

**AUDIT AND GOVERNANCE COMMITTEE****Tuesday, 8 March 2022**

Attendance:

Councillors  
Power (Chairperson)Bentote  
Becker  
CraskeGemmell  
GodfreyOthers in attendance who addressed the meeting:

Councillors Horrill and Cutler (Cabinet Member for Finance and Service Quality)

Apologies for absence:

Councillors Laming and Miller

[Audio and video recording of the meeting](#)

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**1. APOLOGIES AND DEPUTY MEMBERS**

Apologies were noted as above. There were no deputy members in attendance.

**2. 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.

**3. CHAIRPERSON'S ANNOUNCEMENTS**

Councillor Power announced that she would be attending a South East Regional Forum of Audit Committee chairs.

**4. MINUTES OF THE PREVIOUS MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 16 DECEMBER 2021**

RESOLVED:

That the minutes of the previous meeting of the Audit and Governance Committee held 16 December 2021 be approved and adopted.

5. **PUBLIC PARTICIPATION**

No members of the public had registered to speak.

6. **AUDITOR'S ANNUAL REPORT 2020/21 (AG70)**

Kevin Suter and James Stuttaford from the council's external auditors, Ernst & Young LLP (EY) were present at the meeting and introduced the report. Mr Suter explained that there was no new information since the Audit Results Report was presented to the Committee on 11 November 2021 (report AG64 refers).

Mr Suter and Mr Stuttaford responded to members' questions regarding potential risks relating to valuation of property assets.

In response to members' questions, the Strategic Director and Section 151 Officer confirmed that work on the Council's Asset Management Strategy was progressing and the informal meeting between committee members and the Corporate Head of Asset Management would be arranged shortly.

RESOLVED:

That the Annual Audit Letter 2020/21 be accepted.

7. **INTERNAL AUDIT PLAN 2022/23 - 2024/25 (AG74)**

Antony Harvey from the Southern Internal Audit Practice (SIAP) was present at the meeting and introduced the report.

Mr Harvey responded to members' questions including confirming sufficient resources would be allocated to perform the audits planned and the approach to audits within the rapidly changing field of IT.

RESOLVED:

That the Internal Audit Plan for 2022-23 be approved as attached as appendix A to the report.

8. **INTERNAL AUDIT CHARTER 2022/23 (AG75)**

Antony Harvey from the Southern Internal Audit Practice (SIAP) was present at the meeting and introduced the report confirming that the Charter was unchanged since 2018/19 because standards had not changed and it was still fit for purpose.

RESOLVED:

That the Internal Audit Charter 2022-23 be approved as attached as Appendix A to the report.

9. **PLANNING FOR AND THE AUDIT OF THE 2021/22 ACCOUNTS (AG71)**

The Strategic Director and Section 151 officer introduced the report and advised there were no significant changes to previous reports. The council's external auditors had indicated that they would again be unlikely to have completed their audit in time to meet the target publication date for the audited financial statements this year.

The Strategic Director responded to members' questions and confirmed that as there were no significant new areas for the auditors to examine it was expected the fees would remain at a similar level to the current year.

RESOLVED:

That the report in respect of the council's Statement of Accounts for 2021/22 be noted.

10. **GOVERNANCE QUARTERLY UPDATE Q3 2021/22 (AG68)**

The Strategic Director and Monitoring Officer introduced the report and confirmed that eight actions that were reported as overdue at the last meeting of the committee in December have now been completed and an audit by Homes England had been undertaken.

The Strategic Director responded to members' questions regarding declarations of gifts and hospitality by officers and the improvements in the time taken to deal with complaints was welcomed.

The Strategic Director and Section 151 officer and the Service Lead – Corporate Support responded to members' questions regarding disabled facilities grants.

RESOLVED:

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

2. That the outcome of the Homes England audit and the successful completion of the Valley new build scheme be noted

11. **LOCAL CODE OF GOVERNANCE 2022 (AG69)**

The Strategic Director and Monitoring Officer introduced the report and advised that the Annual Governance Statement would be submitted to the July Committee meeting.

RESOLVED:

That the Local Code of Corporate Governance 2022 be approved, as set out in Appendix 1 of the report

12. **RISK MANAGEMENT POLICY 2022/23 (AG073)**

The Service Lead – Corporate Support introduced the report and highlighted that the main changes to the policy were set out in the table at paragraph 12.18 of the report. She confirmed that the council’s risk appetite had not changed.

The Service Lead – Corporate Support and the Strategic Director and Monitoring Officer responded to members’ questions regarding the implementation of the policy in practice and the core principle of “openness” in relation to questions of governance.

Councillor Cutler responded to members’ questions regarding the risk appetite and it was noted that the approach to risk necessarily remained flexible. He stated that a review was proposed for the way risk was defined in committee reports. Antony Harvey (Southern Internal Audit Practice) acknowledged the advanced approach adopted by the council to risk analysis and reporting and how he referenced the Council as an excellent authority in its risk policy and management of risk.

The Committee noted that the report would be considered by Cabinet at its meeting on 9 March 2022.

RESOLVED:

That the Cabinet Member for Finance and Service Quality have regard to the discussion of this Committee on the policy in his presentation of report CAB3338 which would be considered by Cabinet at its meeting on 9 March 2022.

13. **TO CONSIDER RESPONSE TO NOTICE OF MOTION REFERRED TO THIS COMMITTEE BY COUNCIL ON 12 JANUARY 2022**

The Strategic Director and Monitoring Officer introduced the item and draw the committee’s attention to the motion from Full Council (which had been moved by Councillor Godfrey and seconded by Councillor Horrill) and a minute extract of the Council response as set out on the agenda sheet.

Councillor Power stated that following discussions with officers, she was proposing that an informal task and finish group be established to examine the points raised. A draft of the proposed terms of reference for such a group had been circulated to all members of the Committee prior to the meeting.

At the invitation of the Chairperson, Councillor Horrill addressed the Committee as summarised briefly below.

Requested that with regard to the recommendation that proper consultation was undertaken, this should apply whether or not consultation was a formal requirement. The notice of motion sought agreement for the Council to clearly demonstrate a commitment to act in an open and transparent manner, with an expectation in favour of disclosure. Considered that the proposal to set up a task and finish group

in response to the notice of motion would unduly delay its implementation. For example, the core governance principles could be confirmed immediately.

In response to questions, the Strategic Director advised that the proposed terms of reference for a task and finish group were circulated to committee members earlier that day and if this approach was agreed, the conclusions and recommendations of the group would be reported back to the next Committee meeting. However, she clarified that it was a matter for the Committee to decide how it wished to deal with the notice of motion and the establishment of a task and finish group was only one option. It had not been possible for officers to examine all the legal and practical implications of the motion, as had been set out in the amendment to the motion as set out in the minutes, prior to the current meeting, although initial investigations and some work on suggested solutions in some areas had been undertaken.

Following debate, the Committee did not support a task and finish informal group and instead agreed that a report be brought back to an additional meeting of the Committee to be held in late May 2022. It was noted that it might be necessary for a further additional meeting to be scheduled due to the volume of work involved.

The Committee discussed each of the points contained in the amendment to the notice of motion agreed at Council (and reproduced below with numbering added for ease of reference).

*AMENDMENT – Moved by Councillor Cutler and seconded by Councillor Thompson as follows (changes shown in bold): “This Council asks that the Audit and Governance Committee review that the Council commits to clearly demonstrate that it is open and transparent in its decision making, specifically by:*

- a. Properly consulting all councillors and the public before making any significant decisions about council projects or other major financial transactions.*
- b. Within 12 months of a decision being made, publishing without restriction all papers used to support decisions on projects and other major financial transactions that were marked as exempt from publication at the time of the decision unless Full Council decides that these papers should remain exempt for a further 12 months.*
- c. Recording the discussions, submissions and decisions at all meetings attended by any person outside Winchester City Council and, where those meetings relate to any decision made afterwards, for these records to be available to all councillors within 2 weeks and to the public within 12 months of the meeting unless Full Council decides that these papers should remain exempt for a further 12 months.*
- d. Stopping the use of Non-Disclosure Agreements that councillors have been required to sign before being able to see some Council or Committee papers and to cancel any indemnity clauses in such NonDisclosure Agreements previously signed by serving*

*Councillors.*

*And that in their considerations the Audit and Governance Committee review the legality, practicality and resource implications of these specific proposals.”*

Point (a)

Members discussed the requirement to consider the definition of “properly” and also the meaning of “significant decisions.” The possibility of using the existing definition of “key decisions” was suggested but the implications of a requirement to consult on all of these decisions was flagged by the Strategic Director. It was agreed that further work was required to address this point.

Point (b)

The Strategic Director advised that a draft procedure on reviewing exempt reports had been produced and could be submitted to the next Committee for members’ consideration.

Point (c)

Councillor Godfrey clarified that it was intended only to refer to meetings that led to a decision. However, a number of members expressed concerns about the practical implications of this proposal, including with regard to data protection and the resource implications of seeking a decision at council for papers to remain exempt. It was agreed that further work was required to address the issues raised by this point.

Point (d)

The Strategic Director suggested that the Committee could consider the previous examples of when a non-disclosure agreement (NDA) had been used over the previous five years. It was noted that the notice of motion only referred to the use of NDAs in relation to committee reports but a wider examination, as suggested by the Strategic Director, was welcomed where there were confidentiality agreements. It was also suggested that the committee could agree the terms for any future confidentiality agreement and agree a system of regular reporting back on their use through the quarterly reporting mechanisms. Discussion was also had about how officers might assist members through the mod.gov committee system on identifying exempt information more easily. This would be presented to the next meeting.

RESOLVED:

That additional meeting(s) of the Committee be arranged in May/June 2022 to examine further the contents of the Council’s referral of the notice of motion, having regard to the comments summarised in the minute above.

The meeting commenced at 6.30 pm and concluded at 9.00 pm

Chairperson