

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Wednesday, 27th September 2023 at the Council Offices,
Farnborough at 7.00 pm.

Voting Members:

Cllr P.J. Cullum (Chairman)
Cllr S. Trussler (Vice-Chairman)

Cllr A. Adeola
Cllr C.W. Card
Cllr A.H. Gani
Cllr Christine Guinness
Cllr Nadia Martin
Cllr Nem Thapa
Cllr Jacqui Vosper
Cllr Gareth Williams

Cllr K. Dibble attended the meeting in place of Cllr Sarah Spall

Non-Voting Member:

Mr Tom Davies – Independent Member (Audit)

Apologies for absence were submitted on behalf of Cllr Sarah Spall.

16. MINUTES

The minutes of the meeting held on 26th July 2023 were agreed and signed as a correct record of the proceedings.

17. EXECUTIVE HEAD OF FINANCE AND SECTION 151 OFFICER - MR PETER VICKERS

On behalf of the Committee, the Chairman welcomed Mr Peter Vickers (Executive Head of Finance and Section 151 Officer) to his first meeting of the Committee and wished him well in his new post at Rushmoor.

18. ANNUAL OMBUDSMAN COMPLAINT REVIEW LETTER 2023 - LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN

The Committee received the Monitoring Officer's Report No. CS231907, which provided an update on the positive response and outcome of the Annual Local Government and Social Care Ombudsman (LGSCO) Complaint Review Letter.

It was noted that the LGSCO had received eight complaints directly from members of the public, of which four had been closed on initial enquiry, three had been referred back to the Council to be dealt with and one which had not been upheld. Members were satisfied that no detailed investigations had been carried out by the LGSCO during the review period of 1st April 2022 to 31st March 2023 and this meant, therefore, that no recommendations for service improvement had been made by the LGSCO.

During discussion, it was suggested that future reports on the LGSCO Complaint Review Letter should contain more details about the complaints which had been referred back to the Council to deal with.

RESOLVED: That the Monitoring Officer's Report No. CS231907 be noted.

19. **TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2022/23**

The Committee received the Executive Head of Finance Report No. FIN2314, which set out the main activities of the Treasury Management and Non-Treasury Investment Operations during 2022/23, which was a statutory requirement under the CIPFA Code of Practice on Treasury Management.

The Report advised that the Council's Treasury Team had continued to concentrate on the security of investments taking due regard of the returns available. The return on treasury management activity had been in line with the revised budget for 2022/23 and pooled funds had proved to be robust and had performed well. As a result of increased levels of borrowing, the Treasury Team continually reviewed the Borrowing Strategy, weighing up interest rate levels and risk of refinancing. The cost of both long and short-term borrowing had risen dramatically over the year, with rates at the end of March 2023 at around 2%-4% higher than those at the beginning of April 2023. Rate rises had been driven primarily by inflation and the need for central banks to control this by raising interest rates. It was further noted that borrowing levels had increased, which in turn raised the refinancing risk. The Committee was advised that levels and length of borrowing would be continually reviewed to mitigate refinancing risk.

The Committee noted that total borrowing on 31st March 2023 had been £120 million, which was a £20 million increase from 31st March 2022. The increased level of borrowing, together with the increased interest rate of borrowing, had resulted in an increased cost of borrowing of £0.865 million when compared to 2021-22.

The Committee was advised that the Council's non-treasury investments risk exposure on 31st March 2023 had been £125.9 million, of which £111.9 million was funded via external loans. The rate of return across all the Council's investments had been variable, however, the aggregate rate of return on all Council investments was in line with the estimated return for 2022/23 due to the cost associated with commercial property being clarified during the financial year.

During discussion, Members raised questions regarding: short and longer-term investments and whether it was now time to look at adjusting these; how the Council

managed the risks involved in having a portfolio of assets; and, the Council's credit rating.

RESOLVED: That the Executive Head of Finance Report No. FIN2314 be noted.

20. ANNUAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT OPINION - UPDATE

The Chairman welcomed Kalthiemah Abrahams of Ernst & Young (EY), who joined the meeting remotely via Microsoft Teams. It was noted that work on the 2020/21 audit had commenced in late August and Council Officers were working through the process of providing information requested.

In respect of other outstanding audits, Ms Abrahams referred to guidance awaited from the Department for Levelling Up, Housing and Communities in October on local authority audits and how to deal with the current audit delays.

The Committee received the final version of the Annual Audit Letter for the year ended 31st March 2020, which had been circulated with the agenda. Members noted that Senior Management had accepted the recommendations contained in the Audit Letter and that action on these was already in hand.

RESOLVED: That

- (i) the update on the 2020/21 audit by Ernst & Young be noted; and
- (ii) the final version of the Audit Letter for the year ended 31st March 2020 be noted.

21. INTERNAL AUDIT - AUDIT UPDATE

The Committee received the Audit Manager's Report No. AUD2307, which set out: an overview of the work completed towards the 2023/24 Audit Plan; a progress update on the 2023/24 Audit Plan; and, a schedule of work to be delivered in Quarter 3. An update was also given at the meeting on the table showing a summary of progress to date, where two draft audit/audit follow-up reports had now been reviewed (instead of none, as set out in the report) and that three (instead of 4) were now in progress.

The Audit Manager advised the Committee that there were six audits that had not yet been allocated for staff to complete, however, it was her opinion that this would not impact her ability to provide an assurance at the end of the year. The Audit Plan was a risk based plan, with priority given to audits that needed to be completed in order to enable the Audit Manager to provide assurance. A few changes had been made to the Audit Plan to enable more assurance levels across the organisation.

The Audit Manager advised the Committee that work was being carried out, including the use of procurement frameworks, to employ contractors to carry out audit work, when required..

RESOLVED: That the Audit Manager's Report No. AUD2307 be noted.

22. FREEDOM OF INFORMATION - ANNUAL UPDATE

The Committee considered the Corporate Manager of Legal Services Report No. LEG2301, which provided an update on how the Council had dealt with Freedom of Information (FOI) requests submitted during 2022/23.

The Committee was advised that there had been a 3% increase in response times in Quarter 1 of 2023/24 when compared with Quarter 4 of 2022/23. It was noted that there had been a 43.65% reduction in overdue requests since 7th June 2023 and it was hoped to be able to reduce this much further by December 2023.

The Corporate Manager of Legal Services advised that Rushmoor was among a large number of Councils that had fallen behind in answering FOI requests as a result of the Covid pandemic. It was noted that an action plan was in place to reduce the Council's backlog and that longer-term plans were being drafted to reduce the amount of time it took to respond to FOI requests, including publishing more information on the Council's website.

During discussion, the Corporate Manager of Legal Services undertook to provide regular updates on dealing with the backlog of FOI requests to be answered.

RESOLVED: That

- (i) the Corporate Manager of Legal Services Report No. LEG2301 be noted;
- (ii) the Corporate Manager of Legal Services be asked to review the FOI system for logging requests to make the system as robust as possible (assuming no additional budget for 2023/24); and
- (iii) Officers be asked to continue their work to reduce the number of overdue FOIs within the system by December 2023, following the Information Commissioner's Officer guidance notes.

The meeting closed at 8.07 pm.

CLLR P.J. CULLUM (CHAIRMAN)
