

Minutes of the **Audit Committee**
of the **Test Valley Borough Council**
held in The Annexe, Crosfield Hall, Broadwater Road, Romsey
on 27 March 2023 at 5.30 pm

Attendance:

Councillor C Borg-Neal (Chairman) **Councillor T Swain (Vice-Chairman)**

Councillor N Gwynne
Councillor M Maltby

Councillor J Parker

Also in attendance:
Councillor M Flood

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Apologies

Apologies for absence were received from Councillor Donnelly.

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Public Participation

There was no public Participation.

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Declarations of Interest

There were no declarations of interest.

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Urgent Items

There were no urgent items for consideration.

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Minutes

Resolved:

That the minutes of the meeting held on 12 December 2022 be confirmed and signed as a correct record.

520 **Internal Audit Progress Report to 28 February 2023 and Draft Annual Audit Plan 2023/24**

The Internal Audit Manager introduced Tom Trevail-Perch, Senior Auditor and Luke Palmer, Trainee Auditor.

The report set out the Internal Audit coverage, findings and performance for 2022/23 to 28 February 2023 and summary risk profile for those areas reviewed. It also presented the Draft Annual Audit Plan for 2023/24, which had been aligned to current risks and reflected the Council's key priorities and objectives.

Since 1 April 2022, the Internal Audit function has made good progress against the Annual Audit Plan 2022/23. Of the 9 audits reported as complete, 6 were classified as substantial assurance, 1 as limited assurance and 2 had a split assurance opinion of substantial/limited.

All actions arising from audit reviews to date have been accepted by management and programmed for implementation.

Resolved:

- 1. That the Internal Audit progress report be endorsed.**
- 2. That the Draft Annual Audit Plan for 2023/24 be approved.**

521 **Corporate Risk Register - Update**

The report of the Internal Audit Manager provided the Audit Committee with an update on the risk management approach and the key risks contained in the Council's Corporate Risk Register.

The purpose of risk management is to assess the potential barriers to achieving the Council's objectives. Maintaining an up-to-date risk register assists with management of risks and monitoring of the actions to mitigate them.

Risks are identified and managed throughout the year as part of the Council's Performance Management Framework and the Internal Audit Manager facilitates the risk management process, updates the Corporate Risk register and is able to respond to any queries relating to the risk management process. Each risk has a designated officer as "Risk Owner" and they are responsible for ensuring that all agreed mitigation actions are completed.

Resolved:

That the update on the Council's approach to the management of the Corporate Risk Register be noted.

522 **Anti-Fraud and Corruption Policy (including Whistle-blowing)**

The report of the Internal Audit Manager provided an update on the Council's Anti-Fraud and Corruption Policy (including Whistleblowing).

The Anti-Fraud & Corruption Policy which includes Whistleblowing demonstrates the Council's commitment to the prevention, deterrence, detection and investigation of all forms of fraud and corruption and covers:

- Definitions of fraud and corruption
- Roles and responsibilities of Members and Officers
- Anti-fraud and corruption framework
- Responding to allegations and concerns raised internally and externally (Whistle-blowing)
- Actions to be taken when fraud or corruption is discovered

Resolved:

That the Anti-Fraud and Corruption Policy (including Whistleblowing) be noted.

523 **Annual Governance Statement 2022/23**

The report sought approval for the Annual Governance Statement, which will accompany the 2022/23 Statement of Accounts, to be recommended to Council. Best practice requires that the approval of this Statement is considered separately from the Statement of Accounts, although both are published together each year.

The AGS is part of the framework for delivering good governance in local authorities. The Statement is a high profile document signed by the Leader and Chief Executive and is published with the Statement of Accounts each year to demonstrate a commitment to the continuous review and development of the Council's governance arrangements.

The research and preparation of the 2022/23 AGS has not identified any significant red or amber risks that need addressing, however three areas have been identified where improvements can be made to existing controls to further strengthen the Council's governance arrangements, those being:

- Contract Standing Orders
- Performance Management Framework
- Business Continuity Planning and Cyber security/response and implementation of the new approach

Recommended:

That the Annual Governance Statement for 2022/23 be approved and that the Leader and Chief Executive be authorised to sign it on behalf of the Council.

Statement of Accounts 2021/22

The Council is required to prepare an Annual Statement of Accounts and have those accounts audited. The report of the Head of Finance and Revenues presented the Annual Statement of Accounts together with an interim Annual Audit Results Report of the Council's external auditors, Ernst & Young.

The Statement of Accounts is expected to be issued with an unqualified opinion; this means the auditors have found no unadjusted material errors or misstatements in the accounts.

The audit of the 2021/22 Statement of Accounts is nearing its conclusion. As it is considered unlikely that there will be any significant changes required at the conclusion of all audit work, it is considered most expedient for authorisation to be given to the Chairman and Head of Finance and Revenues to approve the accounts and Letter of Representation at the appropriate time.

It was expected that EY will issue an unqualified opinion in respect of the Annual Statement of Accounts.

The reason for the recommendation is to comply with a statutory duty to approve the Council's audited Statement of Accounts each year.

Resolved:

- 1. Ernst & Young's Annual Audit Results Report (Annex 1 to the report):**
 - a. That the matters raised in the report be considered,**
 - b. That the proposed audit opinion and value for money conclusion be noted.**
- 2. That the Head of Finance and Revenues and the Chairman of the Audit Committee be authorised to sign letter of representation (Annex 2 to the report) on conclusion of final audit work.**
- 3. That the Head of Finance and Revenues and the Chairman of the Audit Committee be authorised to approve the audited Annual Statement of Accounts for the financial year 2021/22 (Annex 3 to the report) on completion of final audit work.**

525 Report on the Confidential Reporting Code for Employees

The report of the Monitoring Officer updated members as to the content and use of the Council's Confidential Reporting Code for Employees.

The Confidential Reporting Code is available to all employees and contractors and is aimed at giving those who wish to raise concerns the assurance that they may do so confidentially within the Council. The Code sets out the procedure for making a report, the process that will be followed and the safeguards which will be put in place.

The Code operates in addition to and alongside the Council's complaints procedures, Human Resources policies, Anti-Fraud Policy and grievance procedures.

Members were asked to note that no reports have been made under the Confidential Reporting Code for Employees in the last twelve months.

Resolved:

That the report of the Monitoring Officer on the Council's Confidential Reporting Code for Employees be received.

(The meeting terminated at 6.48 pm)