

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Monday, 22nd November, 2021 at the Council Offices, Farnborough at 7.15 pm.

Voting Members

Cllr Sue Carter (Chairman)
Cllr P.J. Cullum (Vice-Chairman)

Cllr Jessica Auton
Cllr Jib Belbase
Cllr Sophia Choudhary
Cllr A.K. Chowdhury
Cllr Christine Guinness
Cllr A.J. Halstead
Cllr Sarah Spall
Cllr Jacqui Vosper

Mr Tom Davies – Independent Member (Audit)

Apologies for absence were submitted on behalf of Cllr Prabesh KC.

24. MINUTES

Cllr Prabesh KC – Attendance at Meetings of the Committee

The Chairman advised the Committee that Cllr Prabesh KC had been absent from consecutive meetings of the Committee held on 27th May, 27th July and 27th September in 2021. It was noted that the Democracy Team had telephoned Cllr Prabesh KC earlier that day and he had confirmed that he was unable to attend the meeting due to a family emergency abroad in Nepal.

Under the Council's Standing Orders, Standing Order 4 (5) stated that "if any Member shall be absent from three consecutive meetings of a Committee, he or she shall cease to be a Member thereof, unless he or she shall in the opinion of the Committee show reasonable grounds for their absence". The Chairman advised that the Democracy Team had contacted Cllr Prabesh KC by email the previous week to raise the matter. However, it was now understood that, as he was abroad, he might have had difficulty accessing his emails and responding on his reasons for absence.

The Committee agreed to postpone a decision on whether there were reasonable grounds for non-attendance until having heard a full representation from Cllr Prabesh KC.

The Chairman requested Members to advise her of any future apologies for absence as well as contacting the Democracy Team.

Minutes of the Previous Meeting

Before the Committee was asked to confirm the accuracy of the Minutes of the previous meeting held on 27th September 2021, the Executive Director (Mr Ian Harrison) gave an update on Minute Nos. 20 (Annual Governance Statement 2020/21) and 23 (Internal Audit Opinion 2020/21).

(1) Minute No. 20 – Annual Governance Statement 2020/21

At the previous meeting, the Committee had requested an update regarding the temporary delegation arrangements in place due to the Covid-19 pandemic and when these would be removed. The Executive Director advised the Committee that the temporary arrangements were still in place and available to the Council. They had not been rescinded but the Council was currently not calling on them. Advice had been received to keep the arrangements in place until there was confidence that the country was clear of the Covid-19 pandemic and any potential Government imposed restrictions.

(2) Minute No. 23 – Internal Audit Opinion 2020/21

The Executive Director advised the Committee that, in light of the findings within the Audit Manager's Report No. AUD210O5, the Council had contacted the Chartered Institute of Public Finance and Accountancy (CIPFA) to share information and request an opinion on the strengthening of internal audit arrangements. It was understood that representatives of CIPFA would be attending a meeting at the Council Offices within the following financial quarter to provide advice. The Committee would be updated after that meeting.

The Committee

- (i) **NOTED** the updates to the Minutes; and
- (ii) **RESOLVED** that the Minutes of the Meeting held on 27th September 2021 be signed as a correct record of the proceedings.

NOTE: Cllr Christine Guinness requested that it be noted that she abstained from the vote on this item.

25. STATEMENT OF ACCOUNTS 2019/20 - UPDATE 6

The Committee received the Executive Head of Finance Report No. FIN2123 which informed Members of audit progress for the Council's Statement of Accounts for 2019/20 and provision of the audit opinion by Ernst & Young (EY) since the meeting on 27th September 2021.

The Chairman welcomed to the meeting Maria Grindley and Justine Thorpe from EY who had joined the meeting remotely via Teams.

The Committee was advised that, at the time of writing the Report, there had not been any significant progress on resolving the remaining property and valuation related queries. Whilst these were relatively minor queries for the Council to resolve, they were material to allow EY to form its audit opinion. EY required all issues to be resolved before they were able to consider the next stage of the audit opinion process. Once all queries had been addressed, consideration would need to be given to any adjustments proposed by EY to the financial statements. The Council would need to satisfy itself that these adjustments were reasonable and supported by appropriate evidence and detailed accounting guidance.

The Report set out the proposed process to be followed should the audit opinion have been available during October 2021 and prior to this meeting. Should it be possible to resolve all remaining queries during November and December 2021, it was proposed to agree the accounts and audit opinion before the next scheduled meeting in January 2022. Subject to all Members of the Committee being provided with a copy of the audited Statement of Accounts and the Audit Results Report in advance, it was proposed that the Chairman and the Executive Head of Finance be authorised to approve formally and certify the audited Statement of Accounts 2019/20 and to receive the final External Auditor's Report.

The Committee was reminded of the revised draft and final accounts publication deadlines for relevant bodies for the accounting years 2020/21 and 2021/22 which had come into force from 31st March 2021. The Council had amended its 2020/21 accounts closure process to meet the revised Accounts and Audit Regulation 2021 timetable. However, it was unclear when the audit of the 2020/21 financial statement would commence as the audit process for 2019/20 had not yet been completed.

During discussion, a question was raised concerning the Annual Governance Statement and the Internal Audit Opinion which had been considered at the previous meeting, when the Internal Audit Manager had been of the opinion that, due to the reduced number and scope of internal audits completed during 2020/21, she had felt it was not possible to provide a full overall Internal Audit Opinion on Rushmoor's framework of governance, risk management and management controls. The reason for this had been due to a combination of factors including reduced audit resources and the diversion of service resources to the Council's response to the Covid-19 pandemic. In response, the Executive Head of Finance reminded Members of the update provided earlier in the meeting regarding advice sought from CIPFA. He also assured Members that there was no evidence of fraud or corruption or any evidence of lack of internal control within the Authority. CIPFA would be visiting the Council shortly and would be able to provide some assurance to Members in due course regarding the Annual Governance Statement.

In response to a question on when it was expected that the audit opinion could be provided, Ms. Grindley stated that she hoped that the Council would be able to respond quickly to any follow-up queries from EY on information submitted by the Council. It was difficult for EY to give a timeframe on when the audit opinion could be provided.

The Chairman thanked Ms. Grindley and Ms. Thorpe for joining the meeting.

RESOLVED: That

- (i) the Executive Head of Finance Report No. FIN2123 be noted;
- (ii) the indicative timetable for approval of the 2019/20 Statement of Accounts and receiving the Audit Opinion be noted; and
- (iii) subject to all Members of the Committee being provided with a copy of the audited Statement of Accounts and the Audit Results Report in advance, the Chairman and the Executive Head of Finance be authorised to approve formally and certify the audited Statement of Accounts 2019/20 and receive the final External Auditor's Report.

26. INTERNAL AUDIT - AUDIT UPDATE

The Committee received the Interim Audit Manager's Report No. AUD2105 which gave an overview of the work carried out by Internal Audit in Quarter 3 of 2021/22 to date; an update on progress towards the Audit Plan for 2021/22; a schedule of work expected to be delivered in Quarters 3 and 4; and, an update on the outstanding audit issues from Internal Audit reports covering 2019/20 and 2020/21.

The Committee noted that, since the previous meeting, the audit of National Non-Domestic Rates (NNDR) and Council Tax Recovery had been changed to focus on NNDR Billing, Collection and Recovery only as this process had significant financial risk for the Council with local businesses recovering from the pandemic. The Council Tax Recovery aspect of the audit would be expanded to a separate audit of Council Tax Bill, Collection and Recovery and deferred to Quarter 1 of 2022/23.

It was also noted that the Value for Money audits of Financial Grants to Organisations (FGO) and of the Crematorium had been postponed to 2022/23 following consultation with the Executive Directors and the Executive Head of Finance. The FGO audit would be covered by the CREP Programme and the Crematorium was currently undergoing a feasibility study. Instead, the Interim Audit Manager would focus on the capital project audit of Voyager and assistance with the Union Yard regeneration project.

The audit of procurement had been postponed to 2022/23 as the Procurement Officer had recently left the Council and the function had been moved to a temporary shared service with Portsmouth City Council, being co-ordinated by the Executive Head of Finance and the Assistant Chief Executive. It was further noted that the remaining IT audits regarding Remote Working/Windows 10 and the Property System had been postponed and would be picked up as part of the 2022/23 Audit Plan.

The Report set out a summary of progress relevant to the 2021/22 Audit Plan, an overview of assurance opinions given to completed audits since the previous update to the Committee and expected deliverables for Quarters 3 and 4. The Committee was advised that there had been a significant increase in issues implemented that had been outstanding from previous audits of 2019/20 and 2020/21, with auditees engaging with Internal Audit positively and promptly. Details of the outstanding

high-risk issues for the two years were set out in the appendix to the Report and included management updates and, in some cases, revised target dates.

RESOLVED: That

- (i) the audit work carried out in Quarter 3 to date be noted;
- (ii) the update to the expected deliverables for Quarters 3 and 4 be noted; and
- (iii) the outstanding audit issues and engagement by Services to address them be noted.

27. **UPDATE TO THE MEMBERS CODE OF CONDUCT**

The Committee considered the Monitoring Officer's Report No. LEG2105 which proposed minor adjustments to the Code of Conduct for Members to reflect amendments to the published Local Government Association Model Code of Conduct related to Members' Interests, details of which were set out in the appendix to the Report.

To ensure that Rushmoor's Code continued to mirror the National Code of Conduct, it was proposed that the following adjustments should be made in respect of registering interests in respect of the disclosure of non-registrable interests and clarified the following:

- Paragraph 8 – where a matter arose at a meeting which affected a financial interest or wellbeing of a body included under Other Registrable Interests (as set out in Table 2 in the Code), Members had to disclose that interest at the meeting. The current version of the Code referenced Table 1 in error
- Paragraph 9 – should read: 'Where a matter affects the financial interest or wellbeing'. The word 'the' replaced the current 'your'. This clarified that the test for whether a councillor could remain in the meeting after declaring a non-registrable interest, related to all of the reasons in paragraph 8.
- Paragraph 10 – adjustment required to tidy the arrangements for executive decisions made by individual Members to match existing provisions in the Constitution. Individual Cabinet Members should not use their delegated powers where they had an interest in a matter.
- Table 2 – missing text to be added, provided by the Local Government Association that councillors must register an unpaid directorship as an "Other Registrable Interest".

RESOLVED: That

- (i) approval be given to the amendments to Appendix B of the Members' Code of Conduct, as set out in the Monitoring Officer's Report No. LEG2105 (Appendix 1); and

(ii) a copy of the updated Code of Conduct be circulated to all Members.

The meeting closed at 7.58 pm.

CLLR SUE CARTER (CHAIRMAN)
