

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 29th March, 2021 at 7.00 pm via Microsoft Teams and streamed live.

Voting Members

Cllr S.J. Masterson (Chairman)
Cllr Mara Makunura (Vice-Chairman)

Cllr Sophia Choudhary
Cllr A.K. Chowdhury
Cllr A.H. Crawford
Cllr Veronica Graham-Green
Cllr Christine Guinness
Cllr A.J. Halstead
Cllr L. Jeffers
Cllr Jacqui Vosper

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

28. MINUTES

The Minutes of the meeting held on 25th January 2021 were approved and would be signed by the Chairman at a later date.

29. COUNCILLORS' CODE OF CONDUCT - UPDATE

The Committee considered the Monitoring Officer's Report No. LEG2101 which set out a draft new Code of Conduct for Councillors following a period of public consultation. It was noted that a total of four responses had been received, not all of which were relevant to the proposed update to the Code and the comments received were set out in Appendix B to the Report.

It was noted that the consultation exercise had included a consultation page on the Council's website, a letter to 3,000 residents who had asked to be kept up-to-date on Council news and consultations. There had also been a social media campaign and the Monitoring Officer had also contacted a number of local and partner organisations asking for their views on the draft Code of Conduct.

The Committee reviewed the responses received to the consultation exercise. It was considered that the Code, as drafted, provided safeguards around each of the concerns received.

RESOLVED: That the Council be **RECOMMENDED TO APPROVE** the draft Code of Conduct for Councillors, as set out in the Monitoring Officer's Report No. LEG2101.

30. **BRING YOUR OWN DEVICE POLICY**

The Committee considered the Audit Manager's Report No. AUD2101, which set out the Council's Bring Your Own Device Policy, which had been developed to allow employees, Members and contractors to access Council emails, contacts and calendar using their own mobile devices.

The Head of IT, Facilities and Projects advised the Committee that the Policy referred to any person wishing to use a device owned by someone other than the Council in order to access Council data. The Council was able to provide access to Outlook email, contacts and calendar through a secure application on such a device. The Committee noted that user responsibilities were defined within the Policy and included:

- Users are responsible for the safekeeping of their own personal data and ensuring that it was backed up
- Any sensitive information should not be emailed via the user's mobile device, as it would not be secure. A Council-owned and managed laptop or PC should be used.
- Users must ensure that their device is compliant with the system requirements and that security software was kept up-to-date.

It was also explained that user responsibilities set out in the Policy had been developed in conjunction with IT, Legal Services and Internal Audit and was compliant with cyber security standards. The Policy would be kept under review annually.

RESOLVED: That the Bring Your Own Device Policy, as set out in the Audit Manager's Report No. AUD2101, be approved for adoption.

31. **STATEMENT OF ACCOUNTS 2019/20 - UPDATE 2**

The Committee received the Executive Head of Finance's Report No. FIN2107, which advised Members of the audit progress for the Council's Statement of Accounts for 2019/20 and the provision of the audit opinion since the previous meeting on 25th January 2021. The Committee was reminded that the deadline for issuing a final set out audit statements of accounts and audit opinion of 30th November 2020 had not been met.

The Chairman welcomed Maria Grindley from Ernst & Young (EY) to the meeting who was in attendance to provide an update on the work of EY on the current audit.

The Report advised Members that, owing to the impact of Covid-19, the deadlines for the completion and publication of the 2019/20 accounts had been relaxed in recognition of the possible disruption to relevant authorities caused by the coronavirus pandemic. The Report set out the current deadlines, as set out in Accounts and Audit Regulations 2015 and the revised deadlines, as set out in the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

The Report set out the background to the current position. It was noted that 265 public bodies had not received an auditor opinion by 30th November 2020 and that, according to data from Public Sector Audit Appointments, the number of public bodies that had not received their audit opinion by mid-March was 147.

The Executive Head of Finance reported to the Committee on the current status of the audit and advised that a meeting had been held with EY the previous week to work through some of the issues raised by EY. It was anticipated that the information required by EY would be available by the middle of April to give EY time to work through any queries and raise these with the Council. It was, therefore anticipated that the audited Statement of Accounts and the Audit Results Report would be available to be considered by the Committee at the meeting in May 2021.

The Report informed the Committee that deadlines for the completion and publication of the 2020/21 and 2021/22 accounts had been amended as part of the Government's response to the recommendations of the independent Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities. It was noted that the new regulations, which would come into force on 31st March 2021 would amend the draft and final accounts publication deadlines for relevant bodies from 1st June and 31st July to 1st August and 30th September for the next two accounting years and the position would be reviewed.

The Committee was advised that the Council had amended its 2020/21 accounts closure process to meet the revised Accounts and Audit Regulation 2021 timetable. It was felt that the timetable would be challenging as a result of continuing Covid-19 pressures. In addition, the delay in concluding the 2019/20 audit would mean that the opening balance for 2020/21 would be fluid and that working on two audit years at the same time and having to revisit opening balances would increase the workload for the Council and could potentially further delay the audit process for 2020/21.

RESOLVED: That the Executive Head of Finance's Report No. FIN2107, including the updated process and timetable for approval of the 2019/20 Statement of Accounts and receiving the Audit Opinion, be noted.

32. **AUDIT PLAN 2021/22**

The Committee considered the Audit Manager's Report No. AUD2102, which set out the Audit Plan for 2021/22. The annual Audit Plan provided a framework for the use of audit resources to enable the Audit Manager to provide the Authority with an overall assurance of the internal control environment.

The Report set out the methodology used for compiling audit coverage, including the updating of the risk universe to show auditable areas as at January 2021 and this would be reviewed as appropriate. The risk criteria had been developed to ensure all relevant areas had been considered in determining the level of risk exposure within an auditable area. The Corporate Risk Register and the details within the Annual Governance Statement were also taken into account when reviewing the risk

universe and developing the Audit Plan. The Report set out a timetable for communication on and monitoring of the Plan.

The Report stated that there was currently a vacant full-time auditor post and that the work of this post would be carried out by contract auditors in 2021/22.

The first six months' work of the 2021/22 Audit Plan was set out in Appendix A to the Report. This work had been selected from the higher risk areas. However, it was noted that this list was fluid and could be responsive to the changing environments faced by the Council or resource availability. An update would be provided at the Committee's meeting in July 2021.

RESOLVED: That the Annual Audit Plan, as set out in the Audit Manager's Report No. AUD2102, be approved to be monitored and updated on a rolling quarterly basis.

33. ANNUAL GOVERNANCE STATEMENT - ACTION PLAN UPDATE

The Committee received the Audit Manager's Report No. AUD2103 which gave details of the work carried out towards the implementation of the actions defined in the Annual Governance Statement, which had been presented to the Committee in July 2020.

RESOLVED: That the Audit Manager's Report No. AUD2103 be noted.

34. FUTURE ARRANGEMENTS FOR THE LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

The Committee considered the Joint Report of the Head of Democracy and Community and the Monitoring Officer (Report No. DC2109), which proposed changes to ensure the future effectiveness of the Committee, with a strong focus on its corporate governance role providing oversight, protection and public confidence in Council activities.

In introducing the Report, the Monitoring Officer explained that the Council, along with many other authorities within the sector, had been diversifying its range of activities to both mitigate the risk of financial restructuring as a result of Central Government funding changes, and to facilitate the Council to take a much stronger role in place shaping and to influence the regeneration of the area. In order to deliver against this more diversified agenda, the Council had sought to establish key delivery vehicles such as the Rushmoor Development Partnership to pursue regeneration and Rushmoor Homes Ltd to deliver local housing solutions. The Council had also sought to become more commercially focused in seeking out income generating sources and had considered a wide range of commercial income investment opportunities. All of these areas of activity required good governance, careful oversight and risk management, supported with transparent arrangements to provide the public oversight, protection and confidence necessary. It was felt that high quality Elected Member oversight was a pivotal lynchpin to providing that public confidence.

The Report advised that the Council was keen to build on lessons learned by high profile local authority failures, especially in respect of the role of corporate governance, use of expertise and independence and the approach to risk management and transparent decision making.

The Report set out proposals to implement arrangements for the Licensing, Audit and General Purposes Committee to help ensure and support the Committee's effectiveness in the future. The proposed arrangements were:

- **Committee Name** – It was proposed to change of the Committee's name to 'Corporate Governance, Audit and Standards Committee', which was a more accurate reflection of the Committee's work and focus. This would take effect from the first meeting of the new Municipal Year in May 2021.
- **Terms of Reference and Statement of Purpose** - It was proposed to add a new Statement of Purpose as an introduction to the Committee's terms of reference to bring greater focus to the corporate governance and audit role. This was set out in Appendix 1 to the Report.
- **Membership** – It was proposed to continue the membership of the Committee as 11 Members (non-executive and politically balanced) with a new provision to appoint up to three additional non-voting, co-opted Independent Members. These Independent Members would be invited to join meetings for discussion on all corporate governance and audit matters.
- **Independent Members** – It was proposed to follow good practice, which showed that for committees with audit responsibilities, the co-option of independent members with technical knowledge and expertise could be beneficial, helping with the process of in-depth questioning and committee discussion. A copy of the Person Specification for Independent Members was set out in Appendix 3 to the Report.

A public advertisement to recruit Independent Members would be published during April 2021 with a view to recommending an appointment for confirmation at the Annual Council Meeting in 2021.

It was proposed that the following terms would apply to the appointment of Independent Members:

- A fixed term of three years, with provision for early termination or extension of the appointment
- The Independent Member would be eligible to be paid an allowance equal to the statutory co-optee allowance (currently £514 per year)
- The Independent Member would be expected to follow the same code of conduct as Elected Members and with the register of interests.

The Committee was advised that role descriptions had been prepared for the Chairman and Members of the Committee, as set out in Appendix 2 to the Report. It was noted that the role descriptions referenced the apolitical and independent nature of the Committee and a requirement for Committee members to have an interest in

corporate governance matters. It also emphasised a commitment to participate in training events to ensure knowledge and understanding of the Committee's key areas of responsibility. Members noted that the updated role descriptions would be incorporated in Part 3 of the Council's Constitution (Section 10 – Councillor Role Descriptions).

It was advised that, during 2021/22 it was proposed to deliver an enhanced programme of learning and development support for Members on the Committee, based on the training modules set out in Appendix 4 to the Report.

It was proposed to review the new arrangements in a year when the Committee would have had some experience of the changes. In these circumstances, it was not intended to recommend that Standing Orders for the Regulation of Business be changed but to ask full Council to suspend Standing Orders at the Annual Council Meeting so that the new arrangements could be introduced for 2021/22. Once the review had been undertaken, the proposed changes to Standing Orders could be formalised in the early part of 2022.

During discussion, Members agreed that changes were needed due to the growing complexity of matters dealt with by the Committee and it was felt that the proposals were a good way forward. The view was expressed that, in view of the onerous duties to be imposed on Members of the Committee, including in-depth training to be undertaken and the level of ability required, that a special responsibility allowance should be given to Members of the Committee. Following consideration of the suggestion, it was agreed by the Committee that the Council should also be recommended to appoint an Independent Remuneration Panel to examine whether a Special Responsibility Allowance should be paid to Members of the Committee.

During further discussion, Members raised questions regarding the apolitical and independent nature of the Committee particularly in relation to corporate governance matters and how this might not always be possible. It was also requested that Members of the Committee should have access to a list of financial management terminology and their meanings.

In response to a question regarding training, it was explained that undertaking the training programme would ensure that Members were confident that they could not only take an independent view on the advice of professional officers but also could challenge, question and really get to grips with the information submitted for consideration and in so doing be satisfied that they were happy with the information provided.

RESOLVED:

- (1) **That the COUNCIL BE RECOMMENDED to approve**
 - (a) the Committee's name change to 'Corporate Governance, Audit and Standards Committee' from the Annual Council Meeting in May 2021;
 - (b) updates to the Council's Constitution to incorporate a new Statement of Purpose to precede the Committee's terms of reference, as set out in

Appendix 1 to the Report; and the updated Role Descriptions, as set out in Appendices 2 and 3;

- (c) the suspension of Standing Orders for the Regulation of Business at the Annual Council Meeting to enable the proposals set out in the Report to be implemented for 2021/22; and
- (d) the appointment of an Independent Remuneration Panel to assess the duties of the Members and Chairman of the new Committee and make recommendations regarding a Special Responsibility Allowance; and

(2) **RESOLVED:** That

- (a) arrangements to recruit Independent Member(s) be based on the approach and terms set out in paragraphs 3.7 and 3.8 of the Report be agreed; and
- (b) the implementation of a Members' training programme for the Committee in 2021/22, based on the modules set out in Appendix 4 to the Report, be approved.

35. **EXTENSION OF TERM OF OFFICE FOR DESIGNATED INDEPENDENT PERSON**

The Committee considered the Joint Report of the Head of Democracy and Community and the Monitoring Officer (Report No. DC2110), which recommended a two-year extension to the term of office for the Council's Designated Independent Person, Mrs Mary Harris. It was explained that this was a role which was required under the Localism Act 2011 to assist the Council in promoting and maintaining high standards of conduct amongst its elected Members.

The Report set out role description and statutory functions of the Designated Independent Person. It was noted that there was no payment for this role, however, a small annual retainer allowance was paid, which was the same amount allowed for a co-opted committee member (currently £514 per annum).

The Committee was advised that it was open to the Council to carry out a fresh recruitment process or to make an extension to Mrs Mary Harris' term of office. It was noted that, since her appointment, Mrs Harris had attended training, attended regular update meetings with the Monitoring Officer, carried out her role diligently and had gained experience from which the Council could benefit for a further period. There had been very few Member conduct related complaints and the call on the Designated Independent Person has been minimal.

The Report set out details about Mrs Harris, including her qualifications, work experience and voluntary experience and it was proposed that the Committee should recommend to the Council to extend the term off office of Mrs Mary Harris for two years until the end of the 2022/23 Municipal Year.

RESOLVED: That **the Committee RECOMMEND TO THE COUNCIL** that the term of office of Mrs Mary Harris, as the Council's Designated Independent Person, be extended for two years until end of 2022/23 Municipal Year.

The meeting closed at 8.20 pm.

CLLR S.J. MASTERSON (CHAIRMAN)
