

Minutes of the **Audit Committee**
of the **Test Valley Borough Council**
held in The Annexe, Crosfield Hall, Broadwater Road, Romsey
on Monday, 16 December 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 were received from Councillors Hughes and Leech.

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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.

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External Audit Update

The Head of Finance and Revenues introduced the item and explained that at its meeting in September 2024, the Audit Committee gave delegated authority to the Head of Finance and Revenues, in consultation with the Audit Committee Chairman,

to approve the final audited statement of accounts for 2022/23 to enable the audit to be completed before the back stop date of 13 December.

There were some material changes to the accounts which had been circulated to the committee prior to the meeting.

The Head of Finance and Revenues also advised that the external audit report from KPMG on the Council's Housing Benefit Subsidy claim had identified a very high level of accuracy in the initial submission and reported very favourably on the Council's processes for the claim.

Ernst & Young advised the committee that the backstop date for the external audit 2023/24 was 28 February and that they are currently working through the audit with two main areas outstanding:

- Valuation of property assets
- Pensions – an error in calculations by a third party will mean that there will need to be an adjustment to the accounts.

In order to present the final report in time for the next backstop date of 28 February a special Audit Committee has been arranged for 17 February.

The Chairman advised that he had attended a regional Audit meeting organised by the National Association of Local Councils which had discussed the reset process. This process had been introduced in order to get yearly audits back on track and to ensure resourcing issues were no longer a problem.

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

Resolved:

- 1. That Ernst & Young's Completion Report for Those Charged with Governance for 2022/23, as shown in Annex 1 to the report, be noted.**
- 2. That KPMG's Housing Benefit Assurance Programme report, as shown in Annex 2 to the report, be noted.**

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Internal Audit Progress Report

Consideration was given to a report of the Internal Audit Manager, which provided a progress update against the Annual Audit Plan up to 30 November 2024 and executive summaries for those areas reviewed. As of 30 November 2024, progress on the planned 2024/25 Audit Plan is on target to deliver the plan.

Of the five audits reported as complete, 4 were classified as limited assurance and 1 as substantial assurance. All actions arising from audit reviews to date have been accepted by management and programmed for implementation.

Internal Audit have also undertaken a review of the follow up procedure and have reviewed the status of all live actions that were due for implementation on or before 31 March 2024. This includes looking at those actions that have not yet been closed to ensure that progress is being made to reduce any risk. The outcome of this review concluded that, whilst more progress can be made to ensure actions are completed, the risks associated with the actions remaining are being managed.

The Internal Manager recommended the addition of an audit of Project Management into the plan and highlighted other reserve audits that will be undertaken should capacity allow.

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

Resolved:

That the Internal Audit progress report be noted.

316 **Annual Corporate Complaints Report - 2023-24**

Consideration was given to a report of the Head of Strategy and Innovation which considered the analysis and learning points drawn from the complaints received by Test Valley Borough Council during the period 1 April 2023 to 31 March 2024.

The Policy Manager advised the committee that complaints at service level remain low relative to the overall volume of interactions with the public. The increase last year, which has stabilised this year, likely indicates that the volume of complaints has returned to usual levels following the disruption caused by the Covid-19 pandemic.

Service level complaints are dealt with under Stage One of the complaints process, with a response being sent from a relevant manager or head of service. If the complainant is dissatisfied with this response, they can escalate the complaint to Stage Two of the process, which is investigated and responded to by the Chief Executive. If complainants remain dissatisfied with the response, they may escalate to the Local Government and Social Care Ombudsman (LGSCO).

The time taken to respond within deadlines for a Stage One complaint (10 working days) was 86% and for a stage 2 complaint (15 working days) was 73%.

Written responses have been improved and aligned with the Council's values and behaviours to ensure a more human and direct approach is taken and lessons are being learned to ensure systems are in place.

The Policy Manager explained the process if a complaint is escalated to the Local Government and Social Care Ombudsman. This year only one complaint had been escalated, which was not upheld.

The consistency of complaints reporting suggests that the complaints process continues to work effectively, and that the public are able to make a complaint with ease. Where necessary, trends are identified and managed by individual services. The Policy Manager will continue to work closely with services to identify ways to improve our complaints process and more effectively manage and resolve complaints.

In response to a question, the committee were informed that the Council's Performance Management Framework, which was updated last year, draws on lessons identified through analysis of complaints in order to drive improvement.

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

Resolved:

That the complaints report be reviewed and endorsed ahead of publication.

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Risk Management Strategy

The Audit Committee terms of reference set out that it will monitor the effective development and operation of risk management and corporate governance in the Council.

The report recommended the approval of the Risk Management Strategy, which had been updated to support the management of risk in accordance with good practice and sound governance principles and its recommendation to Cabinet.

The main revisions to the previous version were:

- Reference to the Delivering Good Governance in Local Government: Framework CIPFA/Solace 2016 and how managing risk and performance through robust internal control and strong public financial management is one of the principles that should underpin effective governance.
- A Risk Appetite definition for the Council which seeks to recognise that this is determined by individual circumstances whilst enabling the provision of services to be innovative and adaptable to continuous improvement within a framework of robust corporate governance.
- A Risk Impact Scoring Matrix to provide a framework for assessing risk impacts.

The strategy recognises the Corporate Plan and priorities and the need to establish robust risk management arrangements to enable the Council to make the most of opportunities and achieve its objectives.

For the purpose of supporting Councillors in their audit role, it was agreed to provide some clarity around the difference between target and inherent risks within the Corporate risk register. It was also agreed that future iterations would include reference to Councillor roles and responsibilities in the context of risk.

Councillor Kohli proposed and Councillor Hasselmann seconded the following recommendations

Recommended to Cabinet:

That the updated Risk Management Strategy, as presented in the Annex to the report, be approved.

318 Use of the Regulation of Investigatory Powers Act 2000

Consideration was given to a report of the Head of Legal and Democratic which updated members as to the Council's use of its powers under the Regulation of Investigatory Powers Act 2000.

The Regulation of Investigatory Powers Act 2000 (RIPA) provides a legal basis for certain authorities to carry out certain invasive investigations, primarily directed surveillance or use of "covert human intelligence sources" (CHIS). The circumstance for use is limited to any offence that would lead to imprisonment for 6 months or more.

Certain Officers have authority to authorise directed surveillance or use of CHIS, however that authorisation must be approved by a Justice of the Peace in order to become effective.

The Head of Legal and Democratic advised members that it has not been necessary for the Council to utilise their powers this year.

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

Resolved:

That Audit Committee receives the report of the Head of Legal and Democratic Services on the Council's use of its powers under the Regulation of Investigatory Powers Act 2000.

319 Independent Member Appointment to Audit Committee

Consideration was given to a report of the Head of Legal and Democratic which informed Councillors of the options available to appoint an independent member to the Audit Committee and recommended that Council be invited to amend the Audit Committee structure to include an independent member and approve arrangements for recruitment.

Test Valley Borough Council's dedicated Audit Committee was established in 2022 and comprises six elected members. The Committee previously requested that an item be placed on the agenda to consider appointment of an independent member to the Committee.

There is no legislative requirement for the Council to have an independent member on its Audit Committee. However, there are some very strong recommendations from The Chartered Institute for Public Finance and Accountancy (CIPFA), the conclusion of the Sir Tony Redmond report and the Council's Corporate Peer Challenge to appoint at least one independent member.

An independent member is a committee member but is appointed in a non-voting capacity. The objective of including an independent member is to enhance the knowledge and experience base of the committee and to reinforce its independence. Councillor Kohli proposed and Councillor Hasselmann seconded the following recommendations. Upon being put to the vote the motion was carried.

Recommended to Council:

- 1. That the size and composition of the Audit Committee be amended to include a non-voting Independent Member.**
- 2. The Head of Legal and Democratic Services be authorised to make any necessary amendments to the Constitution.**
- 3. That the Role Description and Person Specification, set out at Annex 2 to this report, be approved.**
- 4. That the Head of Finance and Revenues in consultation with the Chair and Vice-Chair of the Audit Committee and the Portfolio Holder for Finance and Resources be authorised (i) to carry out an appropriate recruitment and selection process and (ii) to set the appropriate level of allowance for the role.**
- 5. That the preferred applicant be further recommended to Council for approval and appointment.**

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Audit Committee Work Programme

The Head of Finance and Revenues introduced the report which set out an update to the work programme for the Audit Committee for the coming year.

The work programme is based on a number of cyclical reports that are required to be considered by the Committee as part of its terms of reference and any emerging themes for the Committee to consider.

An additional meeting has been added to the work programme for 17 February 2025 as a result of the delay with the 2023/24 Statement of Accounts.

An awayday will be arranged following consultation with the members of the committee.

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

Resolved:

That the work programme for the Audit Committee, as set out in the Annex to the report, be approved.

(The meeting terminated at 7.15 pm)