

**AUDIT AND GOVERNANCE COMMITTEE****13 June 2019**

Attendance:

Councillors

Power (Chair)

Bentote  
Bronk  
Gottlieb  
LamingMather  
Miller  
WestonDeputy Members:

Councillor Gemmell (Standing Deputy for Councillor Godfrey)

Apologies for Absence:

Councillors Achwal, Becker and Godfrey

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**1. CHAIRPERSON'S ANNOUNCEMENTS**

The Chair announced that it had been drawn to her attention that the role of the Human Resources Sub-Committee as currently referred to in the Constitution (and also in Report AG007, elsewhere on the agenda) required clarification and amendment. Whilst full Council would be required to make formal changes to the Constitution, she had agreed to the following changes in principle.

The Human Resources Sub-Committee was appointed on an adhoc basis from the Audit and Governance Committee to deal with matters not delegated under the officer Scheme of Delegation such as disciplinary matters. An Appointments Panel would undertake a separate role for the recruitment of the Head of Paid Service and Strategic Directors in accordance with the Officer Employment Procedure Rules. This would be convened on an adhoc basis, as required. The membership of the Appointments Panel was to be comprised of Leader, deputy Leader, leader of the opposition and deputy leader of the opposition as well as a member of the Audit & Governance Committee.

**2. APPOINTMENT OF VICE-CHAIRPERSON FOR THE 2019/20 MUNICIPAL YEAR**

RESOLVED:

That Councillor Bronk be appointed Vice Chairman of the Committee for the 2019/20 Municipal Year.

3. **TO NOTE THE TIME OF FUTURE MEETINGS OF THE COMMITTEE**

RESOLVED:

That the timetable of meetings for 2019/20 be agreed as set out on the agenda.

4. **MINUTES OF THE PREVIOUS MEETING OF THE AUDIT COMMITTEE HELD ON 7 MARCH 2019 AND PERSONNEL COMMITTEE HELD ON 4 MARCH 2019**

RESOLVED:

That the minutes of the previous meeting of the Audit Committee held on 7 March 2019 and of the Personnel Committee held on 4 March 2019 be approved and adopted.

5. **PUBLIC PARTICIPATION**

There were no statements made or questions put from members of the public.

6. **AUDIT AND GOVERNANCE COMMITTEE - HUMAN RESOURCES AND STANDARDS SUB COMMITTEE APPOINTMENTS**

(Report AG007 refers)

Having regard to the clarification of the role of the Human Resources Sub-Committee and that of the Appointments Panel, the Committee noted the correction necessary to the Report at the final sentence of paragraph 11.9.

This should read as follows:

‘Again, the Human Resources Sub-Committee is only likely to meet occasionally, ~~such as for the recruitment of the most senior officers of the Council~~ to deal with matters not delegated under the officer Scheme of Delegation. An Appointments Panel would undertake a separate role for the recruitment of the Head of Paid Service and Strategic Directors in accordance with the Office Employment Procedure Rules.’

The Strategic Director (Resources) clarified that performance monitoring of the HR function (including staff sickness) which was previously reported to the Personnel Committee was now considered by The Scrutiny Committee and Cabinet as part of the quarterly performance reporting.

The Interim Service Lead (Legal) explained the revised process for dealing with standards complaint matters, including the role of the Independent Persons and reminded Members that procedures complied with requirements of the Localism Act.

## RESOLVED:

1. That the Report be noted.
2. That the correction to paragraph 11.9 of the Report as described above be noted.

7. **GOVERNANCE QUARTERLY UPDATE QUARTER 4 2018/19**

(Report AG001 refers)

The Strategic Director (Resources) advised that none of the limited assurance audits and overdue actions referred to within the Report were within high priority areas. It was clarified that the overdue action with regards to Hampshire Cultural Trust would be addressed by completion of the signing of a lease of a building that the Trust occupied and it was expected that this would be completed very soon.

## RESOLVED:

That the content of the Report and the progress against the Annual Governance Statement Action Plan in Appendix 1 be noted.

8. **ANNUAL INTERNAL AUDIT REPORT AND OPINION 2018/19**

(Report AG002 refers)

The Chair welcomed to the meeting Antony Harvey and Beverly Davies from Southern Internal Audit Partnership.

Mr Harvey presented this item which, in summary, was a backward look over the previous year of work delivered by the Southern Internal Audit Partnership with regards to the Council. Mr Harvey reported that there were no 'No Assurance' opinions within the report and the key observations made during the year were summarised on page 8 of his report (Appendix to Report AG002). Areas of Limited Assurance were set out at the end of annex 1 to his report, namely; HR – Use of Agency Staff, Health & Safety and Main Accountancy (including Reconciliations). He described to the Committee how the particular matters raised by the respective audits were now being positively progressed.

In response to a question, the Strategic Director (Resources) advised that the Council's Anti Fraud and Corruption Policy would be updated to reflect changes to officers in the organisation.

The Finance Manager also responded to questions of the Internal Audit's Limited Assurance opinion with regard to bank reconciliation processes. In summary, an audit had been requested by officers to review existing procedures given an increase in the number of different income streams to the Council (an increasingly wide-range of payment methods is being offered for services, for example e-payments). Following the audit and improvements

made as a result, officers were now confident that reconciliation processes were now more robust. Mr Harvey also explained that while the report showed that there had been Limited Assurance, this was the case when the report was published. He was happy that officers continued to take appropriate action and if required, the audit actions could be followed up on as part of the work plan for 2019/20.

The Chair clarified that the framework of the Internal Audit programme of work was agreed annually in March by this Committee.

In noting that a member of the committee had particular concerns that were considered could be included in the auditor's work programme, Mr Harvey advised that in certain cases, there could be deviation from the agreed Plan, such as where a particular matter had been raised during the subsequent year. The Strategic Director (Resources) also highlighted that the committee considered the future audit plan in March each year and could include specific audit reports then, but that specific queries should be directed through existing reporting mechanisms e.g. member/officer protocol and other reporting already mentioned in the meeting. Mr Harvey was satisfied that the scope of the work undertaken during the previous year was enough to have achieved the audit opinions as set out.

Councillor Gottlieb advised that he would not be agreeing to accept the Annual Report and Opinion as he had concerns with regards to particular areas of the Council's work that he considered should have been audited during the previous year.

RESOLVED:

That the Chief Internal Auditor's Annual Report and Opinion for 2018 - 19 attached as Appendix 1 to the Report be accepted.

9. **ANNUAL AUDIT FEE 2019/20**

(Report AG004 refers)

In response to a question about the implications for the External Auditor not being able to give their opinion by the statutory deadline of 31st July, the Finance Manager clarified that the Council must publish fully audited accounts by 31 July annually; otherwise there was a requirement to publish a notice stating why this was not achieved.

RESOLVED:

That the indicative annual audit fee for 2019/20 be approved.

10. **AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2019 2020**

(Report AG005 refers)

The Strategic Director (Resources) clarified that the 'Managing Project Risks – including Reputational and Financial risk' report in the work programme for the 28 November Committee was to consider, for example, the cumulative financial and reputational risk across projects. It would not consider the project's financial modelling retrospectively.

RESOLVED:

That the Audit Committee Work Programme for 2019/20 be approved.

11. **DRAFT ANNUAL FINANCIAL REPORT 2018/19 (FOR INFORMATION)**

RESOLVED:

That the draft Annual Financial Report for 2018/19, as published on the Council's website, be noted.

The meeting commenced at 6.30 pm and concluded at 8.00 pm

Chairperson