

AUDIT AND GOVERNANCE COMMITTEE

Meeting held on Tuesday, 29th September, 2026 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Bill O'Donovan (Chair)

Cllr P.J. Cullum
Cllr Craig Card
Cllr Thomas Day
Cllr Dhan Sarki
Cllr Sarah Spall
Cllr Paul Taylor

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

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

12. MINUTES

The Minutes of the Meeting held on 30th July, 2026 were approved and signed as a correct record of proceedings.

13. RESERVE RISK ASSESSMENT UPDATE REPORT

The Chair welcomed Simon Mathers, Director and Kalthiemah Abrahams, Audit Manager, at Ernst & Young (EY), the Council's external auditors, who joined the meeting remotely via Microsoft Teams.

The Committee received the external auditor's report on the Reserve Risk Assessment Update. Members were reminded of the national backlog affecting local government audits and the recovery process currently underway. The external auditors explained that disclaimer opinions had been issued in previous years as part of the national reset process and that significant progress had since been made in rebuilding assurance over the Council's accounts.

It was noted that the report considered the risks associated with rebuilding assurance over reserves and whether additional audit procedures should be undertaken during the 2025/26 audit. The auditors advised that their focus remained on completing all planned audit work for the current year, including obtaining assurance over property, plant and equipment valuations and investment property valuations. Members were informed that substantial progress had been made and

that the auditors were confident that all planned procedures would be completed, representing a significant improvement on previous years. The quality of the Council's financial statements and supporting working papers had improved considerably and this progress was acknowledged by the Committee.

In response to questions, the Committee received an explanation of the national audit backlog, including the impact of workforce shortages, increased complexity in local government financial reporting and the effects of Covid-19. Members noted that rebuilding assurance was expected to be a gradual process, moving from disclaimer opinions to qualified opinions and ultimately to an unqualified audit opinion.

During discussion, Members requested that future reports provide more contextual information on the value of reserves to aid understanding and scrutiny. The auditors advised that reserve values were set out within the statement of accounts and explained that the primary purpose of the report was to assess the complexity and risk associated with rebuilding assurance rather than the financial value of each reserve.

Members also sought clarification on the risks associated with the Revaluation Reserve and Capital Adjustment Account. It was explained that these reserves were inherently complex and linked directly to asset valuation work. The Committee noted that the work undertaken by the Council to strengthen valuation arrangements would support future assurance over these reserves. Further clarification was provided regarding audit materiality and the meaning of reserves assessed as immaterial.

The Committee welcomed the positive progress reported by the auditors and noted the significant work undertaken by officers.

RESOLVED: That the Reserve Risk Assessment Update Report be noted.

14. **INTERNAL AUDIT PROGRESS REPORT**

The Chairman welcomed Natalie Jerams, Deputy Head of Southern Internal Audit Partnership (SIAP), and Nick Barrett, Audit Manager, from the Council's internal auditors.

The Committee received SIAP's Report No. SIAP26/05, which provided an overview of internal audit activity undertaken to date against the approved Internal Audit Plan for 2026/27 and included updates on audit planning, resourcing, performance and implementation of management actions.

Members were advised that progress against the annual audit plan had been slower than anticipated, although SIAP remained confident that sufficient work would be completed to support the annual audit opinion. The Committee noted that work was underway on a number of reviews and that planning had commenced for audits scheduled later in the year.

The Committee welcomed the significant reduction in overdue audit actions, with a verbal update advising a further reduction from seventeen to seven, since papers were published, and noted progress made in completing actions arising from recent

audits. Members received an update on the remaining overdue actions and were advised that progress continued to be monitored closely.

During discussion, the Committee reiterated the importance of understanding the reasons for delayed audit actions. Members noted that work was underway to develop a process for reporting significant delays, together with explanations and mitigating actions. The Committee also noted that the audit plan would continue to be reviewed to ensure it remained focused on the Council's key risks and priorities, including the implications of Local Government Reorganisation.

Members were advised that some longstanding actions, particularly relating to Information Governance, had been affected by resource constraints, although additional capacity had recently been identified and progress was now being made.

Members welcomed the significant reduction in overdue actions and recognised the positive progress being made in strengthening the Council's control environment.

ACTION:

What	By Whom	When
Finalise and implement an agreed process for reporting significant revisions to internal audit action deadlines and associated explanations to the Committee.	Amanda Bancroft - Executive Head of Governance and Law	Before the next Committee Meeting - November 2026

RESOLVED: That SIAP's Report No. SIAP26/05 be noted.

15. CORPORATE POLICY AND GUIDANCE AND THE USE OF THE REGULATION OF INVESTIGATORY POWERS ACT 2000

The Committee considered the Executive Head of Governance and Law's Report No. LEG2603, which provided an update on the Council's surveillance activities and reviewed the Council's Surveillance and Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy and Guidance.

The Committee were advised that there had been no requests for RIPA authorisations since the previous annual report and that no covert surveillance activity had been undertaken by the Council during the year. Members noted that a self-assessment had been completed for the Investigatory Powers Commissioner's Office (IPCO) in April 2026 and that IPCO had confirmed it was satisfied with the Council's arrangements, policies, training and governance arrangements.

Members were informed that a comprehensive review of the Council's Surveillance and RIPA Policy and Guidance had been undertaken and that an updated policy had been produced. The revised document incorporated legislative changes, updated statutory guidance and clarification of responsibilities across the organisation. It was noted that all relevant officers had received training and that arrangements remained in place to ensure legal compliance and appropriate oversight.

During discussion, Members commented on the technical nature of the report and sought clarification regarding consultation with operational service areas likely to utilise the policy. The Committee were advised that appropriate consultation had taken place and that responsible officers had received updated training.

The Committee welcomed the positive findings from IPCO and noted the continued absence of any covert surveillance activity by the Council.

RESOLVED: That the Surveillance and RIPA & IPA Policy and Guidance be approved and the contents of Report No. LEG2603 be noted.

16. **ANNUAL OMBUDSMAN COMPLAINT REVIEW LETTER**

The Committee considered the Monitoring Officer's Report No. LEG2604, which summarised the outcome and findings of the Annual Review Letter 2025/26 from the Local Government and Social Care Ombudsman (LGSCO).

Members noted that the Ombudsman had received nine complaints relating to the Council during the review period. Of these, five had fallen outside the Ombudsman's jurisdiction or were not ready for investigation, three had been assessed and closed without formal investigation, and one complaint had proceeded to investigation but had not been upheld. As a result, no service improvement recommendations had been issued by the Ombudsman.

The Committee noted that the outcome reflected positively on the Council's approach to complaints handling and customer service. Members recognised the quality of service delivered by officers across the organisation and acknowledged the professionalism with which challenging and complex cases continued to be managed. Members expressed their appreciation for the dedication of Council staff and the positive outcomes achieved for residents. The Committee agreed that the report provided clear assurance regarding the Council's complaints handling arrangements.

RESOLVED: That:

- (i) the Annual Review Letter be noted; and
- (ii) the Council commend officers on the positive outcome and continued delivery of high-quality services to residents.

The meeting closed at 7.46 pm.

CLLR BILL O'DONOVAN (CHAIR)
