

# CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Thursday, 26th May, 2022 at the Council Offices, Farnborough at 7.30 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 Sarah Spall  
Cllr Nem Thapa  
Cllr S. Trussler  
Cllr Jacqui Vosper

## **1. MINUTES**

The Minutes of the Meeting held on 28th March 2022 were agreed and signed as a correct record of the proceedings.

## **2. CLLR SUE CARTER - CHAIRMAN 2021-22**

The Chairman wanted to place on record his thanks to the previous Chairman of the Committee – Cllr Sue Carter – for all her work in guiding the Committee during the 2021/22 Municipal Year.

## **3. INTERNAL AUDIT OPINION 2021/22**

The Committee considered the Audit Manager's Report No. AUD2207, which set out the Internal Audit coverage, findings and performance for the 2021/22 municipal year and presented the Audit Manager's overall assurance opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control (GRC) environment. The Report also covered the self-assessment carried out against the Public Sector Internal Audit Standards (PSIAS) and the progress on the Quality and Assurance Improvement Plan (QAIP) for the year.

The Committee was advised that, in accordance with the Accounts and Audit (England) Regulations 2015, the Audit Manager was required to report on an annual basis on the overall adequacy and effectiveness of the Council's framework of GRC. Appendix A to the Report set out Annual Report and Audit Opinion.

It was noted that the Audit Manager was also required to carry out a self-assessment on the Internal Audit activities conformance with the PSIAS and report on this to the Committee and this information was set out in Appendix 2 to the Annual Report and Audit Opinion.

The Report set out details of the areas of assurance obtained in order to form the Audit Opinion. In assessing the level of assurance to be given for 2021/22 the opinion was based on:

- written reports on all Internal Audit work completed during the course of the year (assurance and consultancy);
- results of any follow up exercises undertaken in respect of previous years' Internal Audit work;
- the results of work of other review bodies where appropriate (eg Public Sector Network certification);
- the quality and performance of the Internal Audit service and the extent of compliance with the PSIAS;
- participation on the Corporate Governance Group; and
- mitigations in place to minimise the risks identified within the Corporate Risk Register.

In the opinion of the Internal Auditor, sufficient assurance work had been completed within the year to enable an overall Audit Opinion of 'reasonable' to be provided on the Council's GRC framework. Where weaknesses had been identified through Internal Audit review, the Internal Auditor had worked with management to agree appropriate corrective actions and a timescale for improvement.

The Report identified the following reasons key areas of non-compliance for the PSIAS:

- **An external assessment carried out on the Audit activity** – This was due to have been carried out every five years. Previously, this had not been done on the basis of cost/benefit due to the size of the function. However, this would be reviewed in 2022/23.
- **Structure of Internal Audit function** – The position of Internal Audit in the Council needed to be reviewed to assist with the improvement of its effectiveness in assisting senior management with the GRC framework. A strategy paper had been produced on the subject.
- **Up-to-date Audit policies and procedures** – These had not been updated in 2020/21 due to other higher priority work and Covid-19. These would be reviewed in 2022/23.

- **Regular meetings with External Audit** – Regular meetings had not been carried out with External Audit. This would be reviewed in 2022/23.
- **An assurance map in place** – A recent assurance map had not been developed to identify all the areas of assurance which could be/were obtained, including third parties. This would be addressed in 2022/23.

It was noted that all items had been included as actions within the QAIP, as set out in Appendix 3 to the Annual Report and Audit Opinion.

Members raised questions concerning staffing resources and the impact of working from home on workloads.

**RESOLVED:** That

- (i) the coverage of assurance obtained across the Council, as set out in the Audit Manager's Report No. AUD2207, be noted;
- (ii) the level of GRC assessment in 2021/22 through opinion-based audit assurance work be noted;
- (iii) the Audit Opinion given for 2021/22 be noted;
- (iv) the Performance Indicators for the Internal Audit activity for 2022/23 be endorsed;
- (v) the self-assessment exercise against the PSIAS and the areas of non-conformance with them, as set out in Appendix 2, be noted; and
- (vi) the QAIP for 2021/22, as set out in Appendix 3, detailing areas of improvement to reduce the areas where the audit activity did not conform to the PSIAS, be endorsed.

#### 4. **ANNUAL GOVERNANCE STATEMENT 2021/22**

The Committee considered the Audit Manager's Report No. AUD2208, which set out the Annual Governance Statement 2021/22 for review and approval.

It was noted that, in July 2017, the Council had adopted a revised Code of Corporate Governance which had been prepared with the CIPFA/SOLACE framework document 'Delivering Good Governance in Local Governance Framework (2016 Edition)'. The Committee was also advised that Regulation 6(1) of the Accounts and Audit Regulations 2015 provided that each financial year the Council had to (a) conduct a review of the effectiveness of the system of internal control and (b) prepare an Annual Governance Statement. The Annual Governance Statement should be reviewed and approved by the Committee prior to being signed by the Chief Executive and the Leader of the Council. The Statement would then be published alongside the Council's Statement of Accounts, showing the extent to which the Council complied with its Code of Corporate Governance.

The Report set out the methodology used for compiling the Annual Governance Statement and the requirements of the Committee in ensuring a meaningful review of the Statement to ensure that it was satisfied that the Statement (as set out in Appendix A to the Report) properly reflected the risk environment and any actions required to improve it and demonstrated how governance supported the achievement of the Council's objectives. The Council was responsible for ensuring its business was conducted in accordance with the law and proper standards and that public money was safeguarded, properly accounted for and used economically, efficiently and effectively. The Council was responsible for putting in place proper arrangements for the governance of its affairs, which included arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

During discussion, it was suggested that it would be helpful to have a 'red-amber-green' status against the outstanding governance actions.

**RESOLVED:** That the Annual Governance Statement 2021/22 be approved for signature by the Chief Executive and the Leader of the Council to be published alongside the Statement of Accounts.

## 5. **INTERNAL AUDIT UPDATE**

The Committee received the Audit Manager's Report No. AUD2209 which set out: an overview of the work carried out by Internal Audit in Quarters 3 and 4 2021/22 to date; an update on progress towards completing the Audit Plan for 2021/22; a schedule of work expected to be delivered in Quarter 1 2022/23; and, an update on the outstanding audit issues from Internal Audit reports covering 2019/20 and 2020/21, focusing on the high-risk issues.

During discussion, the Committee requested that the work that had been undertaken in improving Audit reporting to the Committee should be noted. Clarification was also sought on some long outstanding Audit issues.

**RESOLVED:** That the Audit Manager's Report No. AUD2209 be noted.

## 6. **APPOINTMENTS**

### (1) **Outside Bodies –**

**RESOLVED:** That the appointment of representatives to outside bodies for the 2022/23 Municipal Year, as set out in the attached Appendix, be approved.

### (2) **Appointments and Appeals Panels –**

**RESOLVED:** That the Head of Democracy and Community be authorised to make appointments to the Appointments and Appeals Panels in accordance with the membership criteria set out in the Officer Employment Procedure Rules in the Constitution.

(3) **Licensing Sub-Committee –**

**RESOLVED:** That the following Members be appointed to serve on the Licensing Sub-Committee for the 2022/23 Municipal Year (three Conservative representatives; two Labour representatives):

Conservative Group: Cllrs P.J. Cullum, S. Trussler and Jacqui Vosper

Labour Group: Cllrs Keith Dibble and Christine Guinness.

(4) **Licensing Sub-Committee (Alcohol and Entertainments) –**

**RESOLVED:** That the Head of Democracy and Community be authorised to make appointments from the membership of the Corporate Governance, Audit and Standards Committee in accordance with the procedure agreed by the Committee at its meeting on 21st May 2009 and detailed in the Licensing Sub-Committee (Alcohol and Entertainments) Hearings Protocol and Procedure.

(5) **Licensing Sub-Committee (Taxis) –**

**RESOLVED:** That the Head of Democracy and Community be authorised to make appointments from the membership of the Corporate Governance, Audit and Standards Committee, in accordance with the procedure agreed by the Committee at its meeting on 27th June 2021 and detailed in the Licensing Sub-Committee (Taxis) Hearings Protocol and Procedure.

(6) **Review of Mayoral Selection Criteria –**

**RESOLVED:** That the following Members be appointed to support work to review the Mayoral Selection Criteria, planned to take place during 2022/23:

Cllr M.S. Choudhary

Cllr P.J. Cullum

Cllr A. Gani

Cllr Christine Guinness

Cllr Jacqui Vosper

(7) **Constitution Working Group –**

**RESOLVED:** That the following Members be appointed to serve on the Constitution Working Group for the 2022/23 Municipal Year (six Members):

- Cabinet Member (Cllr Sue Carter)
- the Chairman of the Corporate Governance, Audit and Standards Committee (Cllr P.J. Cullum)
- two representatives of the Conservative Group (Cllrs Mara Makunura (in place of a 2nd Cabinet Member representative) and S. Trussler)
- two representatives of Labour Group (Cllrs Christine Guinness and Sarah Spall).

The meeting closed at 9.44 pm.

CLLR P.J. CULLUM (CHAIRMAN)

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