



/Minutes of the meeting of the **Corporate Governance & Audit Committee** held Virtually on Thursday 26 November 2020 at 2.00 pm

Members Present: Dr K O'Kelly (Vice-Chairman), Mr T Johnson, Miss H Barrie, Mr A Dignum, Mr F Hobbs (Chairman) and Mr P Wilding

Members not present: Mr J Brown and Mr D Palmer

In attendance by invitation: Mr J Jones (Ernst & Young LLP) and Mr K Suter (Ernst & Young LLP)

Officers present: Mr S James (Principal Auditor), Mr N Bennett (Divisional Manager for Democratic Services), Mr M Catlow (Group Accountant (Technical and Exchequer)), Mr J Ward (Director of Corporate Services), Miss C Jardine (Senior Notice Processor) and Mr J Caines (Democratic Services Officer)

43 **Chairman's Announcements**

Apologies for absence were received from Cllrs Brown and Palmer.

44 **Approval of Minutes**

The minutes of the meeting held on 19 October 2020 were agreed as a correct record.

45 **Urgent items**

There were no urgent items.

46 **Declarations of Interest**

There were no declarations of interest relating to business to be transacted on the agenda.

47 **Public Question Time**

No Public Questions had been submitted.

48 **Audit Results Report Year End 31 March 2020**

Mr Kevin Suter, Ernst and Young Ltd (E&Y), introduced the report to members and outlined the executive summary, highlighting the challenges faced due to the impact

of Covid-19 including remote working arrangements. However, he advised that quality had not been affected.

The Committee were advised that the audit had been completed successfully and E&Y were able to provide an unqualified audit opinion on the accounts as set out in the report, with particular attention drawn to the financial statement in section 2. Mr Suter thanked the Finance team for their work in completing the audit and welcomed questions from Committee Members.

In response to questions, the following was advised:

- The challenges faced during the course of the audit included an inability to meet officers in person and technical issues created by working remotely. However E&Y are confident that the report shows the Council in a good position, with positive feedback from their specialists.
- The property valuations included in the report are valuations provided by the Council, which take into account the impact Covid-19 on market values.
- The term 'going concern' was included in the report. Again this related to the impact of Covid-19. However E&Y are confident in the Council's financial position, particularly regarding the net pension asset, reserves and lack of debt.
- The additional fees that had been added were due to estimates for extra work that needed to take place and a delay in receiving accounts resulting in underutilised resources. Some of these charges are being questioned by the Council and Mr Ward agreed he would discuss the matter privately directly with Mr Suter and report back on the outcome at the next meeting.

The Chairman thanked Mr Suter for the work completed.

RESOLVED

That the report be noted.

49 Statement of Accounts for 2019-2020

Mr Mark Catlow was welcomed to the meeting and introduced the report on the Statement of Accounts 19/20 and the recommendation included. It was explained that the Committee would normally consider the proposed accounting policies and key judgements to be employed in preparing the statement of accounts back in March 2020, however, due to the impact of Covid-19 this was not possible. Helpfully, however, there were no significant changes to accounting standards or policies that members needed to consider prior to the preparation of the accounts themselves. Members were directed to Appendix 1 which provided the clearest illustration of the Council's Statement of Accounts, in addition to the infographic on page 85 of the report papers. Mr Catlow invited questions of the Committee.

The Chairman thanked officers for the update and commended the improved and easily digestible presentation.

RESOLVED

That the Committee approve the audited statement of accounts shown in Appendix 2 for the financial years ended 31 March 2020, note the out turn position and authorise the Letter of Representation to be given to the Council's External Auditor.

50 Financial Strategy and Plan 2021-22 to 2025-26

Mr Ward was welcomed to the meeting and introduced the report and gave detail of the content of the Appendices 1, 2 and 3. He advised that since a decision taken by Full Council to approve the acquisition of a new asset meant that the resources available were just over £12million.

He advised that Appendix 4 was an appendix regarding the Fees and Charges Policy that isn't typically included with the Financial Strategy and Plan, however, it was important for members to consider updating the policy in order to allow for better flexibility and autonomy for Council officers to revise their charging structures for chargeable services.

Cllr Johnson joined the meeting at 2.55pm.

The Committee discussed the content of the report, including savings potential and further impact of the financial strategy on the council's budget and savings. The Committee expressed support over the proposals and asked Cabinet Members present to discuss income generation and looking at addition sources of income. The Committee were advised these discussions were already taking place.

RESOLVED

That the Committee considers and recommends to Cabinet:

- 1 The key financial principles which underpin the financial management of the Council, and the 5 year Financial Strategy set out in appendix 1 to the agenda report.
- 2 That the Council maintains a minimum level of reserves of £4m for general purposes.
- 3 The updated Fees and Charging Policy.

And that the Committee:

Notes the updated 5 year Financial Model in Appendix 2 and the resources statement in Appendix 3 to the agenda report.

51 2019-2020 Annual Governance Statement and Corporate Governance Report

Mr Stephen James was welcomed to the Committee and introduced the report and recommendations included, highlighting Appendix 2 of the report detailing 6 areas

that had been added to the risk register. It was advised that overall Mr James was satisfied that the corporate governance, along with supporting controls and procedures, remain very strong within the Council. The Chairman welcomed comments and questions from the Committee.

The Committee welcomed the update and agreed that the report was well written, clear and concise. It was commented that the report would benefit from including the challenges faced by the Council and the implications the risks would have for the organisation.

The Committee considered the recommendations in the report.

RESOLVED

That the Committee consider that draft Annual Report on Corporate Governance at Appendix 1, the Annual Governance Statement 2019-2020 at Appendix 2 and the Internal Audit and Corporate Investigations Annual Report 2019-2020 at Appendix 3 and to recommend that the draft Annual Report on Corporate Governance at Appendix 1 to Full Council for approval.

52 Corporate Enforcement Agent Contracts

Ms Caroline Jardine was welcomed to the Committee and introduced the report for noting. It was advised that the Council uses enforcement agents to collect monies owed to the Council, on behalf of the revenues team and the parking enforcement team. It was also advised there is no cost to the Council to use these agents. Two enforcement agents had been awarded contracts from April 2020. It was also advised an update would be provided in two years regarding the performance of the contracts. Questions were welcomed from the Committee.

It was advised that the evaluation of the agents through the procurement process was reliant upon service delivery and the rate of successful debt recovery.

RESOLVED

1. That the Committee notes the Council have awarded new contracts to two Enforcement Agents (bailiffs) who collect unpaid debts on behalf of the Revenues and Benefits and Parking Services Teams.
2. That officers provide an update on these contracts to the committee within two years from the beginning of the new contracts.

53 Corporate Contract Procedure Rules

Mr Nicholas Bennett was welcomed to the meeting and introduced the report and recommendations included. Detail over the content of the report was provided and it was advised that the new procedure rules had been simplified with unnecessary sections removed, however due to potential further changes an amended report may be considered at some point in the new year. It was also advised that advice and guidance had been sourced from Hampshire County Council as an example of best practice.

Mr Bennett outlined that the term “Most Economically Advantageous Tenders” had been included as it was a statutorily defined term under section 67 of the Public Contract Regulations 2015 and was defined as:

“a method of assessment that can be used as the selection procedure, allowing the contracting party to award the contract based on aspects of the tender submission other than just price.”

This meant that contracts could be awarded after having taken into account additional aspects, such as local interest and environmental factors and not just financial implications. Members agreed they were content to include the phrase in the wording of the Procedure Rules.

RESOLVED

1. That the Committee considers and notes the updating of the Councils Contract Procedure Rules.
2. That the amended Contract Procedure Rules be recommended to Full Council.

54 Exclusion of the Press and Public

It was not necessary to resolve to exclude the press and public from the meeting.

55 Late items

There were no late items.

The meeting ended at 3.30 pm

CHAIRMAN

Date: