



Audit and Governance Committee minutes

Minutes of the meeting of the Audit and Governance Committee held on Wednesday 27 January 2021 in Via Video Conference: Accessible to members of the public at <https://buckinghamshire.publici.tv/core/portal/home> commencing at 10.00 am and concluding at 12.35 pm.

Members present

R Newcombe (Chairman), G Peart (Vice-Chairman), D Anthony, R Bagge, A Christensen, L Clarke OBE, P Martin, R Sangster, M Smith, R Stuchbury and A Waite

Apologies

R Jones.

Agenda Item

1 Minutes

It was noted that the Counter Fraud Update and the Farnham Park Sports Field Charity Update would be considered by committee at their meeting 24 March 2021.

Resolved:

That the minutes of the meeting held on 18 November 2020 be approved as correct record.

2 Action tracker/ log

The committee considered the action tracker at pages 3 – 6 of the agenda pack. Two outstanding matters were noted which the committee would receive an update on at their meeting 24 March 2021.

Resolved:

To note the action tracker.

3 Declarations of Interest

None.

4 Treasury Management Mid-Year Update for 2020/21

The committee considered the treasury management mid-year update report for 2020/2021. It was noted that the council's 2020/21 treasury management strategy was approved by the Shadow Authority on 27 February 2020. The table at 1.2 of the report summarised the council's borrowing as at 30 September 2020.

In response to questions, the following key points were highlighted:

- In light of the pandemic and the likelihood of unexpected calls on cash flow, the council kept more cash available at short notice than is normal. Money Market Funds (MMFs) were diversified and liquid so that they could be accessed quickly.
- The committee noted that, due to the exceptional circumstances of the pandemic, the council had invested more in MMFs than was approved in the strategy due to the need to keep funds liquid. The Section 151 officer had been informed of this contravention and that the funds were AAA rated and were liquid.
- It was agreed that providers would be asked for information on their ESG policies and that this action be added to the action tracker. **(Action – Julie Edwards)**.
- The council regularly reviewed loan repayments and it was noted that premiums made early repayments unviable.
- Public Works Loan Board (PWLB) loans were not now being used for commercial acquisitions although still would be considered where the primary objective is to support regeneration. This condition on PWLB borrowing related to future borrowing and not existing borrowing.

Resolved:

To note the treasury management mid-year update report for 2020/ 2021.

5 Treasury Management Strategy 2021/22

Members considered the Treasury Management Strategy 2021/ 2022 at appendix 1. The strategy was expected to be agreed by full council at its meeting on 24 February 2021. It was noted that the council was required to approve a treasury management strategy before the start of each financial year.

The committee agreed the removal of the upper limit on all MMF investments, and the increase from £25m to £30m on the individual limit on a MMF which was detailed in 1.4 and 1.11 of the report. Members also agreed the additions to the list of approved counterparties and the increase in the principal sums invested for periods longer than a year from £25m to £50m at 1.10 and 1.14 respectively.

The committee agreed that the wording in relation to the treasury management reporting arrangements detailed in appendix 1 be amended to reflect that, as a minimum, the three main treasury reports are reported and noted by the Audit and Governance Committee each year.

It was asked that the strategy be amended to include a note on ethical investments and the council's sustainability goals. Some members felt that the principals of Environment, Social and Governance (ESG) investing did not apply to this particular strategy. It was proposed by Councillor R Stuchbury and seconded by Councillor Mike Smith that wording on the council's investments being in accordance with the council's policies be added to the Treasury Management Strategy 2021/ 2022.

On being put to the vote, the amendment was lost.

In response to questions, the following key points were highlighted:

- The council assesses its options to avoid negative interest rates when investing, but won't take undue risk purely to avoid negative interest rates.
- The council had no intention of using financial derivatives at present and would seek to consider external advice before entering into financial derivatives to ensure it fully understood the implications.
- The strategy is reviewed by the Audit and Governance Committee annually prior to being agreed at council.

The committee agreed to add wording into the strategy around the need for strong governance processes to be in place in the case that it was the council's intention to enter into financial derivatives. Further, that the Chairman of the Audit and Governance Committee and cabinet member be informed of any intention to enter into financial derivatives.

Action (Julie Edwards): to make the proposed amendments and recirculate the amended strategy to committee members for approval prior to full council.

Resolved to recommend to full council:

The council's Treasury Management Strategy 2021/ 2022.

6 Redmond Review on the Effectiveness of Local Audit and Accountability to the Public

The committee received a report providing a high-level summary of the Ministry for Housing, Communities, and Local Government's (MHCLG) initial response to the Redmond Review on the Effectiveness of Local Audit and Accountability to the Public. The report also included proposed actions/ next steps for Buckinghamshire Council. The following key points were highlighted:

- MHCLG's response was grouped into five themes. Further guidance would be released by the government in due course and any updates reported to the Audit and Governance Committee.
- Redmond's suggestion of a new Office of Local Audit and Regulation was rejected by MHCLG and other system leadership options were being explored.
- Committee members received audit and governance training as part of the member induction programme. It was suggested that yearly treasury management training, in addition to this audit and governance training, could be beneficial to members given the changing nature of this area of work at present.
- If the council were required in the future to appoint an independent member, the council's constitution would need amending to reflect this requirement.

Resolved:

To note the report.

7 Business Assurance Strategy 2020/21 Update (including Internal Audit Plan)

Members received a report on the 2020/ 2021 Business Assurance Strategy and the 2020/ 2021 Internal Audit Plan at the appendix and appendix A respectively. With regards to the Internal Audit Plan, works that were postponed, deferred, or where there had been a change in focus, were highlighted in yellow. The reason for works being postponed or deferred was owing to resource being diverted to covid-19 related activity. The following key points were raised:

- A concern was raised as to whether there would be a backlog of audit work to be carried out next year, and it was noted that additional resource could be put in place if required.

- It was noted that the audit team were reviewing grants distribution including those distributed via community boards. An update on grants would be brought to the next meeting of the Audit and Governance Committee in March.
- A working group of the Communities and Localism Select Committee were undertaking an inquiry on grants and their effectiveness, and would report their findings to cabinet in March.
- Audit work had worked well remotely as officers had access to data electronically and were able to hold audit interviews virtually.
- Although the committee had not received the usual number of internal audit reports due to Covid-19, the Head of Business Assurance (& Chief Auditor) will be in a position to provide members with an annual opinion.

Resolved:

To note the report.

Note 1: Councillor Mike Smith left the meeting at 11.57.

8 Risk Management Group Update

Members received an update report on the work of the Risk Management Group (RMG). It was noted that directorates reported their risk registers to the group; in December 2020 the group received an update from Children's Services. The group were also presented with a covid-19 risk register which was a standing item on meeting agendas. In January 2021, the group also received an update from the Adults, Health and Housing directorate.

Resolved:

To note the report.

Note 2: Councillor Anders Christensen left the meeting at 12.07.

9 Update on the signing of the legacy Councils' accounts

Members noted that the legacy council's accounts had been signed off by the Chairman of the Audit and Governance Committee and Section 151 Officer before Christmas. It was also noted that members would receive an update on fees at the next meeting of the committee in March.

10 Constitution Working Group update

Members received an update on the work of the Constitution Working Group. It was noted that minor revisions to the constitution were agreed at the last Full Council meeting on 9 December 2020. Any proposed amendments to the constitution are reported to the Audit and Governance Committee and Standards and General Purposes Committee before being agreed by Full Council.

11 Work Programme

The following changes to the work programme were noted:

- The annual report to council was added to the work programme (March 2021).
- The Public Sector Internal Audit Standards External Assessment item would be deferred (May 2021).
- A report on auditor fees was added to the work programme (March 2021).