

## **AUDIT AND GOVERNANCE COMMITTEE**

**4 March 2021**

Attendance:

Councillors  
Power (Chairperson)

Bronk  
Becker  
Craske  
Gemmell

Godfrey  
Mather  
Williams

Others in attendance who addressed the meeting:

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

[Full audio recording and video recording](#)

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### 1. **APOLOGIES AND DEPUTY MEMBERS**

No apologies were received.

### 2. **DECLARATION OF INTERESTS**

Councillor Craske declared a personal and prejudicial interest in item 10 Certification of Claims and Returns Annual Report 2019/20 (AG048) in respect of his employment with KPMG, who provided audit services to the Council. He withdrew from the meeting for consideration of this item.

### 3. **CHAIRPERSON'S ANNOUNCEMENTS**

The Chairperson had no announcements to make.

### 4. **AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME**

RESOLVED:

That the Audit and Governance Work Programme for 2020/21 be noted.

### 5. **MINUTES**

RESOLVED:

That the minutes of the previous meetings held on 12 November 2020 and 11 February 2021 be approved and adopted.

6. **PUBLIC PARTICIPATION**

No members of the public had registered to speak at the meeting.

7. **INTERNAL AUDIT PLAN 2021 – 22 (AG044)**

Mr Harvey from the Southern Internal Audit Partnership presented this item.

Mr Harvey answered Members' questions relating to the medium term financial strategy; Business Continuity audit work; telecommunications/customer service centre and the operation of the central switch board; the content of the Audit Plan work programme and the number of audit days; and the certification of COVID - 19 Grants.

RESOLVED:

That the Internal Audit Plan for 2021/22 as set out in Appendix A to the Report be approved.

8. **INTERNAL AUDIT CHARTER 2021 – 22 (AG045)**

Mr Harvey from the Southern Internal Audit Partnership presented this item.

RESOLVED:

That the Internal Audit Charter for 2021/22 as set out in Appendix A to the Report be approved.

9. **ANNUAL INTERNAL AUDIT LETTER 2019/20 (AG047)**

Mr Suter from EY presented this item.

Mr Suter answered Members' question relating to the deferred implementation of IFRS 16 regarding council leases; the Property Plant and Equipment valuation work, specifically on investment properties; the additional audit fees being proposed and the rebasing arrangements for the audit contract with Public Sector Audit Appointments (PSAA).

Members discussed the increase in fees for the 2019/20 year from £43,379 to £69,573 and the proposal from the auditors to rebase the scale fee in the contract to circa £55,000 for future audits.

In conclusion, Members were supportive of accepting the Annual Audit Letter with the exception of appendix A which related to the fees. The resolution was amended accordingly.

RESOLVED:

1. That the contents of the Annual Audit Letter 2019/20 attached to the Report be accepted with the exception of Appendix A relating to the fees.

2. That representations be made to EY, with a copy to Public Sector Audit Appointments Ltd (PSAA) that the scale of the increase of fees, the variation in particular regarding the scale fee rebasing, was disproportionate to the original audit fee expectation; that the council was not adequately forewarned of the quantum of those fees; and that PSAA and EY take this into account in their discussion regarding scale fee variation in future, which was a material concern to this Committee.

10. **CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2019/20 (AG048)**

The Corporate Head of Resources presented this item.

RESOLVED:

That the Annual Report 2019/20 attached to the Report as Appendix 1 be noted.

11. **PLANNING FOR AND AUDIT OF ACCOUNTS 2020/21 (AG042)**

The Corporate Head of Resources introduced the Report.

A question was raised on the role of the Public Sector Audit Appointments (PSAA) in appointing auditors and audit fees, including the rebasing fee and the complexity in valuations due to COVID – 19 going forward.

In addition, at the request of the committee, the Corporate Head of Resources stated that the question would be asked of the PSAA regarding retendering for the external audit services of the council and the experiences of other councils that did not use the PSAA tendering process.

RESOLVED:

That the planning report regarding the Council's Statement of Accounts for 2020/21 be noted and a further report be submitted to the next meeting of the committee on the findings from discussions with the PSAA and from councils that opted out of the PSAA scheme.

12. **GOVERNANCE QUARTERLY UPDATE - QUARTER 3 2020/21 (AG040)**

The Strategic Director: Resources presented this item.

Questions were raised on the code of conduct complaints process and the volume of work that was generated from this area of work and the resources that were available to support this service.

Mr Harvey also answered a question on delays in overdue audit actions resulting from the pressures on staff that had arisen during the pandemic at other local authorities where they provided an internal audit service.

RESOLVED:

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

13. **RISK MANAGEMENT POLICY (AG046 AND CAB3245 REFER)**

Councillor Cutler presented this report and answered questions on the substantive changes from previous versions of the policy, which principally related to issues arising out the pandemic and changes to risk appetite.

RESOLVED:

That no comments be brought to the attention of Cabinet at its meeting on 10 March 2021.

The meeting commenced at 6.00 pm and concluded at 8:05 pm

Chairperson