



## RUSHMOOR BOROUGH COUNCIL

# CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

*at the Council Offices, Farnborough on  
Tuesday, 26th July, 2022 at 7.00 pm*

**To:**

Cllr P.J. Cullum (Chairman)  
Cllr Jessica Auton (Vice-Chairman)

Cllr A. Adeola  
Cllr M.S. Choudhary  
Cllr K. Dibble  
Cllr A.H. Gani  
Cllr Christine Guinness  
Cllr Sarah Spall  
Cllr Nem Thapa  
Cllr S. Trussler  
Cllr Jacqui Vosper

**Non-Voting Member**      Mr. T. Davies – Independent Member (Audit)

**STANDING DEPUTIES**

Cllr C.P. Grattan  
Cllr Mara Makunura

Enquiries regarding this agenda should be referred to the Committee Administrator,  
Kathy Flatt, Democracy and Community, Tel. (01252 398829) or email  
[kathy.flatt@rushmoor.gov.uk](mailto:kathy.flatt@rushmoor.gov.uk).

# **A G E N D A**

1. **MINUTES – (Pages 1 - 10)**

To confirm the Minutes of the Meeting held on 26th May 2022 (copy attached).

2. **INTERNAL AUDIT - AUDIT UPDATE – (Pages 11 - 30)**

To receive the Audit Manager's Report No. AUD2210 (copy attached), which sets out work carried out by Internal Audit since the previous report, an update on the overall progress on the Audit Plan and an update on outstanding issues.

3. **ANNUAL STATEMENT OF ACCOUNTS 2021/22 – (Pages 31 - 34)**

To receive the Executive Head of Finance Report No. FIN2226 (copy attached) which informs the Committee of the proposed timetable for the external audit of the 2020/21 and 2021/22 Financial Statements.

4. **REVIEW OF ANIMAL LICENSING FEES – (Pages 35 - 42)**

To consider the Head of Operational Services' Report No. OS2212 (copy attached) setting out proposals for fees and charges for Animal Licensing.

5. **WORK PROGRAMME 2022/23 – (Pages 43 - 46)**

To note and confirm the programme of work planned for the Committee in 2022/23 (copy attached).

## **PUBLIC PARTICIPATION AT MEETINGS**

Members of the public may ask to speak at the meeting on any of the items on the agenda by writing to the Committee Administrator at the Council Offices, Farnborough by 5.00 pm two working days prior to the meeting.

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# CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Thursday, 26th May, 2022 at the Council Offices, Farnborough at 7.30 pm.

## **Voting Members**

Cllr P.J. Cullum (Chairman)  
Cllr Jessica Auton (Vice-Chairman)

Cllr A. Adeola  
Cllr M.S. Choudhary  
Cllr K. Dibble  
Cllr A.H. Gani  
Cllr Christine Guinness  
Cllr Sarah Spall  
Cllr Nem Thapa  
Cllr S. Trussler  
Cllr Jacqui Vosper

## **1. MINUTES**

The Minutes of the Meeting held on 28th March 2022 were agreed and signed as a correct record of the proceedings.

## **2. CLLR SUE CARTER - CHAIRMAN 2021-22**

The Chairman wanted to place on record his thanks to the previous Chairman of the Committee – Cllr Sue Carter – for all her work in guiding the Committee during the 2021/22 Municipal Year.

## **3. INTERNAL AUDIT OPINION 2021/22**

The Committee considered the Audit Manager's Report No. AUD2207, which set out the Internal Audit coverage, findings and performance for the 2021/22 municipal year and presented the Audit Manager's overall assurance opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control (GRC) environment. The Report also covered the self-assessment carried out against the Public Sector Internal Audit Standards (PSIAS) and the progress on the Quality and Assurance Improvement Plan (QAIP) for the year.

The Committee was advised that, in accordance with the Accounts and Audit (England) Regulations 2015, the Audit Manager was required to report on an annual basis on the overall adequacy and effectiveness of the Council's framework of GRC. Appendix A to the Report set out Annual Report and Audit Opinion.

It was noted that the Audit Manager was also required to carry out a self-assessment on the Internal Audit activities conformance with the PSIAS and report on this to the Committee and this information was set out in Appendix 2 to the Annual Report and Audit Opinion.

The Report set out details of the areas of assurance obtained in order to form the Audit Opinion. In assessing the level of assurance to be given for 2021/22 the opinion was based on:

- written reports on all Internal Audit work completed during the course of the year (assurance and consultancy);
- results of any follow up exercises undertaken in respect of previous years' Internal Audit work;
- the results of work of other review bodies where appropriate (eg Public Sector Network certification);
- the quality and performance of the Internal Audit service and the extent of compliance with the PSIAS;
- participation on the Corporate Governance Group; and
- mitigations in place to minimise the risks identified within the Corporate Risk Register.

In the opinion of the Internal Auditor, sufficient assurance work had been completed within the year to enable an overall Audit Opinion of 'reasonable' to be provided on the Council's GRC framework. Where weaknesses had been identified through Internal Audit review, the Internal Auditor had worked with management to agree appropriate corrective actions and a timescale for improvement.

The Report identified the following reasons key areas of non-compliance for the PSIAS:

- **An external assessment carried out on the Audit activity** – This was due to have been carried out every five years. Previously, this had not been done on the basis of cost/benefit due to the size of the function. However, this would be reviewed in 2022/23.
- **Structure of Internal Audit function** – The position of Internal Audit in the Council needed to be reviewed to assist with the improvement of its effectiveness in assisting senior management with the GRC framework. A strategy paper had been produced on the subject.
- **Up-to-date Audit policies and procedures** – These had not been updated in 2020/21 due to other higher priority work and Covid-19. These would be reviewed in 2022/23.

- **Regular meetings with External Audit** – Regular meetings had not been carried out with External Audit. This would be reviewed in 2022/23.
- **An assurance map in place** – A recent assurance map had not been developed to identify all the areas of assurance which could be/were obtained, including third parties. This would be addressed in 2022/23.

It was noted that all items had been included as actions within the QAIP, as set out in Appendix 3 to the Annual Report and Audit Opinion.

Members raised questions concerning staffing resources and the impact of working from home on workloads.

**RESOLVED:** That

- (i) the coverage of assurance obtained across the Council, as set out in the Audit Manager's Report No. AUD2207, be noted;
- (ii) the level of GRC assessment in 2021/22 through opinion-based audit assurance work be noted;
- (iii) the Audit Opinion given for 2021/22 be noted;
- (iv) the Performance Indicators for the Internal Audit activity for 2022/23 be endorsed;
- (v) the self-assessment exercise against the PSIAS and the areas of non-conformance with them, as set out in Appendix 2, be noted; and
- (vi) the QAIP for 2021/22, as set out in Appendix 3, detailing areas of improvement to reduce the areas where the audit activity did not conform to the PSIAS, be endorsed.

#### 4. **ANNUAL GOVERNANCE STATEMENT 2021/22**

The Committee considered the Audit Manager's Report No. AUD2208, which set out the Annual Governance Statement 2021/22 for review and approval.

It was noted that, in July 2017, the Council had adopted a revised Code of Corporate Governance which had been prepared with the CIPFA/SOLACE framework document 'Delivering Good Governance in Local Governance Framework (2016 Edition)'. The Committee was also advised that Regulation 6(1) of the Accounts and Audit Regulations 2015 provided that each financial year the Council had to (a) conduct a review of the effectiveness of the system of internal control and (b) prepare an Annual Governance Statement. The Annual Governance Statement should be reviewed and approved by the Committee prior to being signed by the Chief Executive and the Leader of the Council. The Statement would then be published alongside the Council's Statement of Accounts, showing the extent to which the Council complied with its Code of Corporate Governance.

The Report set out the methodology used for compiling the Annual Governance Statement and the requirements of the Committee in ensuring a meaningful review of the Statement to ensure that it was satisfied that the Statement (as set out in Appendix A to the Report) properly reflected the risk environment and any actions required to improve it and demonstrated how governance supported the achievement of the Council's objectives. The Council was responsible for ensuring its business was conducted in accordance with the law and proper standards and that public money was safeguarded, properly accounted for and used economically, efficiently and effectively. The Council was responsible for putting in place proper arrangements for the governance of its affairs, which included arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

During discussion, it was suggested that it would be helpful to have a 'red-amber-green' status against the outstanding governance actions.

**RESOLVED:** That the Annual Governance Statement 2021/22 be approved for signature by the Chief Executive and the Leader of the Council to be published alongside the Statement of Accounts.

## 5. INTERNAL AUDIT UPDATE

The Committee received the Audit Manager's Report No. AUD2209 which set out: an overview of the work carried out by Internal Audit in Quarters 3 and 4 2021/22 to date; an update on progress towards completing the Audit Plan for 2021/22; a schedule of work expected to be delivered in Quarter 1 2022/23; and, an update on the outstanding audit issues from Internal Audit reports covering 2019/20 and 2020/21, focusing on the high-risk issues.

During discussion, the Committee requested that the work that had been undertaken in improving Audit reporting to the Committee should be noted. Clarification was also sought on some long outstanding Audit issues.

**RESOLVED:** That the Audit Manager's Report No. AUD2209 be noted.

## 6. APPOINTMENTS

### (1) Outside Bodies –

**RESOLVED:** That the appointment of representatives to outside bodies for the 2022/23 Municipal Year, as set out in the attached Appendix, be approved.

### (2) Appointments and Appeals Panels –

**RESOLVED:** That the Head of Democracy and Community be authorised to make appointments to the Appointments and Appeals Panels in accordance with the membership criteria set out in the Officer Employment Procedure Rules in the Constitution.

(3) **Licensing Sub-Committee –**

**RESOLVED:** That the following Members be appointed to serve on the Licensing Sub-Committee for the 2022/23 Municipal Year (three Conservative representatives; two Labour representatives):

Conservative Group: Cllrs P.J. Cullum, S. Trussler and Jacqui Vosper

Labour Group: Cllrs Keith Dibble and Christine Guinness.

(4) **Licensing Sub-Committee (Alcohol and Entertainments) –**

**RESOLVED:** That the Head of Democracy and Community be authorised to make appointments from the membership of the Corporate Governance, Audit and Standards Committee in accordance with the procedure agreed by the Committee at its meeting on 21st May 2009 and detailed in the Licensing Sub-Committee (Alcohol and Entertainments) Hearings Protocol and Procedure.

(5) **Licensing Sub-Committee (Taxis) –**

**RESOLVED:** That the Head of Democracy and Community be authorised to make appointments from the membership of the Corporate Governance, Audit and Standards Committee, in accordance with the procedure agreed by the Committee at its meeting on 27th June 2021 and detailed in the Licensing Sub-Committee (Taxis) Hearings Protocol and Procedure.

(6) **Review of Mayoral Selection Criteria –**

**RESOLVED:** That the following Members be appointed to support work to review the Mayoral Selection Criteria, planned to take place during 2022/23:

Cllr M.S. Choudhary

Cllr P.J. Cullum

Cllr A. Gani

Cllr Christine Guinness

Cllr Jacqui Vosper

(7) **Constitution Working Group –**

**RESOLVED:** That the following Members be appointed to serve on the Constitution Working Group for the 2022/23 Municipal Year (six Members):

- Cabinet Member (Cllr Sue Carter)
- the Chairman of the Corporate Governance, Audit and Standards Committee (Cllr P.J. Cullum)
- two representatives of the Conservative Group (Cllrs Mara Makunura (in place of a 2nd Cabinet Member representative) and S. Trussler)
- two representatives of Labour Group (Cllrs Christine Guinness and Sarah Spall).

The meeting closed at 9.44 pm.

CLLR P.J. CULLUM (CHAIRMAN)

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**CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE  
26TH MAY 2022**

**REPRESENTATION ON OUTSIDE BODIES**

<b>NAME OF ORGANISATION</b>	<b>REPRESENTATIVE(S) 2022/23</b>
Aldershot & Farnborough Festival of Music & Art	Cllrs Gaynor Austin and Jules Crossley
Basingstoke Canal Joint Management Committee	Cllrs J.H. Marsh and P.G. Taylor with Cllr Jules Crossley as Standing Deputy
Blackbushe Airport Consultative Committee	Cllr P.J. Cullum with Cllr Jules Crossley as Standing Deputy
Blackwater Valley Advisory Panel for Public Transport	Cllrs A.R. Newell and M.J. Roberts with Cllr Jules Crossley as Standing Deputy
Blackwater Valley Countryside Partnership	Cllrs Mrs D.B. Bedford and P.G. Taylor with Cllrs Jules Crossley and Nadia Martin as Standing Deputies
Brickfield Country Park, Friends of	Three Manor Park Ward Members (Cllrs D.E. Clifford, P.I.C. Crerar and Peace Essien Igodifo)
Cove Brook Greenway Group	Cllrs A. Adeola and L. Jeffers
District Council's Network (DCN)	Leader of the Council (Cllr D.E. Clifford)
Enterprise M3 Joint Leaders Board	Leader of the Council (Cllr D.E. Clifford)
Farnborough Aerodrome Consultative Committee	Cabinet Member (Cllr M.L. Sheehan) and Cllr P.G. Taylor (as a representative of an adjoining ward) with Cllr M.J. Tennant as Standing Deputy
457 Squadron Farnborough RAF Air Cadets	Cllr Nadia Martin

NAME OF ORGANISATION	REPRESENTATIVE(S) 2022/23
Hampshire and Isle of Wight Local Government Association	Leader of the Council (Cllr D.E. Clifford)
Hampshire Health and Wellbeing Board (co-opted Deputy)	Cllr Michael Hope
Hampshire Police and Crime Panel	Cllr M.L. Sheehan (Cabinet Member) Cllr J.B. Canty as Standing Deputy
Hampshire Buildings Preservation Trust AGM	Cllr Jessica Auton and Cllr Peter Crerar
Local Government Association - General Assembly	Leader of the Council (Cllr D.E. Clifford)
North Hampshire Area Road Safety Council	Cllr Mara Makunura with Cllr Peace Essien Igodifo as Standing Deputy
PATROL	Cllr Christine Guinness
PCC Hampshire Gypsy and Traveller Community Support Panel	Cllr A.R. Newell (Cabinet Member)
Parity for Disability	Cllr S.J. Masterson with Cllr Gaynor Austin as Standing Deputy
Project Integra Strategic Board	Cllr M.L. Sheehan (Cabinet Member)
Royal British Legion (Farnborough Branch) Remembrance Day Arrangements	Cllr Mrs D.B. Bedford and Cllr C.P. Grattan
Citizens' Advice Rushmoor Trustee Board	Cllr C.J. Stewart and Cllr Gaynor Austin
Rushmoor Voluntary Services Board	Cllr S.J. Masterson and Cllr Jules Crossley (tbc)
Rushmoor Accessibility Action Group	Cllrs Mara Makunura, S.J. Masterson, and Sarah Spall

<b>NAME OF ORGANISATION</b>	<b>REPRESENTATIVE(S) 2022/23</b>
South East Employers – Annual General Meeting	Cllr P.G. Taylor (Cabinet Member) and J.B. Canty as Standing Deputy
Thames Basin Heaths Joint Strategic Partnership Board	Cllr Adrian Newell (Cabinet Member)
Wellesley Residents Trust Ltd	Cllr Jib Belbase with Cllr Nadia Martin as Standing Deputy

### **REPRESENTATION ON COUNCIL GROUPS, PARTNERSHIPS AND BOARDS**

<b>GROUP</b>	<b>REPRESENTATIVE(S) 2022/23</b>
Hampshire Cultural Trust – Aldershot Military Museum Strategic Local Agreement and West End Centre Management Committee	Cllrs Mrs D.B. Bedford and Jules Crossley
Safer North Hampshire Community Safety Partnership	Cllr M.L. Sheehan (Cabinet Member)
Crime and Disorder Joint Scrutiny Committee	Cllrs M.D. Smith, Mrs D.B. Bedford and K. Dibble
Rushmoor Development Partnership LLP (RDP) Board	Cllr M.J. Tennant, Chief Executive and Executive Director (KE)
Rushmoor Housing Ltd (RHL) – Board of Directors	Cllrs P.G. Taylor, K. Dibble and Marina Munro

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26 JULY 2022

**INTERNAL AUDIT – AUDIT UPDATE****SUMMARY:**

This report describes:

- The work carried out by Internal Audit since the last report;
- An update on the overall progress on completing the 2021/22 Audit Plan;
- A progress update on the 2022/23 Audit Plan; and
- An update on outstanding audit issues from reports issued in 2019/20, 2020/21 & 2021/22.

**RECOMMENDATION:**

Members are requested to:

- i. Note the audit work carried out in Quarter 4 2021/22 and Quarter 1 2022/23 to date.
- ii. Note the update to the expected deliverables for Quarters 1 & 2 2022/23.
- iii. Note the outstanding high-risk audit issues and engagement by the Services to address them.

**1 Introduction**

1.1 This report is to provide Members with:

- An overview of the work carried out by Internal Audit in Q4 2021/22 and Q1 2022/23 to date;
- An update on progress towards completing the Audit Plan for 2021/22;
- A progress update on the 2022/23 Audit Plan;
- A schedule of work expected to be delivered in Q1 & Q2 2022/23; and
- An update on the outstanding audit issues from Internal Audit reports covering 2019/20, 2020/21 & 2021/22 focusing on the high-risk issues.

**2 Overview of Work Carried Out in Q4 2021/22 & Q1 2022/23 to date**

- 2.1 Since the last report, Internal Audit continued to work with Heads of Service and Service Managers to action and update the outstanding audit issues from 2019/20 and 2020/21 Audit reports. This has been extended to the issues from 2021/22.
- 2.2 Internal Audit issued the audit report for the Sales Ledger (Sundry Debtors).
- 2.3 Internal Audit is finalising the audit the Voyager House Capital Project. The draft report is being reviewed currently and issues are with management.
- 2.4 Internal Audit is also involved in the ongoing Union Yard Capital Project in a consultative capacity.
- 2.5 Internal Audit carried out a fraud investigation, following a Stage 1 complaint over non-payment of invoices recently (section 5).

- 2.6 Internal Audit is currently conducting both a review over the Park Crematorium and a follow-up review of Alderwood Leisure Centre (ALC). The fieldwork for the Park Crematorium has been completed and the draft report has been compiled. For ALC, the fieldwork is in progress.
- 2.7 Internal Audit is currently working on a strategy paper for the function, which will be shared with the Committee in due course.

### 3 Progress towards completing the 2021/22 Audit Plan

- 3.1 Since the last update to the Committee, there have been no further changes to the 2021/22 Audit Plan.
- 3.2 The table below provides a summary of progress relevant to the 2021/22 Audit Plan:

Audit Status	Number of reviews	%
Finalised	8	44.4
Draft report with Auditee for management responses	1	5.6
In progress	1	5.6
Not yet started	1	5.6
Postponed to 2022/23	5	27.7
Cancelled	2	11.1
<b>Total</b>	<b>18</b>	<b>100%</b>

- 3.3 The table shows that 10 of the 11 audits (91%) to be delivered in 2021/22 are completed, being finalised or in progress. The Union Yard Capital Project will continue to be “in progress” until completion of the project in 2024. However, the remaining audit, on the CIPFA Financial Management Code, will commence in Q2 2022/23.

### 4. Audit Work Completed

- 4.1 The table below provides an overview of the assurance opinions, given to completed audits since the last update, based on Internal Audit’s assessment of the control environment:

Audit Title	Assurance Opinion	Recommendations by Priority		
		High	Medium	Low
<b>2021/22 Internal Audit Plan</b>				
Sales Ledger	Reasonable	1	7	2

- 4.2 The table above shows one audit for Finance.

The high-risk issue relates to Debt Management. The audit highlighted the inconsistent approach to managing debts by the different services including

reacting to reports from Finance and taking ownership for timely action once invoices remain unpaid after a specific period of time.

Whilst the issue has responsibility shared across the services, the Executive Head of Finance has agreed that Finance should guide the services regarding efficient and effective debt management. This will be done in conjunction with the findings of the Savings & Transformation Programme (STP).

Other issues of note in the report concern overall debt management information dissemination and escalation, as well as the inconsistent approach to how specific services invoice their clients.

Again, Finance has agreed to guide the services in conjunction with the STP findings.

## 5. Fraud Investigation

5.1 In June 2022, the Executive Head of Finance was made aware that payments had been made to a supplier where the Council's procedures for updating supplier information had not been followed.

Specifically, bank account details relating to the supplier were updated without an independent verification back to the supplier that the change requested was valid.

5.2 Following an initial review by the Finance Team, it was apparent that the supplier's email account had been compromised and that the Council was subject to a "spear-phishing" attack. The supplier lodged a Stage One complaint with the Council citing a number of concerns.

5.3 The investigation has been concluded with a number of recommendations made about ensuring the adequacy of the controls around updating supplier information in the financial system.

## 6. Expected Deliverables for Q1 & Q2 2022/23

6.1 The Audit Plan for 2021/22 has not been completed. Consequently, the work being carried out to complete it is having to be done in Q2 2022/23 and is detailed within the table below:

<b>Service</b>	<b>Audit/ follow up/descriptor</b>	<b>Status</b>
Property, Estates & Technical Services	Voyager (Capital Project) – <i>A review of the regeneration project</i>	Draft report with management

Regeneration	Union Yard (Capital Project) – <i>Audit is providing Project Assurance and will be working alongside the Project Manager</i>	In progress until the project is completed in 2024
Finance	CIPFA Financial Code – <i>A key financial system review looking at compliance with the code</i>	Planned Q2 2022/23
Operations	Crematorium – <i>A review over the operations and administration</i>	In progress
Democracy	Alderwood Leisure Centre – <i>A follow-up of the audit from 2020/21</i>	In progress
Finance	Council Tax Billing, Collection & Recovery – <i>A review of CT with a focus on debtors and recovery</i>	Planned Q2 2022/23
HR&OD	Staff Recruitment & Retention – <i>A review over staff vacancies, especially key positions, and the measures taken to keep staff</i>	Planned Q2 2022/23

6.2 The Audit Plan for 2022/23 has commenced simultaneously.

## 7. Outstanding Audit Issues from 2019/20, 2020/21 & 2021/22

7.1 From a review of the Audit reports issued during 2019/20, 2020/21 & 2021/22, the following information was identified:

Year	# of Reports	# of Issues	# Implemented (@26/05/22)	% Implemented (@26/05/22)
2019/20	12	106	78 (69)	74 (65)
2020/21	12	118	72 (64)	61 (54)
2021/22	8	52	9	17

7.2 Overall, there has been some implementation of the outstanding issues from the first two years since the last report, but only a few issues implemented for 2021/22.



7.3 For 2019/20, of the 106 issues raised, 17 were high-risk and 15 (88%) have been implemented, which is four more than the previous report.

For 2020/21, of the 118 issues raised, 17 were high-risk and 9 (53%) have been implemented, which is two more from the previous report.

For 2021/22, of the 52 issues raised, 10 were high-risk and 3 (30%) have been implemented.

7.4 Details of the outstanding high-risk issues for the three years are attached in Appendix A below. They include management updates and, in some cases, revised target dates.

## 8. Recommendation

8.1 Members are requested to note the information provided within the report in relation to the Audit work carried out in Q4 2021/22 and Q1 2022/23 to date, the expected deliverables for Q1 2022/23 and the outstanding high-risk audit issues from 2019/20, 2020/21 & 2022/23.

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**HEAD OF SERVICE:** David Stanley, Executive Head of Financial Services

**References:** *Internal Audit – Audit Plan 2021/22 and 2022/23* reports, presented to the Committee on 29 March 2021 and on 28 March 2022 respectively.

[Agenda for Corporate Governance, Audit and Standards Committee on Monday, 29th March, 2021, 7.00 pm - Rushmoor Borough Council](#)

[Agenda for Corporate Governance, Audit and Standards Committee on Monday, 28th March, 2022, 7.00 pm - Rushmoor Borough Council](#)

## OUTSTANDING HIGH-RISK AUDIT ISSUES

Year of Audit	2019/20		
Report	Key findings	Management response and agreed action	Action by whom and when
PCI DSS	<p>a) The Council are allegedly paying a fine as a result of not being fully compliant with PCI DSS standards. This is due to the card terminal within the Princes Hall Theatre not transferring Cardholder data securely to the in-house CAPITA 360 system. This could not be confirmed at the time of audit.</p> <p>b) There is no management or oversight of the alleged fine within the Council, with no one being able to provide details i.e. start date, monthly amount, expiry date or whether this was still ongoing.</p>	<p><b>Current Situation</b>  <i>Update: a) The Council pays CAPITA an additional processing fee. There is no fine. Issue addressed.</i>  <i>b) A project has been established to ensure the Council is PCI DSS compliant with options available depending on the way in which car payments flow through the Council's systems.</i>  <i>An independent assessment has been completed by a SAQ Assessor and the options detailed in the report are being analysed.</i>  <b><i>It is unlikely the project will be completed until Q1/Q2 2022/23 given the complexity and IT solutions.</i></b></p> <p><b>Original Response</b>            AGREED            The Council has been making a monthly payment to CAPITA since late-2018 in respect of "CAPITA PCI DSS ANNUAL MGMT FEE". Whilst the charge is relatively low (£10 per month) it is unclear what this fee covers. In the absence of any detailed knowledge or awareness across</p>	<p>David Stanley,            Executive Head of Finance  <b>30/09/2022</b></p>

		Finance and IT teams, the Executive Head of Finance will review.	
S106 SANGS	<p>a) There should be a plan in place as to how the funds are properly utilised and regular meetings to monitor this. This needs to include a plan of how to utilise monies that the Council may currently hold over 5 years or determine to repay sums. This would ensure that all monies that have been paid to the Council are utilised appropriately and prevent Developers successfully requesting funding back.</p> <p>b) There should be knowledge of who manages this fund. There should be regular meetings to discuss the value to enable full oversight.</p>	<p><b>Current Situation</b> <i>Update: This process is ongoing due to the extent of the work. Additional funds have been identified over 5 years. The focus is on ensuring expenditure and developing proposals for an officer who will deliver these projects funded from s106, which will be considered by ELT shortly and it is anticipated this will be agreed. 21/12/21: Infrastructure Funding Statement completed for 19/20 and will be published on web prior to 31/12/21 deadline. <b>Work ongoing to identify potential spend. Revised target date suggested.</b></i></p> <p><b>Original Response</b> Recommendation agreed. As part of the process of compiling the register and cleansing data any sums held for over 5 years will be identified. Regular meetings will be held between the Head of Economy, Planning and Strategic Housing, Planning and finance will be held quarterly starting in September All sums will be allocated to specific officers and teams and monitored through the quarterly meetings.</p>	<p>Tim Mills, Head of Economy, Planning and Strategic Housing 30/11/2021 Revised 30/06/2022 Revised 30/09/2022</p>

## OUTSTANDING HIGH-RISK AUDIT ISSUES

OUTSTANDING HIGH-RISK AUDIT ISSUES			
Year of Audit	<b>2020/21</b>		
Report	Key findings	Management response and agreed action	Action by whom and when
Alderwood Leisure Centre	It is unclear to identify if payments have been received for all of the bookings made as clear payment records are not held on the EZ facility system and unclear narratives on the Integra code.	<p><b>Current Situation</b>  <i>Update: This is a system connectivity issue. However, until a solution is found, a manual workaround is in place.</i>  <b>30/06/22: A follow up audit is underway to verify implementation of issues.</b></p> <p><b>Original Response</b>                      EZ confirm certain aspects can be tied into RBC system.                      Nigel Swan emailed for guidance 30/11/21.Meeting with Alex Shiell 6/01/2021 to discuss requirements to integrate the two systems.</p>	Chris Beckett, ALC Manager 31/03/2022 Revised 30/06/2022 Revised 30/09/2022
Application Patch Management	<p>IT are in the process of documenting processes, although application change management/patching has not yet been covered. When this is documented both overall and system specific arrangement need to be addressed.</p> <p>Linked to this further investigation needs to be carried out regarding systems where there is limited user testing of changes (see findings below, on roles and responsibilities). Specific to Express future changes need to be applied to test and tested/signed off, prior to migration to live.</p> <p>Retain evidence for future nontrivial changes/patches applied. This should aim to capture:</p>	<p><b>Current Situation</b>  <i>Update: Change Management – Jul 2022 (now Oct) as dependent on a new service desk system that incorporates Change.</i>                      UAT – Live                      Asset Management – This will now be implemented as part of the new service desk system – by Oct 22.</p> <p><b>Original Response</b>                      The council has a small IT team and tends to focus its limited resources on key line of business applications support. There are plans to recruit a</p>	Nick Harding, Head of ICT, Facilities & Projects 30/10/2021 Revised 31/07/2022 Revised 31/10/2022

	<ul style="list-style-type: none"> <li>• Identification of change/patch, i.e. what was applied.</li> <li>• Evidence of testing (unit, integration and user, as applicable) and outcomes.</li> <li>• Sign offs/approval.</li> </ul> <p>Longer term a Configuration Management Database (CMDB) could be investigated, to store this information in a structured manner.</p> <p>IT are in the process of increasing the IT Team, specifically recruiting additional staff to support changes to applications, including bringing back in-house changes currently processed by third parties; this should continue as planned.</p> <p>Batching is a symptom of current under resourcing and reliance on third parties. While a pragmatic approach is sensible, current batching levels are excessive. How batching is approached needs to be covered in documentation (i.e. assessment and decision for each change) and, as far as possible, minimised.</p>	<p>service delivery manager to improve consistency of application support. It should be noted that key systems e.g. payments, payroll, revenues and benefits, business rates are well supported, including the use of external support companies – to ensure applications are patched and upgraded to the correct level.</p> <p>The regulatory services applications e.g GIS/LLPG, Confirm and Uniform have dedicated IT staff employed to carry out upgrade works and maintain the systems to the correct level.</p> <p>It is agreed that the exception is the financial system, which is of ongoing concern. There are plans for a major review planned for 2021 as part of the ICE programme.</p> <p>On Risk, the over-reliance point is more a management prioritisation issue both for Heads of IT and Finance.</p>	
Application Patch Management	<p>Locate/put in place fit for purpose contracts for all systems. At a high level these should:</p> <ul style="list-style-type: none"> <li>• Be up to date/in date.</li> <li>• Refer/link to current legislation.</li> <li>• Set out performance expectations, ideally quantified.</li> <li>• Set out support arrangements/response times.</li> <li>• Set out a realistic level of reporting, to confirm that performance/support expectations are being met. For example, annual/quarterly reports, against contract expectations.</li> </ul>	<p><b>Current Situation</b>  <i>Update: Review of contracts status completed. Further work planned. Reviews with suppliers completed for core applications, but will continue to be done throughout use of application Where agreed re-negotiation needs to take place – throughout 2022. Occurring with key applications, e.g., Finance &amp; Uniform</i></p> <p><b>Original Response</b></p>	<p>Nick Harding, Head of ICT, Facilities &amp; Projects  31/12/2022</p>

	<ul style="list-style-type: none"> <li>Identify a realistic level of oversight, for example, periodic calls/meetings with account managers.</li> </ul>	<p>Disagree – this is in medium priority and not a priority at this time/ the ICE and C19 projects have a higher priority. If additional resources are provided this task could be agreed.</p> <p>Many of the Council’s line of business applications have been in place with suppliers for many years and over time contracts have not been reviewed as the systems and support have been satisfactory. The council have good ongoing working and support arrangements, so contracts have only been reviewed as services have decided to change applications. If for any reason, we needed to request an up-to-date contract from a supplier this would be possible. Given the amount of work involved we have not been able to allocate resources from IT to Legal to carry this task.</p>	
Contract Management Follow Up	<p>There is no Contract Management corporate framework in place to provide guidance for Contract Managers, Procurement and management to:</p> <ol style="list-style-type: none"> <li>Assess the level of contract management required, e.g. formal, ad-hoc, ‘light touch’;</li> <li>Assess the risk to the business, e.g. financial, Health and Safety, reputational, business continuity, etc;</li> <li>To re-assess the level of contract management as the contract becomes established and client relationships evolve;</li> <li>Set out the requirement of recording meeting minutes / contract issues / progress, including the need for a standard template;</li> </ol>	<p><b>Current Situation</b>  <i>Update: Procurement responsibility changed September 2021 with Portsmouth CC (PCC) providing support. Head of Finance and Asst CEX to review Q1 2022</i></p> <p><b>Arrangements are being reviewed in light of this change and contract management training/awareness will be rolled out to relevant officers later in 2022/23.</b></p> <p><b>Original Response</b>  The New Constitution with the Contract Standing Orders, which covered the elements highlighted in the</p>	Principal Procurement Officer 30/06/2022 Revised 30/09/2022

	<p>e) Set out the steps to take if a contractor's performance / quality of delivery is inadequate, e.g. KPIs.</p> <p>f) Set out the process for the review / monitoring of continual contracts, e.g. HAGS/SMP Ltd, those contracts with expiry dates and any action required, e.g. PHS;</p> <p>g) Set out the process for adding on to the Contract Register;</p> <p>h) Set out the process when handing over an on-going contract to a new manager to oversee, e.g. PHS.</p> <p>i) Set out the reporting requirements to senior management and Members</p>	<p>recommendation, went to Cabinet in May and was agreed. The Policy and Project Advisory Board (PAB) were consulted on the Council's Procurement Strategy 2020-2024 at their meetings in November 2019 and June 2020. A final draft of the Procurement Strategy was considered by Cabinet in August 2020. Training and Guidance will be produced for all officers involved in the procuring of services following the adoption of the revised Contract Standing Orders and Procurement Strategy.</p>	
Contract Management Follow Up	There is no corporate guidance that sets out the clear roles and responsibilities for the Contract Managers, Procurement and management	<p><b>Current Situation</b>  <i>Update: Procurement responsibility changed September 2021 with PCC providing support. Head of Finance and Asst CEX to review Q1 2022</i>  <b>Arrangements are being reviewed in light of this change and contract management training/awareness will be rolled out to relevant officers later in 2022/23.</b></p> <p><b>Original Response</b>  The updated Contract Standing Orders (CSO) sets out the roles and responsibilities. However, training on the update CSO will be given in the next few months so that contract managers are aware of their roles and responsibilities.</p>	Principal Procurement Officer 30/06/2022 Revised 30/09/2022
Purchase Ledger	The 2017/18 Internal Audit Report identified a lack of segregation of duties within the Purchase Ledger System and limited controls in place.	<p><b>Original Response</b>  Agreed – Executive Head of Finance to review as part of the Finance Improvement Plan and subject to</p>	David Stanley, Executive Head of Finance 30/09/2022

	<p>The 2020/21 audit has confirmed this continues to be the position. The same officer can raise a requisition and authorise payment if the amount is within their authorisation limit; they may also be the budget holder and therefore, responsible for monitoring expenditure on the account. In addition, no checks are made before a supplier is added to the system by the Purchase Ledger team. The IAS system does not enable a confirmation of receipt of the goods and services purchased; this increases the risk of duplicate payments and payment for goods/services not received.</p> <p>Following the 2017/18 audit, management agreed a set of actions which included: - introducing a new supplier form to ensure adequate checks before setting up new suppliers; Heads of Service were to remind their teams of the need to raise POs, although it was decided that this would not be made mandatory. It was agreed that this would be supported by a message on the 'Hub' to raise the profile and importance of raising POs. Further, it was agreed that there was a need to update the Inform page and add the process for raising a PO (albeit that this is restricted to those who have the correct access). However, this current audit has concluded that these actions have not been adopted sufficiently to mitigate the risk.</p>	<p>appointment of Principal Accountant and Systems Accountant to the new finance structure.</p> <p>The Finance team lacks the skills/knowledge to make significant change to the Purchase Ledger element of Integra and these changes and will require additional support from Capita.</p> <p>Executive Head of Finance will reaffirm to HoS/CMT need to maintain adequate separation of duties</p>	
Purchase Ledger	<p>The FPRs, Part 4, Section E1 specify that: "the Chief Finance Officer (S151 Officer) is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Executive Directors, Head of Service and Service Managers to the existing financial systems, or the establishment of new systems must be approved by the Chief Finance Officer (S151 Officer). However, Executive Directors, Head of Service and</p>	<p><b>Original Response</b> FPRs were updated in 2019 and will be reviewed in 2022.</p> <p>Executive Head of Finance is satisfied that adherence to FPRs is strong and that advice is sought from Finance/s151 on financial matters.</p>	<p>David Stanley, Executive Head of Finance 31/12/2022</p>



	<p>Service Managers are responsible for the proper operation of financial processes in their own services. (E3) Any changes to agreed procedures by Executive Directors, Head of Service and Service Managers to meet their own specific service needs must be agreed with the Chief Finance Officer (S151 Officer) prior to implementation". It has not been clarified whether a corporate decision has been taken, with Council approval, that the current approach is within the Council's risk appetite and whether exemption is given from complying with FPRs.</p>	<p>Executive Head of Finance to ensure HoS/SMs include a statement on adherence to FPRs within their assurance statements in support of the 2021/22 Annual Governance Statement</p>	
<p>Purchase Ledger</p>	<p>A new supplier form devised as a result of the previous audit concern raised in the 2017/18 to carry out validity checks on new suppliers has not been implemented.</p>	<p><b>Original Response</b>  As per previous 2017/18 IA management comments, an independent verification of changes to bank details and audit of this work by Finance team feels sufficient.</p> <p>Executive Head of Finance to review arrangements for PL controls upon appointment of Principal Accountant and Systems Accountant to the new finance structure.</p>	<p>David Stanley,  Executive Head of Finance  30/09/2022</p>

## OUTSTANDING HIGH-RISK AUDIT ISSUES

OUTSTANDING HIGH-RISK AUDIT ISSUES			
Year of Audit	<b>2021/22</b>		
Report	Key findings	Management response and agreed action	Action by whom and when
Contractors & IR35	Under the current Policy, IR35 checks must be conducted and evidenced prior to a contractor being engaged. Heads of Service should also review their current contractors and conduct IR35 checks. Care must be taken when determining the nature of the contract including duration. If the role could be seen as a substitute for an Office Holder role, it would fall within the scope of IR35. Also, the result should be sent to the contractor as well.	<p><b>Current Situation</b> <i>Update 30/06/22: The new Corporate Manager for HR&amp;OD will review the policy on contractors and guide Heads of Service thereafter.</i></p> <p><b>Original Response</b> Agreed.</p>	Heads of Service <b>31/01/2022</b> <b>Revised 30/09/2022</b>
Risk Management	The CRR and underpinning SRR should be aligned to the strategic and corporate objectives where relevant, which will allow for consistency in risks, thus enabling RBC's risk management issues and resulting actions to be integrated into RBC's Performance Management Framework. This will give RBC a holistic view of the effectiveness of service delivery and better reflect a more mature Risk Management process.	<p><b>Current Situation</b> <i>Update 30/6/22: In progress and training being rolled out to relevant managers.</i></p> <p><b>Original Response</b> Alignment of the Corporate Risk Register and Service Risk Registers with the Council's corporate and strategic objectives will take place following the agreement of the new Council Plan which is expected to be agreed in February 2022.</p>	Rachel Barker, Assistant Chief Executive / Roger Sanders, Corporate Risk Manager <b>30/06/2022</b> <b>Revised 30/09/2022</b>
Insurance	Uninsured Properties (Partial Repeat from 2019-20). As a matter of urgency, it should be verified whether the two properties identified are included in the current cover with the insurer.	<p><b>Current Situation</b> <i>Update 30/6/22: Executive Head of Finance to follow-up with broker current property insurance position. At recent Hampshire Insurance Forum (HIF) meeting on 15 July 2022 it was evident</i></p>	David Stanley, Executive Head of Finance / Tim Mills, Interim Head of Property, Estates and Technical Services

		<p><i>that the broker (AoN) has not provided Hampshire authorities with a complete set of documents regarding the recent renewal.</i></p> <p><b>Original Response</b> A query will be asked of Protector as to whether both these assets are currently on the RBC insured list and, the relevant action taken,</p> <p>a) The property was added to the Councils vacant property list in April 2021 when the agreement for surrender of the tenant's lease was completed. This was shared with the Insurance Manager on 8th April 2021, but had previously already been confirmed as imminent.</p> <p>Reinstatement valuation to be sent to Executive Head of Finance, as it cannot be verified that information was sent/received and actioned. The sum advised in May 2021 was £3.854 million.</p> <p>b) The insurance status of the Ski Slope will be established corporately within CLT and a valuation acquired.</p>	<p>30/04/2022 Revised 30/09/2022</p>
Insurance	<p>Key Person Risk (Partial Repeat from 2019-20).</p> <p>a) Senior Management, e.g., CMT, need to urgently review how the insurance service is managed and what contingency plans need to be put in place to provide a continuous and effective service.</p> <p>b) A plan should be instigated to ensure that knowledge is acquired, and shared, to enable the</p>	<p><b>Original Response</b></p> <p>a) In the short-term, administration support for the insurance service has been sought within RBC, or will be resourced via agency assistance.</p> <p>b) In the longer term, the Finance Improvement Plan (FIP) will assist</p>	<p>David Stanley, Executive Head of Finance 30/09/2022</p>

	<p>delivery of the insurance service across all RBC services.</p> <p>c) Procedures/guidance to be implemented for administering the insurance service and communicating with other services, plus guidance for services with links to insurance, e.g., Property, Regeneration, IT, Legal, Operations, etc, to set out their responsibilities in managing assets and communicating with the service, e.g., claims handling, asset status and information flow, etc.</p> <p>d) Insurance guidance and documents, e.g., driving on company business, claim forms, year-end / renewal requirements, etc, should be placed on the RBC intranet for access to all officers.</p>	<p>towards the sharing of knowledge with future posts to include a Principal Accountant and Systems Accountant. There will also be consideration of assistance from the Hampshire Insurance Forum (HIF).</p> <p>c) and d) We are aware that there is a need to improve communication and guidance on all insurance related matters across RBC. These will be implemented.</p>	
Insurance	<p>Reconciling Asset Records (Partial Repeat from 2019-20). a) With the new Concerto Property system now in place, this is an opportune time to ensure that records also match those of insurance and finance. This would include leaseholds with 'peppercorn' rent. A periodic reconciliation routine should also be established.</p> <p>b) A corporate master list of all properties should be introduced.</p> <p>c) A corporate identification reference should be applied to each individual property to aid communication and reconciliation between Property, Insurance, Finance and other services.</p>	<p><b>Original Response</b></p> <p>a) Concerto has offered an opportunity to reconcile across Finance, Property and Legal systems and to the best of our ability this will complete by the end of March 2022.</p> <p>A complete list of property assets is now included in Concerto regardless of whether a charge is raised or insurance required, e.g., FRI leases, leaseholds with peppercorn rent.</p> <p>Finance and Insurance have partial records because they do not require all additional assets in their information. PCN updates from Property will be issued to both Finance and Insurance.</p> <p>In terms of a regular reconciliation between the three records, the</p>	<p>David Stanley, Executive Head of Finance / Tim Mills, Interim Head of Property, Estates and Technical Services <b>30/09/2022</b></p>

		<p>validation exercise will enable Insurance and Finance records to be updated to reflect the current Property records and future regular reconciliations should be straightforward as a result of this.</p> <p>b) Closed - There is a current corporate master list of properties held by Property in the form of the Concerto records. Process to be mapped on how this will be maintained post-implementation</p> <p>c) Closed – A common asset reference now exists via Concerto. This has required a master reference to be allocated to every asset (free or leasehold). e.g., A0034. We have also recorded the lease/licence reference used by Legal, e.g., LEA234 and Concerto also required any existing Integra Customer Refs.</p> <p>Other references have also been required for Landlords, where Rushmoor is the tenant (prefix L12345) and for Managing Agents (prefix by agent name - Avison Young is AY12345). These are where properties are invoiced externally by managing agents.</p>	
Insurance	Insurance Reinstatement Values (Repeat from 2019-20). A programme of Insurance Reinstatement Valuations for all RBC properties needs to be agreed via the Property Team and undertaken.	<p><b>Original Response</b> A new program of insurance reinstatement valuation is now in hand (January 2022) alongside the annual Asset Valuation exercise for 31 March.</p>	<p>Tim Mills, Interim Head of Property, Estates and Technical Services 30/06/2022 Revised 30/09/2022</p>

		With high value investment properties having been purchased since 2016 and being valued at that time, the accuracy of these investment properties is better than the general portfolio.	
Sales Ledger	<p>Debt Management</p> <p>a) Accounts in arrears date back to 2006 and aged debts over 4 years old apply across various services.</p> <p>b) There is variable engagement from the services in regard to managing debts, replying to monthly reports, identifying next actions, write-offs, etc</p> <p>c) Property Services-Rent and Housing-Rent Deposits are the two highest debts (70% of total) and there is currently no specific approach to manage these with a greater focus.</p> <p>d) Within the services, there is uncertainty as to their role and responsibility in the management and recovery of debt and how this aligns with the role of the Finance team.</p> <p>e) The monthly debt report provided by Finance to the services is in PDF format, which is not user friendly for filtering, analysing, note making, etc.</p> <p>f) The use of Enforcement Agency / Bailiffs for sundry debtors was put on hold in March 2020 and debts have not been identified by the services, in conjunction with Finance, for recovery via this route.</p> <p>g) The 000999 Holding/Suspense Account balance is £13,540.29 (as at mid-May 2022). The recent high-value items are regularly cleared but the historical items dating back to July 2000 need review. Additionally, services are not aware of how to access the account for their debt follow up purposes.</p>	<p>A Corporate project team has been established as part of the Savings and Transformation Programme and is reviewing the processes in place to collect income and debt.</p> <p>The Executive Head of Finance will, upon conclusion of the project, provide updated guidance for Heads of Service and Service Managers on the process for collecting income, aged debt collection and recovery.</p> <p>The Executive Head of Finance will also review the relevance, timeliness and accuracy of management information that is provided to Heads of Service and Service Managers.</p>	<p>David Stanley, Executive Head of Finance 30/09/2022</p>

	h) Notes on Integra on debt monitoring and follow up action were sporadic ranging from none to detailed narrative.		
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**CORPORATE GOVERNANCE, AUDIT  
AND STANDARDS COMMITTEE  
26 JULY 2022**

**EXECUTIVE HEAD OF FINANCE  
REPORT NO: FIN2226**

**ANNUAL STATEMENT OF ACCOUNTS 2021/22**

**SUMMARY:**

The purpose of this report is to inform Members of the proposed timetable for the audit of the 2020/21 and 2021/22 Financial Statements.

**RECOMMENDATIONS:**

It is recommended that the committee

- i) Note the indicative timetable for approval of the 2020/21 and 2021/22 Statement of Accounts and receiving the Audit opinion.

**1 BACKGROUND**

- 1.1 This report provides members with the outline timetable for the external audit of the 2020/21 and 2021/22 Statement of Accounts and provision of the Audit Opinion.

**2 INTRODUCTION**

- 2.1 The Government have recognised the challenges around the timeliness of local audit and the downward trend nationally in the number of external audit opinions delivered on time. On 16 December 2021, the Government published further information and guidance for public audit stakeholders “Measures to improve local audit delays”.
- 2.2 The Council is required under regulation to obtain an independent external audit opinion on the true and fair nature of the statement of accounts. Following provision of the external audit opinion the relevant Council Committee (being Licencing, Audit and General Purposes Committee) is required to approve the accounts and publish both the approved set of accounts and the audit opinion by 30 September 2022.

**3 2020/21 AND 2021/22 STATEMENT OF ACCOUNTS AND AUDIT TIMINGS**

- 3.1 Deadlines for the completion and publication of the 2020/21 and 2021/22 accounts were amended as part of the Government’s response to the recommendations contained in the independent Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities. The Redmond review reported on 08 September 2020.

- 3.2 The regulations amend the draft and final accounts publication deadlines for relevant bodies from 1 June and 31 July to 1 August and 30 September for the next 2 accounting years – i.e., 2020/21 and 2021/22 and the position will be reviewed at that time. The regulations come into force on 31 March 2021.

Action	Deadline as set out in Accounts and Audit Regulations 2015	Revised Deadline as set out in Accounts and Audit (Amendment) Regulations 2021
Draft Accounts completion	31 May	01 August
Public Inspection period	First 10 working days of June of the financial year immediately following the end of the financial year to which the statement relates	First 10 working days of September of the financial year immediately following the end of the financial year to which the statement relates
Publication of Accounts	31 July	30 September

- 3.3 The Council has amended its 2021/22 accounts closure process to meet the revised Accounts and Audit Regulation 2021 timetable. The Council will publish a draft Statement of Accounts for 2021/22 by the deadline indicated above and these will be available on the Council's website:

<https://www.rushmoor.gov.uk/your-council/council-budgets-and-spending/financial-statements-and-strategies/>

- 3.4 Initial discussion has taken place with the Council's external auditors (EY) around the timing of the external audit of the Council's Financial Statements for 2020/21 and 2021/22 with a view to ensuring these can be completed by the end of the current financial year.

- 3.5 Subject to final confirmation, the audit of the 2020/21 Financial Statements would commence in September 2022 and conclude no later than late November/early December 2022.

- 3.6 The audit of the 2021/22 Financial Statements would then commence in January 2023 and complete no later than March 2023.

- 3.7 Initial walkthrough tests and confirmation for both audit years would take place over August and September 2022 allowing for key staff availability.

#### 4 CONCLUSION

- 4.1 Following conclusion of the 2019/20 audit, there is a commitment from both EY and RBC to complete the audit of the 2020/21 and 2021/22 Financial Statements by the end of the current financial year.

- 4.2 There will remain some risk and uncertainty around the timing of when the Council will receive the audited financial statements and EY's Audit Opinion given the issues reported to the committee on the audit issues for the 2018/19

and 2019/20 Financial Statements. Members will be kept updated on progress through the civic year.

- 4.3 It is worth reassuring members that the additional time taken is not due to errors, omissions or matters concerning the quality of the final accounts.

Contact Details:

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**CORPORATE  
GOVERNANCE & AUDIT  
STANDARDS  
COMMITTEE**

**COUNCILLOR MAURICE SHEEHAN  
(OPERATIONAL SERVICES PORTFOLIO  
HOLDER)**

**26<sup>th</sup> July 2022**

**REPORT NO. OS2212**

**KEY DECISION? NO**

## **REVIEW OF ANIMAL LICENSING FEES**

### **SUMMARY AND RECOMMENDATIONS:**

This report outlines background and current fees for the Animal Licensing regime and proposes a new fee scale as set out in the table in Appendix A to take effect from 1<sup>st</sup> August 2022.

Recommendation to the Cabinet that these proposed new fees are agreed to take effect from that date.

### **1. INTRODUCTION**

- 1.1. The purpose of this report is to seek the Committee's approval for the amendment of the current Animal Licensing fees from 1<sup>st</sup> August 2022.

### **2. BACKGROUND**

- 2.1. The Council is facing significant financial pressures in the current financial year due to the impact of inflation on costs and uncertainty around interest rates and the wider UK economy.
- 2.2. In common with many other local authorities, the Council is also forecasting a funding gap over the Medium-Term Financial Strategy (MTFS) period. A Savings and Transformation Programme is already in place with the Council working on a number of cost reduction and income generation workstreams to mitigate the financial sustainability risk outlined in the MTFS.
- 2.3. In light of the current year's financial pressures and the funding gap over the medium-term, services are expected to review their services to ensure costs are minimised and income from fees and charges take into account issues of cost recovery. This report sets out the position on Animal Fees and should be seen in the wider context of strong budgetary control and robust financial management as a proportionate and balanced response.
- 2.4. Responsibility for the Animal Licensing regime has recently moved from Environmental Health to the Licensing Team. The previous qualified

inspector left the authority some time ago, and therefore the inspection activities are currently contracted to the City of London. The fees and charges for the service have not been reviewed since this change was made and a new fee structure is essential to secure cost recovery.

### **3. DETAILS OF THE PROPOSAL**

#### **General**

- 3.1. Under the Animal Welfare Act 2018, local authorities may only charge on a cost recovery basis and there is guidance in respect of how fees should be calculated.
- 3.2. The current costs are not recovered by the Council.
- 3.3. Our current fees are generally below our neighbouring authorities, whereas the proposed fees would put us above a number of the authorities, although not all. Some have a different fee scale for some licence types. The comparison with neighbouring authorities is outlined in Appendix B.
- 3.4. It is proposed that fees are amended for the ongoing service to achieve full cost recovery as far as we are able to in accordance with the legislation. The proposed new fee scale is outlined in Appendix A.
- 3.5. The difference that the proposed fees are likely to make to the budget for the remainder of this financial year, and next financial year are outlined in Appendix C.

#### **Alternative Options**

- 3.6. No change. Fees would remain unchanged and we would not recover the costs we are able to.
- 3.7. The Licensing Team are currently producing a business case to consider training an animal inspector in-house, which is likely to reduce costs, and therefore enable us to set our fees accordingly. However, if this is the agreed course of action, it takes some time for someone to become qualified, as there is a lengthy period of study, followed by the requirement to carry out a number of supervised inspections to demonstrate competence. Therefore, this will not resolve the issue in the short term, so it is appropriate to set fees based on the current arrangements, as they will be reviewed again on a regular basis.

### **4. IMPLICATIONS**

#### **Risks**

- 4.1. There are no risks associated with this report.

### **Legal Implications**

- 4.2. The Council is obliged to work within the relevant regulations to avoid any income over and above a cost recovery basis. There are no other legal implications for this report.

### **Financial and Resource Implications**

- 4.3. If fees are not increased, cost recovery is not achieved and there will continue to be a budgetary shortfall in running the animal licensing service as demonstrated by Appendix C.

### **Equalities Impact Implications**

- 4.4. There are no equalities implications arising from this report.

### **Community Safety Implications**

- 4.5. There are no community safety implications arising from this report.

## **5. CONCLUSIONS**

- 5.1. The new fee scale is recommended to the Committee to be implemented from 1<sup>st</sup> August 2022 to ensure cost recovery is achieved in accordance with the legislation.

### **BACKGROUND DOCUMENTS:**

None

### **CONTACT DETAILS:**

**Report Author** – Shelley Bowman - Licensing Manager  
**Head of Service** – James Duggin – Head of Operations

**Appendix A** Current and proposed fees

Licence Types		Proposed Fees					Current Fees	
Page 38		Application Fee	Enforcement fee (dependent on length of licence)				Application Fee	Enforcement Fee
			1 yr	2yr	3yr			
Kennels and catteries	New	£460.59	£193.18	£193.18	£193.18		£219.00	£71.00
	Renewal	£370.92	£193.18	£193.18	£193.18		£101.00	£71.00
Home Boarders	New	£344.31	£193.18	£193.18	£193.18		£212.00	£59.00
	Renewal	£295.03	£193.18	£193.18	£193.18		£101.00	£59.00
Dog Day Care	New	£437.33	£193.18	£193.18	£193.18		£212.00	£59.00
	Renewal	£382.25	£193.18	£193.18	£193.18		£101.00	£59.00
Breeders	New	£477.72	£206.77	£220.37	£233.96	+Vet fee*	£240.00	£72.00
	Renewal	£370.92	£206.77	£220.37	£233.96		£125.00	£72.00
Pets for Sale	New	£554.83	£206.77	£220.37	£233.96		£240.00	£72.00
	Renewal	£466.39	£206.77	£220.37	£233.96		£125.00	£72.00
Animals for exhibition	New	£554.83	£0.00				£212.00	£59.00
	Renewal	£466.39	£0.00				£101.00	£59.00
Dangerous Wild Animals	New	£554.83	£0.00	£0.00	£0.00	+ Vet Fee*	Enquire	
	Renewal	£466.39	£0.00	£0.00	£0.00	+ Vet Fee*	Enquire	
Hiring Horses	New	£570.75	£324.15	£455.12	£586.09	+ Fee per Horse	£240.00	£79.00
	Renewal	£433.66	£324.15	£455.12	£586.09	+ Fee per Horse	£139.00	£79.00
	Fee per horse			First 10 horses		£18.00	*Vet Fee as invoiced to RBC	
				Next 11-50 horses		£12.00		
			Each horse over 51		£9.60			



Zoo	New / Renewal	Price on Application					Price on Application	
<b>Miscellaneous</b>								
Minor Variation		£15.10					£75.00	
Re-Rating or Major variation		£159.53					£50.00	
Additional copy of Licence		£5.92					£30.00	

## Appendix B Current fees charged by neighbouring authorities

Page No	Licence Types	Basingstoke & Deane			Guildford			Hart			Surrey Heath			Waverley			Rushmoor Proposed			
		App	Enf	Total	App	Enf	Total	App	Enf	Total	App	Enf	Total	App	Enf	Total	App	Enf	Total	
	Kennels and catteries	New	*270	*268	<b>538</b>	400	123	<b>523</b>	*352	N/A	<b>352</b>	195	113	<b>308</b>	398	312	<b>710</b>	460.59	193.18	<b>653.77</b>
		Renewal	*206	*258	<b>464</b>	400	123	<b>523</b>	*352	N/A	<b>352</b>	185	113	<b>298</b>	398	312	<b>710</b>	370.92	193.18	<b>564.10</b>
	Home Boarders	New	215	215	<b>430</b>	400	123	<b>523</b>	252	N/A	<b>252</b>	155	86	<b>241</b>	346	312	<b>658</b>	344.31	193.18	<b>537.49</b>
		Renewal	153	208	<b>361</b>	400	123	<b>523</b>	252	N/A	<b>252</b>	145	86	<b>231</b>	346	312	<b>658</b>	295.03	193.18	<b>488.21</b>
	Dog day care	New	N/A	N/A	<b>N/A</b>	400	123	<b>523</b>	252	N/A	<b>252</b>	155	86	<b>241</b>	398	312	<b>710</b>	437.33	193.18	<b>630.51</b>
		Renewal	N/A	N/A	<b>N/A</b>	400	123	<b>523</b>	252	N/A	<b>252</b>	145	86	<b>231</b>	398	312	<b>710</b>	382.25	193.18	<b>575.43</b>
	Breeders	New	*270	*268	<b>538</b>	400	123	<b>523</b>	**277/377	N/A	<b>277/377</b>	195	113	<b>308</b>	346	312	<b>658</b>	477.72	206.77	<b>684.49</b>
		Renewal	*206	*258	<b>464</b>	400	123	<b>523</b>	**277/377	N/A	<b>277/377</b>	185	113	<b>298</b>	346	312	<b>658</b>	370.92	206.77	<b>577.70</b>
	Pets for Sale	New	270	268	<b>538</b>	400	123	<b>523</b>	***252/352	N/A	<b>252/352</b>	195	113	<b>308</b>	346	312	<b>658</b>	554.83	206.77	<b>761.60</b>
		Renewal	206	258	<b>464</b>	400	123	<b>523</b>	***252/352	N/A	<b>252/352</b>	185	113	<b>298</b>	346	312	<b>658</b>	466.39	206.77	<b>673.17</b>
	Animals for exhibition	New	270	268	<b>538</b>	143	72	<b>215</b>	352	N/A	<b>352</b>	0	0	<b>0</b>	346	312	<b>658</b>	554.83	0.00	<b>554.83</b>
		Renewal	206	258	<b>464</b>	143	72	<b>215</b>	352	N/A	<b>352</b>	0	0	<b>0</b>	346	312	<b>658</b>	466.39	0.00	<b>466.39</b>
	Dangerous Wild Animals	New	N/A	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	377	N/A	<b>377</b>	*2172	0	<b>2172</b>	N/A	N/A	<b>N/A</b>	554.83	0.00	<b>554.83</b>
		Renewal	N/A	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	377	N/A	<b>377</b>	*1086	0	<b>1086</b>	N/A	N/A	<b>N/A</b>	466.39	0.00	<b>466.39</b>
	Hiring Horse	New	270	268	<b>538</b>	400	123	<b>523</b>	#275/375	N/A	<b>275/375</b>	N/A	N/A	<b>N/A</b>	*398/476/549	338	<b>736 - 887</b>	570.75	324.15	<b>894.90</b>
		Renewal	206	258	<b>464</b>	400	123	<b>523</b>	#275/375	N/A	<b>275/375</b>	N/A	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	433.66	324.15	<b>757.81</b>
	Zoo	New	683	0	<b>683</b>	N/A	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	On App	On App	<b>On App</b>
		Renewal	411	0	<b>411</b>	N/A	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	On App	On App	<b>On App</b>
	Minor Variation		24	N/A	<b>24</b>	92	N/A	<b>92</b>	126	N/A	<b>126</b>	53	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	15.10	N/A	<b>15.10</b>
	Re-Rating or Major variation		233	N/A	<b>233</b>	224	N/A	<b>233</b>	126	N/A	<b>126</b>	100	N/A	<b>N/A</b>	208	N/A	<b>208</b>	159.53	N/A	<b>159.53</b>
	Additional copy of Licence		24	N/A	<b>24</b>	N/A	N/A	<b>24</b>	126	N/A	<b>126</b>	28	N/A	<b>N/A</b>	N/A	N/A	<b>N/A</b>	5.92	N/A	<b>5.92</b>
	Notes		* more than 20 animals or 1 bitch: otherwise as per home boarders						*over 20 animals **less than/more than 3 bitches ***Domestic/Commercial #up to 20/over 20			* per animal			* 1-8/9-15/15+ horses NB: £156 for each additional visit / inspection			Enforcement fee may differ dependent on duration of licence granted. The above is based on a 1 year licence.		

NB: All authorities add Vets fees where required based on the assessment needed at the time

## Appendix C Expected income

August 2022 – March 2023			Financial Year 23/24		
Current Fees	Proposed Fees	Difference	Current Fees	Proposed Fees	Difference
£1890	£4442.56	+£2552.56	£3177	£9466.98	+£6289.98

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**Corporate Governance, Audit and Standards Committee**

**Programme of Future Work 2022/23**

(i) Items in the planned cycle of the Committee’s work

Committee Date	Expected Items	Summary
<b>26th September 2022</b>	Treasury Management Outturn 2021/22	Report on the Treasury Management and Non-Treasury Management activities during the 2021/22 financial year
	Annual Statement of Accounts/External Audit Opinion - Update #2	Report from the Executive Head of Finance which informs Members on the status of the external audit of the Council’s Financial Statements and Value for Money conclusion for 2020/21
	Annual Statement of Accounts 2021/22	To receive the unaudited Statement of Accounts for 2021/22
	Internal Audit – Audit Update	Report from the Audit Manager with an update on audit work and outstanding issues.
	Annual Governance – Actions Update	AGS Actions Update

Committee Date	Expected Items	Summary
<b>28th November 2022</b>	Treasury Management Mid-Year Report 2022/23	Report on the mid-year position on Treasury Management and Non-Treasury Management activities for 2022/23 [including any proposed to the Treasury Management Strategy for 2022/23]
	Annual Statement of Accounts/External Audit Opinion - Update #3	Report from the Executive Head of Finance which informs Members on the status of the external audit of the Council's Financial Statements and Value for Money conclusion for 2020/21
	Internal Audit – Audit Update	Report from the Audit Manager with an update on audit work and outstanding issues.
	Audit Charter Annual Review	Charter for annual review and approval
	Corporate Risk Management	Report from the Assistant Chief Executive on the Corporate Risk Register
	Mayoral Selection Criteria	Report back on recommendations for updating the current criteria
<b>30th January 2023</b>	Selection of the Mayor and Deputy Mayor 2023/24	To report on the outcome of the selection process
	Annual Capital Strategy 2023/24	Report from the Executive Head of Finance which seeks approval of the Council's Annual Capital Strategy for the year 2023/24 for submission to the Council on 23 February 2023.

Committee Date	Expected Items	Summary
	Annual Treasury Management and Non-Treasury Management Strategy 2023/23	Report from the Executive Head of Finance which seeks approval of the Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy (Investment Strategy) for the year 2023/24 for submission to Council on 23 February 2023.
	Annual Statement of Accounts/External Audit Opinion - Update #4	Report from the Executive Head of Finance which informs Members on the status of the external audit of the Council's Financial Statements and Value for Money conclusion for 2021/22
	Internal Audit – Audit Update	Report from the Audit Manager with an update on audit work and outstanding issues.
	Annual Governance – Actions Update	AGS Actions Update
<b>27th March 2023</b>	Treasury Management Update Report 2022/23 [Optional report]	Report on the Q3 position on Treasury Management and Non-Treasury Management activities for 2022/23
	Annual Statement of Accounts/External Audit Opinion - Update #5	Report from the Executive Head of Finance which informs Members on the status of the external audit of the Council's Financial Statements and Value for Money conclusion for 2021/22 and planned activity regarding the external audit of the Council's Financial Statements and Value for Money conclusion for 2022/23 (*planned activity for 2022/23 may be at the 25 May 2023 meeting)
	Audit Plan 2022/23	Internal Audit Plan for approval

Committee Date	Expected Items	Summary
	Internal Audit – Audit Update	Report from the Audit Manager with an update on audit work and outstanding issues.
	Pay Policy Statement	Approval for a Pay Policy Statement for 2023/24 for recommendation to Council

(ii) Other work and items expected to come forward during 2022/23

Work/Item	Details
Arrangements for the appointment of the Council's Designated Independent Person for Standards (DIP)	The Council's current DIP's term of office concludes at the end of 2022/23, following a two-year extension (report to Council 22nd April 2021 refers).
Annual Review Letter of the Local Government and Social Care Ombudsman	Annual Review Letter for 2022 with the outcome of the Ombudsman's complaint review letter
Rushmoor Community Award	Nominations
Update report from the Rushmoor Development Partnership	Progress against the RDP's Business Plan
Ad hoc items requiring an update to documents in the Council's Constitution	
Licensing Hearings (alcohol and entertainments matters under the Licensing Act and taxi licensing)	The Members of the Committee who are currently trained to form a Panel for licensing hearings are Councillors: Guinness, Vosper, Cullum, Auton, Gani and Trussler.