



Buckinghamshire Council

Audit and Governance Committee

Minutes

MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON TUESDAY 22 MARCH 2022 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 10.00 AM AND CONCLUDING AT 11.25 AM

MEMBERS PRESENT

L Clarke OBE (Vice-Chairman, in the Chair), D Anthony, T Dixon, D Goss, M Hussain and N Thomas

Agenda Item

1 APOLOGIES

Apologies were received from Councillors M Dormer, C Etholen, R Newcombe, and S Rouse.

In the absence of Councillor Newcombe, Chairman, Councillor L Clarke OBE, Vice-Chairman, took the Chair for the duration of the meeting.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES RESOLVED –

That the Minutes and confidential Minutes of the meeting held on 25 January 2022, be approved as a correct record.

Mr Richard Ambrose, Service Director for Corporate Finance and Section 151 Officer provided an update on the Statement of Accounts 2020/21 which had been scheduled to be presented to this meeting. A number of questions had been raised by the external auditors which required additional work and had coincided with periods of staff absence. The external auditors had returned on site to complete their work and the next meeting date of this Committee on 11 May was seen as being achievable to present the accounts. If significant changes were required to the accounts, the possibility of arranging a further meeting for Committee Members would be explored.

Members discussed the potential risk of the accounts being further delayed beyond 11 May and heard that this would complicate the 2021/22 accounts which were presently in the process of being closed down. The Chairman and Vice-Chairman of the Committee would be kept informed of progress and of any significant change.

4 COUNCIL CONSTITUTION

The Committee received a report which set out proposed changes to the Constitution. The oversight of the Constitution was shared between the Audit and Governance Committee and the Standards and General Purposes Committee. The power to change the Constitution was reserved to full Council via recommendation from the Standards and General Purposes Committee. The Monitoring Officer also had delegated authority to make amendments to ensure the Council conducted itself lawfully, and minor amendments where appropriate.

A Constitution Members Working Group consisting of the Chairmen and Vice-Chairmen of both the Audit and Governance Committee and the Standards and General Purposes Committee had met a number of times to consider proposed changes and provide initial comments to help inform the review of the Constitution. Feedback from appropriate members and officers to the proposals had also been obtained.

The proposed changes were detailed in Appendix 1 of the report.

Key points highlighted during discussion included:

- The reasons under the third point on Planning on page 24 of the reports pack would be amended to reflect that to have triggered a Planning Officer's report, the planning application would have already met the requirements to be called in.
- A concern was raised that by removing the flexibility of the Chairman of Council to add and remove items to the agenda of the Council AGM this may result in urgent items of business being unnecessarily delayed.
- It was explained that at present the deadline for submitting public questions to Select Committees fell on the date of agenda publication and that by amending this timing requirement, the public would have more time to view items of business and submit questions accordingly.
- Members suggested that the proposed change relating to the role of Chairman and Members not being able to nominate themselves for the role, should also note that each nomination required a seconder.
- The point on strengthening provision within the Constitution which required officers to share information with local Members on issues impacting their areas would ensure there was more accountability placed on officers to be pro-active in liaising with local Members.

RESOLVED –

- 1. That the proposed changes to the Constitution as set out in Appendix 1 be noted and endorsed;**
- 2. That subject to any changes proposed by the Standards and General Purposes Committee which meets on the 14 April 2022, in consultation with the Chairman and Vice-Chairman of the Audit and Governance Committee, the proposed changes be recommended to Full Council for adoption;**
- 3. That Full Council be recommended to adopt the appropriate delegations to the Monitoring Officer, in consultation with the Members' Constitutional Working Group, to finalise the textual changes to the constitution following approval of the principles as set out in Appendix 1.**

5 2021 / 2022 BUSINESS ASSURANCE STRATEGY UPDATE

The Committee received the 2021/22 Business Assurance Strategy update, including progress against the Internal Audit Plan. The 2021/22 Internal Audit Plan had been reviewed to identify the key audit activities to be delivered having taken consideration of the priorities within the Directorates and working around the service reviews that were currently in progress.

The Business Assurance Strategy; including the Internal Audit Plan was agreed by the Audit Board and by the Audit and Governance Committee in June 2021. The Internal Audit Plan was produced with reference to the Strategic and Directorate Risk Registers; and informed through discussion with the Senior Leadership Teams for each Directorate, Heads of Finance, Section 151 Officer and the Deputy Chief Executive.

The Internal Audit Plan had been dynamic with activity reviewed on a regular basis taking account of new, emerging and changing risks and priorities. Quality Business Assurance updates were reviewed for appropriateness by each Directorate Leadership team and their views sought on the work of the Business Assurance Team. Progress against the strategy had been presented to, and agreed by, the Audit Board.

From the review of the plan with directorates, 31 out of 94 audits had been deferred or cancelled, reasons for those changes were provided within appendix 1 of the report. The Business Assurance Team had also undertaken Covid-19 grant certification work, to ensure grants were used in accordance with the relevant terms and conditions and that reconciliations for monies spent on the Covid response were up to date.

There were 4 overdue management actions out of 253 which was a positive position and the CIPFA external assessment of the Council's conformance with the Public Sector Internal Audit Standards had been completed and reported very positively on the Council's internal audit team and processes (discussed under agenda item 8). Business Assurance Activity for the year was listed within the report, as was the internal audit plan with those audits marked as 'final draft' in the process of being agreed by the relevant Head of Service/Service Director and would be presented at the next meeting.

The Business Assurance Team had also been working closely with the Revenues and Benefits Teams to investigate any potentially fraudulent Covid-19 Business Rate Grant Claims. Members noted that the initial Covid related grants were assurance checked post-payment whereas the later grants received pre-payment checks. Other cases under investigation were also noted within the update. Work continued on progression the review of key financial systems that interface with the SAP finance system.

In addition, Members also sought information on the following:

- The process for recollection of fraudulent Covid grants was explained. The debt collection team were following up issues which had been a mixture of payments made in error and fraudulent cases. Once cases were identified, businesses were approached to discuss recovery of funds and where there was no resolution reached the prosecution process was commenced.
- The IT Audit Needs Assessment was noted as 'final report' and this would be amended to show as 'complete' on page 49 of the agenda pack. This work had been undertaken by Mazars.
- The new transport system ONE was in the process of being implemented by the Client Transport Service and mapping had been undertaken to establish what was needed

ahead of it going live. Business Assurance were working closely with the service on the oversight of suppliers and this was also regularly reviewed by the improvement board. Close relationships amongst some of the suppliers were being monitored.

- Prior to any deferrals on the Internal Audit Plan as noted on Appendix 1, discussions would be held with the particular directorate to understand the risks and the Committee would be kept updated of progress and work undertaken to address these risks.
- The three audits within Children's Services had been deferred to allow time to reflect on the Ofsted inspection. Business Assurance was working closely with the directorate and these areas would be updated in time for the next meeting of the Committee.
- The Property and Assets, Wycombe Old Library audit had been cancelled as the project had been completed and the service was acting on lessons learnt. The Health and Safety audit within Property and Assets had been cancelled as a mechanism had been implemented whereby each directorate appointed a health and safety champion and time would be given to see how this worked in practice.
- The Resources, General Ledger audit had been cancelled as an assurance pack within corporate finance had been developed and progress was being reviewed to assess the completeness and adequacy of the controls.

RESOLVED –

That the report be noted.

6 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT TO COUNCIL

The Committee considered the Annual Report to Council which had been prepared to inform Council of the work carried out by the Audit and Governance Committee during the 2021/22 financial year. The Chairman, would be presenting the report, on behalf of the Committee at the next meeting of full Council taking place on 27 April 2022. The content and presentation of this report met the requirements of the CIPFA Audit Committees Guidance 2018 to report on the Committee's performance in relation to Terms of Reference and its overall effectiveness.

The report detailed the key pieces of work undertaken by the Committee throughout the year, the frequency of meetings, how the Committee had ensured the Work Programme reflected risks and priorities, and the significant role the Committee had in approving, monitoring, or recommending amongst other things the Council's financial statements, annual governance statement, whistleblowing policy, anti-fraud and corruption policy, Money Laundering policy, Risk Management Strategy and Treasury Management Strategy.

The Committee requested that reference to the positive external quality of conformance to the Public Sector Internal Audit Standards report from CIPFA (discussed under agenda item 8) which concluded that the Council fully conformed to the requirements also be included within the final report to be presented to full Council.

RESOLVED:

That the Annual Report, with the above addition, be presented to the next meeting of full Council taking place on 27 April 2022.

7 RISK MANAGEMENT GROUP UPDATE

The Committee received a report which provided an update on the Risk Management Group (RMG) meetings held on 7 February and 7 March 2022. The RMG considered the Resources Directorate and Communities Directorate Risk Registers at each of the respective meetings. Risks were discussed in detail, as were the mitigating actions which were challenged by the

Group. At each meeting, RMG also received a “horizon scanning” paper which included new and emerging risks for discussion, including digital inequality, the effect of the pandemic on older people/disadvantaged younger people, and failure to comply with the Domestic Abuse Bill. Members noted the key risk themes that came out of each of the meetings as detailed in the report.

The Group also scrutinised the Secondary School Transfer Results System Failure and would further assess the actions taken at its next meeting on 25 April. A report on this incident was attached to the agenda, for information at item 11.

RESOLVED –

That the report be noted.

8 EXTERNAL QUALITY ASSESSMENT OF CONFORMANCE TO THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (CIPFA)

The Committee considered the External Audit Quality Assessment which had been completed by CIPFA in Q3 of 2021/22. Mr Ray Gard, Lead Associate from CIPFA attended to present the assessment which could be seen in full on pages 65 to 80 of the agenda pack, the findings of which would be considered as part of the Business Assurance service review and be included in the improvement plan.

Internal audit within the public sector in the United Kingdom was governed by the Public Sector Internal Audit Standards (PSIAS). All public sector internal audit services were required to measure how well they were conforming to the standards. This was achieved through the undertaking of periodic self-assessments, external quality assessments, or a combination of both methods. However, the standards state that an external reviewer must undertake a full assessment or validate the internal audit service’s own self-assessment at least once in a five-year period. As Buckinghamshire Council only came into being as a unitary authority in 2020 this was the first external quality assessment of conformance to the PSIAS that the Internal Audit Service had undergone.

The opinion of CIPFA was that Buckinghamshire Council’s Internal Audit Service’s self-assessment was accurate and concluded that the Council fully conformed to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note. There were no areas of non-conformance. The report highlighted the good practice of the internal audit service in establishing practices as part of the formation of a new authority alongside the issues that arose as a result of Covid. The report summarised that managers across the Council value the internal audit service. The team were seen as having been proactive and sought to build sound control and risk management frameworks. The service was recognised as a small in house team who were well experienced and qualified.

Some areas were highlighted within the report where progress could be made as the service developed moving forward such as ensuring the internal audit plan aligned with Council objectives and developing the service further as service reviews are completed, although on the whole it was a very positive report.

In addition, Members also sought information on the following:

- In terms of resourcing the team, Mr Gard advised that for the size of the Council, ideally additional staff would be in place and as the service went through its service review, budget and posts may be freed up.

- Specialist IT auditors were difficult to recruit and the current way of working using Mazars had its benefits, both economically and in that they work with various clients so see risks across a number of clients and had the ability to benchmark areas of best practice and areas for improvement.
- Assurance was given to the Committee that all recommendations were taken on board and would be fed in to the service review process. A report would be brought back to the Committee in six months' time to provide an update.
- The survey results appended to the report provided a snapshot of views at that particular time. Although there were free text boxes within the survey, where respondents had disagreed with certain questions they had not provided much additional information to provide background or help establish patterns.
- It was clarified that the audit manual was scheduled to be updated.

The Committee placed on record its thanks to the team in receiving such a positive report, particularly in light of the pressures and challenges of both dealing with the impact of the Covid pandemic and through the establishing of a new unitary authority.

RESOLVED –

That the report be noted.

9 WORK PROGRAMME

The Committee considered their current work programme and it was,

RESOLVED –

That the work programme be noted.

10 ACTION LOG

The Committee received an update on Action 4 – Trustee Appointments to Higginson Park Trust from Mr Ambrose, Service Director for Corporate Finance and S151 Officer. Legal advice had been sought and whilst it was not considered to be a conflict of interest for the S151 Officer to act as signatory to the accounts on behalf of the Council as a Trustee, it was recognised that it would be good practice that in future years a separate officer sign the accounts. This would also apply to the accounts of the Farnham Park Sports Field Trust. The Committee would be advised as to who the signatory would be in due course.

RESOLVED –

That the action log be noted.

11 POST INCIDENT REPORT- SECONDARY SCHOOL TRANSFER RESULTS SYSTEM FAILURE (FOR INFORMATION)

The Committee received, for information, a post-incident report on the secondary school transfer results system failure. The Risk Management Group had considered this report at its meeting on 7 February and believed it was in the best interests of residents to share the report publicly and for residents to be able to view the proposed action plan. The Risk Management Group would be monitoring this action plan and discussing progress at their next meeting on 25 April.

The report appended to the agenda provided a detailed analysis of the incident and lessons

learned for the future, having drawn on feedback from a range of teams across the Council involved in different aspects of the process.

RESOLVED:

That the report 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 involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act as defined as follows:

Minute 13 – 2021/22 Business Assurance update – Completed Audits and Audit Action Tracker

Minute 14 – Action Log (confidential)

Minute 15 – Confidential Minutes of the Audit and Governance Committee held on 25 January 2022.

The items include Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 3, Part 1 of Schedule 12A, Local Government Act 1972) (The need to maintain the exemptions outweighs the public interest in disclosure, because disclosure could prejudice the Council's position in any future process or negotiations).

13 2021/22 BUSINESS ASSURANCE UPDATE - COMPLETED AUDITS AND AUDIT ACTION TRACKER

This item was undertaken in confidential session as part of Minute item 5 and details of the public discussion and the decisions taken are included within Minute number 5. At this point, the Committee discussed in detail the confidential items contained within the completed audits and audit action tracker, and

RESOLVED –

That the report be noted.

14 ACTION LOG (CONFIDENTIAL)

The Committee considered the confidential action log and

RESOLVED –

That the current Action Log (confidential) be noted.