

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 23rd March, 2020 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr S.J. Masterson (Chairman)
Cllr L. Jeffers (Vice-Chairman)

Cllr J.B. Canty
Cllr M.S. Choudhary
Cllr A.K. Chowdhury
Cllr Christine Guinness
Cllr Prabesh KC
Cllr Jacqui Vosper

Apologies for absence were submitted on behalf of Cllr Veronica Graham-Green, Cllr A.J. Halstead and Cllr P.F. Rust.

36. MINUTES

The Minutes of the meeting held on 27th January, 2020 were approved and signed by the Chairman.

37. STATEMENT OF ACCOUNTS 2018/19 - UPDATE

The Committee received the Executive Head of Finance's Report No. FIN2011 which provided Members with audit progress for the Council's Statement of Accounts for 2018/19 since the last meeting on 27th January, 2020, and included a revised timetable for the completion of the audit and provision of the audit opinion.

The Executive Head of Finance explained that discussions with Ernst & Young (EY) had taken place to resolve all outstanding audit issues and that EY had largely been able to conclude their audit work and had issued the Council with a draft Audit Results Report. As this Report contained a number of adjustments to the accounts, these needed to be updated by officers and re-submitted to EY. EY would then need to undertake a review of the revised set of accounts and verify that all material changes had been made to the financial statements. Given this ongoing process and the likelihood of further minor delays due to the current Covid-19 situation, it was proposed that, in order to finalise the Statement of Accounts process and receive the external Auditor's Report, authority was delegated to the Chairman and to the Executive Head of Finance to approve formally and certify the audited Statement of Accounts and receive the External Auditor's Report from EY. Members would be provided with a copy of the final draft documents in advance to give them a limited opportunity to ask questions and seek clarification on matters identified in the report.

RESOLVED: That, subject to Members of the Committee being provided with a copy of the audited Statement of Accounts and the Audit Results Report in advance, the Chairman of the Committee and the Executive Head of Finance be authorised to approve formally and certify the audited Statement of Accounts 2018/19 and to receive the External Auditor's Report.

38. **ANNUAL AUDIT PLAN 2020/21**

The Committee considered the Audit Manager's Report No. AUD20/02 which set out the annual internal audit plan for 2020/21. The plan provided a framework for the use of audit resources to ensure they were focussed on activities that would enable the Audit Manager to provide an overall assurance of the internal control environment.

Members were advised of the methodology for compiling audit coverage, including the risk universe and risk criteria, as updated in January 2020 and as set out more fully in the Report. Heads of Service had been consulted on the risk areas which were high risk on the audit universe to ensure that these were appropriate to be reviewed within the financial year and to highlight any areas of concern within their services.

The Committee noted that the audit plan would include a review of key financial systems on a three-year rolling basis, adjusted for any significant system developments or identified weaknesses. Other areas of coverage were based on various risk factors developed by Internal Audit with input from Heads of Service.

The Report outlined the first six months' work, selected from the higher risk areas, and highlighted that these were subject to review due to the changing needs of the organisation or resource availability. It was acknowledged that the first review would also need to take account of the ongoing Covid-19 situation and its impact on expected deliverables. An update would be provided at the next meeting.

The Committee noted that there was currently a vacant full-time auditor post. Currently, the work of this post was being carried out by contract auditors.

RESOLVED: That the Internal Audit Plan for 2020/21, as set out in the Audit Manager's Report No. AUD20/02, to be monitored and updated on a rolling quarterly basis, be approved.

39. **ANNUAL GOVERNANCE STATEMENT - UPDATE**

The Committee considered the Audit Manager's Report No. AUD 20/03, which set out the work carried out since the previous update to the Committee in November 2019 towards the implementation of the actions defined within the Annual Governance Statement (AGS).

It was noted that the Accounts and Audit Regulations 2015 required the Council to prepare and publish an AGS in order to report publicly on the extent to which the Council complied with its Local Code of Corporate Governance, including how the

Council had monitored the effectiveness of arrangements in the year and on any planned changes to governance arrangements in the coming year.

The Committee was advised that, given the complex nature of some of the actions, particularly around the review of the Constitution and financial regulations, a number of deadlines had not been met, notwithstanding that progress had continued to be made on actions since the last update to the Committee in November 2019. The AGS for 2019/20 would be reported to the Committee at its meeting scheduled for May 2020 and would detail any actions from the 2018/19 AGS which were to be carried forward.

RESOLVED: That the progress towards the implementation of the actions detailed within the Council's Annual Governance Statement be noted.

40. **CONSTITUTION REVIEW**

The Committee considered the Head of Democracy, Strategy and Partnerships' Report No. DSP2002, which set out the draft updated Constitution in full for recommendation to the Council. It was noted that at its meeting on 27th January, 2020, the Committee had received an update on progress on the review and had considered and endorsed the draft updated Standing Orders for the Regulation of Business.

It was noted that the Council had a responsibility to monitor its Constitution and ensure it was kept up to date. To this effect, updates were made on a regular basis, with those made in 2018 reflecting changes to the governance structure and the last significant review carried out in 2013 had reflected the provisions contained in the Localism Act 2011, the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, and other general updates. However, since the Constitution was first prepared in 2001, no changes to the fundamental structure of the document had taken place and the review underway was to ensure that it reflected current working arrangements and supported the Council's aim to be a more agile and flexible organisation in the future through its transformation and modernisation programme. It was noted that the governance structure approved in 2018 had not been subject to this review.

The Committee was advised that a cross-party Constitution Review Group had met on a number of occasions during autumn/winter 2019 to consider key documents that formed part of the Constitution and the Group's comments and action notes were contained in Appendix 2 to the Report. It was noted that wider consultation had also been carried out with the Corporate Leadership Team, the Leader of the Council (in respect of matters relating to executive decision making) and with a representative from the Local Government Association with expertise on Council Constitutions.

The Committee considered the summary of proposed updates, as outlined in Appendix 1. Areas where significant updates were proposed, included:

- Part 3 – Scheme of Delegation for Executive Matters: revisions have been made to improve clarity around responsibilities for executive decision-making and to

enable increased opportunities for some quicker decision-making. It also includes governance arrangements for new bodies such as Rushmoor Development Partnership and Rushmoor Homes Ltd and clarifies the general powers of officers in the Corporate Leadership Team.

- Part 4 – Procedure Rules and Part 5 – Codes and Protocols: revisions have been made to ensure consistency with the rest of the Constitution, with the addition of a new Mayoral Protocol, new Guidance for Members using social media linked to the Code of Conduct for Councillors and the inclusion of the ICT Acceptable Use Policy.

In discussion, a Member raised his concern about the proposed additional text in paragraph 10 of Part 5 – Selection of the Mayor and Deputy Mayor. In particular, it was suggested that the proposal for the Chief Executive to seek views on the proposed candidates should not be supported because the selection process already ensured respect and support of Members and the amendment was too broad and open to abuse. It was also questioned whether the process would be transparent and suggested it should not be brought in until May 2022. Following discussion, the Committee voted to retain the change and not to delete it.

RESOLVED: That:

- (i) the draft Constitution incorporating the revisions summarised in Appendix 1 be endorsed for recommendation to the Council for implementation with effect from the Annual Council Meeting;
- (ii) the Head of Democracy, Strategy and Partnerships, in consultation with the Chairman of the Licensing, Audit and General Purposes Committee, be authorised to make further minor changes to the draft revised Constitution in advance of the report to the Council; and
- (iii) the Leader of the Council, in consultation with the Head of Democracy, Strategy and Partnerships, be authorised to make any further amendments to the Scheme of Delegation for Executive Matters required to finalise the document for Council.

The meeting closed at 8.00 pm.

CLLR S.J. MASTERSON (CHAIRMAN)
