AUDIT AND GOVERNANCE COMMITTEE

Meeting held on Wednesday, 10th June, 2026 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Bill O'Donovan (Chair)
Cllr M.J. Tennant (Vice-Chair)

Cllr Craig Card
Cllr Thomas Day
Cllr Dhan Sarki
Cllr Sarah Spall
Cllr Paul Taylor

Apologies for absence were submitted on behalf of Cllr P.J. Cullum, Cllr Thomas Mitchell and Cllr Ian Simpson.

Cllr Sharon Harvey, Cllr Steve Masterson and Cllr Kicky Slater attended the meeting as Standing Deputies.

1. **MINUTES**

The Minutes of the Meeting held on 25th March, 2026 were approved and signed as a correct record of proceedings.

2. **EXTERNAL AUDIT PROPOSED AUDIT PLANNING REPORT 2025/26**

The Chair welcomed Simon Mathers, Director, from the Council's external auditors, Ernst and Young (EY).

The Committee received the 2025/26 Audit Planning Report. The report aimed to provide Members with a basis to review the proposed audit approach and scope for the 2025/26 audit. This was in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements. The report summarised the evaluation of the key issues driving the development of an effective audit. The report also addressed the broader impact of the Government's proposals aimed at establishing a sustainable local audit system.

The Committee were advised that a significant national backlog in audit completion and financial statement production had resulted in disclaimed opinions where insufficient work had been undertaken. No opinions had been issued for 2021/22 and 2022/23, limited progress had been made in 2023/24, and improvement had been achieved in 2024/25, although work on asset valuations remained outstanding. It was noted that, despite continued improvement, disclaimed opinions had been issued for the past five years. Mr Mathers advised that all procedures were intended to be completed in the current year; however, it was considered unlikely that an unqualified opinion would be achieved, and the opinion was expected to remain disclaimed or modified.

During discussion, Members raised questions regarding materiality, property valuations and which properties were owned by the Council. It was noted that there had been internal resourcing challenges in completing valuations to the required standard and within the necessary timescales, and that further work was ongoing to address the matter. The Committee were advised that they could discuss, with officers on an individual basis, assets owned by the Council.

ACTION:

What	By Whom	When
Members, if they are interested, to contact Peter Vickers, on an individual basis, to discuss Council assets.	Members/Peter Vickers – Executive Head of Finance	Before the next AGC meeting – 30th July 2026

RESOLVED: That the Auditor's Annual Report, be noted.

3. **INTERNAL AUDIT - ANNUAL AUDIT OPINION 2025/26**

The Chairman welcomed Neil Pitman, Head of Southern Internal Audit Partnership (SIAP), the Council's internal auditors, who joined the meeting remotely via Microsoft Teams.

The Committee considered Southern Internal Audit Partnership's (SIAP) Report No. SIAP27/01, which set out the Chief Internal Auditor's independent annual audit conclusion for 2025/26 on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

The Committee noted that assurance levels had been provided for each of these areas in order to provide a clear assessment:

- Governance - It was noted that, based on the work completed during the year and observations through attendance at a variety of management and governance meetings, in SIAP's opinion, the governance frameworks in place across the Council were robust, fit for purpose and subject to regular review. There was also appropriate reporting to the Audit & Governance Committee to provide the opportunity for independent consideration and challenge including review of the Annual Governance Statement.

- Risk Management – During the year an internal audit review of risk management had been undertaken concluding with a 'reasonable assurance' opinion. One of the key observations was the requirement for more regular report of risk management updates to the Audit and Governance Committee. The risk register was a key document that was considered during the development of the risk based internal audit plan. Additionally, information from the risk register was taken into account when scoping each review in detail to ensure that SIAP's work was appropriately aligned.

- Control – It was noted that, in general, internal audit work found there had been a sound control environment in place across the majority of review areas included in the 2025-26 plan and these were working effectively to support the delivery of corporate objectives. Officers and staff were found to be aware of the importance of effective control frameworks, and open to SIAP's suggestion for improvements or enhancements, where needed.

The Committee were informed that the Internal Auditor was satisfied that sufficient assurance and advisory work had been carried out to enable a conclusion to be formed on the adequacy and effectiveness of the internal control environment. It was reported that the framework of governance, risk management and control had been assessed as 'reasonable', and that audit testing had demonstrated that controls were operating effectively. It was further noted that, where weaknesses had been identified through internal audit reviews, appropriate corrective actions and timescales for improvement had been agreed with management.

During discussion, questions were raised regarding acronyms within the report, Key Performance Indicators (KPIs) and Pay360. Regarding a question about Disabled Facility Grants (DFGs), Members requested that an update be provided by the Council.

ACTIONS:

What	By Whom	When
For clarity, reference acronyms within reports or provide a list of acronyms.	Neil Pitman - SIAP	30th July 2026
Provide analysis relating to Key Performance Indicators (KPIs).	Neil Pitman - SIAP	Before the next AGC meeting – 30th July 2026
Provide a written update to the Committee regarding Disabled Facility Grants.	James Duggin – Chief Operating Officer	Before the next AGC meeting – 30th July 2026

RESOLVED: That the Internal Audit Annual Conclusion 2025/26, be noted.

The meeting closed at 8.09 pm.

CLLR BILL O'DONOVAN (CHAIR)
