

**AUDIT AND GOVERNANCE COMMITTEE****28 July 2020**

Attendance:

Councillors  
Power (Chairperson)Bronk  
Becker  
Craske  
GemmellGodfrey  
Mather  
WilliamsOthers in attendance who addressed the meeting:

Councillor Cutler (Deputy Leader and Cabinet Member for Finance and Risk)

Others in attendance who did not address the meeting:

Councillors Clear and Horrill

Audio recording of the meeting

A full audio recording of this meeting is available via this link:

[Full audio recording](#)

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**1. APOLOGIES**

No apologies were received

**2. DISCLOSURE OF INTERESTS**

Councillor Craske declared a personal and prejudicial, but non pecuniary interest with regards to his employment with KPMG, who provided audit services to the Council. He stated that should the matter of audit be raised he would withdraw from the meeting. This matter did not arise and Councillor Craske fully participated in the meeting.

**3. CHAIRPERSON'S ANNOUNCEMENTS**

The Chairperson informed the meeting that training on risk management would be held jointly with members of Cabinet in September or October 2020 and that this would include how both risk and project assessments could be considered in relation to the delivery of past projects against expectations. A date will be confirmed in due course.

**4. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2020 2021**

The officers answered questions on the reporting of internal audit matters to the committee. Following debate, it was agreed that the work programme also include an additional item to plan for the consideration of the Internal Audit Work Programme.

RESOLVED:

That subject to the further inclusion of an item to plan for the consideration of the Internal Audit Work Programme, the Audit and Governance Work Programme for 2020/21 be noted.

5. **MINUTES OF THE PREVIOUS MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 5 MARCH 2020**

RESOLVED:

That the minutes of the previous meeting held on 5 March 2020 be approved and adopted.

6. **GOVERNANCE QUARTERLY UPDATE QUARTER 4 2019/20 AND QUARTER 1 2020/21 AG028**

Members raised questions or commented regarding the following:

- The delay in the reporting of the Annual Partnership Performance Report. Following debate, it was agreed that rather than roll this action forward, a point in time should be taken to conclude the action. The Senior Policy and Transformation Manager commented that this action could be completed by the end of August 2020.
- If lessons could be learnt to shorten the timescale for the handling of Code of Conduct complaints as referred to on page 41 of the report. It was agreed that The Strategic Director (Services) liaise with the Monitoring Officer regarding how this could be reported to a future meeting referencing, in general terms, whether there were similar themes to complaints and whether lessons could therefore be learnt. Also to understand how procedures under the new constitution have changed to result in the resolution of complaints not being delayed unnecessarily.
- The actions relating to the corporate document retention and disposal schedule, which had been revised to October 2020 for implementation.

RESOLVED:

That the content of the Report and the progress against the Internal Audit management actions be noted and that:

1. That the action on the Annual Partnership Performance Report be concluded at a fixed point in time.

2. That the Strategic Director (Services) liaise with the Monitoring Officer over the submission of a report to a future meeting on Code of Conduct complaint cases as outlined above

7. **ANNUAL INTERNAL AUDIT REPORT AND OPINION 2019/20 AG031**

Beverly Davies, from the Southern Internal Audit Practice was present at the virtual meeting and introduced the Report.

RESOLVED:

That the Chief Internal Auditor's annual report and opinion for 2019/20 attached as Appendix 1 be noted.

8. **ANNUAL GOVERNANCE STATEMENT AG030**

The Corporate Head of Resources introduced the Report.

Members raised questions or commented regarding the methods of assurance relating to Equality Impact Assessments and their publication on the Council's website. It was noted that an outcome was expected on this in September 2020.

A committee member stated that he had submitted in writing to the Strategic Director (Services) five suggested amendments to the Annual Governance Statement (AGS). These had been agreed by The Corporate Head (Resources) for inclusion in a revised copy of the AGS to be published alongside the draft financial statements at the end of August 2020.

RESOLVED:

1. That subject to the inclusion of the suggested amendments, the Annual Governance Statement for 2019/20 as set out in Appendix 1 for inclusion in the Annual Financial Report 2019/20 be approved.

2. That the issues arising and proposed actions identified in Appendix 1 be noted and that progress against the actions be brought back to the Audit and Governance Committee, with further considerations of the impact of COVID-19 in six months time.

9. **ANNUAL FINANCIAL REPORT 2019/20 AG033**

The Corporate Head of Resources introduced the Report.

In answer the Members' questions, the officers gave explanations on the following:

- The timetable for the signing off the Annual Financial Report;
- Page 98 of the report and the relationship between Operational Reserves and Restricted Reserves, particularly in respect of the spending of

Community Infrastructure Levy (CIL) reserves. It was noted that a report would be submitted to Cabinet in September 2020 on making the best use of CIL through a community scheme.

- The relationship between internal financial reporting of performance against budgets and the statutory accounts.

At the invitation of the Chairperson, Cllr Cutler added that there would be an assessment of the capital programme (referred to in pages 102 and 103 of the report) to take into account the effect of Covid-19.

RESOLVED:

1. That the Statement of Accounts 2019/20 as set out in Appendix 1 be noted.
2. That the questions regarding the Draft Statement of Accounts 2019/20 made at the meeting be noted.

10. **TREASURY MANAGEMENT OUTTURN 2019/20 AG029**

Mr Sarfas, Principal Accountant in the Investments and Borrowing Team, and Andrew Boutflower, Deputy Investment and Borrowing Manager, from Hampshire County Council were present at the virtual meeting and introduced the Report.

In answer the Members' questions, the officers gave explanations on the following:

- The operation of the Public Works Loan Board and the opportunities for local authorities to raise finance through local authority bonds.
- The monitoring of pooled funds, such as property funds, and issues that might arise regarding their possible redemption.

It was noted that there would be a further update on Treasury Management in the autumn of 2020.

RESOLVED:

1. That the Annual Treasury Outturn Report 2019/20 be noted.
2. That it be noted that on 16 June 2020, the total money market funds limit of 50% was passively breached and note the mitigating actions agreed to prevent this occurring again in paragraphs 22.6 to 22.8.

The meeting commenced at 6.00 pm and concluded at 7.35 pm

Chairperson