

## Minutes of a meeting of the Governance and Audit Committee held on Thursday, 15 June 2023 at 10.30 am in Committee Room 3 - City Hall, Bradford

Commenced 10:30am  
Concluded 12:16pm

### Present – Councillors

LABOUR	CONSERVATIVE	GREEN
Tait Thornton Godwin	Felstead	Hickson

### Councillor Tait in the Chair

#### 65. ALTERNATE MEMBERS (Standing Order 34)

There were no alternate members in attendance at the meeting.

#### 66. DISCLOSURES OF INTEREST

No disclosures of interest in matters under consideration were received.

#### 67. INSPECTION OF REPORTS AND BACKGROUND PAPERS

There were no appeals submitted by the public to review decisions to restrict documents.

#### 68. MINUTES

Resolved –

That the minutes of the meeting held on 15 June 2023 be signed as a correct record.

#### 69. AUDIT COMPLETION REPORT 2021/22 FOLLOW UP LETTER

The External Auditor presented “**Document A**” which presented the Audit Follow up letter which summarised the findings from the audit of the City of Bradford

Metropolitan District Council for the year ended 31 March 2022.

External Auditor reported that works had been completed on Infrastructure Assets and Valuations, which was marked as outstanding within the Audit Completion Report which was presented to the Committee in March 2023.

Members were keen to understand if the Council's financial plan was sustainable. External Auditor reported that there was a risk that the Council's financial plans were unsustainable given the heavy reliance on reserves to fund budget pressures in 2022/23 and to balance the budget in 2023/24 and future years.

Members asked if the situation was going to get any better in terms of the delays. External Auditor reported that significant work was being carried out to address the delays and challenges. However, the delays were not unique to Bradford Council and was a national issue affecting many other local authorities.

A member of the Committee commented that the Council was most likely to remain a few years behind at this rate which was becoming increasingly difficult in terms of reliability.

Members expressed concerns about the uncompleted works that were still outstanding.

**Resolved –**

**That the contents of the Audit Follow up letter detailed in Document “A” be noted.**

(Cameron Waddell/Nicola Hallas – 07813752053)

## **70. STATEMENT OF ACCOUNTS 2021/22**

The Director of Finance and IT submitted report “**Document B**” this report presented the 2021-22 audited Statement of Accounts and summarised the key financial points arising.

The external audit of the Statement of Accounts for the year ended 31 March 2022 has not yet been completed by the external auditors, due to a national issue.

The Officer reported that the only item still outstanding was Pensions and audit works were still being carried out to complete this. As the Council was the administering authority for the West Yorkshire Pension Fund, the activities of the fund were required to be reported alongside the Council's main Financial Statements.

It was reported that while 2021-22 was still open, there had been opportunity for some changes to the in year adoption of flexible use of capital receipts and Minimum Revenue Provision (MRP) which would benefit usable reserve. This was

the minimum amount of the external borrowing that authorities must repay and charge to their revenue accounts each year. It was calculated in line with the Council's MRP policy and the capital financing requirement each year.

The Officer reported that favourable legal advice had been obtained on the proposal and they were awaiting a response from External Auditors. It was further reported that there had been little progress with the External Auditors due to discussions around implications on various issues and that the Council was not able to finalise accounts for 2022/23 until accounts for 2021/22 were approved.

The Officer provided details of flexible use of capital receipts and MRP Policy change and estimated adjustment figures.

Members sought further clarification on the legal advice in prior years and asked if there would be an opportunity of backdating prior to that.

The Officer provided details of legal advice and reported that there was an opportunity to backdate.

A member of the Committee asked of steps following a disagreement with the report. The Officer reported that there would be discussions with the Chair on concerns and any disagreements.

The Officer requested that the adoption of flexible use of capital receipts for 2021-22 which would benefit reserve levels be noted and that this adjustment to the accounts be approved and to be audited.

The Officer also requested that the application of the revised MRP policy to be reflected in 2021-22 accounts which would benefit reserve levels be noted and that this adjustment to the accounts be approved and to be audited.

#### **Resolved –**

- **That the 2021-22 Statement of Accounts be approved, and the Committee gives delegated authority for subsequent signing off the accounts to the Chair of the Committee and the Section 151 officer, accompanied with a follow up audit letter with remaining matters;**
- **That the adoption of Capital Receipts of £3m benefit to the reserves which was agreed by Department for Levelling up, Housing and Communities (DHLUC) be noted and that this adjustment to the accounts be approved.**

*Note: Please note amended decision relating to this item detailed on the decision sheet for the meeting held on 20 July 2023.*

#### **ACTION: The Director of Finance and IT**

(Celia Yang – 07977814829)

The Director of Finance and IT submitted report “**Document C**” which provided the Council’s Treasury Management activities for the year ending 31 March 2023.

The Officer reported that the Council no longer received Covid grants and that the borrowing for 2023/24 has increased at the higher borrowing rate of 4.4%.

The Officer reported that the interest rate forecasts were initially suggesting only gradual rises in short, medium, and long-term fixed borrowing rates during 2022/23 but by August 2022 it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022 and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time.

The Officer further reported that the MRP Policy adopted in the original Treasury Management Strategy Report for 2022-23, approved by the Council on 17-05-2022, was subject to revision during the year. The Council’s updated 2022-23 MRP Policy, (as required by the Department for Levelling Up, Housing and Communities (DLUHC) Guidance), was approved as part of the Budget Report for 2023-24 on 23<sup>rd</sup> February 2023.

Members sought further clarification on the graphs provided in the report.

**Resolved –**

**That the Annual Treasury Management Report 2022/23 (Document “C”) be noted and referred to Council for adoption.**

**ACTION: Director of Finance and IT and Director of Legal and Governance**

(Lynsey Simenton/Mark Russell – 07582102779)

**72. WEST YORKSHIRE PENSION FUND BOARD MINUTES 21 MARCH 2023**

The Managing Director of the West Yorkshire Pension Fund submitted “**Document D**” which reported on the minutes of the WYPF Pension Board meeting held on 21 March 2023.

**Resolved –**

**That the minutes of West Yorkshire Pension Fund (WYPF) Local Pension Board meetings held on 21 March 2023 were considered and noted.**

(Yunus Gajra - 01274 432343)

### 73. INTERNAL AUDIT PLAN 2023/24

The Director of Finance and IT submitted report “**Document E**” which outlined the Internal Audit Plan for the for the financial year 2023/24. The delivery of the audit plan would assist with risks within the systems reviewed being managed to an acceptable level through improvement in internal control.

In addition to the 2023/24 Internal Audit year plan the report identified an indicative plan for a further two years to highlight the risks that were being monitored.

The Officer further reported that during the year progress against the audit plan would be regularly monitored to ensure that audit resources were efficiently and effectively deployed. The performance would be reported to the Governance and Audit Committee in the Internal Audit Half Year Monitoring statement in November 2023 and in the Annual Audit Report in June/July 2024. These reports would also be presented to Council Management Team.

The Officer reported that there were two areas where the contents of the Internal Audit Plan were yet to be finalised. The first related to Bradford’s Children and Families Trust where discussions were ongoing on what financial systems and procedures should be prioritised. Sixty days of Internal Audit resource had been allocated to work on behalf of the Trust. The other area to be finalised was the Computer Audit function. The first four-year plan of the computer audit contract by Salford Internal Audit Services was ending soon. It was the intention to enter a further 3-year contract for the Council’s Computer Audit Service with Salford Council. The contract would be agreed in early summer and would be approximately sixty days support per year.

Members were keen to understand what the cost of the 4-year Computer Audit contract was. The Officer reported that the 4-year Computer Audit contract costed £120,000.

A member of the Committee requested assurance that the case handling related to children would be investigated. The Officer reported that currently he did not know how the Childrens Trust operated in respect of case handling. However, sixty days were assigned to auditing.

Members sought further clarification on Computer Audit.

A member of the Committee asked if the Council was responsible for Parish Council’s auditing. In response to members question, the Officer reported that the Council was responsible for the auditing of the Parish Council’s, and this was carried on an annual basis.

Members sought clarification on the risk score for Children Safeguarding Incident on page 217 of the report.

Members asked if the Risk Register could be reviewed. In response to this, the Officer advised that he could circulate the Risk Register to Members.

**Resolved –**

**That the Internal Audit Plan for 2023/24 as detailed in Document “E” be approved.**

**ACTION: Director of Finance and IT**

(Mark St Romaine - 01274 432888)

**74. PUBLIC SECTOR INTERNAL AUDIT STANDARD - EXTERNAL REVIEW**

The Director of Finance and IT presented report “**Document F**” which provided feedback on the recent CIPFA review to determine the Internal Audit function’s compliance with the UK Public Sector Internal Audit Standards.

Members of the Committee commended the extensive report which provided useful information regarding the recent CIPFA review.

**Resolved –**

**That the Public Sector Internal Audit Standard – External Review Report be noted, and the Improvement Plan included in the CIPFA external quality assessment of the Internal Audit Service as detailed in Document “F” be agreed.**

**ACTION: Director of Finance and IT**

(Mark St Romaine - 01274 432888)

**75. CONSIDERATION OF THE APPOINTMENT OF INDEPENDENT MEMBERS OR AN ADVISOR TO THE GOVERNANCE AND AUDIT COMMITTEE**

The Director of Finance and IT submitted report “**Document G**” which provided details around the appointment of the Independent Members or an Advisor to Bradford Council’s Governance and Audit Committee.

The Officer advised that the Independent Members would be non-voting and provided details in relation to the difference between an advisor and an Independent Member, the main difference was that an advisor could be provided by an organisation through a contract, whereas a member was a specific individual with a direct relationship with the Council that could be transferred. The professional responsibilities of an advisor or a member should be no different nor should the way they undertake the role.

Members of the Committee discussed the costs of the Independent Members and the possible experience they could have which would assist the Committee appropriately.

The Chair of the Committee was keen to get the process started to appoint Independent Members without any further delays due to the Review of the Constitution.

**Resolved –**

- **That the Committee recommend to Council that Article 9 of the Council's constitution be amended so that the composition of Governance and Audit Committee includes 2 non-voting Independent members, subject to a recruitment process.**
- **That the Committee recommend to Council that the recruitment process of the non-voting Independent Members be delegated to the Director of Finance and IT in consultation with the Chair of Governance and Audit Committee.**

**ACTION: Director of Finance and IT and Director of Legal and Governance**

(Mark St Romaine - 01274 432888)

Chair

**Note: These minutes are subject to approval as a correct record at the next meeting of the Governance and Audit Committee.**

THIS AGENDA AND ACCOMPANYING DOCUMENTS HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER