in the report to cover prudential indicators and give some clearer understanding to Members and residents when the report is put before Full Council in February 2024. Given the tight turnaround between this meeting and Full Council it would be difficult to include this in this year's report, and it was noted that the current report followed the structure and advice from Link. This would be reviewed in the mid-year report with a view to inclusion in the next annual TMSS. The Committee requested that benchmarking of investment returns against similar local authorities would also be a good indicator to look at in the future.  
**ACTION: D Skinner / H Shah to consider the inclusion of a dashboard in future years Treasury Management Strategy Statement's along with benchmarking investment data, with an update on both to be considered during the mid-year TMSS update.**
- The economic outlook section was ever moving and provided a view at the current point in time, this would be updated to reflect the current economic outlook in time for Full Council.

**RESOLVED:**

**That Full Council be recommended to approve:**

1. **The Treasury Management Strategy Statement (TMSS);**
2. **The Borrowing Strategy as set out in Section 4;**
3. **The Prudential Indicators (PI) set out in Sections 3, 4 and 5;**
4. **Changes to the Country Ratings and aggregate limits as detailed in paragraphs 5.5 to 5.7;**
5. **The Annual Investment Strategy set out in Appendix 1; and**
6. **The Minimum Revenue Provision Policy set out in Appendix 2.**

**6 PREPARATIONS FOR 2025 COUNCIL – CONSTITUTIONAL ARRANGEMENTS**

The Committee considered a report which proposed the establishment of a cross party Member task and finish group to bring forward proposals for changes to the Council's Constitution for 2025. Mr Glenn Watson, Principal Governance Officer presented the report.

In May 2025, the number of Buckinghamshire Councillors would reduce from the current 147 to 97, as a result of the Local Government Boundary Commission's Review. This change would have various implications for the way the Council organised itself, with fewer Councillors and a revised geography of representation. As such, the Council would want to adopt sustainable and effective governance arrangements. Tasks to be undertaken included reviewing committee structures and sizes and to consider any further changes to the Constitution which may be required as a direct result of the reduction in the number of members.

It was proposed that Membership of the Task and Finish Group would comprise the Chairmen and Vice-Chairmen of the Standards and General Purposes Committee and Audit and Governance Committee, the Leaders of the opposition groups and one of the Deputy Leaders of the Council. Any proposals developed by the group would then need to be considered by both the Standards and General Purposes Committee and the Audit and Governance Committee, with the recommendations then submitted to Full Council. Draft Terms of Reference were attached

at Appendix 1.

Points raised during discussion included:

- The Committee highlighted that three Members appeared a low number for meeting quorum. A Member suggested that as it was to be a cross party group, the terms of reference should refer within the quorum to state that at least one member of the opposition group should be present for the Task and Finish Group to meet. Following discussion, there was agreement to amend the wording to allow Members of the task and finish group to nominate a substitute to attend on their behalf, should they be unable to attend. Further, there was agreement to increase the quorum to 4.

**ACTION: Following consideration by the Standards and General Purposes, should they agree, Mr G Watson to update the terms of reference to reflect a quorum of 4 and the provision of substitutes.**

- The meetings would be scheduled well in advance.
- The Chairman provided clarity that the Task and Finish Group was restricted to ensuring the Constitution was fit for purpose for the new Council and was not reviewing more general constitutional changes unlinked to the new membership and ward structure of the Council.

**RESOLVED:**

**That it be agreed to establish a cross party Member task and finish group to bring forward proposals for changes to the Constitution for 2025 subject to the above comments, and approval from the Standards and General Purposes Committee at its meeting on 18 January 2024.**

## **7 WHISTLEBLOWING POLICY**

The Committee considered the revised Whistleblowing Policy and Procedure as found at Appendix 1. The Whistleblowing Policy was intended to encourage and enable employees to raise serious concerns within the council rather than overlooking a problem or “blowing the whistle” outside. Ms Maggie Gibb, Head of Business Assurance presented the policy.

The policy had been updated to reflect current job titles and changes to other linked policies and would be reviewed on a triennial basis. The policy would be reviewed sooner if there were significant legislative changes.

During discussion, points raised included:

- The policy formed part of the wider fraud awareness training, and once approved would be added to the Council’s website with appropriate internal communications being sent to staff to remind all of the policy’s existence. The Business Assurance team managed the whistleblowing policy with HR colleagues, and there was a confidential whistleblowing hotline in addition to a confidential email address where concerns could be reported.
- An annual report on the effectiveness of the policy and covering an analysis of trends would be presented each July and would summarise the cases opened throughout the previous year.
- The grammar of the policy would be checked for consistency prior to publication.

**ACTION: M Gibb to check consistency of grammar throughout the document.**

- There was a discussion around how Members could use the whistleblowing reporting routes and the level of protection they would be afforded. Members were encouraged to raise any concerns, however for certainty the Head of Business Assurance would liaise with the Service Director for Legal and Democratic Services and circulate separate guidance for Members as appropriate. Further, in relation to a query around a Member whistleblowing in respect of a separate Member, dependant on the nature of the issue

this would likely be a code of conduct matter.

**ACTION: M Gibb to circulate guidance for Members following liaison with the Service Director for Legal and Democratic Services.**

**RESOLVED:**

**That the Whistleblowing Policy be approved.**

## **8 RISK MANAGEMENT GROUP UPDATE**

The Committee received a report presented by Ms Maggie Gibb, Head of Business Assurance, which provided an update on the Risk Management Group (RMG) meeting held on 20 November 2023, at which the group considered the Adults and Health Risk Register, presented by the Corporate Director for Adults & Health, the Service Director for Strategy, Improvement and Governance and the Head of Finance for Adults & Health. The key risk themes were set out in the report appended to the agenda pack.

The Group also considered the latest version of the Strategic Risk Register. A further RMG meeting was held on 18 December 2023, an update on which would be provided at the next meeting of this Committee.

The Committee discussed whether the report should include additional information on not only the challenges the risks posed, but also the opportunities around mitigating actions being taken. It was noted that the quarterly budget monitoring position was reported to Cabinet, and this set out many of the challenges and opportunities in terms of how risks were managed. It was suggested that for future reports, some further detail could be added at paragraph 2.17 to expand on the mitigating actions discussed during RMG meetings.

**RESOLVED:**

**That the report be noted.**

## **9 2023/24 BUSINESS ASSURANCE STRATEGY UPDATE (INCL. INTERNAL AUDIT PLAN)**

The Committee received a Business Assurance Strategy update which contained the internal audit plan. The report provided an update on the internal audit work being undertaken by the Business Assurance Team against the approved 2023/24 plan. The 2023/24 Internal Audit Plan had been reviewed to identify the key audit activities to be delivered considering the priorities within the directorates and working around any key service priorities. Delivery of the overall Business Assurance work plans, including internal audit, 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.

During discussion, points raised included:

- Given the short period of time since the last Committee meeting along with the Christmas period there had been limited movement since the last meeting, although a considerable amount of work was ongoing with quarter 4 being the busiest quarter of the year for the team. A number of audits would be delivered over the coming weeks with a number being reported back to the Committee at its March meeting.
- Five reports were at a draft stage with a further six engagements in progress and five grant certifications having been completed and submitted.
- Reporting in the audit action tracker had now been split to clearly display actions outstanding for schools and non-school related actions. The overdue schools' actions had been progressed since the report was published. Regular reporting on overdue actions went through directorate leadership teams and CMT to ensure actions were being

progressed.

- A new Corporate Governance and Assurance Board had been established, this was chaired by the Deputy Chief Executive and absorbed the work of the former Audit Board. Two audit deferrals had been agreed as highlighted at paragraph 4.11 of the report, these related to partnership arrangements and the teacher pension scheme. Reasoning behind these were that the partnership audit had moved from high to medium priority and the new system for teacher pensions was not yet live. An additional internal audit was planned for staff expenses and overtime claims, this would be completed in quarter 4 to support the AURA change programme.
- In relation to counter fraud, the Committee was advised that there would be an annual report and the internal reporting of cases was being improved with a view to present a summary of recent cases to the Committee in the confidential section of a future meeting.
- A Member identified a labelling issue to the graph on page 69 of the reports pack, it appeared to run to August 2023, although the key ran to April 2023. These would be reviewed along with improving categorisation and providing more granular detail and information on trends at the next meeting.
- In response to a query around benchmarking against other local authorities, this would form part of the annual report with a trend analysis comparison to neighbouring authorities.

**RESOLVED:**

**That the report be noted.**

**10 ACTION LOG**

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

- 8. Statement of Accounts 2020/21 and 2021/22 (3)
- 9. Work Programme
- 10. Statement of Accounts 2020/21 and 2021/22 (4)
- 12. Higginson Park Trust Fund Accounts 2022/23
- 18. Chief Auditor Annual Audit opinion 2022/23
- 19. Letter from Chairman
- 21. Buckinghamshire Pension Fund 22/23 Audited Statement of Accounts (3)
- 23. Treasury Management 2023/24 mid-year update (1)
- 26. 23/24 Business Assurance Strategy (2)
- 27. 23/24 Business Assurance Strategy (3)
- 29. 23/24 Work Programme

**RESOLVED:**

**That the action log be noted.**

**11 2023/24 WORK PROGRAMME**

The Committee was advised that there were some changes expected on the financial reporting side with the Pension Fund Accounts for 2023/24 not expected to be considered at the meeting on the 8 May 2024. The calendar of meetings for 2024/25 was currently being planned with items then to be scheduled accordingly as the dates were agreed.

**RESOLVED:**

**That the work programme be noted.**

**12 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 13, 14 and 15 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 13 – Confidential Minutes of the Audit and Governance Committee held on 27 November 2023**

**Minute 14 – 2023/24 Business Assurance Strategy Update – Summary of Completed Audits and Audit Action Tracker**

**Minute 15 – Confidential Action Log**

**13 CONFIDENTIAL MINUTES**

**RESOLVED:**

That the confidential minutes of the meeting held on 27 November 2023 be approved as a correct record.

**14 2023/24 BUSINESS ASSURANCE STRATEGY UPDATE - SUMMARY OF COMPLETED AUDITS AND AUDIT ACTION TRACKER**

The Committee held a discussion on several completed internal audits, discussing their findings and the required actions to be taken by management.

**RESOLVED:**

**That the report be noted.**

**15 CONFIDENTIAL ACTION LOG**

The Committee considered the confidential action log and

**RESOLVED:**

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