

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Monday, 27th March, 2023 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

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

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

Cllr Mara Makunura attended the meeting as a Standing Deputy.

Non-Voting Member

Mr T. Davies – Independent Member (Audit) (Attended remotely via Teams)

Apologies for absence were submitted on behalf of Cllr A.H. Gani.

35. MINUTES

The minutes of the meeting held on 30th January 2023 were agreed and signed as a correct record of the proceedings.

36. ANNUAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT OPINION - UPDATE NO. 5

The Chairman welcomed Maria Grindley from the Council's external auditor, EY, who joined the meeting remotely via Microsoft Teams.

The Interim Executive Head of Finance, Mr Simon Little, advised the Committee that there had been a meeting with EY that morning and he was pleased to report that the Council had now been given a true, fair and clean audit for 2019/20. In front of the Committee, the Chairman and the Interim Executive Head of Finance then signed a Letter of Representation which would be sent to the external auditors that evening, which would enable EY to issue its statement the following day.

Mr Little advised the Committee that discussions would be held with EY to progress the next stages for the 2020/21 and 2021/22 audits. The Committee noted the improvements that had been made to systems and processes which would put the Council in a better position to progress audit matters more efficiently going forward. It was hoped that the 2020/21 audit would be completed by March 2024 and the Committee would receive regular updates on progress.

RESOLVED: That the update be noted.

37. RISK MANAGEMENT PROCESS 2022/23

The Committee received the Assistant Chief Executive Report No. ACE2303, which provided an update on the ongoing development and maintenance of the Council's risk management process over 2022/23.

It was noted that the Council had continued to embed risk management within the organisation and streamline the processes in place. The Council's risk registers had been moved onto a MS Lists based system which had improved efficiency and allowed the risk registers to be easily interrogated in a live format at any time. The Risk Management Policy and arrangements continued to be reviewed and developed in order to remain effective and to provide continual improvement. The last revision had been published in November 2021 and was set out in the Report. An updated draft was expected to be published in Quarter 1 of the 2023/24 municipal year.

The Committee also noted that reports on risk had been presented to the Corporate Management Team on a minimum quarterly basis and also to the Cabinet alongside quarterly performance reports. In addition, risk was discussed with greater frequency outside these meetings, with regular discussions and risk register reviews taking place across projects and programmes.

An internal audit of risk management had concluded in February 2022 and, of the six actions identified, the final outstanding item would be addressed as soon as possible in 2023/24. This would be to develop an effective way to establish a high level risk appetite policy (or policies), in addition to risk appetite being determined on a risk by risk basis.

RESOLVED: That the Assistant Chief Executive Report No. ACE2303 be noted.

38. PAY POLICY STATEMENT AND GENDER PAY GAP REPORT

The Committee considered the Executive Director Report No. ED2301, which sought approval for a Pay Policy Statement for 2023/24, as set out in the Report. The Pay Policy Statement set out the framework within which pay was determined within the Council and provided an analysis comparing the remuneration of the Chief Executive with other employees of the Authority. The Report also set out the calculations of the gender pay gap, which the Council was required to publish annually under the Equality Act 2010 (Specific Duties and Public Authorities Regulations 2017).

The Committee noted that the comparisons looked at the ratio between the Chief Executive and the full-time equivalent salary for a permanent member of staff employed in the lowest grade within the structure. The ratio for 2023/24 was 6.1:1. The second ratio included within the analysis looked at the relationship between the median remuneration of all staff compared to the Chief Executive. It was noted that the ratio for 2023/24 was 3.5:1 which represented a slight change to the previous year when it had been 3.7:1.

The Committee noted that mean gender pay gap equated to 13.8% with the female average salary being lower than the male average salary. The gap had increased from 11.7% in 2022/23. The median gender pay gap equated to 10.9% with the female median rate being lower than the male median rate. The gap had increased slightly from 11.3% in the previous year.

The Committee

- (i) **RECOMMENDED TO THE COUNCIL** that approval be given to the Pay Policy Statement 2023/24, as set out in the Executive Director Report No. ED2301; and
- (ii) **RESOLVED** that the Gender Pay Gap report, as set out in the Report, be noted.

39. **INTERNAL AUDIT - UPDATE**

The Committee received the Audit Manager Report No. AUD2303 which provided Members with an overview of the work completed since the previous update in January 2023, a progress update on the 2022/23 Audit Plan and an update on the outstanding audit issues, highlighting any significant risk exposures or control issues.

RESOLVED: That the Audit Manager Report No. AUD2303 be noted.

40. **INTERNAL AUDIT - AUDIT PLAN**

The Committee considered the Audit Manager Report No. AUD2302 which set out the Audit Plan for 2023/24 for approval.

The Report advised the Committee of the methodology for compiling audit coverage, including: the Audit Risk Universe; Audit Risk Criteria; input from Heads of Service; developing the Audit Plan; and, communication and monitoring of the Plan.

It was noted that the resources and service deliverables within the Internal Audit Service had been reviewed along with the Investigations Service. As a result, the two services would be combined to provide an Audit and Investigation Service. Whilst providing a saving to the Council, it was noted that the level of deliverables would not be reduced. It was felt that the combined role would provide more resilience for the deliverability of the Audit Plan, whilst still taking measures to protect the public purse. The level of resources required to deliver the Audit Plan and the Council's current investigation workload had been determined. Within the 2023/24 financial year it was noted that there would be a period where officers would not be

in post. However, arrangements would be put in place for contractors to cover the work required during this period until permanent resources were in place.

The Report set out the first six months' work of the 2023/24 Audit Plan, which had been selected from the higher risk areas. The list of audits was subject to review due to the changing needs of the organisation or resource availability. An update would be provided at the September Committee meeting.

During discussion, the Council's Independent Member (Audit), Mr. T. Davies, commended the Audit Plan to the Committee.

RESOLVED: That approval be given to the Audit Manager Report No. AUD2302.

The meeting closed at 8.07 pm.

CLLR P.J. CULLUM (CHAIRMAN)
