

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Wednesday, 20th March, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

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

Cllr C.W. Card
Cllr D.E. Clifford
Cllr Christine Guinness
Cllr Nadia Martin
Cllr Sarah Spall
Cllr Jacqui Vosper
Cllr Gareth Williams

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

Cllr S.J. Masterson attended the meeting as a Standing Deputy.

Non-Voting Member

Mr Tom Davies (ex officio)

38. MINUTES

The minutes of the meeting held on 31st January 2024 were agreed and signed as a correct record of the proceedings.

39. RISK MANAGEMENT PROCESS 2023/24

The Committee received the Assistant Chief Executive's Report No. ACE2402, which provided an update on the ongoing development and maintenance of the Council's risk management process over 2023/24.

It was noted that, as in previous years, 2023/24 had continued to be a period of significant uncertainty across a broad range of economic, social and political matters. The wider financial implications for the Council had been a focus in recent times, with mitigation plans adapting to meet the ongoing challenges presented. The Council, however, continued to embed risk management within the organisation successfully and the Risk Management Policy and arrangements continued to be reviewed and developed in order to remain effective, and to provide continual improvement. An updated draft was expected to be published in Quarter 1/2 of the 2024/25 Municipal Year, this would incorporate improvements in the way that the Council carried out its annual strategic analysis, determined its risk appetite and

would more closely link the risk management process with the Council Plan and performance management arrangements. It was also noted that further work was planned to investigate how the Council could establish an effective high level risk appetite policy (or policies), in addition to risk appetite being determined on a risk-by-risk basis.

It was noted that, as set out in the Risk Management Policy, reports on risk had been presented to the Council’s Corporate Management Team (CMT) on a quarterly basis and presented to the Cabinet, alongside the quarterly performance report. The Overview and Scrutiny Committee also considered performance and risk as part of their work plan.

ACTION:

What	By Whom	When
Incorporate into the Committee’s Work Plan quarterly reporting on the Risk Management Process.	The Lead Officer, Assistant Chief Executive and Committee Administrator	May 2024

RESOLVED: That the Assistant Chief Executive’s Report No. ACE2402 be noted.

40. TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2023-24

The Committee considered the Executive Head of Finance Report No. FIN2404 which set out the activities of the Treasury Management Strategy and Non-Treasury Investment Operations as at 31st December, 2023 and reported on compliance with Prudential Indicators. These were a statutory requirement under the Chartered Institute of Public Finance Accountants (CIPFA) Code of Practice on Treasury Management.

The Committee noted that total borrowing, to fund previous and current years’ capital programmes, on 31st December 2023 had been £162 million, which was a £42 million increase from 31st March 2023.

It was advised that the Council invested surplus cash as part of its day-to-day cash flow management. Investment was made in Money Market Funds, which had a same day maturity and Pooled Funds that had no defined maturity date, but were available for withdrawal after a notice period of a week (with the exception of CCLA funds which had a notice period of six months). It was noted that £21.9m of the Council’s investments were held in externally managed strategic pooled funds spread across equity, multi-asset, bond and property funds. The value of the pooled fund portfolio had decreased to £19.28m as reported at the end of Quarter 2 (September 2023), this had since improved to £19.49m an increase on value of £212,000 since March 2023.

The Committee discussed the report and asked questions around the impact of a 1% increase in interest rates, affordable borrowing limits and choices around where funds are invested. The timetable for the disposal of assets was also discussed and

it was noted that the Cabinet and Overview and Scrutiny Committee would consider the process and timescales as required.

RESOLVED: That the Executive Head of Finance Report No. FIN2404 be noted.

41. **ACCOUNTING POLICIES FOR THE YEAR**

The Committee considered the Executive Head of Finance's Report No. FIN2403 which reviewed the proposed accounting policies to be applied for the closure of the 2023/24 accounts and provided an update regarding the 2024/25 accounts. These were prepared in line with Chartered Institute of Public Finance Accountants (CIPFA) Code of Practice on Local Authority Accounting in the UK.

The report stated the changes to the accounting policies and informed members of additional/amended disclosures and the level of internal materiality to be applied in the Annual Statement of Accounts for 2023/24.

It was also noted that an approved set of accounting policies enabled the Finance team to complete the Annual Statement of Accounts with considered rules and assumptions and provided clarity to the readers of the Accounts as to how they have been prepared.

RESOLVED: That the Executive Head of Finance Report No. FIN2403 be noted.

42. **ANNUAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT OPTIONS**

The Committee received a verbal report on the current position concerning the Annual Statement of Accounts/External Audit Options.

The Committee were apprised of the current national picture, which evidenced that over 900 sets of accounts remained unaudited, an average of three years of accounts per council. Unaudited accounts for Rushmoor included 2020/21, 2021/22 and 2022/23. An agreement had been made between the Government, Financial Reporting Council, CIPFA and the National Audit Office, with formal legislation due in June 2024 which would state that all local authorities, in agreement with their auditors, should sign off their outstanding accounts with a disclaimer highlighting the national audit issues.

An agreement had been made with the Council's auditors, Ernst Young, to sign off the outstanding accounts by 30 September, 2024 and to complete the external audit opinion of the 2023/24 accounts by December 2024.

During discussions, it was advised that local authorities had been consulted on the proposed process for dealing with the outstanding accounts.

In response to a query regarding the delay in finalising the 2019/20 accounts, due to issues around asset values, it was advised that since a point of agreement was achieved with the auditors, the starting point for any future audits was clearer.

The report was NOTED and the approach ENDORSED.

43. INTERNAL AUDIT - AUDIT UPDATE ON 2023/24

The Committee received the Audit Manager's Report No. AUD2402 which provided a progress update on the 2023/24 Audit Plan.

The Committee were advised of an update to the table at 3.2 of the report where the figures had changed since publication to, six draft reports and four in progress. It was noted that all audits were on track to be completed during 2023/24.

A query was made on data relating to raised invoices, and it was advised that the system had been updated and the issue was now resolved. A query regarding Temple Lifts was also made and enquiries would be made and reported back to the Committee.

RESOLVED: That the Audit Manager's Report No. AUD2402 be noted.

44. OUTSTANDING AUDIT RECOMMENDATIONS

The Committee received a verbal update on outstanding audit recommendations from the Executive Head of Finance.

It was advised that the majority of the outstanding recommendations were low level and the few high level ones had been looked at by the Corporate Management Team and themes identified. It was noted that there were around 30 outstanding audits over a three year period, the majority of which were from the 2022/23 financial year.

In response to a query it was advised that there was a risk and the position was recorded on the Risk Register. In addition, consideration was being given to advancing the financial system (Integra) to allow for a great ability to challenge data across the organisation on a more regular basis.

The Report was NOTED.

45. INTERNAL AUDIT - AUDIT PLAN 2024/25

The Committee received the Audit Manager's Report No. AUD2403 which sets out the Annual Audit Plan for 2024/25. The Audit Plan was produced annually to provide a framework for the use of Audit resources and to ensure that resources were focused on activities that would enable the Audit Manager to provide the Council with an overall assurance level on the Council's governance, risk management and internal control (GRC) environment.

The Committee were advised that the delivery of the internal audit plan for 2024/25 would be carried out by contract auditors, with all work being signed off by the Audit Manager. It was noted that the use of external auditors resulted in a cost saving.

RESOLVED: That the Audit Manager's Report No. AUD2403 be noted.

46. **ANNUAL GOVERNANCE STATEMENT**

It was noted that an informal session had been held before the meeting to provide an overview on the Annual Governance Statement. A number of actions had been noted during the informal discussion for consideration going forward and the establishment of an informal Working Group would be considered in the new Municipal Year.

The meeting closed at 8.24 pm.

CLLR P.J. CULLUM (CHAIRMAN)
