

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Monday, 24th January, 2022 at the Council Offices, Farnborough at 7.00 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 Prabesh KC
Cllr Sarah Spall
Cllr Jacqui Vosper

Apologies for absence were submitted on behalf of Cllr A.J. Halstead.

Cllr K Dibble attended the meeting as a Standing Deputy.

Non-Voting Member

Mr. Tom Davies (Independent Member – Audit)

28. MINUTES

The Minutes of the Meeting held on 22nd November 2021 be agreed and signed as a correct record of the proceedings.

29. MEETING ATTENDANCE - CLLR PRABESH KC

At the previous meeting, the Committee was advised that Cllr Prabesh KC had been absent for three consecutive meetings of the Committee. The Committee had deferred making a decision on whether there were reasonable grounds for absence to give Cllr Prabesh KC the opportunity to make a full representation and remain a Member of the Committee. Since then, Cllr Prabesh KC had made contact with the Chairman and had explained the circumstances for his absence which were for personal reasons, and with some sensitivities. He had also provided a written apology and explanation which had been circulated to the Committee.

Having discussed the matter with Cllr Prabesh KC, the Chairman stated that she was content to accept Cllr KC's personal reasons, as reasonable grounds for non-attendance, and proposed that the Committee support this. During discussion, the point was made that it was good practice for every effort to be made to communicate

apologies for absence to the Chairman and Democracy Team, even if this had to be made through a third party.

RESOLVED: That Cllr Prabesh KC's reasons for non-attendance at consecutive meetings of the Committee be accepted as reasonable grounds for absence.

30. **STATEMENT OF ACCOUNTS 2019/20 - UPDATE 7**

The Committee received the Executive Head of Finance Report No. FIN2207, which informed Members of audit progress for the Council's Statement of Accounts for 2019/20 and provision of the audit opinion since the previous meeting on 22nd November 2021.

The Committee was advised that the Council had responded positively to further queries raised by Ernst & Young (EY) in December 2021. Further asset valuation enquiries had been raised in January 2022. The Council would need to respond to these to enable EY to provide an audit opinion. It was noted that the Executive Director (Mr Ian Harrison) and the Executive Head of Finance would be meeting with EY on 26th January 2022 to discuss any unresolved queries for the Council to respond to. EY would then be able to set out for the Council the impact on the audit opinion of the incomplete asset valuation information. Subject to the outcome of this meeting, the Executive Head of Finance would draft the updated cashflow forecast and Going Concern Note to enable the audit to conclude. The basis on which the audit would be concluded was set out in the Report.

The Committee was updated on the impact of the delayed conclusion of the 2019/20 audit of the 2020/21 financial statement. It was further noted that the 2021/22 audit was likely to commence in Autumn 2022. Further discussions would need to take place with EY to schedule the 2020/21 and 2021/22 audit work, all of which would be dependent on the 2019/20 audit being concluded.

Officers from both the Council and EY would be working towards a formal completion of the 2019/20 audit in early 2022. Subject to the outcome of the meeting between the Council and EY on 26th January 2022, the Council was hoping to be able to bring the 2019/20 audited accounts and audit opinion to the meeting on 28th March 2022. However, it was acknowledged that there remained some risk around the exact timing given the need to agree the final accounts position, review any proposed adjustments and a revision to the Council's financial statements.

During discussion, Members raised questions regarding: the quality of property records kept by the Council; the amount of time needed to provide the information required by EY on asset valuations; the implications of EY providing a qualified audit opinion; and, the need for a review of the audit process for 2019/20 so that lessons can be learned by both the Council and EY.

RESOLVED: That

- (i) the Executive Head of Finance Report No. FIN2207 be noted: and

- (ii) the indicative timetable for the approval of the 2019/20 Statement of Accounts and receiving the audit opinion, as set out in the Report, be noted.

31. **TREASURY MANAGEMENT AND NON-TREASURY MANAGEMENT 2021/22 - MID-YEAR REPORT**

Consideration of this item was deferred to the Special Meeting of the Committee on 15th February 2022.

32. **DECISION TO OPT INTO THE NATIONAL SCHEME FOR AUDITOR APPOINTMENTS MANAGED BY PUBLIC SECTOR AUDIT APPOINTMENTS AS THE 'APPOINTING PERSON'**

The Committee considered the Executive Head of Finance Report No. FIN2208, which set out proposals and options available to the full Council for appointing the external auditor to the Authority for the accounts for the five-year period from 2023/24.

It was noted that the current auditor appointment arrangements covered the period up to, and including, the audit of the 2022/23 accounts. The Council had opted into the appointing 'appointing person' national auditor appointment arrangements which had been established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23. PSAA was currently undertaking a procurement exercise for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021, all local government bodies needed to make decisions about their external audit arrangements from 2023/24. Local government bodies had options to arrange their own procurement or they could join and take advantage of the national collective scheme administered by PSAA. The Committee was advised that the decision had to be taken in accordance with the Regulations (i.e. by the full Council) and that notice had to be given to PSAA of the Authority's intention to opt-in by 11th March 2022.

The Committee was being recommended to accept the PSAA's invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for the five financial years from 1st April 2023.

The Committee

- (i) **RECOMMENDED THE COUNCIL** to opt-in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors and authorise; and
- (ii) **RESOLVED** that the Executive Head of Finance be authorised to sign the notice of acceptance on behalf of the Authority, subject to the decision of the full Council.

33. INTERNAL AUDIT - AUDIT UPDATE

The Committee received the Interim Audit Manager's Report No. AUD2201, which set out: work carried out by Internal Audit since the previous Report to the Committee in November 2021; an update on the overall progress on the 2021/22; and, an update on outstanding audit issues from reports issued in 2019/20 and 2020/21. Details of outstanding high risk issues for the two years 2019/20 and 2020/21 were set out in the appendix to the Report and included management updates and, in some cases, revised target dates.

Mr Thacker was thanked for his exceptional work as Interim Audit Manager and the Committee acknowledged the various working practices that had been put in place.

During discussion, further information was requested on various outstanding high-risk audit issues including: the card terminal at Princes Hall; estate management and commercial letting (debt write off); taxi licensing (manual inputting of data, 'Manage My Licence' IT based approach); and Alderwood Leisure Centre (payment records – system for manual reconciliations). Further clarification was sought on errors made and whether this was due to resource issues/staff absence due to sickness. The Committee was advised that, within the following year's Budget, there was an additional item for additional financial resources for corporate governance work. There was also a request for further information on the costs associated with the outstanding high-risk audit issues.

RESOLVED: That

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

34. RUSHMOOR DEVELOPMENT PARTNERSHIP - SIX MONTHLY REPORT

The Committee received the Executive Director Report (No. ED2201), as the Council Shareholder on the progress review received from the Rushmoor Development Partnership (RDP) on its business plan. The Report provided a commentary on the progress and delivery through the Partnership during 2021 on the key regeneration sites agreed as part of the initial RDP business plan.

The Report advised that there had been significant progress since the approval of the initial business plan, particularly on Union Street, Aldershot, where the RDP had secured a planning consent during 2020 despite the pandemic and had supported the Council through its due diligence process that had facilitated a construction start on site in November 2021. Work on the Civic Quarter Masterplan had progressed well with two public consultations having been undertaken during 2021 to support the submission of an outline planning application. The disposal of Parsons Barracks car park had been concluded to enable the development of a care home, with the

proceeds being used to fund the work of the RDP to date, which had assisted with reducing pressure on the Council's financial position.

The Committee was advised that the partnership where Council and Hill staff worked together to continue to enable a commercial approach to be taken to bringing forward sites alongside the transition of the Council's and community's ambitions for both town centres. Overall, the Executive Director was of the opinion that the RDP had made a positive contribution to moving forward the Council's regeneration objectives over the past year.

RESOLVED: That the progress by the Rushmoor Development Partnership and the next steps for each of the current projects covered by the RDP business plan, as set out in the Executive Director Report No. ED2201, be noted.

The meeting closed at 8.38 pm.

CLLR SUE CARTER (CHAIRMAN)

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