

GOVERNANCE & AUDIT COMMITTEE
24 JANUARY 2024
7.30 - 8.20 PM



Present:

Councillors O'Regan (Vice-Chair), Allen, Ejaz, Haffegge, Neil, Robertson and Zahuruddin

Present Virtually:

Councillors Haffegge and Neil

Apologies for absence were received from:

Councillors Karim

KPMG external auditors 2023/24

Andrew Cardoza, Adam Bunting and Jess Thompson from KPMG introduced themselves to the members of Governance & Audit Committee as the external auditors for 2023/24 for Bracknell Forest Council.

21. Declarations of Interest

There were no declarations of interest.

22. Minutes of previous meeting

RESOLVED that the minutes of the meeting of the committee held on 20 September 2023 be approved as a correct record, and signed by the Chairman.

23. Urgent Items of Business

There were no urgent items of business.

24. Treasury Management Strategy Statement

Calvin Orr, Head of Finance and Business Services presented the Treasury Management Report 2024/25 and 2023/24 Mid-Year Review.

The Treasury Management strategy statement had been presented to the Executive, and this Committee was asked to review and examine the policy. The report was proposed for submission to Council for approval and had already been published in December 2023. Calvin commented that there was no particular area to draw to members' attention on the current performance, and the focus remained on inflation and economic changes. There were no fundamental changes in the 2024/25 report compared to that of the 2023/24.

In response to questions, the following points were noted:

- The difference in net financing need 2024/25 estimate (£3.12m) compared to the Capital Financing Requirement projected net financing need for the year

(£5.5m) could be attributed to a one-off capital receipt at the end of the 2023/24 which could be applied to the capital programme.

- A typo was spotted in the column headings on Operational Boundaries, however it was stressed that the figures were correct and operational boundary should remain consistent.
- While the Council did not hold an ethical investments policy itself, all investments were held in money market funds and not in companies. Calvin offered to provide a breakdown on the type of investments which money markets might hold. **(Action: Calvin Orr)**
- Addressing a query on the impact of Treasury Management on the overall budget outcome for the Council, Calvin commented that the Council had moved from a position of considerable investment income into a low interest environment and debt orientated strategy. Officers were mindful of the revenue cost of borrowing and any unfinanced capital investment had to be funded by borrowing at cost.
- While varying interest rates did impact on local authorities' expenditure and revenue, the Council's net position had not dramatically changed.

RESOLVED that

- 1 The Committee consider and review the Mid-Year Review Report.
- 2 The Committee agree that the Mid-Year Review Report be circulated to all Members of the Council.
- 3 The Committee review the Treasury Management Report in Annex A for 2024/25 prior to its approval by Council.

25. **Interim Internal Audit Update**

Sally Hendrick, Head of Audit and Risk Management presented the interim internal audit update.

Recruitment challenges continued within the team, and the Principal Audit Officer post remained vacant. This led to difficulties in delivering against the audit plan, and the small team were dependent on apprentices who required close supervision and training. The pressure had been mitigated by purchasing an additional 50 days of support from Wokingham Borough Council's internal audit team to bring the total days purchased to 150.

By the same time last year, the audit team had delivered 29 audits compared to 21 this year. A further two audits had been completed with satisfactory assurance opinions since the report was published. Officers had reviewed the audit plan in the People directorate which had been overly ambitious for 2023/24, to determine those which were high priority and those which could move to the 2024/25 schedule.

Members' attention was drawn to three audits with high priority issues; budgeting Larchwood and the Council's Amazon account procurement processes.

It was noted that the audit process for schools was to request self-assessments to be followed up with an audit if review of the self-assessments indicated there may be weaknesses. It was therefore to be expected that those schools which had been audited had resulted in poorer audit opinions.

Managers had been asked to provide updates in the recommendation tracker.

In response to questions, the following points were noted:

- The apprenticeship was a 20-month process, and while it was recognised that the apprentices were of a good standard and progressing well, the officer time required to support them took away from frontline audit work.
- School E had acknowledged significant difficulties during the self-assessment process, and officers had agreed to run the audit as a gap analysis with no opinion. The school would be revisited within 12 months
- Sally was exploring the options to provide further career progression and to retain the apprentices once their initial training was complete. If the apprentices did wish to leave and challenges for recruiting the Principal Auditor remained, there would be no other option but to use costly agency staff. It was commented that taking on further apprentices would only add to the resourcing pressures.
- It was noted that the Council's job evaluation model had sometimes made recruiting for professionals and specialist roles, such as the Principal Auditor, a challenge. The salaries offered for auditors at the Council were therefore lower than the competitive rate as a result. The business change programme included a specific retention programme to address recruitment and retention in specialist areas such as audit and procurement.
- The audit on budgeting had raised concerns around reliance on the finance team for the forecasting process, rather than budget managers taking responsibility and weaknesses in engagement with the budget setting process. It was commented that budget managers should be owning their budget early in the process to create a financially aware organisation.

The Committee noted the report.

CHAIRMAN