

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Tuesday, 26th July, 2022 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr P.J. Cullum (Chairman)
Cllr Jessica Auton (Vice-Chairman)

Cllr A. Adeola
Cllr M.S. Choudhary
Cllr K. Dibble
Cllr A.H. Gani
Cllr Christine Guinness
Cllr Nem Thapa
Cllr S. Trussler
Cllr Jacqui Vosper

Non-Voting Member:

Mr Tom Davies – Independent Member (Audit)

Apologies for absence were submitted on behalf of Cllr Sarah Spall.

7. MINUTES

The Minutes of the Meeting held on 26th May 2022 were agreed and signed as a correct record of the proceedings.

8. REVIEW OF ANIMAL LICENSING FEES

The Committee considered the Head of Operations' Report No. OS2212 which outlined the background and current fees for the animal licensing regime and proposed a new fee scale, as set out in Appendix A to the Report, to take effect from 1st August 2022.

Under the Animal Welfare Act 2018, local authorities could only charge on a cost recovery basis in respect of how fees should be calculated. It was noted that the current costs were not recovered by the Council. Appendix B to the Report set out a comparison of fees with neighbouring authorities. It was proposed that the Council's fees should be amended for the ongoing service to achieve full cost recovery as far as the Council was able to in accordance with current legislation.

The Committee considered the alternative options available to the Council, including no change, but this would mean that the Council would not recover the costs to

which it was entitled under legislation. Members were informed that the Licensing Team was currently producing a business case for the training of an in-house animal licensing inspector, to replace the current situation where inspection activities were contracted out to the City of London. This proposal was likely to reduce costs and thereby enable the Council to set fees accordingly. However, it was stressed that, if this approach was agreed, it would take some time for a member of staff to become qualified as this involved a lengthy period of study followed by the requirement to carry out a number of supervised inspections to demonstrate competence. It was felt that, as this would not resolve the issue of cost recovery in accordance with the legislation in the short term, it should be proposed that fees be set based on the current arrangements, as they would be reviewed again on a regular basis to take account of any changes in costs of service provision.

During discussion, Members raised queries regarding: informing current licence holders about the changes; the length of time required to carry out the business case process; the amount of staff time required to carry out inspections; the percentage increase to be faced by existing licence holders; and, the possibility of investigating the sharing an animal licensing inspector with Hart District Council.

It was noted that, if costs to the Council for providing this service reduced in the future then, under the regular review process, this benefit would be passed on to the customer and reflected in a reduction in licence fee as part of the legislation's requirement for cost recovery.

Members agreed that the Cabinet should be recommended to approve the recommendation, including the carrying out of a business case for an in-house animal licensing inspector with the aim of reducing costs to the Council which could be passed on to animal licensing regime customers.

RESOLVED: That the Cabinet be recommended to approve the new fees, as set out in Report No. OS2212, to take effect from 1st August 2022.

9. **INTERNAL AUDIT - AUDIT UPDATE**

The Committee received the Audit Manager's Report No. AUD2210 which provided Members with: an overview of the work carried out by Internal Audit in Quarter 4 2021/22 and Quarter 1 2022/23 to date; an update on progress towards completing the Audit Plan for 2021/22; a progress update on the 2022/23 Audit Plan; a schedule of work expected to be delivered in Quarters 1 and 2 of 2022/23; and, an update on the outstanding audit issues from reports covering 2019/20, 2020/21 and 2021/22, focusing on the high-risk issues.

During discussion, Members raised questions concerning: historic debts and reporting updates to the Committee; the fraud investigation set out in the Report which had arisen as a result of a "spear-phishing" attack and the subsequent recommendations made by Internal Audit regarding internal controls around updating supplier information in the Council's financial situation; and, monies paid to the Council under Section 106 legal agreements for SANGS which had not yet been used for the purposes collected and how long the Council could hold on to the money before it has to hand the money back.

Arising out of the discussion on management updates and revised target dates in some cases for outstanding high risk audit issues for the three years 2019/20, 2020/21 and 2021/22, the Committee requested that Heads of Service should be requested to report in person to the Committee when required on outstanding high risk audit issues.

RESOLVED: That

- (i) the audit work carried out in Quarter 4 2021/22 and Quarter 1 2022/23 to date be noted;
- (ii) the update to the expected deliverables for Quarters 1 and 2 2022/23 be noted; and
- (iii) the outstanding high-risk audit issues and engagement by the Services to address them be noted.

10. **ANNUAL STATEMENT OF ACCOUNTS 2021/22**

The Committee received the Executive Head of Finance Report No. FIN2226, which informed Members of the proposed timetable for the external audit of the 2020/21 and 2021/22 Statement of Accounts and provision of the Audit Opinion.

The Council had amended its 2021/22 accounts timetable closure process to meet the revised Accounts and Audit Regulation 2021 timetable, as follows:

- Draft Accounts completion – 1st August 2022
- Public Inspection period – First ten working days of September of the financial year immediately following the end of the financial year to which the Statement of Accounts relates
- Publication of Accounts – 30th September 2022

The Committee was advised that an initial discussion had taken place with the Council's external auditors (EY) around the timing of the external audit of the Council's Financial Statements for 2020/21 and 2021/22 with a view to ensuring these could be completed by the end of the current financial year. Subject to final confirmation, the audit of the 2020/21 Financial Statements would commence in September 2022 and conclude no later than late November/early December 2022. The audit of the 2021/22 Financial Statements would then commence in January 2023 and complete no later than March 2023. It was noted that initial walkthrough tests and confirmation for both audit years would take place during August and September 2022, allowing for key staff availability.

The Committee was advised that there would remain some risk and uncertainty around the timing of when the Council would receive the audited Financial Statements and EY's Audit Opinion given the issues reported to the Committee on

the audit issues for the 2018/19 and 2019/20 Financial Statements. The Committee would be kept updated on progress throughout the civic year.

During discussion, Members raised questions concerning: staffing availability for the audit process (both at Rushmoor and EY); additional fee implications for the Council of overrunning external audits with increased workload by the auditor and whether this was something for which the Council budgeted; and, the Committee's right to have an independent conversation with the external auditor up to two times per year.

RESOLVED: That the Executive Head of Finance's Report No., FIN2226 be noted.

11. **WORK PROGRAMME 2022/23**

RESOLVED: That the Work Programme for 2022/23, as circulated with the agenda, be noted and confirmed.

The meeting closed at 8.20 pm.

CLLR P.J. CULLUM (CHAIRMAN)
