



# Buckinghamshire Council

## Audit and Governance Committee

### Minutes

**MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON WEDNESDAY 29 MARCH 2023 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 10.00 AM AND CONCLUDING AT 1.02 PM**

#### **MEMBERS PRESENT**

R Newcombe (Chairman), L Clarke OBE (Vice-Chairman), R Carington, D Goss, N Hussain, S Rouse and R Stuchbury

#### **OTHERS IN ATTENDANCE**

J Chilver

#### **Agenda Item**

##### **1 APOLOGIES**

Apologies for absence had been received from Councillors D Anthony, M Dormer, C Etholen, W Raja and N Thomas.

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

Councillor L Clarke OBE declared a personal interest in item 5, Buckinghamshire Pension Fund Audit Plan 2021/22, in that she was in receipt of a Buckinghamshire Council administered pension.

Councillor N Hussain also declared a personal interest in item 5 as he held a Buckinghamshire Council administered pension.

Whilst not a declaration of interest, Councillor L Clarke OBE raised that within the agenda pack there were supporting papers which contained font which did not meet accessibility requirements, notably the report for item 5 and certain sections of the paper for item 16. It was requested that all future reports be supplied in at least size 12 font.

**ACTION: Mr M Stocks to report back to Grant Thornton and Mr L Ashton to ensure Buckinghamshire Council provided reports met this requirement in the future.**

### 3 MINUTES

A Member raised a point that agenda items 4 and 5 of the previous minutes read as though the debate was wholly positive, whereas the tone of the debate was constructively critical and this had not been accurately reflected within the minute text for those items.

#### **RESOLVED:**

**That the minutes of the meeting held on 1 February 2023 be approved as a correct record subject to the above comment.**

### 4 UPDATE ON BUCKINGHAMSHIRE COUNCIL STATEMENT OF ACCOUNTS 2020/21

The Committee received an update on the 2020/21 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. On 24 March 2023 the Committee had received a briefing on the terminology used in audit reports which also covered technical areas of the accounts, a recording of this session had been circulated to Committee Members who were unable to attend on the day.

Key points raised during the update and discussion included:

- Progress had been made on the 2020/21 accounts, with the approach and format of the working papers now agreed and the testing schedule set out in sections 1.2 to 1.6 of the report appended to the agenda pack. The external audit for the Pension Fund 2020/21 and 2021/22 were close to completion, as was the Housing Benefit 2020/21 audit. It was anticipated that the outstanding work on these would be completed in early April.
- The Committee received assurance that both the Council and External Auditors had sufficient resource to deliver the outlined plan of work. There was a commitment from the Council's Senior Management Team and Cabinet Member to ensuring adequate resourcing was in place and it was being explored whether external firms could provide additional capacity. From an external audit perspective, there was also commitment of resources with it being noted that the 2020/21 accounts audit had involved around five to six times the amount of time it ordinarily would have taken due to the issues with the previous versions of the accounts presented.
- In terms of timescales for subsequent accounts, the Committee was advised that a realistic date to catch up would be circa Christmas 2024, however this could not be guaranteed as was dependant on any issues that may arise and on retaining in house capacity. It was expected that the 2020/21 accounts would be ready to be signed in December 2023 and now that the approach to working papers had been agreed, it was hoped that the 2021/22 accounts would be a much more efficient process.
- The Committee heard that it had been the opening balances which had taken a significant amount of time, however as 2020/21 would be closed there would not be the same issues with accounts being consolidated for 2021/22. The use of multiple legacy systems had also hindered the process, which would remain an issue for 2021/22 although there was now knowledge of where issues had arisen and how they could be addressed. Quality assurance checking of the accounts prior to submission for external audit was also highlighted as being key to aid the process.
- The Committee questioned national deadlines for accounts sign off, there was a deadline of November for the previous year's accounts, however very few local authorities had their accounts signed off in that time period and the national deadline should not be a focus at this time. There were multiple issues around this deadline for complex local authority accounts which audit firms were liaising with the Financial Reporting Council

and Government on.

- Following a query, the Committee was advised that to date the Council had not been sighted on any national changes in relation to disability benefit and the housing benefit system. As such, an immediate change was not anticipated and would require a consultation period prior to any change.
- Specific to this Council, the revenues and benefits systems had consolidated from the previous legacy systems in the current financial year. The Committee heard that there was a plan to manage the audit of this and information from previous systems had been retained to assist auditors in concluding the housing benefit audit.
- It was raised that there had been discrepancies identified with property valuation, the Council used Carter Jonas to value its assets who used a valuation date of 31 December, however the external auditors had to value properties as at 31 March. The Chairman suggested that the Section 151 Officer negotiate this with Carter Jonas, to assess whether valuation dates could be brought in line with the external auditor.

**ACTION: Mr D Skinner to explore the movement of the property valuation date used by Carter Jonas.**

- A query on who signed off bad debt and the balances involved was raised, the Committee was informed that the approval process for bad debt was detailed in the Council's debt management strategy, with balances below £10k requiring Corporate Director and respective Head of Finance sign off, whilst those over £10k also required the approval of the Section 151 Officer. Revenues and benefits balances were also shared with the Cabinet Member for Accessible Housing and Resources.

**ACTION: Mr D Skinner to circulate figures on bad debt to the Committee**

**RESOLVED:**

That the update be noted

**5 BUCKINGHAMSHIRE PENSION FUND AUDIT PLAN 2021/22**

The Committee considered the Buckinghamshire Pension Fund Audit Plan 2021/22 which was introduced by Mr Skinner and presented by Mr Stocks. The report appended to the agenda pack provided an overview of the planned scope and timing of the statutory audit of the Buckinghamshire Pension Fund for those charged with governance. It was anticipated that the Pension Fund accounts for 2021/22 would be in a position to be presented at the next meeting of this Committee.

Key points raise during discussion included:

- The pension fund contained substantial assets amounting to approximately £3.9 billion so the external auditors undertook an extensive amount of work on the different levels of investments as set out in the report.
- It was noted within the report that the members of the Audit and Governance Committee were required to understand certain aspects relating to the audit, the Chairman advised that as of May 2022, the Committee membership was the same as the previous year's so no additional training was undertaken, however since then there had been changes in membership and there could be further changes following the Annual General Meeting of Council in May, as such the Chief Auditor had proposed a training session be held for all Committee Members after the AGM, it was further suggested that an item on the valuation of properties could also be covered in that session.

**ACTION: Ms M Gibb, Chief Auditor to arrange Audit and Governance Committee training for a date following the Council AGM Meeting which was scheduled for 17 May 2023.**

- Page 26 of the reports pack referred to '*...our IT team has checked the progress which management has made against the recommendations made in the report issued in September 2021*'. It was clarified that this was a separate IT review which looked at general controls including areas such as password control, super user access, and changes in terms of updating the ledger. Mr Stocks agreed to check whether the report had been previously presented to the Committee, and if not would be happy to share.  
**ACTION: Mr Stocks to check whether a copy of the IT report had been shared with the Committee and if not, circulate this separately.**
- A Member queried whether Russian investments included both direct and indirect investments and was advised that the external auditors looked as far as they could in to investments in Russia, and noted that the external audit sought assurance controls for which it would take a considerable amount of time to include reviewing investments with indirect links to Russia. Assessing the overall investment work was the responsibility of pension fund managers and The Brunel Partnership along with State Street, the custodian.
- In terms of international policy, the external auditors assessed the impact of government policy, and took in to account market issues, such as the recent issue with liability backed investments which the pension fund held none of. It was very difficult to look at all worldwide policies; however observable inputs were looked at such as whether all major investments held had a market value. Given the size and power of the US economy, market issues there which had an impact in the UK were assessed, with further work to be done on what funds were held within banks given recent issues in the banking industry and then a decision made on whether a post balance sheet disclosure would be required. The auditors would review accounts and ensure valuations were correct as at 31 March and ensure that there was supporting evidence to back these valuations up, whilst policy assurance would come from Brunel and State Street.
- It was clarified that this was the audit plan for 2021/22 and that the pension fund accounts containing the figures, along with an audit opinion would be presented to a future Committee meeting.
- In relation to the dates noted on page 27 of the reports pack, the Committee was advised that this report had initially been scheduled to be presented to the February 2023 meeting, and the audit was underway and should be completed by early April. It was accepted that the report should have said '*December 2022 to February 2023*' under the Year End Audit heading.

**RESOLVED:**

That the Buckinghamshire Pension Fund Audit Plan 2021/22 be noted.

**6 ANTI-FRAUD AND CORRUPTION POLICY**

The Committee considered the draft Anti-Fraud and Corruption Policy which was presented by Ms Selina Harlock, Audit, Assurance & Fraud Manager. The policy was reviewed on an annual basis to ensure that it reflected the latest legislation and complied with best practice. The main changes had been in relation to the inclusion of references to Social Housing related offences and the addition of a section on Sanction and Redress.

Key points raised during discussion included:

- An incorrect link was included under section E on page 51 of the reports pack, this would be updated prior to the final version being published.
- It was clarified that the local authority held powers to prosecute social housing fraud, which social housing providers did not hold. There was a corporate lead who specialised in this area who would take this forward.

- A Member raised concern that under the legal implications of the covering report there were none noted, and highlighted that this was an important part of the Council's control framework in complying with the Bribery Act and Anti-Money laundering regulations. It was clarified that this was an oversight and would be amended prior to the next meeting. The legal team were involved throughout any case that led to prosecution.
- There was a concern that the training element of the policy was inadequate and that the nature of the training, the elements of it that were mandatory and how the impact of the training was tracked were important to include in and strengthen the policy. The Committee was advised that there was a training programme as part of fraud prevention work and key teams were targeted with specific training with a generic fraud training available to all staff. There was also training available for Members. The mandatory aspect of fraud training would be taken to the Council's Corporate Management Team to agree a plan moving forward. The Committee agreed that the policy required a training section to be included.
- A further point was made that the Economic Crime and Corporate Transparency Bill was making its way through Parliament, a key part of which was the failure to prevent legislation which were commercial organisations found not to have taken reasonable preventative measures, then prison could be an ultimate sanction.
- The Policy would be amended and brought back to the Committee to ensure Members were satisfied prior to its formal approval.

**ACTION: Ms M Gibb / Ms S Harlock to review and amend the draft Anti-Fraud and Corruption Policy to reflect the comments above, with a view to presenting the updated policy to the next meeting of this Committee.**

**RESOLVED:**

That subject to the above amendments, the updated Anti-Fraud and Corruption Policy be presented to the next meeting of the Committee for approval.

**7 ANTI-MONEY LAUNDERING POLICY**

The Committee considered the draft Anti-Money Laundering Policy which was presented by Ms Selina Harlock, Audit, Assurance & Fraud Manager. The policy had been updated to reflect the changes in the Government's Money Laundering Regulations. Other minor updates had been made to reflect changes in job titles, contact details and web/document links.

Key points raised during discussion included:

- It was clarified that the Money Laundering Reporting Officer was the Council's Section 151 Officer.
- The Chairman noted that whilst statistics were provided on prosecution, it would also be helpful for the Committee to be provided with statistics on monies recovered through anti-money laundering procedures and requested that whilst it should not form part of the policy it be brought before the committee at a future date.  
**ACTION: Ms S Harlock to present statistics on monies recovered through anti-money laundering procedures at a future meeting.**
- Similarly, to the Anti-Fraud and Corruption Policy, a Member highlighted that reference to training needed to be expanded upon and more detail provided as it was an important part in the Council combatting money laundering.
- The Committee was assured that a list of all Risk Champions across service areas was held and maintained and the Risk and Fraud network held this information. The Council also had its Corporate retention policy which staff were expected to comply with.

**ACTION: Ms M Gibb / Ms S Harlock to review and amend the draft Anti Money Laundering Policy to reflect the comments above, with a view to presenting the updated policy to the next meeting of this Committee.**

**RESOLVED:**

That subject to the above amendments, the updated Anti-Money Laundering Policy be presented to the next meeting of the Committee for approval.

**8 2022/23 BUSINESS ASSURANCE STRATEGY UPDATE (INCL. INTERNAL AUDIT PLAN)**

The Committee considered a report which outlined the Risk Management, Internal Audit, Counter Fraud, Insurance and Business Continuity work being undertaken by the Business Assurance Team for the year ending 31 March 2023. 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.

Key points raised during discussion included:

- The team was congratulated for the volume of audit work undertaken in the year to date.
- The new business continuity management framework was being developed and the corporate Business Continuity Plan being refreshed, this included a new template to ensure structure, readiness and consistency.
- Progress on the delivery of the audit plan continued to be made and the audit engagements were outlined on page 89 of the reports pack. Two audits had been recommended to be cancelled, these were in respect of Seeleys House, which had been subject to a Care Quality Commission inspection for which it received a good judgment and Building Control who had been subject to an external audit which evaluated process and compliance against legislation.
- In relation to open cases of housing benefit fraud, it was advised that there had been an increase in cases which could be linked to the current economic climate and this was being closely monitored.
- Assurance was sought that IT audits would not be further deferred given the significant impact IT disruption or cyber-attacks could have on the Council's operation. The Committee heard that the patch management audit was now in progress and timelines had been agreed with the relevant Service Director on the further audits. Subsequent IT audits were scheduled for May, and July respectively and nothing was expected to be deferred.
- It was highlighted that on page 100, the Southern Waste Round Re-organisation audit did not have any objective/risk/concern or RAG rating. This was an oversight and would be corrected ahead of the next meeting, Members were advised that the audit related to revisiting the operating model to provide assurance it was functioning effectively and this work was nearing conclusion.

**ACTION: Ms S Harlock to update the audit information for the Southern Waste Round Re-organisation**

- The Committee was advised that as part of the deep dive risk reviews, which was referenced within the report, low risk areas were also being considered and these would be sample checked and be monitored moving forward.
- It was explained that the two audits referenced on page 101 in respect of 'temporary accommodation' and 'homelessness and temporary condition' were separate audits, the first of which was an assurance review in response to the shortfall identified so was a

reactive piece of work linked to the subsidy claim process whereas the second looked at the whole end to end process and controls.

- A Member raised the importance of the emerging Local Plan and its impact on services across the Council and the associated audit work, the Committee was advised that this was the existing audit plan and that the 2023/24 forward plan would be presented at an upcoming meeting where there would be an opportunity to discuss future audits.
- A Member also raised the relatively high amount of red RAG ratings and was advised that for audits not yet started, in the time since the paper had been written many audits had commenced their scoping activities and anything that could not be delivered now would be carried forward into Q1 of the new year whilst the 2023/24 audit activity was being approved. The business assurance team now had its new structure in place with increased establishment and the same level of red rating was not anticipated moving forward.

**RESOLVED:**

That the report be noted.

**9 RISK MANAGEMENT GROUP UPDATE**

The Committee received a report which provided an update on the Risk Management Group (RMG) meetings held on 30 January 2023 and 6 March 2023. At those respective meetings the Group reviewed and commented on the Resources Risk Register and Communities Risk Register. The Group also considered the 2023 North Waste Collection Round Optimisation project at its meeting in January and received a detailed update on cyber-related risks to the Council and mitigations in March.

One significant area flagged was the low Councillor response to cyber security training, on which the Committee agreed that the Chairman of the Committee should in the first instance write to the Leader of the Council requesting he raise the issue with Group Leaders and establish a method to remind Members of their responsibility to complete the training. This could also be referred to the Member Development Working Group chaired by Councillor Angela Macpherson. The Committee noted that the training emails themselves appeared suspicious on first view so it would be beneficial to have Group Leaders share relevant links. A Member also spoke of his opinion that the training was not particularly comprehensive, having completed it and suggested it may require reviewing.

**ACTION: Councillor R Newcombe to write to the Leader of the Council, copying in the Deputy Leader (Councillor A Macpherson) to request that Group Leaders establish a method to remind and encourage members of the need to complete cyber security training.**

**RESOLVED:**

**That the report be noted**

**10 CONSTITUTION WORKING GROUP UPDATE**

Ms Maria Damigos, Governance Lawyer and Deputy Monitoring Officer, presented a verbal update on the Constitution Working Group.

Key points raised during discussion included:

- The Constitution Working Group which was formed of the Chairman and Vice-Chairman of this Committee, along with the Chairman and Vice-Chairman of the Standards and General Purposes Committee had not met since November 2022, at which meeting a number of items were discussed in relation to the approval and in principle approval of changes to the Constitution.

- The in principle changes had been approved by Full Council, with the working group discussing the detailed wording to be included in the Constitution. A number of items had been concluded with a further meeting provisionally scheduled for 27 April 2023 to discuss the remaining items.
- Amongst the changes were changes to the contract procedural rules to tighten up the use of waivers; how Chairmen were elected and how nominations were made; the roles of Chairman and Vice-Chairman; details of the Annual General Meeting agenda and items on agendas generally; motions deferred by Full Council to other bodies sharing of information with Councillors by officers; Members questions; an update to planning site visits; scrutiny public question deadlines; Licensing and Community Board Terms of Reference; and the Channel Panel wording and update to the proper officer successor body for Public Health England.
- Any new proposals, not already agreed in principle by full Council would be brought back to this Committee as well as the Standards and General Purposes Committee prior to going to full Council for approval.
- When the changes had substantially been made to the Constitution, all Members would be notified of the Constitution having been updated.
- A Member raised the importance of public questions and sought clarity on proposed changes to the Select Committee public question deadline proposed changes.  
**ACTION: Ms Damigos to clarify the public question deadline for select committees proposed change and email this information to Councillor R Stuchbury.**
- Confirmation was given to the Committee that the Community Board Terms of Reference had been drafted and would be presented to the Members Working Group at its next meeting for approval.
- Members welcomed greater information sharing with Councillors which was a change that had been agreed in principle and were advised of the reasoning behind this, in that it would provide Members with a greater amount of information on key areas so that they were fully prepared for queries from residents on a wide amount of topics. Further discussion was required on this update, particularly around the practicalities of how it would work.

**RESOLVED:**

**That the update be noted**

**11 WORK PROGRAMME**

The Committee received the latest work programme and requested that the Anti-Fraud and Corruption Policy and Anti-Money Laundering Policy be added to the work programme for the next meeting.

**RESOLVED:**

**That the latest work programme be noted subject to the above inclusions.**

**12 ACTION LOG**

The Committee considered the latest action log as attached to the agenda pack and agreed that the following actions could be closed: 4 – Buckinghamshire Statement of Accounts 20/21; 7 – Treasury Management Strategy 2023/24; 8 – Risk Management Group update (1); 9 – Risk Management Group update (2); and 12 – General (training session).

**RESOLVED:**

**That the action log be noted**



**13 DATE OF NEXT MEETING**

10 May 2023 at 10 a.m.

There was a discussion at potentially moving the meeting start time, to accommodate officer attendance at a separate meeting, however the Committee was keen to leave the date as had been scheduled when the initial calendar of meetings had been approved by Full Council.

**14 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 15, 16 and 17, 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 15 – Confidential Minutes of the Audit and Governance Committee held on 1 February 2023**

**Minute 16 – 2022/23 Business Assurance Strategy Update: Completed Audits and Audit Actions Summary Report**

**Minute 17 – Action Log (confidential)**

**15 CONFIDENTIAL MINUTES**

**RESOLVED:**

**That the confidential minutes of the meeting held on 1 February 2023 be approved as a correct record.**

**16 22/23 BUSINESS ASSURANCE STRATEGY UPDATE: COMPLETED AUDITS AND AUDIT ACTIONS SUMMARY REPORT (CONFIDENTIAL)**

The Committee held a detailed discussion on the Summary of Completed Audits and Audit Action Tracker.

**RESOLVED:**

**That the report be noted.**

**17 ACTION LOG (CONFIDENTIAL)**

The Committee considered the confidential action log and

**RESOLVED:**

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