

AUDIT AND GOVERNANCE COMMITTEE**Thursday, 22 July 2021**

Attendance:

Councillors
Power (Chairperson)Becker
Craske
GodfreylLaming
MillerOthers in attendance who addressed the meeting:

Councillor Cutler (Cabinet Member for Finance and Service Quality)

Apologies for Absence:

Councillors Bentote and Gemmell

[Full audio and video recording](#)

1. DISCLOSURE OF INTERESTS

Councillor Craske declared a personal (but not prejudicial) interest with regards to his employment with KPMG, who provided audit services to the Council.

2. CHAIRPERSON'S ANNOUNCEMENTS

Councillor Power announced that a meeting between herself, the Strategic Director: Resources and Councillor Godfrey had been arranged to consider how best to take forward the review of non-operational assets.

3. COMMITTEE WORK PROGRAMME 2021/2022

The Strategic Director provided an update with regard to the request made at the previous meeting that a human resources update be considered at a meeting prior to the one that would consider the Pay Policy. It was explained that as there would be no significant return of staff to the offices prior to September it was more appropriate if the human resources update was submitted to the November meeting alongside the Pay Policy.

The Corporate Head of Finance advised that because of the delay to the scheduled external audit, the Audit Results Report and Annual Financial report, both scheduled for the September meeting would be delayed until 11

November 2021. Noting the likely agenda items already scheduled for November and March meetings, it was agreed that the possibility of rescheduling the September meeting to an alternative date in December be examined.

4. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED:

That the minutes of the previous meeting of the Audit and Governance Committee held 9 June 2021 be approved and adopted.

5. **PUBLIC PARTICIPATION**

No members of the public had registered to speak.

6. **EXTERNAL AUDIT PLAN 2020/21 (AG059)**

Kevin Suter and James Stuttaford from the council's external auditors, Ernst & Young LLP (EY) were present at the meeting and introduced the report. They explained the reasons for the delay in undertaking the external audit and the new areas of risk that would be focussed on.

Mr Suter and Mr Stuttaford responded to Members' questions regarding the new areas of audit activity and the overall proposed increase in fees. The Corporate Head of Finance confirmed that a letter had been sent to the Public Sector Audit Appointments (PSAA) expressing the Council's disappointment about the proposed fee increase but no response had been received to date.

Members' agreed that because of the uncertainties, the proposed report resolution be amended as set out below to agree the scale fee for 2020/21 as opposed to the indicative annual audit fee.

RESOLVED:

1. That the external auditors Audit Strategy for 2020/21 be noted.

2. That the scale annual audit fee 2020/21 be approved as set out in the report.

7. **ANNUAL GOVERNANCE STATEMENT (AG056)**

The Senior Policy and Programme Manager introduced the report and advised that a document highlighting the differences between this year's statement and the previous year's had been circulated to Committee Members prior to the meeting.

The Senior Policy and Programme Manager, the Corporate Head of Finance and the Strategic Director responded to Members' questions regarding the

report. The Strategic Director agreed to provide a response outside of the meeting regarding how a member of the public could challenge a decision for a particular report to be designated exempt.

RESOLVED:

1. That the Audit and Governance Committee approves the Annual Governance Statement for 2020/21 as set out in Appendix 1 for inclusion in the Draft Annual Financial Report 2020/21 which is presented elsewhere on the agenda.

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 as appendix to the quarterly governance monitoring report.

8. **GOVERNANCE QUARTERLY UPDATE - Q1 2021/22 (AG054)**

The Senior Policy and Programme Manager introduced the report and advised that Members were being asked to review the Corporate Risk Register and indicate whether any in depth review of items was required.

Antony Harvey from the Southern Internal Audit Practice (SIAP) was present at the meeting and provided a brief update regarding the internal audit progress report (contained as appendix 2 to AG54).

The Senior Policy and Programme Manager, the Corporate Head of Finance and the Strategic Director: Services responded to Members' questions on the report.

Following a review of the Corporate Risk Register (as contained as appendix 4 to the report), the following points were agreed for further action:

- a) Risk CR003 – the list of current controls be expanded to include consultation with ward and parish councillors (on matters within their ward or parish);
- b) Risk CR003 – the substantial risks with regard to major projects should be recognised and addressed separately;
- c) Risk CR010 – the mitigation for events caused by climate change should be recognised as a separate risk.

RESOLVED:

1. That the content of the report and the progress against the internal audit management actions be noted.

That the Corporate Risk Register be updated to take into account the actions set out in the preamble above and be agreed by the Deputy Leader and Cabinet Member for Finance and Service Quality (in consultation with the Chairperson and Councillor Godfrey, where appropriate) and be brought back to the November meeting of the Committee.

9. **TREASURY MANAGEMENT OUTTURN 2020/21 (AG057)**

Gemma Farley, Principal Accountant in the Pensions, Investments & Borrowing at Hampshire County Council was present at the meeting and introduced the report and responded to Members' questions.

RESOLVED:

That the Annual Treasury Outturn Report 2020/21 be noted.

10. **LOCAL CODE OF CORPORATE GOVERNANCE 2021 (AG055)**

The Senior Policy and Programme Manager introduced the report and advised that a document highlighting the differences between this year's report and the previous year's had been circulated to Committee Members prior to the meeting. However, he emphasised that there had been no change in the CIPFA or SOLACE framework since last year's report and consequentially the Code for 2021 was largely unchanged.

RESOLVED:

That the Local Code of Corporate Governance 2021 be approved, as set out in Appendix 1 of the report.

11. **DRAFT ANNUAL FINANCIAL REPORT 2020/21 (AG058)**

The Corporate Head of Finance responded to Members' questions on the report and in particular, the changed formatting which was generally welcomed as improving its readability.

The Committee congratulated the Corporate Head of Finance and team for producing the draft Statement of Accounts in a timely manner despite the challenges faced over the previous year due to the Covid pandemic.

RESOLVED:

That the report in respect of the council's Draft Statement of Accounts for 2020/21 be noted.

The meeting commenced at 6.30 pm and concluded at 8.05 pm

Chairperson