

**GOVERNANCE & AUDIT COMMITTEE –
ADVISORY MEETING
26 JANUARY 2022
7.30 - 9.30 PM**



Present:

Councillors Allen (Chair), Wade (Vice-Chairman), Brossard, Gbadebo, Mrs Hayes MBE, Heydon, Leake and Parker

19. Apologies for Absence

There were no apologies for absence.

20. Declarations of Interest

There were no declarations of interest.

21. Minutes of previous meeting

RESOLVED that the minutes of the meeting of the committee held on the 22 September 2021 be approved as a correct record, and signed by the Chairman.

22. Urgent Items of Business

There were no urgent items of business.

23. External Audit Plan

Tom Archer, Audit Manager, presented the External Audit Plan covering the 2020/21 financial year. An update was provided on the status of the Audit report stating that the information required to produce the report had been received, but the results were not available to be brought to this meeting, due to time constraints.

It was asked if Bracknell Forest Council would be penalised for any delays to publishing the Audit plan and whether the delay to the previous Audit plan would impact the release date of the following Audit plan. It was explained that there was a potential risk that the delay would cause an overrun into the next Audit plan. It was a universal risk present in many Councils in the country, and that much of the information needed had been obtained but the work had not yet been finalised.

It was asked whether there was any specific plan of action created to attempt to minimise delays for the Audit plan next year. It was explained that there was a different external auditor which meant that Bracknell Forest Council could not impact their timetables, but the turnaround time had since improved. It was noted that this should not be problematic for the 2021/22 Audit, as the Audit approval date had been pushed back to the end of November, instead of the end of September to allow greater time for Councils to produce the Audit.

In response to a question about the frequency of which regular meetings with Audit and Risk Management, it was explained that ad-hoc meetings were arranged with Sally Hendrick, Head of Audit and Risk Management, on a quarterly basis.

It was noted that Appendix E was missing from the report.

In response to a question about what the acronym PPE stood for in the context of the report, it was explained that PPE stood for Property, Plant and Equipment as fixed assets. Feedback was given that a glossary should be provided within the report.

A section of the report detailing fixed tariff additional fees was questioned, given the significant cost of the fees, and whether this was due to the COVID-19 pandemic. It was asked if the audit fees would continue to increase in subsequent years. It was explained that Public Sector Audit Appointments (PSAA) made the decision on the fees, the larger figure was due to an increase in workload along with Ernst & Young tendering a price and a one of COVID-19 fee. It was noted that this should not be problematic, as additional government grants to provide extra funding would cover the increased cost.

The report was noted.

24. **Appointment of Local External Auditors**

Stuart McKellar, Executive Director: Resources, introduced a report on agreed arrangements for the appointment of local external auditors. Members of the Committee were asked to endorse a continuation of discussions between Berkshire Section 151 Authority Officers and engagement with the PSAA.

A question was asked about cost elements included such as penalties, to ensure that Bracknell Forest Council would be covered.

A question was also asked if there would be any cost savings for Bracknell Forest Council if there was a joint auditor. It was explained that it would be unlikely to have any cost benefits.

RECOMMENDED that the Appointment of Local External Auditors be approved to include Section 151 Officers discussing whether a single auditor should be appointed for the Berkshire authorities.

25. **Internal Audit Update**

The Committee received a report updating on the progress of the annual Internal Audit Plan from April – December 2021.

Sally Hendrick, Head of Audit and Risk Management, reported that, progress against the 2021/22 Internal Audit Plan was set out in Appendix 1 with some delay in progressing the Audit Plan due to a backlog of deferred 2020/21 audits, which were deferred to late quarter 4 or early quarter 1 of 2021/22. Reasons for deferral were due to schools being unprepared to be audited until autumn, and new senior auditors not joining until July and August.

There were seven areas with high priority issues for the Council to consider which were shown in the table at section 3.5 of the report.

The report also covered difficulties for 2021/22 including a senior auditor leaving due to health reasons, resulting in several audits being deferred. A plan was being constructed to determine whether there was scope to develop several audits planned.

Arising from the Committees comments and questions the following points were made:

- Councillors noted that there had been a good quantity of audits produced despite resourcing issues and displayed thanks to the team for the work done.
- As there were two inadequate assurances of parenting assessments the team was discussing with Children's Social Care being re-audited in the early quarters of 2022/23.
- Green Homes Grants would be under consideration to be re-audited, but inadequate measures including gaps at manager level had improved.
- A discussion regarding risk was initiated, it was explained that when a plan was developed the associated risks were linked but the risks were not included when reporting back. It was acknowledged that this would be useful to include going forward.
- Audits were requested by Assistant Directors or Executive Directors as these roles were responsible for risk. Reviews were then held through management teams and directorates provided with information for what audits were coming up.

The Committee noted the update on progress on the Internal Audit Plan for 2021/22.

26. **Treasury Management Report 2022/23 and 2021/22 Mid-Year Review**

The Committee received the Treasury Management Report 2022/23 and 2021/22 Mid-Year Review.

Calvin Orr, Head of Finance and Business Services, presented the report and explained that the Mid-Year review contained an economic update for the first nine months of 2021/22, a review of the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy, the Council's capital expenditure, a review of the Council's investment portfolio for 2021/22 and a review of compliance with Treasury and Prudential Limits for 2021/22.

It was asked whether a reduction on VAT would aid the Council regarding the Capital strategy. It was explained that VAT did not affect local authorities.

Apologies were provided as the Treasury Management Report 2022/23 that should have been attached within Annex A for item 2.3 was not in the agenda, it was noted that it would be necessary to supplement the document. As a result, it was decided that only recommendations 2.1 and 2.2 could be endorsed, with a caveat on 2.3.

RECOMMENDED that

- i. the Committee consider and review the Mid-Year Review Report.
- ii. the Committee agree that the Mid-Year Review Report be circulated to all Members of the Council.

CHAIRMAN

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