



Audit and Governance Committee minutes

Minutes of the meeting of the Audit and Governance Committee held on Wednesday 28 July 2021 in The Oculus, Buckinghamshire Council, Gatehouse Road, HP19 8FF - Aylesbury, commencing at 9.30 am and concluding at 12.04 pm.

Members present

R Newcombe, R Carington, A Christensen, T Dixon, M Dormer, D Goss and M Hussain

Apologies

D Anthony, L Clarke OBE, C Etholen, S Rouse and N Thomas

Agenda Item

1 Minutes

Resolved:

To approve as a correct record the minutes of the meeting held on 22 June 2021.

2 Declarations of Interest

None.

3 Action log

Members received an update on actions.

Action 1: Public Sector Audit Appointment (PSAA) had now confirmed fees relating to the former Buckinghamshire County Council (BCC) but had not yet confirmed the fees in relation to the four legacy district councils. The Section 151 Officer was awaiting PSAA to review the reasons for disputing the fees, and would be contacted

by the PSAA in due course.

Resolved:

That the action log be noted.

4 Buckinghamshire Council External Audit Update

Members received the external audit plan for 2020/ 21 (main accounts and pension fund) and fees. Iain Murray, key audit partner (Grant Thornton), was in attendance to speak to the reports. Appendices 1 – 3 contained the Buckinghamshire Council audit plan, auditor's fee letter and Buckinghamshire Council pension fund audit plan respectively. The following key points were highlighted:

- The auditor had identified seven significant risks standard to local authorities, which included but was not limited to, revenue and expenditure recognition.
- The auditors look at various matters to do with the council's accounts including but not limited to, key judgements made by management, key estimates and assumptions for example, relating to land and property, to assess whether these are reasonable estimates and assumptions.
- Work needed to be done around the opening position as this was the first year of the unitary authority.
- In response to a question as to how confident the auditors were in achieving the September audit deadline next year, members were advised that there was the desire to move back to a 'normal' timetable but there were uncertainties given the pandemic.
- It was asked that, when looking at the valuation of investment properties risk, were underlying political risks relating to the environment bill and agricultural bill considered. It was reported that this could be considered, although from an inherent risk perspective there was more uncertainty around the commercial and industrial element than the agricultural element at present.
- In response to a question on comparing materiality with other local authorities, it was noted that this was one of the initial considerations as a starting point. The auditors assessed the council's individual circumstances. It was noted that there was a degree of the unknown, as the auditor was familiar with the former Buckinghamshire County Council (BCC) accounts but not the former legacy district council accounts. It was also noted that materiality was not fixed.
- In response to a question as to how the auditors tested how management made accounting estimates, members were advised that key questions were

asked of management and their responses were assessed. Mr Murray confirmed that an Audit Findings Report would be brought back to committee in November.

- Pension fund audit plan risks were identified similar to the Buckinghamshire Council audit plan risks, for similar reasons.
- This pension fund audit had started and progressed well. It was hoped that this audit would be complete in a few weeks' time.
- It was reported that local authorities were reviewing their investment strategies, and asked what impact did that have on the pension fund audit. It was noted that this had no impact, as investment decisions were not reviewed.
- It was noted that the Pension Fund Committee was specifically dedicated to looking closely at pension fund matters, and that Audit and Governance Committee members could review minutes of the Pension Fund Committee meetings, and feedback any comments to this committee.
- In relation to the fee letter received, it was noted that the estimated scale fee for Buckinghamshire Council's 2020/ 2021 audit was £300,000. This fee would need to be approved by the PSAA. The Section 151 Officer reported that this fee reflected the proposed fees to other local authorities of a similar size, and took into account the new government requirements placed on auditors. Additional funding was expected from government to help with value for money requirements, and for the auditors to produce an annual report.

Resolved to note:

- (i) the Audit plan for the main accounts (appendix 1) summarised in paragraphs 1.3 to 1.5.
- (ii) the Auditors fees letter (appendix 2) and Proposed fees for both the Council and Pension Fund accounts as summarised in paragraphs 1.8 to 1.10.
- (iii) the Audit plan for the Pension Fund accounts (appendix 3) summarised in paragraphs 1.6 to 1.7.

5 Update on external audit actions

Members received an update on external audit actions. Table 1 summarised action taken on external audit recommendations relating to legacy BCC accounts 2019/ 2020. Table 2 summarised action taken on external audit recommendations relating to the pension fund accounts 2019/ 2020. The following key points were highlighted:

- The Annual Governance Statement recommendation (table 1) was expected to be considered in preparing the statement (November 2021). All other actions had been taken forward and progressed.
- Members were advised that action dates needed to be added so that Grant Thornton could review progress against recommendations and actions. It was suggested that the Section 151 Officer report back to committee in November, and include any new recommendations. **Action (Charlie Griffin):** to add the item 'update on external audit actions' to the work programme for November.
- In relation to the Bank Reconciliation – Reconciling items action, it was reported that a huge amount of work to match open transactions had been completed since becoming a unitary council and all transactions prior to 2020 had been cleared. Work on recent transactions continued.
- In relation to the IAS19 – Milton Keynes action, members were advised that both councils were working closely to improve the data collection process.
- Regarding the Pooled Budgets action, it was noted that the Clinical Commissioning Group (CCG) account would not reconcile due to different accounting treatments. A report was being prepared for the council's audit indicating the reporting differences. The council and CCG finance teams would have monthly conversations going forward to avoid financial discrepancies between statements.

Resolved to note:

(i) the Table 1 in paragraph 1.3 summaries the action taken on external audit recommendations for the legacy County Council Accounts.

(ii) the Table 2 in paragraph 1.4 summaries the action taken on external audit recommendations for the Pension Fund Accounts.

6 Treasury Management Annual Report 2020/ 2021

Members received a report on last year's treasury management activity, and were advised that the council's treasury management strategy was approved by the Shadow Authority 27 February 2020. It was noted that the council had held higher cash balances than usual due to the pandemic.

Resolved:

to note the Treasury Management Annual Report for 2020/21.

7 2021/ 22 IT Audit Needs Assessment (including IT Audit Plan)

Members received the proposed IT Audit Plan that was based on the IT Audit Needs Assessment undertaken by Mazar, who provide specialist resource to Business Assurance. Martin Baird from Mazars was in attendance to speak to the report.

- Mazars had been working with the council for two years and had a good knowledge of the council's IT.
- An IT audit assessment had been undertaken which enabled the IT internal audit work to focus on the areas of the Council that were of most importance and areas of high risk within the IT environment.
- The proposed IT audit plan was for a two year period.
- Over the past 18 months, there had been a bigger focus on technology risks. For this current financial year, the focus was cyber security. A cyber security review was due to be undertaken in the coming weeks. This review included change and patch management work which had an impact on cyber security, as well as a number of improvements and projects that were being undertaken by IT to reduce reliance on data centres. The review work would support the council's planning and response work in relation to cyber-attacks.

It was suggested that an update on this review be received by committee members in November. **Action (Charlie Griffin):** to add 'IT audit plan update' to the work programme (November).

- A further review would be undertaken specifically on team infrastructure resilience.
- In response to a question as to why Data Centres/ Cloud Controls were not due for review until 2022/ 2023 given that this was high risk, it was noted that elements of this risk work would be incorporated into reviews in the nearer future. This work also included data centres in cloud, and the review in 2023 would focus less on data centres and more on migration to a cloud first approach and impact of that approach on the council.
- It was noted that work to migrate to the cloud was ongoing, and that this work was on track.

Resolved:

To note the report.

8 Risk Management Group update

Members received an update on the Risk Management Group (RMG) meeting held

12 July 2021. The group received a demonstration of the council's risk management software before considering the Planning, Growth and Sustainability risk register. Officers from the planning service were in attendance, and took members through key risks and mitigating actions which were challenged by the group. The group also looked at risks that were closed or de-escalated and the reasons why.

Resolved:

To note the report.

9 Work programme

The items for the next meeting of the committee in September:

- Buckinghamshire Council Annual Report of the Chief Auditor 2020/ 2021.
- Business Assurance Update.
- Pensions accounts.
- Farnham Park accounts.
- Higginson Park Accounts.
- Risk Management Group update.
- Work programme.

Action (Charlie Griffin): to move the Buckinghamshire Council Statement of Accounts 2020/ 2021 and the Buckinghamshire Council Annual Governance Statement 2020/ 2021 items to November.

Resolved:

To note the work programme.

10 2021/ 22 Business Assurance Strategy Update (including Internal Audit Plan)

Members received the 2021/22 Business Assurance Strategy update, including progress against the Internal Audit Plan. The Internal Audit Plan 2021/ 2022 was at appendix 1. The following key points were highlighted:

- Work had been delayed due to the pandemic. A lot of audit activity took place in quarter 4 and completed audits and an audit actions summary was detailed in the confidential appendix to the report.
- Until May 2021, there had been a different covid-19 risk management process. Covid-19 cells had co-ordinated the council's response work to the

pandemic. Each covid-19 cell had their own risk register and were reporting to management team monthly. At present, a number of the risks were being managed through business as usual. Some covid-19 cells were still in operation, namely the vaccination and testing cells. Members were advised that cells could be stepped up again if needed.

- In relation to covid-19 grant work, it was reported that assurance activity of grants had taken place due to the volume of grants and different avenues by which they were received. There was a risk of overlap in activities so the team did a deep dive on grants to ensure funds were being utilised. Corporate Management Team received a monthly update on the team's covid-19 grant work, which highlighted key risks. Work was being done around post payment assurance and people that were paid that should not have been paid, and the council were reclaiming those payments.
- The Internal Audit Plan (appendix 1) was under constant review.
- It was asked what the direct payment scheme was, and members noted that direct payment is a scheme whereby residents in need of care are assessed and given money to spend on their care. However, in some cases the individual has deceased, and a family member continues to claim.
- It was reported that prosecutions were dealt with on a case by case basis, and work was undertaken in conjunction with the Legal Team.

Resolved:

To note the report and confidential appendix.

11 Contract Procedure Rules - Waivers & Breaches

Members received an update in relation to compliance with the council's Contract Procedure Rules (CPR's) and compliance with the Public Contracts Regulations 2015, covering the period 1 October 2020 - 30th March 2021. It was noted that the relevant service area/ directorate were responsible for undertaking procurement exercises and the management of contracts, not the procurement team. The procurement team develop corporate policy, support high risk/value procurement exercises and provide training on procurement and contract management. The chairman congratulated the Strategic Procurement Team as they had been shortlisted for two awards.

Resolved:

to note the report and confidential appendix, and the work of the Strategic Procurement Team.

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