

# AUDIT AND GOVERNANCE COMMITTEE

Meeting held on Wednesday, 26th November, 2025 at the Council Offices, Farnborough at 7.00 pm.

## **Voting Members**

Cllr Bill O'Donovan (Chair)  
Cllr P.J. Cullum (Vice-Chair)

Cllr C.W. Card  
Cllr A.H. Crawford  
Cllr Sarah Spall  
Cllr P.G. Taylor  
Cllr Ivan Whitmee  
Cllr Becky Williams

Apologies for absence were submitted on behalf of Cllr Sue Carter, Cllr C.P. Grattan and Cllr Jacqui Vosper.

Cllrs Rhian Jones and S.J. Masterson attended the meeting as Standing Deputies.

## **1. APPOINTMENT OF CHAIR**

**RESOLVED:** That Cllr. Bill O'Donovan be appointed as Chair of the Committee for the remainder of the 2025/26 Municipal Year.

## **2. APPOINTMENT OF VICE-CHAIR**

**RESOLVED:** That Cllr. P.J. Cullum be appointed as Vice-Chair of the Committee for the remainder of the 2025/26 Municipal Year.

## **3. MINUTES**

The Minutes of the Meeting held on 24th September, 2025 were approved and signed as a correct record of proceedings.

## **4. VOTE OF THANKS**

A vote of thanks was recorded for Tom Davies, Independent Member of the Corporate Governance, Audit and Standards Committee. It was noted that Mr Davies had completed his three-year term. The Chair, Cllr Bill O'Donovan, recommended that a letter of thanks be sent to Mr Davies from the Committee.

It was noted that an Independent Member for the Audit and Governance Committee would be appointed in due course.

## **5. EXTERNAL AUDIT - DRAFT PROGRESS UPDATE 2024/25**

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

The Committee received the Audit Progress Report. This report aimed to provide the Audit and Governance Committee with a summary of progress on the 2024/25 Council audit, and any issues identified to date. The Committee noted that, having updated and completed the planned procedures, the auditors identified a risk of significant weakness and actual significant weakness in the Council's value for money (VFM) arrangements in respect of financials. They would issue their VFM narrative commentary in the draft 2024/25 Auditor's Annual Report, which was expected to be issued on 30th November 2025.

During discussion, Members raised questions regarding International Financial Reporting Standard 16 (IFRS 16). The Committee noted that IFRS 16 was a new standard, which was complex and had only recently been implemented. Consequently, there were some absent disclosures from the financial statements in relation to the standard, however, it was a control observation that EY would raise in the audit results report, but stated that it would not impact the audit conclusion.

**RESOLVED:** That the Auditor Progress Report, be noted.

## 6. **INTERNAL AUDIT - AUDIT PROGRESS REPORT**

The Chair 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 received SIAP's Report No. SIAP25/05 which set out the Internal Audit Progress Report, for the November 2025 accounts, which provided the Audit and Governance Committee with an overview of internal audit activity against assurance work completed in accordance with the approved audit plan. The Report also provided an overview of key updates pertinent to the discharge of the Committee's role, in relation to internal audit.

During discussions, questions were raised regarding Disabled Facilities Grants, cyber security arrangements and Homes for Ukraine. The Committee noted that an informal meeting had been organised for the IT Service Manager to meet with Members of the Committee to discuss the cyber security arrangements in place, which was scheduled for January 2026.

### **ACTION:**

<b>What</b>	<b>By Whom</b>	<b>When</b>
Provide an update to the Committee, by email, on Homes for Ukraine and the six overdue audit actions.	James Duggin – Executive Head of Operations	Before the next AGC meeting – 28th January 2026

**RESOLVED:** That:

(i) changes to audit dates, once agreed by management, will require approval from the Committee; and

(ii) SIAP's Report No. SIAP25/05, be noted.

## **7. RISK MANAGEMENT PROCESS 2024/25**

The Committee received the Executive Director's Report No. ED2510, which provided an update on the ongoing development and maintenance of the Council's risk management processes during 2025/26. The Leader of the Council, Cllr Gareth Williams, was in attendance as Portfolio Holder for Risk Management.

The report provided an update on the risk management activity that had taken place and was planned for the remainder of 2025/26, in line with arrangements set out in the Council's updated Risk Management Policy, which was presented to Cabinet for approval on 25th November, 2025. The Committee had a duty to provide independent assurance of the adequacy of the risk management framework.

The Committee noted that 2025 had continued to be a period of significant uncertainty across a broad range of economic, social and political matters. Circumstances such as high interest rates and slow growth in the economy, had continued to impact the Council's financial position, operations and capital projects. It was noted that the wider implications for the Council required continued focus on mitigation plans, which were adapted to meet the ongoing challenges presented. The Committee acknowledged that the Council's risk management process had played an important role in identifying the possible impact of potential risks faced by the Council and ensured that the Senior Leadership Team and Cabinet Members were regularly updated. It was noted that risks were routinely reviewed and discussed at both service level and among senior management.

During discussion, Members raised questions regarding the redacted corporate risk register, horizon scanning and the alignment of Audit and Governance Committee meetings with the quarterly performance report publication and Cabinet meetings. The Committee noted that the Overview and Scrutiny Committee could raise specific issues around Council performance and risk management.

### **ACTION:**

<b>What</b>	<b>By Whom</b>	<b>When</b>
Raise the alignment of meetings at the Programme Management Group.	Cllr Bill O'Donovan, Chair of the Committee	Before the next AGC meeting – 28th January 2026
Share the unredacted version of the corporate risk register each quarter.	Roger Sanders, Service Manager – Risk, Performance and Procurement	Quarterly
Members to identify any risks they wished to bring to Committee for scrutiny, through	Members of AGC	Quarterly

the Chair or officers.		
Organise risk process training for Members.	Roger Sanders, Service Manager – Risk, Performance and Procurement	Before the March AGC meeting

**RESOLVED:** That the Executive Director's Report No. ED2510, be noted.

## 8. **INTERNAL AUDIT REPORT - USE OF AGENCY STAFF**

The Committee received a verbal update from Executive Head of Finance, Peter Vickers, regarding the internal audit report and the use of agency staff.

The Committee noted the recent internal audit review on the use of agency staff and the governance processes the organisation followed for starters and leavers to the Council.

Members noted that the audit was currently in draft form and would be due to go to the Committee in January, 2026. However, it was noted that the audit had focused on agency staff and consultants, and how the process had been managed from a governance perspective, but no assurance had been given at this time. The Management Team had reviewed the report and prepared a schedule of actions that were being implemented to ensure that the matter was resolved and assurance could be given.

During discussion, Members sought clarification about how the induction procedure would be managed in the future. The Committee were assured that the process would be centralised and the People Team had procedures in place to address the matter, however, compliance would need to be managed.

**RESOLVED:** That the update on the Internal Audit Report – Use of Agency Staff, be noted.

## 9. **ANNUAL GOVERNANCE STATEMENT UPDATE**

The Committee received the Financial Governance Manager's Report No. FIN2518, which gave details of work carried out towards the implementation of the actions defined within the Annual Governance Statement, which had been presented to the Committee in May 2025.

It was noted that the Corporate Peer Challenge and the Chartered Institute of Public Finance and Accountancy (CIPFA) Report had been considered and changes had been implemented. Work towards the financial resilience plan was continuing by the Senior Management Team. The Committee were advised that self-assessment actions towards compliance against the CIPFA Financial Management Code were ongoing, with elements forming part of the Financial Resilience Plan.

During discussion, Members asked questions regarding the self-assessment against the CIPFA Financial Management Code.

**ACTION:**

<b>What</b>	<b>By Whom</b>	<b>When</b>
Provide requirements which are outstanding within CIPFA Financial Management Code to the Committee.	Nikki Fleming – Financial Governance Manager	Before the next AGC meeting – 28th January 2026

**RESOLVED:** That the Financial Governance Manager's Report No. FIN2518, be noted.

**10. TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2025/26**

The Committee received the Executive Head of Finance's Report No. FIN2517, which set out the main activities of the Treasury Management and Non-Treasury Investment Operations during Quarter 2 of the 2024/25 financial year, and reported on compliance with Prudential Indicators. This was a statutory requirement under the CIPFA Code of Practice on Treasury Management.

The Committee were advised that all treasury activity had been conducted within the approved Treasury Management Practices (TMPs). Borrowing had started to move towards longer term rather than short term, to provide more interest rate stability on borrowing in line with the MTFS rate of 4.78%. The Committee noted that the Council had borrowed substantial sums of money and was therefore exposed to financial risks which included the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remained central to the authority's Treasury Management Strategy. The Committee were advised that the key risks to the Council's delivery of successful treasury and non-treasury investment options included inflation levels, the Bank of England base rate and delivery of the Capital Programme. The Committee were advised that borrowing under 12 months was at 14%, whereas it was 100% under 12 months at the same point in 2024. The Council were changing the way in which they borrowed to provide more certainty with interest rates, which was in line with the external auditors' request to reduce short term borrowing.

The Committee noted that there were some typos in the report, on:

- Page 63, Table 2 – the PWLB was £102.0m and Other was £7.0m;
- Page 64, Table 3A – the net movement total borrowing was £27m; and
- Page 71, Capital Financing Requirement table – 31.3.2026 forecast was 147.5.

**RESOLVED:** That the Executive Head of Finance's Report No. FIN2517, be noted.

The meeting closed at 8.33 pm.

CLLR BILL O'DONOVAN (CHAIR)

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