

Minutes of the **Audit Committee**  
of the **Test Valley Borough Council**  
held in The Annexe, Crosfield Hall, Broadwater Road, Romsey  
on Monday, 23 September 2024 at 5.30 pm

Attendance:

**Councillor C Borg-Neal**  
**(Chairman)**

**Councillor S Hasselmann**  
**(Vice-Chairman)**

Councillor R Kohli

Also in attendance:  
Councillor M Flood

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**Apologies**

Apologies for absence were received from Councillors K Brooks, Hughes and Leech.

Councillor Borg-Neal arrived at 5:41 pm and did not take part in decision making for items 6 and 7.

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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 of the previous meeting**

Councillor Hasselmann proposed and Councillor Kohli seconded the motion that the minutes of the previous meeting were an accurate record. Upon being put to the vote, the motion was carried.

**Resolved:**

**That the minutes of the meeting held on 17 June 2024 were signed as a correct record.**

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**External Audit Update**

The Head of Finance and Revenues gave members an update on the national backlog of local authority audits related to the 2022/23 and prior financial years.

He reported that the Government is putting plans in place that will require auditors to issue disclaimed opinions for financial years 2022/23 and earlier by 13 December 2024 should the full audit not have been completed. In order to meet the deadline date, there are procedures that need to be completed, most of which have already been undertaken, but in order that Ernst & Young are able to issue their opinion, the Committee were requested, due to timescale constraints, to approve that the Head of Finance and Revenues, in consultation with the Chairman of the Audit Committee, be given delegated authority to approve the Statement of Accounts for 2022/23.

The Head of Finance and Revenues apologised to the Committee for an error in the original publication of the agenda. It was clarified that the Statement of Accounts originally annexed to the report were those for 2023/2024 instead of 2022/23. An update paper was issued on 19 September 2024 annexing the correct version of the Statement of Accounts. Therefore, this annex was not open for inspection for at least five clear days as required by s100B (4)(a) of the Local Government Act 1972 ('the Act'). The requirement to present the correct annex to the published report is considered to be a 'special circumstance' in accordance with s100B (4)(b) of the Act.

The following recommendation was proposed by Councillor Hasselmann and seconded by Councillor Kohli. Upon being put to the vote, the motion was carried.

**Resolved:**

**That the Head of Finance and Revenues, in consultation with the Chairman of the Audit Committee, be given delegated authority to approve the Statement of Accounts for 2022/23 following receipt and review of the Audit Completion Report from the Council's external auditor.**

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**Internal Audit Progress Report**

Consideration was given to a report of the Internal Audit Manager, which set out the Internal Audit coverage, findings, and performance for 2024/25 to 31 August 2024 and summary risk profiles for those areas reviewed.

Since 1 April 2024, the Internal Audit function has made good progress against the Annual Audit Plan 2024/25 as summarised in the Internal Audit Progress Report. Of the 5 audits reported as complete, 3 were classified as substantial assurance and 2 as limited assurance.

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

At the June Audit Committee meeting, the Committee asked for a summary of any high or medium risk actions yet to be closed with an expected conclusion date. The Internal Audit Manager reported that although none of the actions to the 30 June were high risk, they were reviewing their internal processes on how to report these and would present their conclusions at a future meeting.

The Internal Audit Manager reported that the team was now fully resourced.

The following recommendation was proposed by Councillor Hasselmann and seconded by Councillor Kohli. Upon being put to the vote, the motion was carried.

**Resolved:**

**That the Internal Audit progress report be noted.**

On the arrival of the Chairman the Vice-Chairman handed over the Chairmanship.

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**Quality Assurance Improvement Programme**

Consideration was given to a report of the Internal Audit Manager, which outlined the Quality Assurance Improvement Programme (QAIP) undertaken by the Council's Internal Audit function to ensure conformance with the Public Sector Internal Audit Standards (PSIAS). It set out the conclusions of a five-yearly external review. A development plan was included to help build on the strengths identified in the report.

An external assessment must be conducted at least once every 5 years. In the interim years internal self-assessments are carried out. The last external assessment was completed in March 2024 by a qualified, independent assessor from outside the Council

The resulting report confirmed that Internal Audit is delivering a standard that "generally conforms" with the Public Sector Internal Audit Standards (PSIAS), provides the results of this assessment and demonstrates the continuing effectiveness of the internal audit function. "Generally Conforms" means that the evaluator has concluded that the relevant structures, policies and procedures as well as the processes by which they are applied, comply with the requirements of the individual standard or Code of Ethics.

The assessor had made some specific recommendations of how to build on the strengths and an action plan based on his feedback has been formed.

Councillors made reference to risk appetite. The Chairman suggested that this could be discussed at the next away day.

Following a request from the Committee that more clarity be given around assurances, the Internal Audit Manager advised that this would be included in her review of internal processes.

The following recommendation was proposed by Councillor Borg-Neal and seconded by Councillor Hasselmann. Upon being put to the vote the motion was carried.

**Resolved:**

**That the Quality Assurance Improvement Programme which includes the action plan arising from the five-yearly independent review of Internal Audit conformance with the Public Sector Internal Audit Standards (PSIAS), as set out in the Annex to the report, be approved.**

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**Corporate Risk Register - Update**

The report of the Internal Audit Manager provided an update and summary of the key risks contained in the Council's Corporate Risk Register.

Risks are identified and managed throughout the year as part of the Council's performance management processes. The Internal Audit Manager facilitates the risk management process, updates the Corporate Risk register and can 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 the agreed mitigation actions are completed.

Work is ongoing to develop the Service Risk Registers in the context of the key corporate risks identified, to rationalise and better align them.

Attention was drawn to a new risk to reflect the Government's draft proposals for the changes to the planning process.

The committee thanked officers for the improvements made to the risk register, which had been recommended by the Members.

The following recommendation was proposed by Councillor Borg-Neal and seconded by Councillor Hasselmann. Upon being put to the vote the motion was carried.

**Resolved:**

**That the updated Corporate Risk Register be noted.**

(The meeting terminated at 6.15 pm)