

AUDIT AND GOVERNANCE COMMITTEE

Wednesday, 11 October 2023

Attendance:

Councillors
Power (Chairperson)

Chamberlain
Achwal V
Godfrey

Gordon-Smith
Miller

Other members in attendance:

Councillor Cutler (Cabinet Member for Finance and Performance)

[Video recording of this meeting](#)

1. **APOLOGIES**

None.

2. **DISCLOSURE OF INTERESTS**

There were no disclosures of interest made.

3. **CHAIRPERSON'S ANNOUNCEMENTS**

Councillor Power provided an update on delays to audit (and therefore publication) of the council's audited accounts for the financial year ending 31 March 2023. It was confirmed that both the unaudited Annual Financial Report 2022/23 and Ernst & Young's explanatory letter setting out the reasons for the delay were published on the council's website by the 30 September.

4. **AUDIT & GOVERNANCE WORK PROGRAMME 2023/24**

In response to questions, the Strategic Director and Monitoring Officer clarified that this evening's meeting had been rescheduled to allow for consideration of the constitution review report. However, due to the significant work involved and extra meetings of the Constitution Working Party, the report would now be considered at the meeting on 9 November 2023.

RESOLVED:

That the contents of the work programme be noted.

5. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED:

That the minutes of the previous meeting held on 20 July 2023 be agreed as a correct record.

6. **PUBLIC PARTICIPATION**

There were no members of the public in attendance.

7. **Q1 2023/24 TREASURY MANAGEMENT REPORT**
(AG118)

Andrew Boutflower and Dan O'Rourke (Hampshire County Council) introduced the report and responded to members' questions thereon.

Regarding the overnight breach of the counterparty limit that had taken place in August, Mr Boutflower clarified that liability for any loss (had this occurred) would have remained with the county council as the supplier.

In response to a question regarding liability benchmarking, the Chief Finance Officer clarified that increased levels of borrowing were related to forecast capital investment in the HRA New Homes programme. The ongoing general economic uncertainties were also acknowledged by continued re assessment of projects coming forward regarding their viability. The Chief Finance Officer also confirmed that the council kept a daily overview of interest rates and forecasts, including whether there was likely to be any impact from global affairs. The council also attended regular professional webinar groups in addition to having regular contact with its professional advisors via the county council.

RESOLVED:

1. That the Q1 Treasury Management Report for 2023/24 be noted.

2. That it be noted that whilst there no instances of non-compliance with the council's Treasury Management Strategy in Q1, there was an overnight breach of the counterparty limit in August as outlined in section 20 of the report. The breach was rectified the following day and no financial loss was incurred.

8. **EXTERNAL AUDIT PLAN 22/23 (VERBAL UPDATE)**

James Stuttaford (Ernst Young) was present at the meeting and provided an update on the external audit plan 2022/23.

In summary, Mr Stuttaford referred to the significant backlog of audits to be completed (which was the same across all providers) and the impact on EY's ability to present the council's 2022/23 audit plan.

He then explained that the government minister had advocated the application of backstop dates for audits. This would mean that if an audit had not been completed, the auditor would move to report regardless and close that audit. This would then allow for there to be a reset and creation of a sustainable future for the preparation and audit of local authority accounts. Once this position was clearer, the position of the council's audit plan would be confirmed.

Mr Stuttaford responded to members' questions thereon. The Chief Finance Officer also provided an update on the 2022/23 audit fee and the proposal from PSAA that the scale fee will increase 151% for the 2023/24 audits onwards.

RESOLVED:

That the update be noted.

9. **UPDATE ON EMPLOYEE ATTITUDE SURVEY 2023**
(AG114)

The Service Lead - Human Resources introduced the report and responded to members' questions thereon on the following:

- a) Were there were any lessons to be learnt from an increase in the number of staff positively responding that they enjoy working at the council, when compared to the previous year (79% of responders increased to 84%).
- b) Was there anything that the council would need to be aware of that may impact negatively on a next years' employee attitude survey?
- c) Plans for improvements to communication to employees of changes at work.
- d) That the turnover rate for the council of 12% was an aspiration.

The committee congratulated all staff and managers for their contribution to the positive results of the survey.

RESOLVED:

That the report of the 2023 Employee Attitude Survey be noted including the action points at Section 12.

The meeting commenced at 6.30pm and concluded at 7.25pm

Chairperson