

# FAREHAM

BOROUGH COUNCIL

## AGENDA

### AUDIT AND GOVERNANCE COMMITTEE

**Date:** Monday, 17 September 2018

**Time:** 6.00 pm

**Venue:** Collingwood Room - Civic Offices

**Members:**

Councillor J E Butts (Chairman)

Councillor S D Martin (Vice-Chairman)

Councillors P J Davies

T Davies

Mrs T L Ellis

Mrs C Heneghan

J G Kelly

**Deputies:** I Bastable

S Cunningham



**1. Apologies**

**2. Minutes** (Pages 5 - 10)

To confirm as a correct record the minutes of the Audit and Governance Committee meeting held on the 23 July 2018.

**3. Chairman's Announcements**

**4. Declarations of Interest and Disclosures of Advice or Directions**

To receive any declarations of interest from members in accordance with Standing Orders and the Council's Code of Conduct.

**5. Deputations**

To receive any deputations of which notice has been lodged.

**6. External Audit Annual Letter** (Pages 11 - 34)

To consider a report by the Director of Finance and Resources which presents the External Auditor's Annual Letter which summarises the findings from the 2017/18 audit.

**7. Annual Overview of Complaints against the Council** (Pages 35 - 42)

To consider an annual report by the Director of Finance and Resources on an Overview of the Complaints against the Council.

**8. Risk Management Monitoring Report** (Pages 43 - 72)

To consider a report from the Director of Finance and Resources on the Risk Management Monitoring Policy.

**9. Internal Audit Progress Report** (Pages 73 - 84)

To consider the Internal Audit Progress Report by the Head of Finance and Audit.

**10. Review of Work Programme 2018/19** (Pages 85 - 88)

To consider a report by the Head of Finance and Audit on a review of the Work Programme for 2018/19.



P GRIMWOOD  
Chief Executive Officer

Civic Offices  
[www.fareham.gov.uk](http://www.fareham.gov.uk)  
06 September 2018

**For further information please contact:**  
**Democratic Services, Civic Offices, Fareham, PO16 7AZ**  
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**[democraticservices@fareham.gov.uk](mailto:democraticservices@fareham.gov.uk)**



# FAREHAM

## BOROUGH COUNCIL

### Minutes of the Audit and Governance Committee (to be confirmed at the next meeting)

**Date:** Monday, 23 July 2018

**Venue:** Collingwood Room - Civic Offices

**PRESENT:**

**Councillor** J E Butts (Chairman)

**Councillors:** I Bastable (deputising for S D Martin), P J Davies, T Davies,  
Mrs T L Ellis, Mrs C Heneghan and J G Kelly

**Also  
Present:**



**1. APOLOGIES**

An apology of absence was received from Councillor S D Martin.

**2. MINUTES**

RESOLVED that the minutes of the Audit and Governance Committee meeting held on the 12 March 2018 be confirmed and signed as a correct record.

**3. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcement –

**Update on framework agreements (housing contracts)**

Members may recall that following the Head of Finance and Audit's Annual report in July 2017, the Committee asked to receive an update on the actions being taken to put together the framework agreements for spend with contractors and suppliers used by Housing, Property and building Service, which at the moment is breaching Fareham Borough Council's Procurement Rules.

The Managing Director of Fareham Housing provided the Committee with an update, as follows -

*Fareham Housing is seeking a single suitable contractor to carry out refurbishment of Fareham Borough Council's Housing stock in four categories of work. These are voids, reactive replacement kitchens and bathrooms; disabled adaptations; and other occasional reactive works.*

*The proposed Contract is to carry out the works using the National Housing Federation (Version 6) Specification in conjunction with bespoke schedules of rates and component rates.*

*The contract duration will be 5 years (3 + 1 + 1) with the anticipated start date of February 2019 following the full procurement process. The estimated value of the contract (full 5-year term) is £6.2m*

*UK / EU Public procurement legislation sets out the procedures by which the Council carries out procurement exercises. The Council uses the South-East Business Portal (SEBP) as its preferred method of sharing information about forthcoming tendering / contract opportunities.*

*The specification and tender documentation has been prepared by the Planned Maintenance section and the opportunity was advertised on the SEBP on 6 July and runs for 30 days in accordance with EU procurement legislation.*

*The tender will be run as a 'restricted' tender. The intention is to select up to 6 suppliers to receive a formal electronic invitation to tender. The short-list for tender process is a desk top exercise based upon the quality of information*

*provided by the Supplier in their Selection Questionnaire (SQ) response along with independent financial analysis.*

**4. DECLARATIONS OF INTEREST AND DISCLOSURES OF ADVICE OR DIRECTIONS**

There were no declarations of interest made at this meeting.

**5. DEPUTATIONS**

There were no deputations made at this meeting.

**6. STATEMENT OF ACCOUNTS 2017/18**

The Committee considered a report by the Director of Finance and Resources on the Statement of Accounts 2017/18.

In order to answer a question put to Officers by Members of the Committee during discussion on this item, a request was made for the meeting to go into private session as defined in Paragraph 3 Part 1 of Schedule 12A of the Local Government Act 1972.

RESOLVED that in accordance with the Local Government Act 1972 the Public and Press were excluded, as the Committee considered that it is not in the public interest to consider the matters in public on the grounds that they will involve the disclosure of exempt information, as defined in Paragraph 3 of Part 1 of the schedule 12A of the Local Government Act.

Following the answer being given to the satisfaction of the Chairman the meeting was brought back into public session.

RESOLVED that the Committee approve the audited Statement of Accounts for 2017/18, as attached in Appendix A to the report, for publication by the 31 July 2018, subject to the external auditors completing their outstanding procedures and any further amendments being agreed by the Director of Finance and Resources in consultation with the Chairman of the Audit and Governance Committee.

**7. EXTERNAL AUDIT - AUDIT RESULTS REPORT**

The Committee considered a report by the Director of Finance and Resources on the External Auditors' (Ernst & Young LLP) Annual Results.

The External Auditors addressed the Committee to deliver their report and took this opportunity to congratulate Officers on meeting the new deadlines set out in the Accounts and Audit Regulations 2015.

RESOLVED that: -

- (a) the Committee notes the contents of the Annual Results Report (Appendix A to the report); and

- (b) the Director of Finance and Resources and the Chairman of the Audit and Governance Committee sign the Letter of Representation, subject to the External Auditors completing their outstanding procedure and any further amendments to the accounts being agreed by the Director of Finance and Resources in consultation with the Chairman of the Audit and Governance Committee.

## **8. IPCO INSPECTION REPORT 2018**

The Committee considered a report from the Head of Finance and Audit which reviews the inspection report received from the Investigatory Powers Commissioners Office (IPCO) 2018.

RESOLVED that the Committee notes: -

- (a) the content of the report; and
- (b) the action taken to provide up to date training to Officers.

## **9. ANNUAL COUNTER FRAUD REPORT**

The Committee considered the Annual Counter Fraud Report by the Head of Finance and Audit.

RESOLVED that the Committee notes the contents of the report.

## **10. INTERNAL AUDIT PROGRESS REPORT**

The Committee considered the latest Internal Audit Progress report from the Head of Finance and Audit.

RESOLVED that the Committee notes the contents of the report and the findings arising from the Internal Audit work.

## **11. HEAD OF AUDITS ANNUAL OPINION 2017/18**

The Committee considered a report by the Head of Finance and Audit on the Head of Audit's Annual Opinion.

RESOLVED that the Committee notes the contents of the report as a source of evidence for the 2017/18 Annual Governance Statement.

## **12. ANNUAL GOVERNANCE STATEMENT 2017/18**

The Committee considered a report by the Head of Finance and Audit on the 2017/18 Annual Government Statement.

RESOLVED that the Committee approve the Annual Governance Statement for 2017/18, as attached in Appendix C of the report with no changes required.

## **13. REVIEW OF WORK PROGRAMME**

The Committee considered a report by the Head of Finance and Audit reviewing the Work Programme and Training Plan.

RESOLVED that the Committee approve the Work Programme for the rest of the municipal year, as shown in Appendix A of the report.

#### **14. PROCUREMENT AND CONTRACT PROCEDURE RULES**

The Committee considered a report from the Head of Democratic Service and the Head of Finance and Audit on updates to the Council's Contract Procedure Rules and how these updates improve the Council's procurement process.

RESOLVED that the Committee: -

- (a) agrees the Procurement and Contract Procedure Rules policy document, as attached as Appendix B to the report and recommends the adoption of the policy to Council for approval; and
- (b) recommends to Council that the budget expenditure authorisation limits in Financial Regulation 4 are changed to match the limits for awarding and signing contracts in the new Procurement and Contract Procurement Rules, as outlined in Appendix A to the report.

#### **15. EXCLUSION OF PUBLIC AND PRESS**

RESOLVED that in accordance with the Local Government Act 1972 the Public and Press be excluded from the remainder of the meeting, as the Committee considers that it is not in the public interest to consider the matters in public on the grounds that they will involve the disclosure of exempt information, as defined in Paragraph 3 of Part 1 of the schedule 12A of the Local Government Act.

#### **16. UPDATE ON APPOINTMENT OF EXTERNAL AUDITORS FOR CERTIFICATION WORK**

The Committee considered a report from the Director of Finance and Resources on the appointment of the External Auditors for the Council's certification work.

RESOLVED that the Committee notes the award of contract, by the Director of Finance and Resources, for the annual housing benefit subsidy claims certification work for three years with an option to extend for two years from 2018/19 to KPMG.

(The meeting started at 6.00 pm  
and ended at 8.20 pm).



# FAREHAM

## BOROUGH COUNCIL

### Report to Audit and Governance Committee

**Date** 17 September 2018

**Report of:** Director of Finance and Resources

**Subject:** External Audit Annual Letter

#### SUMMARY

This report presents the External Auditor's Annual Audit Letter which summarises the findings from the 2017/18 audit.

#### RECOMMENDATION

It is recommended that the Committee notes the contents of the Annual Audit Letter 2017/18 submitted by the Council's external auditors, attached as Appendix A.

**Appendix A:** Ernst and Young Annual Audit Letter 2017-18

**Background Papers:** None

**Reference Papers:** Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd.

**Enquiries:**

For further information on this report please contact Elaine Hammell. (Ext 4344)

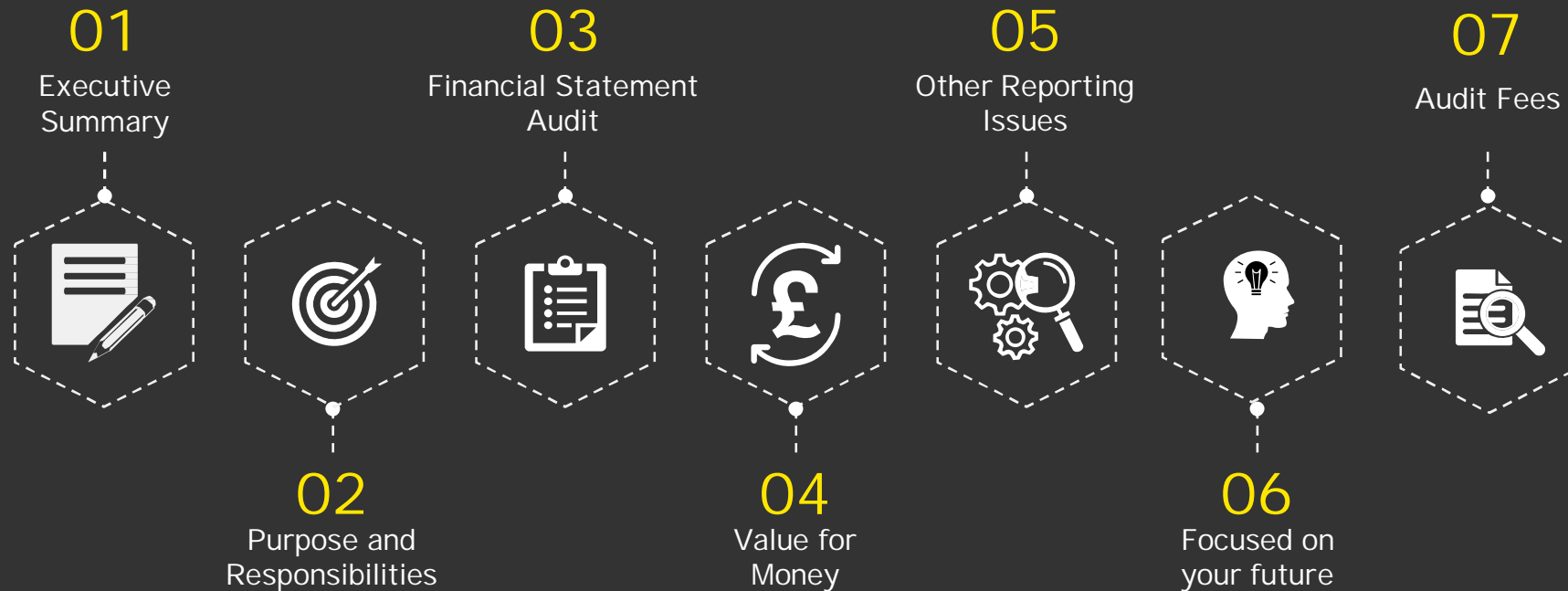


# Fareham Borough Council

Annual Audit Letter for the year  
ended 31 March 2018

August 2018

# Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk))

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated 23 February 2017)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



# 01 Executive Summary



## Executive Summary

We are required to issue an annual audit letter to Fareham Borough Council following completion of our audit procedures for the year ended 31 March 2018.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2018 and of its expenditure and income for the year then ended.
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the consolidation pack.



## Executive Summary (cont'd)

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As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 12 July 2018.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 31 July 2018.

In November 2018 we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Kevin Suter

Associate Partner

For and on behalf of Ernst & Young LLP



## 02 Purpose and Responsibilities

# Purpose and Responsibilities

## The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2017/18 Audit Results Report to the July 2018 Audit and Governance Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

## Responsibilities of the Appointed Auditor

Our 2017/18 audit work has been undertaken in accordance with the Audit Plan that we issued in February 2018 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ On the 2017/18 financial statements; and
  - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the return.

## Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

## Financial Statement Audit

## Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health. We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 31 July 2018. Our detailed findings were reported to the July 2018 Audit and Governance Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Misstatements due to fraud or error</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>We have not identified any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business</p>

Significant Risk	Conclusion
<p>Risk of fraud in revenue and expenditure recognition</p> <p>Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation.</p> <p>We respond to this risk by reviewing and testing capital additions.</p>	<p>Our testing has not identified any material misstatements from revenue and expenditure recognition.</p> <p>Overall our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Authority's financial position.</p>



## Financial Statement Audit (cont'd)

Other areas of audit focus	Conclusion
Property, Plant and Equipment Valuation	Our work on this estimate concluded that the methodology and assumptions used by the Council give rise to materially accurate estimates of property values.
Pension Liability Valuation	<p>Our work on this estimate concluded that the methodology and assumptions used by the Council give rise to a materially accurate estimate of the pension liability.</p> <p>Our work identified one matter that we reported. For timing reasons, the actuary estimates the value of the pension fund assets at 31 March 2018. This estimate was approximately £31 million lower than the actual pension fund assets held at 31 March 2018. Fareham Borough Council's share of this variance was £527k, meaning that the pension liability was overstated by this value. We agreed with management's assessment not to adjust the accounts on the basis that this matter was not material.</p>
NDR Appeals Provision	<p>Our work on this estimate concluded that the methodology and assumptions used by the Council give rise to a materially accurate estimate of the NDR appeals provision.</p> <p>Our work identified one matter that we reported. As part of our work we considered subsequent events up to the date we issued our auditors report. We compared appeals settled in that period to the provision held by the Council. This is information that the Council didn't have when preparing their estimate. The Council had allowed £205k more than required to settle those appeals. We agreed with management's assessment that this matter was not material and they had used the best information available to them at the time.</p>

### Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £1.3 million (2016/17: £1.2 million), which is 2% of gross revenue expenditure reported in the accounts.</p> <p>We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	We agreed with the Audit & Governance Committee that we would report to the Committee all audit differences in excess of £0.066 million (2016/17: £0.059 million)



## 04 Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.



We did not identify any significant risks in relation to these criteria

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.



05

## Other Reporting Issues



## Other Reporting Issues

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### Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes. The Council is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the consolidation pack.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

### Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.



## Other Reporting Issues (cont'd)

### Objections Received

We did not receive any objections to the 2017/18 financial statements from members of the public.

### Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

### Independence

We communicated our assessment of independence in our Audit Results Report to the Audit & Governance Committee on 23 July 2018. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

### Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not specifically tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Audit & Governance Committee.



06

## Focused on your future



## Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IFRS 9 Financial Instruments	<p>Applicable for local authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> <li>• How financial assets are classified and measured;</li> <li>• How the impairment of financial assets are calculated; and</li> <li>• The disclosure requirements for financial assets.</li> </ul> <p>There are transitional arrangements within the standard and the 2018/19 Accounting Code of Practice for Local Authorities has now been issued, providing guidance on the application of IFRS 9. In advance of the Guidance Notes being issued, CIPFA have issued some provisional information providing detail on the impact on local authority accounting of IFRS 9, however the key outstanding issue is whether any accounting statutory overrides will be introduced to mitigate any impact.</p>	<p>Although the Code has now been issued, providing guidance on the application of the standard, along with other provisional information issued by CIPFA on the approach to adopting IFRS 9, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Council will have to:</p> <ul style="list-style-type: none"> <li>• Reclassify existing financial instrument assets</li> <li>• Re-measure and recalculate potential impairments of those assets; and</li> <li>• Prepare additional disclosure notes for material items.</li> </ul>
IFRS 15 Revenue from Contracts with Customers	<p>Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except:</p> <ul style="list-style-type: none"> <li>• Leases;</li> <li>• Financial instruments;</li> <li>• Insurance contracts; and</li> <li>• For local authorities; Council Tax and NDR income.</li> </ul> <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p>	<p>As with IFRS 9, some provisional information on the approach to adopting IFRS 15 has been issued by CIPFA in advance of the Guidance Notes. Now that the Code has been issued, initial views have been confirmed; that due to the revenue streams of Local Authorities the impact of this standard is likely to be limited.</p>



## Focused on your future (cont'd)

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Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p>



07

Audit Fees

## Audit Fees

Our fee for 2017/18 is in line with the scale fee set by the PSAA and reported in our Audit Plan issued in February 2018.

Description	Final Fee 2017/18 £	Planned Fee 2017/18 £	Scale Fee 2017/18 £	Final Fee 2016/17 £
Total Audit Fee – Code work	48,230	48,230	48,230	49,730
Total Audit Fee – Certification of claims and returns – Housing Benefit	15,959*	15,959	15,959	11,310

\* Final fees for the Certification of claims and returns – Housing Benefit, will be confirmed on completion of this work by the 30 November 2018 deadline, and reported within our Annual Certification Report.

We confirm we have not undertaken any non-audit work outside of the PSAA's requirements.

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# FAREHAM

## BOROUGH COUNCIL

### **Report to Audit and Governance Committee**

**Date:** 17 September 2018

**Report of:** Director of Finance and Resources

**Subject:** ANNUAL OVERVIEW OF COMPLAINTS AGAINST THE COUNCIL

#### **SUMMARY**

This report informs members of the number of complaints made to the Council via the Local Government and Social Care Ombudsman, the Housing Ombudsman Service and of any complaints in respect of breaches of the Code of Conduct for Members for the year up to 31 March 2018.

#### **RECOMMENDATION**

It is recommended that the Committee notes the contents of the report.

## **INTRODUCTION**

1. One of the functions of the Audit and Governance Committee, set out in the Constitution, is to advise on an internal framework of standards of conduct that should be followed by members and officers. To assist the Committee in carrying out this role, it is considered helpful to provide information concerning complaints made to, or about, the Council, its members and officers.
2. Many matters which could be termed as complaints might more properly be termed as service requests, and others are dealt with by the relevant departments as part of their normal duties (e.g. a missed refuse bin). Such requests are not covered by this report.
3. Where a matter has not been resolved straight away, the Council's corporate complaints procedure is followed and the matter is dealt with as a formal complaint. The procedure applies to most complaints, but there are some cases which are treated in a different way. The Council lets the complainant know if this is the case.
4. The formal complaints procedure is a two-stage process. Under Stage 1, the Head of Service in the department responsible will investigate the complaint. If the matter remains unresolved it will proceed to Stage 2 where the Director of the department responsible will review the complaint.
5. A complainant who is still not satisfied with the Council's explanation or resolution, after both stages of the complaints process have been followed, has the right to contact the Local Government and Social Care Ombudsman (LGSCO). Such cases are considered in this report together with the Ombudsman's annual letter.
6. In addition, tenants and leaseholders of housing associations and local authorities can contact the Housing Ombudsman Service, who will also investigate housing complaints that fall within their jurisdiction under the Housing Act 1996.
7. Complaints about the conduct of members which involve possible breaches of the Council's Code of Conduct for Members are not dealt with under the Council's formal complaints procedure. Since the implementation of the Localism Act the members' standards responsibility became the responsibility of the Audit and Governance Committee and its Standards Sub Committee.

## **COMPLAINTS TO THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN**

8. The LGSCO's annual review letter, Appendix A, shows that no complaints were upheld against the Council in the last financial year.

## **ENQUIRIES AND COMPLAINTS RECEIVED**

9. In 2017/18 the LGSCO received a total of 10 complaints about the Council and made 7 decisions. Cases are not always received and decided within the same financial year, which explains the discrepancy between the figures; the LGSCO uses the received date and decision date to determine the year for each. In 2016/17 there were 8 complaints and 10 decisions.
10. The complaints received related to several different service areas, which are summarised below. The titles are determined by the LGSCO so do not directly correlate with the services delivered by the Council:

- (a) Five for Planning and Development
- (b) Two for Corporate and Other Services
- (c) Two for Highways and Transport
- (d) One for Housing

11. The points below provide details of the outcome of the 7 decisions made by the LGSCO in 2017/18:

- (a) Three referred back for local resolution – the LGSCO found the complaint was taken to them too early and hadn't yet gone through the Council's complaints procedure. No further information is available on these as we are reliant upon the complainant contacting the relevant department with their complaint directly.
- (b) Three closed after initial enquiries – the LGSCO considered the complaint but decided against completing a full investigation.
- (c) One advice given – the LGSCO provided early advice, or explained where to go for the right help.

12. No complaints were upheld against Fareham Borough Council in 2017/18. This meant that there were no remedies that the Council needed to implement.

13. In addition to those complaints and enquiries received by the Local Government and Social Care Ombudsman, the Housing Ombudsman Service also received one complaint relating to how the Council, as the landlord, had handled allegations of anti-social behaviour. Although this complaint was received in the 2017/2018 financial year, the decision was not made until the following year and the decision will therefore be included in the 2018/2019 report.

## **PERFORMANCE OF HAMPSHIRE DISTRICT COUNCILS**

14. For the year ended 31 March 2018, the LGSCO received 128 complaints and enquiries in respect of Hampshire District Councils, including Fareham Borough Council. This is an increase on the 115 complaints received during the previous year. The lowest number of complaints and enquiries was received by Rushmoor Borough Council with 4. Winchester City Council received the highest number of complaints and enquiries, with a total of 20. Complaints and enquiries relating to Planning and Development were the most frequent type with 41, which is almost double the number of the next most common complaint type. This is a slight decrease on the 45 Planning and Development complaints/enquiries received for the year ended 31 March 2017.

15. For the year ended 31 March 2018, the LGSCO made a total of 134 decisions in respect of Hampshire District Councils, including Fareham Borough Council. Rushmoor Borough Council had the lowest number of decisions, with 4. Winchester City Council received the highest number of decisions, which resulted in 1 (out of 20) decisions being upheld. New Forest District Council had the most decisions upheld with 3 (out of 14). Fareham Borough Council was one of four Councils in Hampshire to receive no upheld decisions in 2017/18.

16. No information is available from the Housing Ombudsman Service regarding the number of complaints and enquiries received in respect of other Hampshire District Councils.

## **COMPLAINTS IN RESPECT OF BREACHES OF THE MEMBERS CODE OF CONDUCT**

17. The Council has a duty to make arrangements to receive and consider complaints made against Councillors in Fareham. The responsibility for carrying out this function lies with the Council's Monitoring Officer.
18. Complaints can be received in writing, via email or by completing an online complaint form that is available on the Council's website. All complaints are taken seriously and are recorded and investigated by the Monitoring Officer, who evaluates each one against the code of conduct.
19. For the period 1 April 2017 to 31 March 2018, sixteen formal complaints against members were received by the Monitoring Officer, an increase of eight compared to the previous year. Fifteen of these were resolved at an early stage of the complaints procedure as it was established that no breach of the code had occurred. One minor breach of code was established, which resulted in a letter from the Monitoring Officer to the subject member.

## **RISK ASSESSMENT**

20. There are no significant risk considerations in relation to this report.

## **CONCLUSION**

21. The overall level of complaints, to the Local Government and Social Care Ombudsman and those about Councillors, are in line with recent trends and the Committee is recommended to note the contents of the report.

## **Appendix A – LGSCO Annual Review letter**

### **Background Papers:**

The Local Government and Social Care Ombudsman's website provides copies of the annual review letters sent to all councils about their performance.

### **Reference Papers:**

None

### **Enquiries:**

For further information on this report please contact Annette Rickman, Customer Service Manager (Ext. 4418)

# Local Government & Social Care OMBUDSMAN

18 July 2018

*By email*

Peter Grimwood  
Chief Executive  
Fareham Borough Council

Dear Peter Grimwood,

## **Annual Review letter 2018**

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) about your authority for the year ended 31 March 2018. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

### **Complaint statistics**

In providing these statistics, I would stress that the volume of complaints does not, in itself, indicate the quality of the council's performance. High volumes of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Low complaint volumes can be a worrying sign that an organisation is not alive to user feedback, rather than always being an indicator that all is well. So, I would encourage you to use these figures as the start of a conversation, rather than an absolute measure of corporate health. One of the most significant statistics attached is the number of upheld complaints. This shows how frequently we find fault with the council when we investigate. Equally importantly, we also give a figure for the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. Both figures provide important insights.

I want to emphasise the statistics in this letter reflect the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

### **Future development of annual review letters**

Last year, we highlighted our plans to move away from a simplistic focus on complaint volumes and instead turn focus onto the lessons that can be learned and the wider improvements we can achieve through our recommendations to improve services for the many. We have produced a new corporate strategy for 2018-21 which commits us to more comprehensively publish information about the outcomes of our investigations and the occasions our recommendations result in improvements to local services.

We will be providing this broader range of data for the first time in next year's letters, as well as creating an interactive map of local authority performance on our website. We believe this will lead to improved transparency of our work, as well as providing increased recognition to the improvements councils have agreed to make following our interventions. We will therefore be seeking views from councils on the future format of our annual letters early next year.

### **Supporting local scrutiny**

One of the purposes of our annual letters to councils is to help ensure learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of our key priorities. We have created a dedicated section of our website which contains a host of information to help scrutiny committees and councillors to hold their authority to account – complaints data, decision statements, public interest reports, focus reports and scrutiny questions. This can be found at [www.lgo.org.uk/scrutiny](http://www.lgo.org.uk/scrutiny) I would be grateful if you could encourage your elected members and scrutiny committees to make use of these resources.

### **Learning from complaints to improve services**

We share the issues we see in our investigations to help councils learn from the issues others have experienced and avoid making the same mistakes. We do this through the reports and other resources we publish. Over the last year, we have seen examples of councils adopting a positive attitude towards complaints and working constructively with us to remedy injustices and take on board the learning from our cases. In one great example, a county council has seized the opportunity to entirely redesign how its occupational therapists work with all of its districts, to improve partnership working and increase transparency for the public. This originated from a single complaint. This is the sort of culture we all benefit from – one that takes the learning from complaints and uses it to improve services.

### **Complaint handling training**

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2017-18 we delivered 58 courses, training more than 800 people. We also set up a network of council link officers to promote and share best practice in complaint handling, and hosted a series of seminars for that group. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

For further information on how to interpret our statistics, please visit our website:  
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

## Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
0	0	2	0	0	2	1	5	0	10

## Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
0	1	3	3	0	0	0%	7

### Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.  
 The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

### Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
0	0



# FAREHAM

## BOROUGH COUNCIL

### **Report to Audit and Governance Committee**

**Date:** 17 September 2018

**Report of:** Director of Finance and Resources

**Subject:** RISK MANAGEMENT MONITORING REPORT

#### **SUMMARY**

In March 2017, the Audit and Governance Committee approved a new Risk Management Policy based around a set of principles rather than a formal framework of registers. The policy requires evidence of risk management to be compiled every six months as proof that the policy is effective. This is the latest six-monthly report under the new policy.

#### **RECOMMENDATION**

It is recommended that the Committee review the report as a source of evidence that the current Risk Management Policy is operating in practice.

## INTRODUCTION

1. In March 2017, the Audit and Governance Committee approved a new Risk Management Policy (See Appendix E) based around a set of principles rather than a formal framework of registers. Under the new process, discussions are held with managers to gather evidence that the new policy is being implemented. In particular, the policy would be considered to be effective if managers are able to cite examples of:
  - (a) What their top risks are and any new or changes in risks and opportunities that have occurred in the year
  - (b) Actions that have been taken in the year to mitigate risks
  - (c) Incidents that have occurred and actions taken to manage the incident and prevent a repeat
  - (d) Risks and solutions shared with other services in the Council or discussed with Council experts in that subject.
2. This report summarises the evidence gathered from the round of discussions held during July and August 2018.

## MANAGERS COVERED BY THIS REPORT

3. Discussions are held every 6 months with half of the Heads of Service in the Council, so each manager is interviewed once a year. The Heads of Service covered in the 2 sets of interviews each year are listed in the table below, which highlights those services covered by this report. This will therefore affect which risk topics feature in this report.

Managers Interviewed THIS report	Managers Interviewed for the last report
Head of Development Management (LS)	Head of Planning Strategy & Regeneration (CB)
Head of Building Control (JS)	Head of Environmental Health (IR)
Head of Building Repairs and Maintenance (KW)	Head of Street Scene (MB)
Head of Housing and Benefits (CN)	Head of Leisure and Corporate Services (LA)
Head of Finance and Audit (EH)	Head of Property Services (GH & managers)
Head of HR and ICT (SR)	Head of Democratic Services (LU)
Welborne Strategic Lead (SW)	Head of Coastal Partnership (LC & MH)
	Welborne Strategic Lead (SW)

4. It should be noted that there was a corporate restructure in November 2017 and April 2018 so some manager's responsibilities will have changed since the last report. However, we have tried to also cover past responsibilities in the discussions.
5. We have also included an update on some of the risks relating to the Welborne planning determination as it was felt this information was more timely now than in the scheduled 6-months' time.

## STRUCTURE OF THE EVIDENCE GATHERED

6. Detailed notes were taken of each discussion. The topics of the discussion are listed in Appendix D. Examples were then taken from the discussions for use to demonstrate that risk management activity is happening. These are summarised in the appendices using 3 evidence themes of:
  - (a) Appendix A - New actions taken *anticipating* risks or opportunities
  - (b) Appendix B - New actions taken *reacting* to risks or incidents
  - (c) Appendix C - Risks where action is *still needed*
7. We also made sure we followed up on any risks highlighted last time where “action is still needed”. These are highlighted in the tables.

## APPENDICES

Appendix A: Examples of New Actions Taken ANTICIPATING Risks or Opportunities

Appendix B: Examples of Actions Taken REACTING to Risks or Incidents

Appendix C: Risks noted where further actions are still needed

Appendix D: Detailed List of Risks and Actions covered in the Manager Discussions

Appendix E: FBC Risk Management Policy (Separate Document)

**Background Papers:** None

### Reference Papers:

Report to Audit and Governance Committee on 13 March 2017 on the Revised Risk Management Policy

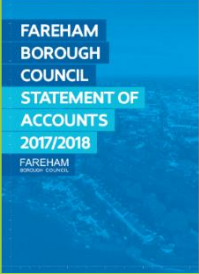

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### Enquiries:

For further information on this report please contact Elaine Hammell. (Ext 4344)



## Appendix A – Examples of new actions taken ANTICIPATING risks or opportunities


Risk or Opportunity	Actions taken
<p><b>Impact of the Homelessness Reduction Act (Update)</b></p> <p>The Homelessness Reduction Act came into force on 3 April 2018.</p> <p>The Act places a new duty on local authorities to help prevent the homelessness of all families and single people, regardless of their vulnerability, who are eligible for assistance and threatened with homelessness.</p> <p>The actions the Council was taking to prepare for the new responsibilities were detailed in the September 2017 risk report. Further actions that have been taken since are listed here.</p> 	<p><b>Fareham Housing</b> – The learning in the external training sessions held last year has been supported by further in-house learning opportunities. There will also be shared learning opportunities utilising on-line resources and working with other professionals to help prepare for the changes.</p> <p><b>Fareham Housing/ICT</b> – A new system has been purchased to help support the administrative burdens of the new Act.</p> <p><b>Fareham Housing</b> – A Rough Sleeper Action Group facilitated by Fareham was set up in January 2018. This multi-agency group, including the Police and the Two Saints hostel, meet to discuss individual cases and decide how best to address their issues and help them by providing a staged and supportive journey.</p> <p><b>Fareham Housing</b> – A multi-agency Rough Sleeper Conference was hosted by Fareham in July 2018 to identify opportunities for closer partnership working to tackle the complex challenges of helping rough sleepers.</p>
<p><b>Managing Fire Risks in Housing Properties (Update)</b></p> <p>The Grenfell Tower fire occurred on 14 June 2017 at the 24-storey Grenfell Tower block of public housing flats in North Kensington leading to at least 80 deaths. The cladding on the building has been blamed for the spread of the fire and there has been public criticism over alleged cost saving in respect of social housing, and the local and national government's response to the incident.</p> <p>The Government has therefore set up an enquiry into the tragedy which may have implications for the Council; although the immediate focus has been on high rise residential properties which is not a high risk for our borough. However, the Council has had incidents of fire in its own properties in the last year.</p> <p>The actions the Council has been taking in the immediate response to Grenfell and local fires were detailed in the September 2017 risk report. Further actions that have been taken since are listed here.</p>	<p><b>Corporate</b> – Identifying and acting on any further findings and advice resulting from the Grenfell Enquiry. (See also below risks for the Building Control Service arising from the Hackitt review)</p> <p><b>Corporate</b> – Identifying and acting on any findings from incidents occurring in our own housing stock.</p> <p><b>Corporate</b> – Quarterly meetings are now held between Housing officers and property services to discuss any issues arising in our housing properties.</p> <p><b>Fareham Housing</b> – Reviewing what records relating to the management and maintenance of properties need to be accessible in one place.</p> <p><b>Fareham Housing</b> – Improving evidence available to prove compliance by recording all information relating to property issues.</p> 

Risk or Opportunity	Actions taken
<p><b>Failure to meet the statutory deadlines for the Closure of the Accounts (Update)</b></p> <p>The Accounts and Audit Regulations stipulate the deadline by which the draft Statement of Accounts has to be produced and published, and the external audit of the accounts completed. From the 2017/18 accounts onwards the Council was required to have the draft accounts ready a month earlier (end of May 2018) and the external audit (by Ernst and Young) completed 2 months earlier (end of July 2018).</p> <p>The work carried out last year carrying out a dry run was detailed in the September 2017 report. Since then there were changes in staff in the finance team and within the external audit team. Further actions taken since are detailed here.</p> 	<p><b>Finance</b> – Recruited new staff members to replace the outgoing members of staff and reorganised the team to ensure a fairer split of year end tasks.</p> <p><b>Finance/Corporate Services</b> – Worked together to completely revitalise the covering report to the accounts.</p> <p><b>Finance/EY</b> - Good communication channels set up to establish how we could work in partnership to achieve both goals.</p> <p><b>Finance/EY</b> – Identified areas of work that could be tested before EY would normally be carrying out their statement of accounts work. This led to an interim audit that took place in March, and working papers being submitted earlier than usual, but this then took some of the pressure away from the audit in July.</p> <p><b>Finance</b> – Notified all key staff in the team and in other teams when the external auditors would be on site for the interim and final audit and limited requests for leave during this period.</p> <p><b>Finance/EY</b> – A portal was introduced by EY to allow documents to be uploaded to one central place and requests to be sent out. There were some teething problems with it which are being looked into for next year.</p> <p><b>EY</b> – Brought back an experienced audit manager familiar with the Council to replace the manager who left during the year.</p>
<p><b>Changes in Business Rates Retentions</b></p> <p>The Ministry Housing, Communities and Local Government (MHCLG) have recently confirmed an approach to move to a 75% Business Rates retention position, with an aspiration to move to 100% retention (subject to legislation). Currently local councils keep 50% of the business rates monies collected of which 40% is initially allocated to the district councils in Hampshire. However, it's the government's intention to remove some general and specific grant funding streams at the same time.</p> <p>On 24th July, the Government published an additional invitation to Councils to apply to participate in a business rate retention pilot scheme to allow earlier increased retentions for successful councils who work together in a pool. Previously the 3 Solent Unitary Councils were successful in being approved for early increased retention. The rest of the Hampshire Councils are planning to submit a bid in response to the latest invitation. There are therefore risks to how</p>	<p><b>Hampshire Councils</b> – Winchester City Council is leading on drawing up and co-ordinating the bid submission. Consultants have been engaged to model the effects on the proposal at the county level and support the bid process.</p> <p><b>Finance</b> – Consultants are being engaged to assist FBC in understanding the reasons behind our need assessment (including baseline calculation, funding requirements, appeals provision and growth in the enterprise zone area), and develop our knowledge and modelling techniques to help forecast how we will fare under the pooled arrangements, and what decisions we can make to influence our position.</p> <p><b>Finance</b> – The officers involved in the 3 finance elements of the process (accounting and completion of returns, business rates modelling and financial strategy modelling) are coming together to understand how their element affects the others.</p> <p><b>Finance</b> – is being to strengthen</p>  <p>Training rolled out</p>


Risk or Opportunity	Actions taken
<p>Fareham will fare in a pooled rates situation as they are currently assessed with one of the lower levels of need in the County.</p>	<p>understanding of this topic within the Council.</p>
<p style="text-align: center;"><b>Strengthening Civil Contingency arrangements</b></p> <p>The Civil Contingencies Act 2004 (CCA) designates district councils as Category 1 responders with access to a number of services which may be called upon, at any time by other agencies as part of the response.</p> <p>The Act also requires local authorities to maintain Business Continuity Plans, to ensure that following a serious disruption, services can be provided to the community.</p> <p>The Council continuously monitors the arrangements we have in place to ensure we meet those responsibilities.</p> <p>From April 2018, a new partnership has commenced with the Portsmouth and Southampton City Councils' Emergency Planning Response and Resilience Team, who will also work with Eastleigh and Gosport Councils to provide emergency preparedness, resilience and response. The benefit of the partnership is that it covers both aspects of the CCA.</p>	<p><b>Emergency Planning Team</b> – Establishing a physical presence at FBC.</p> <p><b>Corporate</b> - PCC and SCC have worked with FBC through a Deed of Agreement to streamline existing business continuity processes. They are reviewing and updating existing arrangements and documentation. A presentation was provided to Senior Managers in July 2018 to provide them with an update.</p> <p><b>Corporate</b> - Revised Business Continuity Policy and Business Continuity Plan drafted and approved by senior managers, along with the latest Emergency Response Plan.</p> <p><b>Emergency Planning Team</b> – Planning to implement changes via training and a schedule of exercises.</p> <div data-bbox="933 913 1375 1160" data-label="Diagram"> <pre> graph TD     subgraph Strategic         S1[Strategic (Multi-agency) Gold (Single Agency)]     end     subgraph Tactical         T1[Tactical (Multi-agency) Silver (Single Agency)]     end     subgraph Operational         O1[Operational (Multi-agency) Bronze (Single Agency)]     end     S1 --- SCG[Strategic Coordinating Group (SCG)]     T1 --- TCG[Tactical Coordinating Group (TCG)]     O1 --- OCG[Operational Coordinating Group (OCG)] </pre> </div>
<p style="text-align: center;"><b>Cyber Security (Update)</b></p> <p>Cyber Security continues to be a top priority for the ICT section to protect against a range of increasingly sophisticated threats to the Council's computer systems, networks and data. This risk was recognised by employing a dedicated Security Officer in 2016 whose role is to reduce the risk from cyber-attacks, and prevent the unauthorised exploitation of systems, networks and technologies.</p> <p>In order to maintain a comprehensive defence against cyber threats, multiple ICT security technologies are implemented to provide a layered "defence in depth" approach.</p> <p>Additional actions taken this year are highlighted.</p>	<p><b>ICT</b> – Recruiting and building on the role of Security Officer after the original holder left this year.</p> <p><b>ICT</b> - Working towards the centralisation of security protection and monitoring in the Microsoft cloud.</p> <p><b>ICT</b> - Monthly bulletins to make staff aware of different types of Cyber Security threats and how they can protect themselves against these at work and at home</p> <p><b>ICT/ Procurement/ Information Management</b> - Joint working to ensure that new systems undergo Data Protection Impact Assessments (DPIA) and any cloud-based services adhere to a list of prescribed principles laid out by the National Cyber Security Centre (NCSC).</p>
<p style="text-align: center;"><b>Solent Airport ICT Infrastructure</b></p> <p>A company (RCA) manages the Solent airfield and air traffic control operations on behalf of the Council. To get the operations working the Council provided the ICT platform from which RCA's own unique software operated. However,</p>	<p><b>ICT</b> - Engaged with RCA to use our expertise in project specifications and procurement processes to find an agreeable solution that would make them self-sufficient, similar to the arrangements with the Leisure centres.</p> <p><b>ICT</b> – Ownership of the assets passed to RCA who are now responsible for the cleanse and disposal of any data they contain.</p>



Risk or Opportunity	Actions taken
<p>RCA also use a number of different IT solutions in their enterprise which did not integrate well.</p> <p>As part of the expansion to provide a summer and winter timetable and the move to commercial flights, the need for out of hours specialist support that covered the software as well as the equipment, and the need for ongoing maintenance, was identified. There were also potential risks for the Council associated with managing the disposal of data on the platform if the contract were to end.</p>	
<p><b>Delays in the Introduction of Universal Credit (Update)</b></p> <p>Since 2013 the government has proposed the introduction of universal credit to supersede housing benefits. This will be administered by central government thus reducing the need for benefits staff in Councils. Work force planning has therefore been in place to reduce the number of staff employed. However, delays in the introduction of the change has meant that but the service has had to continue with reduced resources whilst in the meantime the government has been producing lots of real time benefits changes.</p> <p>The latest targets published are November 2018 onwards for new claimants and full migration of existing claimants by 2022.</p>	<p><b>Fareham Housing Benefits –</b> The lengthened timescales mean fixed term employment arrangements are no longer appropriate, and staff are now on permanent contracts. As vacancies arise opportunities are more likely to attract suitable candidates and be filled.</p> <p><b>Fareham Housing Benefits -</b> Planned job shadowing to share knowledge and expertise has been used to shift responsibilities within the Benefits structure and allow support posts to migrate to the ICT service.</p> 
<p><b>Staff recruitment and retention in Building Maintenance</b></p> <p>The Building Maintenance service has been on a journey to understand what in-house and contractor resources are needed to provide the best service to their customers.</p> <p>In particular, the service needs to have competent call handlers, and the right tradesmen to undertake a variety of building maintenance tasks and complete them to the required standard as part of the first job in order to avoid waste work.</p> <p>However, the service is managing an on-going risk concerning their ability to recruit the skilled staff they need in a competitive market, and then retain</p>  <p>continue to them.</p>	<p><b>Corporate –</b> Restructure completed to create the Directorate of Fareham Housing and clarify areas of responsibility and the teams and skills required in these areas.</p> <p><b>Fareham Housing Building Services –</b> Widened local advertising to attract suitable applicants for Trade roles.</p> <p><b>Fareham Housing Building Services –</b> Managers seek to highlight to potential applicants, the benefits of working for a local authority employer, particularly for trade roles.</p> <p><b>Fareham Housing Building Services –</b> Recruitment evaluation includes practical skills testing and demonstration where suitable.</p> <p><b>Fareham Housing Building Services –</b> Efforts are being made to improve the retention of quality tradesmen, assigning good jobs to in-house staff to increase satisfaction levels.</p> <p><b>Fareham Housing Building Services -</b> In-house career path training being explored to develop all the skills we need in our own multi tradesmen.</p> <p><b>Fareham Housing Building Services –</b> Repairs Admin Officer posts are now on the permanent establishment, and long-term agency staff have been recruited to these positions. A plan to cover upcoming maternity leave is in</p>

Risk or Opportunity	Actions taken
<p style="text-align: center;"><b>Telephony Upgrade (Opportunity)</b></p> <p>The council is carrying out a telephony upgrade which addresses the needs of Customer Services and other departments to provide a more responsive system to the Council's customers.</p> <p>This upgrade will enable FBC call centre staff to be far more flexible in how they interact with customers. This involves the use of new technologies such as soft phones (headset no hand units), automatic queuing and the ability to divert calls to mobile and home phones.</p> <p>New opportunities include optimising social media, email integration and web chat.</p> <p>This also has the potential for other services to improve home working, being able to respond outside of office hours and logging on and off work stations to increase hot desk working.</p> <p>The old ISDM phone lines will no longer be needed as calls will be made over the internet; once this system is in place there will be annual cost savings.</p>	<p>place.</p> <p><b>ICT</b> – Procured a new telephony supplier and implementing the new products for FBC call staff.</p> <p><b>ICT</b> – Using some of the features to develop a strategy for mobile devices which avoids employees having both personal and work devices by allowing 2 phone numbers to work on one device.</p> 
<p style="text-align: center;"><b>Apprenticeship Levy (Update)</b></p> <p>From April 2017, the government introduced the apprenticeship levy, a compulsory tax on employers to help fund the development and delivery of apprenticeships.</p> <p>FBC is required to pay the levy of 0.5% of the pay bill whether or not we employ apprentices. The payments are made to a virtual account which can only be used to offset the specific training costs provided to apprentices.</p> <p>The government has also set us a public-sector target for the number of apprentices we need to employ and there is a reputational risk if we are not seen to be doing the right thing in terms of our apprenticeship obligations.</p> <p>The actions the Council has been taking to meet the statutory requirements to pay over the levy and start planning for potential use of our pot were detailed in the September 2017 risk report.</p> <p>Further actions that have been taken since are listed here.</p>	<p><b>Human Resources</b> - All vacancies that arise are examined to consider if they can be used to support an apprentice under the terms of the levy.</p> <p><b>Human Resources</b> – As part of restructure considerations development opportunities in new services are identified for current employees that could be supported as an apprentice role. This includes career grade and posts requiring qualifications.</p> <p><b>Human Resources</b> – Monitoring what training organisations can be used as published on the Governments authorised organisation list.</p> 
<p style="text-align: center;"><b>Updating of Contract Procedure Rules</b></p> <p>As part of the Vanguard review of “buying stuff” it has become clear that the Contract Procedure</p>	<p><b>Finance/Procurement</b> – Working group set up to review and merge the 3 current policy documents and develop a new policy (Procurement and Contract Procedure Rules) around the approved new Procurement Principles.</p>

Risk or Opportunity	Actions taken
<p>Rules we currently have can lead to unintended consequences. This includes funnelling services down an inappropriate procurement route based on the level of spend rather than allowing services to consider different options to achieve the best for the Council.</p> <p>The new rules are potentially riskier due to the threshold before formal justification is required, and the Heads of Service authorisation level, being lifted to £100k.</p> 	<p><b>Finance/Procurement</b> – Consultation meetings held including with senior managers, Executive portfolio holder and the Audit and Governance Committee.</p> <p><b>Finance/Procurement</b> – Rolling out of training, to support the cultural transformation needed to deliver the new rules, via a series of workshops that will include all Heads of Service, Directors, Procurement, Audit, Finance Business Partner, and key spending teams in the Council.</p> <p><b>Finance/Procurement</b> – Added an escalation route clause in which an officer panel will be convened if a decision cannot be made.</p> <p><b>Finance/Procurement</b> – Oversight rules added in the form of monthly updates to members on procurement decisions over the significant value threshold and presentation of an Annual Report to CXMT. This will also include audit findings following testing they will undertake.</p> <p><b>ICT</b> – Developing a manager report suite to monitor supplier spend.</p>
<p><b>Building Control Partnership – Quality Management Accreditation Changes</b></p> <p>The Building Control partnership is accredited to a quality management standard which helps the service win work from some of its big clients.</p> <p>The quality management system requirements were updated in 2015 with a number of new requirements which need to be implemented by 1 October 2018.</p> <p>The next assessment visit is on 24 September and there is a reputational risk if we are seen as not compliant.</p>	<p><b>Building Control:</b> Work has been carried out in the interim period to meet the new requirements.</p> <p><b>Building Control:</b> Transition audit conducted which only identified one minor issue which has been addressed. There service is therefore confident that there is now only a minimal risk.</p>
<p><b>Gas Servicing work</b></p> <p>The Council as a landlord is required to carry out regular gas service checks to protect the health of our tenants. This results in a Landlord Gas Safety Record being in place for each property.</p> <p>The Gas servicing work is outsourced to a gas Safe Registered contractor and we then carry out audit checks on the work they do.</p> <p>There have been some problems noted with the robustness of the current contractor.</p>	<p><b>Property Services</b> – A tender exercise was carried out to test the market which resulted in appointing a new gas maintenance contractor.</p> <p><b>Fareham Housing Building Services</b> – Contractor is now being supervised by the Head of Building Repairs and Maintenance Service, working closely with the Property Manager and Finance Business Partner. The replacement contractor is now meeting the required KPIs.</p>

## Appendix B – Examples of actions taken REACTING to risks or incidents



Risk or Opportunity	Actions taken
<p><b>Greenfield Sites and Planning Appeals</b> (Update)</p> <p>Following a Public Inquiry held by the Planning Inspector in April 2017 which upheld an appeal by Persimmon Homes to allow them to build new homes on countryside adjoining Portchester (Cranleigh Road), the Council is now receiving a notable increase in planning applications to build houses and appeals against decisions.</p> <p>Our ability to resist planning applications on the grounds that the Council has a 5-year housing land supply has also been weakened and we risk further adverse decisions if similar applications go to appeal.</p> <p>The position has been further weakened with the revision of the National Planning policy framework in July 2018 where there is an additional housing quota of 140 homes for FBC set by Central Government.</p>	<p><b>Corporate</b> – Members are lobbying Central Government to highlight the impact of the framework on FBC.</p> <p><b>Development Management</b> - DM are endeavouring to defend and protect Greenfield sites from development, but the longer the 5-year housing supply is not met the longer we are at risk.</p> <p><b>Development Management / Finance</b> - Working to develop a pipeline of potential appeals so that they can be planned for and risk assessed.</p> 
<p><b>Failure of Print Room equipment</b></p> <p>The Council currently has an in-house central print room to carry out the majority of print and finishing work that cannot be carried out on individual floor machines.</p> <p>A significant use of the facility is to print all the 50,000 council tax and 3,000 business rates annual bills in January and February.</p> <p>Prior to the run, all the equipment is serviced and we have support arrangements in place with the suppliers.</p> <p>During the 2017/18 annual bill run one of the printers and the enveloper failed. Due to its age, a part could not be sourced by the supplier in the timescales needed.</p> <p>Previously in the year the equipment used to print the creditor cheque payments also failed.</p>	<p><b>ICT</b> - Switched printing to the slower backup printer until the main one could be fixed.</p> <p><b>ICT</b> - Commissioned a local engineering firm to manufacture a bespoke replacement part for the enveloper at short notice.</p> <p><b>Corporate</b> – A project reviewing our printing arrangements has started covering more use of externalised / cloud print and post facilities, maximising the use of the print stations on the floors, challenging what we are choosing to print, and increasing the number of communications that can be carried out electronically such as by expanding our web-based MyAccount facilities.</p> <p><b>Finance</b> - Sourcing an external provider for the 2018/19 annual billing run.</p> <p><b>Finance</b> – Completed project to promote creditors payments by BACS and switch off cheques as an option.</p>
<p><b>Use of Vehicles Policy</b></p> <p>Council employees who drive corporately owned vehicles are not allowed to use them for private purposes. Private use is not covered by FBC insurance cover and the employees themselves would be liable to P11d taxation.</p> <p>Corporately branded vehicles being misused out</p>	<p><b>Human Resources</b> - The Use of Vehicles policy has been revised so that a very clear set of rules can be followed by employees and can be enforced by managers.</p> <p><b>Human Resources</b> - The Use of Vehicles policy has been supported by new clauses in contracts of employment.</p> <p><b>Corporate</b> – Communication campaign on the new policy to employees, managers and the trade unions is in</p>



Risk or Opportunity	Actions taken
<p>of work hours can lead to poor public perception of FBC.</p> <p>There has been evidence that some private use has been happening.</p>	<p>progress.</p> <p><b>Human Resources</b> – Disciplinary action taken where warranted.</p>
<p><b>Housing Strategy (Update)</b></p> <p>As highlighted in last year's summary, in recent years there has been a lack of a Housing Strategy for the borough which highlights those gaps in the market which the Council needs to assist with (by ownership and promoting development), and to make sure resources are being targeted on the priority types of property to meet the needs of families in this borough.</p> <p>Actions have now been taken to address this risk.</p> 	<p><b>Corporate</b> – A new housing directorate has been established with responsibilities which include the strategic direction of social housing provision in Fareham and effective liaison with other social housing providers; the rationalisation, maintenance and improvement of the Council's housing stock; effective estate management; the construction of new housing units and the allocation of vacant properties; tenancy and leaseholder management, and the provision of housing benefits and advice.</p> <p><b>Fareham Housing / HR</b> - A full restructure has taken place to support the responsibilities of the directorate. This has included a new post of Affordable Housing Strategic Lead.</p> <p><b>Corporate</b> – A Member/officer task and finish working group was set up to lead on developing the Housing Strategy. This is supported by an officer working group.</p> <p><b>Fareham Housing</b> – A new Affordable Housing Strategy had been drafted and will be presented to the Executive for approval. Once this is adopted work will progress on related sub-strategies such as a revised Allocations Policy and Homelessness Strategy.</p>
<p><b>Hub Backup</b></p> <p>The ICT team carry out full backups of the main database on the hub every week and differential backups every day.</p> <p>As part of the backup process a consistency check is carried out. The log generated after one of the consistency checks highlighted that there might be some errors in the data integrity.</p> 	<p><b>ICT</b> – Stopped carrying out full backups but retained all differential backups until the problem could be investigated.</p> <p><b>ICT</b> – Monitored disk space until enough was available to enable a test backup to be carried out. (Needed 2 terabytes)</p> <p><b>ICT</b> – Work scheduled over the weekend and advance warnings given of the unavailability of the hub.</p> <p><b>ICT</b> – Last full and all differential backups restored to a test system and carried out the consistency check routine. No problems found so were able to work on the live system as now had a clone available if needed.</p> <p><b>ICT</b> – Deleted the live database and recreated from the backups. Then took another full backup. New database no longer failed the consistency check as integrity had been restored during the process.</p>
<p><b>Inspection by the Investigatory Powers Commissioner's Office (IPCO)</b></p> <p>Local Authorities have a legal mechanism to impinge Article 6 of the Human Rights Act concerning an individual's right to privacy. This includes powers to carry out surveillance, use covert human sources and request communication data. These carry a high reputation risk if the public feel these powers are misused.</p>	<p><b>Corporate Fraud</b> – On going mechanisms including Links with Southampton City Council legal team, and the Hampshire Fraud Group to identify changes in legislation and codes of practice which are fed into the Council's Policy.</p> <p><b>Housing and Benefits</b> – Trained and experienced investigators and managers maintained in post.</p> <p><b>Finance (Audit)</b> – A strong submission with supporting evidence was sent in response to the initial questionnaire, which was followed up with proactive communication with</p>

Risk or Opportunity	Actions taken
<p>The government therefore carry out inspections of councils to confirm they are using the powers responsibly and in accordance with the published codes of practice. In January 2018, the Council received notification that we were due our latest inspection in February 2018.</p> <p>The risks of a poor report were mitigated by the actions listed and as a result the report received was highly complimentary and no recommendations were made.</p>	<p>the inspector's office and the inspector himself before his arrival.</p> <p><b>Corporate</b> – All relevant officers made themselves available for the inspectors visit and discussions with him demonstrated their depth of knowledge and the co-operation and mutual support of all senior officers.</p> <p><b>Planning &amp; Regulation</b> – Head of Parking &amp; Enforcement organised and delivered a tour of the CCTV Centre involving our partners from Gosport BC.</p> 
<p><b>Duplicate Charging by Contractors</b></p> <p>Invoice checking by a member of building services staff identified an invoice where the contractor and a sub-contractor were both invoicing the Council for the same work.</p> <p>A second invoice was also identified taking the value of the duplication to £1,000. Other discrepancies with the value of orders were found.</p> 	<p><b>Fareham Housing Building Services</b> – Officer escalated to their manager who informed the audit section.</p> <p><b>Finance (Audit)</b> – Confirmed the duplication (value approx. £1,000) and checked other invoices concerning these suppliers.</p> <p><b>Finance</b> – Put a stop on payments going out until the matter could be investigated.</p> <p><b>Fareham Housing Building Services</b> – Manager brought in the contractors to discuss the matter and actions that could be taken to prevent recurrence. Credit notes received for the duplication.</p> <p><b>Fareham Housing Building Services</b> – Further controls added to administration processes including improving contractor instruction and supervision, and scrutiny of invoices by the Repairs Administration Officers.</p> <p><b>Finance (Audit)</b> – Further testing planned to confirm that the strengthened controls remain robust.</p>


## Appendix C - Risks noted where further actions are still needed

Risk or Opportunity	Actions being taken
<p><b>Hackitt Review into Building Control (Update)</b></p> <p>The Hackitt Review into whether the Building Regulations process is fit for purpose was instigated as a result of the Grenfell Tower fire. It is currently six months into a one-year project.</p> <p>The interim report suggests that Building Regulations and the operation of Building Control in relation to Fire Safety will change as a result of the review. Potential recommendations include:</p> <ul style="list-style-type: none"> <li>• The current regulations will not be deemed fit for purpose and will be replaced by primary legislation which increases regulatory powers and penalties.</li> <li>• Developers will not be allowed to choose their building control service (removes the opportunity to use a 'sympathetic/favoured service').</li> <li>• It will be necessary to set up a Joint Competent Authority. The JCA will probably consist of the Fire Service, Local Authority Building Control and the Health and Safety Executive. It is not clear if this will be local, county or national.</li> <li>• The JCA will assume regulatory responsibility from inception of a building throughout its life, this will also be back applied to existing buildings.</li> <li>• There will not be different types of building control processes in place for different types of building – all industrial and commercial will also be included, although probably not local private extensions etc.</li> <li>• Approved inspectors who are currently private may not be allowed to fulfil this service.</li> <li>• Local Authorities should be the library and central point for information.</li> </ul> <p>There is no current deadline for the final outcomes. The report has been published and accepted in principle by the Government, although their intentions and the shape of those are yet to come to fruition.</p> <p>The competition for skilled staff between the public and private sector, however, remains acute giving the building control service continued difficulty in recruiting and retaining quality senior staff.</p>	<p><b>Building Control:</b> Monitoring the recommendations being made and how it will impact on them</p> <p><b>Building Control:</b> Member briefing on potential implications arising from the review.</p> <p><b>Building Control / Human Resources</b> – Continuing to strengthen the partnership so we are in a strong position to respond to changes. This includes recruiting to vacant posts, standardising terms and conditions and developing more competitive packages to offer to staff in the partnership.</p>  
<p><b>Finance Strategy Funding Gap</b></p> <p>The Council maintains a Medium-Term Finance Strategy (MTFS) which uses sensitivity modelling to forecast financial pressures. The latest</p>	<p><b>Corporate</b> – Each Head of Service worked with their Finance Business Partner and presented a list of potential cost saving or income generating ideas to the Chief Executive, Director of Finance and Resources and Head of Finance and Audit.</p>

Risk or Opportunity	Actions being taken
<p>modelling is warning of a funding gap from 2019/20. This is mainly the result of the removal of all the Revenue Support Grant (RSG) for Fareham and the reduction in the time period over which the New Homes Bonus will be paid out.</p> 	<p><b>Finance</b> – Created new ways of looking at data to help managers prepare for their meetings.</p> <p><b>Finance</b> – Carrying out cross cutting analysis of types of spend to identify where savings might be achievable, and any fees and charges streams which could be improved.</p> <p><b>Finance</b> – Targeting some service lines to understand how much they are costing versus the benefits.</p> <p><b>Finance</b> - Revising the Medium Term Financial Strategy (MTFS) and Sensitivity Analysis to make the different opportunities and pressure streams more visible.</p> <p><b>Finance / ICT</b> – Developing a finance report suite for managers to provide better budget monitoring information and details of spend with suppliers.</p>
<p><b>Implementing the next pay award and National Living Wage</b></p> <p>The pay agreement for mainstream employees 2018-20 introduces new criteria to support lower paid workers. We will therefore need to introduce a new pay spine to accommodate the changes from 1st April 2019.</p> <p>However, FBC does not use the national pay scales so fitting in the changes does cause some problems with the lower spinal column points. For example, if 2 old grades become part of one new grade then we lose the ability to differentiate between extra skills required between posts.</p> <p>Options include keeping the grading structure but reducing the number of Spinal Column Points, merging the lower grades, and trying to place a monetary or % gap between each SCP.</p> <p>The risk is a higher pay bill in the early years if we maintain all the differentials and a possible impact on staff morale for those posts getting less of a benefit.</p>	<p><b>Human Resources / Finance</b> – A working group has been set up to remodel FBC pay scales to take account of the changes and understand the impact on the overall pay bill. This includes the use of an external consultant to work through the impacts on posts that will be affected.</p> <p><b>Human Resources</b> - Job re-evaluation work being refreshed on all posts to check the match of skills to the pay grades.</p> 
<p><b>General Data Protection Regulation (GDPR) (Update)</b></p> <p>The General Data Protection Regulation came into force in May 2018. They introduce new requirements such as the need to obtain consent, the right to be forgotten, and the requirement to notify the Information Commissioner's Office of any data breach within 72 hours.</p> <p>Non-compliance with the regulations brings the risks of not delivering our customers' rights, reputational damage and ultimately fines and sanctions from the Information Commissioner's Office.</p>	<p><b>Fareham Housing</b> - Data sharing principles with the Citizen Advice Bureau still need to be agreed raising issues with the future of funding of the money advisor post. The on-going relationship is having to be carefully managed.</p> <p><b>ICT</b> - Information Assets Register Questionnaires have been created for relevant ICT assets. This work needs to be reviewed and completed by agreeing and documenting retention periods for all assets. This work will be prioritised as one of the first tasks for the new Security Officer and should be completed in the autumn of this year.</p> <p><b>Building Control</b> – Confirmed that the partnership</p>

Risk or Opportunity	Actions being taken
	<p>agreement has cross delegated Building Control Powers sufficient for information sharing and checking that the fair processing notice on applications for building regulations has been updated to refer to GDPR. Memorandum of understanding that is currently in place will also be reviewed.</p> <p><b>Finance</b> - Information Assets Register Questionnaires have been created and action plan created to work through issues to be checked. Recommendations made following the Council Tax Data Protection audit have been implemented.</p>
<p><b>Ensuring Value for Money of Housing Works (Update)</b></p> <p>Interim arrangements were put in place to secure contractors to carry out voids and repairs work on the Council's housing stock.</p> <p>It was highlighted last time that this arrangement has not yet been subject to market testing although the value of spend on this work is significant.</p> 	<p><b>Corporate</b> – A full restructure has been completed to create the directorate of Fareham Housing and clarify roles and responsibilities in relation to the contractors being used on Council property.</p> <p><b>Fareham Housing</b> - A tender process is underway seeking a single suitable contractor to carry out refurbishment of Fareham Borough Council's Housing stock in four categories of work. These are voids, reactive replacement kitchens and bathrooms; disabled adaptations; and other occasional reactive works.</p> <p>The contract duration will be 5 years (3 + 1 + 1) with the anticipated start date of February 2019 following the full procurement process. The estimated value of the contract (full 5-year term) is £6.2m</p> <p>The specification and tender documentation has been prepared by the Planned Maintenance section and the opportunity was advertised on the South-East Business Portal in accordance with European Union procurement legislation. A shortlist has now been agreed.</p>
<p><b>Leaseholder Service Charges (Update)</b></p> <p>Households who buy their flats under the Right to Buy scheme then become leaseholder customers to the Council. As leaseholders, they receive an annual bill of charges associated with the maintenance of the property. However, they have a limited ability to control the charges they receive which can vary substantially between years.</p> <p>There are approximately 450 leaseholders and we have a high proportion of enquiries / complaints each year in respect of the bills they receive.</p> <p>The actions the Council have been taken to improve customer satisfaction with the bills were detailed in the September 2017 risk report. Further actions that have been taken since are listed here.</p>	<p><b>Fareham Housing</b> – The Directorate restructure has resulted in new officers in post including:</p> <ul style="list-style-type: none"> <li>a) Leaseholder Management Officer, reviewing the service with fresh eyes.</li> <li>b) Change of housing administration officers who act as the first point of call with prospective leaseholders to explain the maintenance obligations.</li> <li>c) Head of Building Maintenance and repairs administration staff influencing the quality of repairs data being recorded on FBC cards.</li> </ul> <p><b>ICT / Finance</b> – Actions taken to use FBC cards to help reduce the administration involved in updating the recharges spreadsheets.</p>

Risk or Opportunity	Actions being taken
<p><b>Maintaining adequate staff numbers for the out of hours service</b></p> <p>The Council has an on-going risk to manage concerning our ability to recruit the right numbers of officers to respond to complaints and refer to the appropriate team such as Environmental Health, and Building Services tradesmen.</p> <p>Cover is still being managed at the current time, although there is a need to recruit new staff to this role as the number of out of hours officers has reduced.</p> 	<p><b>Corporate</b> – Vacancies have been filled by identifying and targeting employees with a good fit for the role.</p> <p><b>Communications and HR</b> - Discussions to be held with Heads of Service to give the opportunity for employees to show how they can make a difference undertaking the role and gain a greater understanding of what the Council does for its customers.</p> <p><b>Fareham Housing</b> - Reduced the tradesmen cost as the officers now negotiate more; for example, if a job can wait until tomorrow or will be charged if not an emergency.</p> <p><b>Corporate</b> – Reviewing how parking barrier problems out of hours could be reduced – currently an officer has to take a parking phone home to resolve exit problems.</p>
<p><b>Approach to Tree Management (Update)</b></p> <p>We are currently not taking a corporate approach which co-ordinates activity and decisions taken to manage trees in the Borough.</p> <p>Consequently, the budget set for the tree service across the Council continues to be significantly overspent and there is some customer dissatisfaction.</p> 	<p><b>Development Management</b> - A Vanguard intervention into tree service is nearly complete which has made visible the nature of the spend across the different streams of “good neighbour” pruning, health and safety works and the adoption of new sites which contain resident trees.</p> <p><b>Development Management</b> – Further work is now planned to affirm the Council’s policies in relation to the different spend streams and set the budget accordingly.</p>

Risk or Opportunity	Actions being taken
<p><b>Welborne Planning Application</b></p> <p>The majority land owner and Master Developer for the Welborne Garden Village has submitted a planning application which is currently undergoing determination.</p> <p>The timing of the determination will affect when the Section 106 (S106) agreement can be completed and when the works on site can start.</p> <p>Delays to starting the build on site will mean more planning applications for housing elsewhere in the borough will be received, which will be difficult to defend.</p> 	<p><b>Development Management</b> – Pre-application advice has been provided to the land owner. We are hoping to recover our costs for this service.</p> <p><b>Development Management</b> – Two dedicated posts have been maintained in the service to resource the work relating to the planning application.</p> <p><b>Development Management</b> – Strategic issues to be resolved and operational work that needs completing have been identified. Progress on agreed actions is monitored weekly. 'Rag' rating has been used so the top issues can clearly be seen.</p> <p><b>Development Management</b> – Weekly meetings are held with the master developer. There is a collaborative approach to this including off site workshops to aid problem solving and relationship building when reaching decisions. The master developer is maintaining a project plan and critical path analysis so they can work through all the additional information and analyses they need to provide.</p> <p><b>Welborne Strategy</b> – Work on the planning conditions and the S106 agreement is being twin tracked where possible to minimise the delay between the planning permission agreement and the S106 agreement being drawn up.</p> <p><b>Welborne Strategy</b> – An engagement programme for members of the Planning Committee will start to be delivered when the planning application determination is nearing decision. This will include site visits to similar communities in the country.</p>
<p><b>Managing the Implications of the Welborne Planning Application</b></p> <p>The outcome of the planning application determination will have significant implications for the infrastructure and green space that is included in the Welborne Garden Village and how it is managed. The most significant risks associated with the process, which are interrelated, are:</p> <p><b>Delivery of the Infrastructure whilst maintaining Viability of the Scheme</b></p> <p>The planning process seeks to secure the infrastructure required in the Welborne Plan; e.g. educational establishments, leisure facilities, transport links, health facilities, community facilities. The master developer/landowner will be seeking to make a return from the development through an increase in land value and through the provision of housing and commercial properties. The development therefore needs to be viable for them in terms of the income it will generate versus the costs of the infrastructure they will be required to provide. The phasing of the works also needs to be planned to help with the cash</p>	<p><b>Welborne Strategy</b> – Welborne Delivery Group set up which meets fortnightly to thrash out issues to be resolved relating to Place making. The group is attended by representatives of FBC and the master developer and other interested parties as needed. The Group is chaired by consultants to facilitate the discussion.</p> <p><b>Welborne Strategy</b> – Specialist sub-working groups e.g. education, are set up on a task and finish basis to reach an agreement on what the minimum infrastructure requirements are that must be delivered.</p> <p><b>Welborne Strategy</b> – In-house cross service working groups convened as needed to identify the service specific implications of the planning application proposal. E.g. affordable housing, leisure.</p> <p><b>Development Management</b> – Consultants have been commissioned to help with confirming the viability of the proposal and to advise on the projected costs of the infrastructure requirements.</p> <p><b>Welborne Strategy</b> – Hampshire County Council have taken on the role of the scheme promoter for junction 10 and are chairing a bi-monthly steering group involving representatives from Fareham BC, the Solent Local Enterprise Partnership and the Department for</p>

Risk or Opportunity	Actions being taken
<p>flow of the project.</p> <p><b>Delivering Affordable Housing</b></p> <p>There is an expectation in the Welborne Plan that the development will deliver a significant level of affordable housing in the borough, albeit this will be less profitable for the developer. The viability of the scheme work therefore needs to allow for the implications of the affordable housing provision.</p> <p><b>Delivering Junction 10 of the M27</b></p> <p>Transport modelling has confirmed that junction 10 of the M27 will need to change to cope with the number of houses proposed for the Welborne development.</p> <p>Highways England also have plans to upgrade the M27 from junction 4 to junction 11, as part of their smart motorway proposals.</p> <p>Funding streams have been sourced to help pay for the works but there are timeframes stipulated in which the money needs to have been spent.</p> <p>Any balance of funding needed from the developer will also impact on the viability calculations.</p> <p><b>Stewardship and Maintenance Obligations</b></p> <p>Once the development has been delivered there will be on-going site management obligations with potential financial implications for the district and county councils e.g. for grounds maintenance or community building maintenance. Current indications are that the developer will take on much of this role with the associated risks.</p> <p><b>Medium and Long-term impact on Service Provision</b></p> <p>An increase in the population in the borough will have an impact on the level of statutory services the Council must provide, irrespective of the planning application determination (e.g. environmental health inspections, refuse collection). The implication of these at each phase of the development, compared to the council tax income, will need to be understood.</p>	<p>Transport. The group has been set up to confirm the design meets the of all parties.</p> <p><b>Welborne Strategy</b> – Monthly updates provided to senior managers.</p> <p><b>Welborne Strategy</b> – Relevant briefings of members are being provided on the corporate implications of the Welborne development.</p> <p><b>Welborne Strategy</b> – Relevant briefings of senior managers and members planned on the FBC service implications of the phases of the Welborne development.</p> <p><b>Welborne Strategy / Finance</b> – Model to be developed to estimate the financial implications for council services for each phase of the development.</p> <p><b>Welborne Strategy</b> – Relevant discussions with senior officers and/or members concerning the stewardship and governance influences on the development.</p> <div data-bbox="863 1093 1465 1352">  <p>The logo for Welborne A Garden Village. It features a stylized blue 'W' above the word 'WELBORNE' in a blue serif font, with 'A GARDEN VILLAGE' in a smaller, grey sans-serif font below it.</p> </div>

## Appendix D – Detailed List of Risks, Opportunities and Actions Covered in the Manager Discussions

Those in **bold** are detailed further in the appendices above

Service Manager (s)	Subjects discussed
Finance and Audit	<p>Changes in Business Rates Retention</p> <p>New Procurement and Contract Procedure Rules</p> <p>Closure of Accounts - imposed early statutory deadlines</p> <p>IPCO – Investigatory Powers Commission Office inspection</p> <p>Problem with Council Tax annual billing print</p> <p>Failure of Cheque printer and move fully to electronic payments</p> <p>Finance Strategy Funding gap</p> <p>Leaseholder Charges</p> <p>GDPR - Actions</p> <p>MIFID11 requirements – Markets in Financial Instruments Directive 2</p> <p>Payroll Error</p> <p>Strengthening account write off process</p> <p>Increased cost of Oracle Licence</p> <p>Delay in implementation of next finance system</p> <p>Frauds in the year</p> <p>Former tenant arrears – improving the process</p> <p>Concerns about workload of some team members and associated stress v getting projects delivered</p>
Human Resources (HR) and Information and Communication Technology (ICT)	<p><u>ICT</u></p> <p>Failure of Hub backups</p> <p>Cyber Security</p> <p>Telephone upgrade project – opportunities for service flexibility</p> <p>Minimising FBC risks associated with providing IT infrastructure for Solent Airport</p> <p>Failure of Print Room equipment</p> <p>GDPR compliance</p> <p>Maximising security, resilience and speed in off-site data solutions</p> <p>Virtual server environment – opportunities for resilience and cost reduction</p> <p>Recruitment and retention of IT security staff</p> <p>Maintaining provision of services when key members of staff leave</p> <p>Changes to the Public-Sector Network (PSN) regime and requirements</p> <p>Risk of cyber attack</p> <p><u>HR</u></p> <p>Meeting requirements of the Apprenticeship Levy</p>

Service Manager (s)	Subjects discussed
	<p><a href="#">Use of Vehicles Policy</a></p> <p>Maintaining morale and fairness when implementing the pay award and National Living Wage</p> <p>Ferneham Hall resourcing before new operators in place</p> <p>Loss of Ework server – switch to MyHR system</p> <p>Relationship development with Police Drugs Unit</p> <p>Loss of corporate knowledge resulting from housing restructure</p> <p>GDPR compliance</p> <p>Allowing CVs in recruitment – missing information</p>
Building Control	<p><a href="#">Preparing for changes in Quality Management Accreditation</a></p> <p><a href="#">Implications of the Hackitt review</a></p> <p><a href="#">Difficulties in retaining skilled surveyors</a></p> <p><a href="#">GDPR – actions in progress</a></p> <p>Impact of Extreme Hot weather</p> <p>Future model of operation for building control</p> <p>Reduced Fee income if there is a forecast downturn in the market</p> <p>Certifying work that isn't sound (reputation &amp; safety risk)</p> <p>Partnership does not break even (financial)</p> <p>Loss of IT systems (technological)</p> <p>Lone working (Health &amp; Safety)</p> <p>Maintaining customer satisfaction so retain market share.</p> <p>Power outage – on-going actions and contingency work in 2018</p> <p>Temporary demountable structures.</p> <p>Safety Advisory Groups</p> <p>Delays in Vanguard review of the service</p>
Development Control	<p><a href="#">Welborne Planning Application.</a></p> <p><a href="#">Greenfield Sites and Planning appeals (5-year housing supply)</a></p> <p><a href="#">Tree Management costs</a></p> <p>Reputational risks from making the wrong planning decisions / managing corruption allegations, including risk of judicial review</p> <p>Collection of Community Infrastructure levy</p> <p>Opportunity for increased charges for pre-application advice</p> <p>New government initiative to allow planning fees to be increased if the income generated is ploughed back into the planning service.</p> <p>New module on Ocella It system for S106 agreements</p> <p>Document management system – needs rebuilding, the system is slowing down and administration is cumbersome and time consuming.</p>
Housing and Benefits	<p><a href="#">Managing Fire Risks in Housing Properties (Update)</a></p> <p><a href="#">Impact of the Homelessness Reduction Act (Update)</a></p>

Service Manager (s)	Subjects discussed
	<p>Delays in the Introduction of Universal Credit (Update)</p> <p>Preparing for IPCO inspection</p> <p>Housing Strategy (Update)</p> <p>Leaseholder Service Charges (Update)</p> <p>General Data Protection Regulation (GDPR) - data sharing with the CAB</p> <p>Leaseholder Service Charges / Land Charges – change in personnel</p> <p>Increases in current and former tenant arrears / changes in the process with finance</p> <p>Review of Management System and move to mobile working</p>
Building Repairs and Maintenance	<p><u>Building Repairs and Maintenance</u></p> <p>Workforce Planning in Building Maintenance</p> <p>Gas Servicing work contractors</p> <p>Overcharging by contractors</p> <p>Ensuring Value for Money of Housing Works (Update)</p> <p>Ground worker vehicle fails</p> <p>Risks of loss of stock or obsolete stock</p> <p>Clarity of stock owned by the Council</p> <p>Improving communication between teams at depot and civic offices</p> <p>Keeping up with legislative requirements and any changes arising from the report on the Grenfell incident</p> <p>Checking that compliant with GDPR requirements</p> <p><u>Out of Hours Service</u></p> <p>Maintaining adequate staff numbers for the out of hours service</p> <p><u>Emergency Planning and Business Continuity</u></p> <p>Strengthening support for Emergency Planning and Business Continuity arrangements</p> <p>Body found in Council car park</p> <p>Ordnance found in waterway near Daedalus site</p> <p>Fires in Council housing properties</p> <p><u>CCTV</u></p> <p>Preparing for IPCO inspection</p>
Welborne Strategic Lead	<p>Scheme is not viable for the developer / developer becomes insolvent during delivery of the development</p> <p>Affordable housing requirements need to be delivered</p> <p>Junction 10 design requirements for the Welborne plan and smart motorway scheme</p> <p>Funding streams and implications for Junction 10 delivery</p> <p>Stewardship of the finished development</p> <p>Medium and long-term impact on provision of council services</p>

Service Manager (s)	Subjects discussed
	Non-resolution of planning application issues Management company obligations are not met

# FAREHAM

## BOROUGH COUNCIL

### RISK MANAGEMENT POLICY



#### Introduction

Risk is a fact of life. The day to day management of an organisation and delivery of services involve foreseeing and averting problems and maximising opportunities. Risk management is not about risk avoidance but risk awareness.

Fareham Borough Council recognises that risk management is an intrinsic part of Corporate Governance. It seeks to ensure that every member and employee of the Council has regard for the management of risks throughout the organisation to ensure that the Council's resources that our customers rely on are not squandered as a result of uncontrolled risk.

However, our aim is to put dealing with risks and opportunities at the forefront of our process, rather than tie up resources in the management of a rigid supporting framework. Instead we will *implement robust and integrated risk management arrangements*, as required by our Local Code of Corporate Governance, by adopting and adhering to a number of key principles.

This document therefore sets out our approach to risk management, as determined by the Chief Executive's Management Team, and endorsed by the Audit and Governance Committee.

#### Overriding Principle

The overriding principle of this policy is:

Risk Management is an integral part of basic everyday management and decision making and is not a separate corporate process.

## The Purpose of Risk Management

The Council has defined the purpose of its risk management arrangements as:

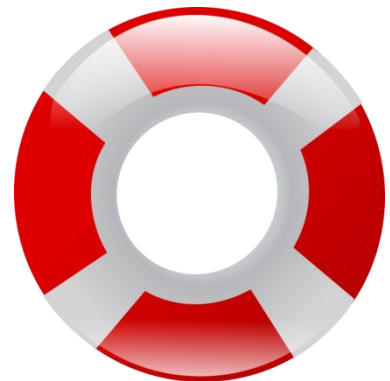
We want to know what risks we are facing  
We want to know when opportunities arise

We want to be aware of what actions we are  
relying on  
We want to know if there are additional actions  
we need to take



So that we can....

Prevent bad things from  
happening  
Not miss out on good things



So that we can....

Avoid injury to people  
Minimise avoidable cost  
Maximise resources available  
Deliver the purposes of the services we  
provide  
Inspire confidence in our stewardship in our  
customers and tax payers



## The 7 Principles of Risk Management at Fareham BC

The basic principles in which risk management operates at the Council are



### 1. Risk Ownership in Services

- Risks are owned at the service level.
- Identifying and managing the risks of a service is an integral part of managing the service. This includes horizon scanning to identify new and changing risks and opportunities.
- Every service, system and project has an owner with responsibility for it.
- The owner for most risks is usually clear from the roles and responsibilities in the service.
- Managers make sure that employees are well briefed and actively involved in identifying and understanding risks and determining the actions they need to take to contribute to the management of risks.
- This means everyone should work to understand and remove the things that impede achievement of their purpose.

### 2. Competent and Responsible Employees

- We employ competent and responsible managers and employees.
- This is underpinned by strong recruitment and performance management processes and, where necessary, corrective action.
- We trust managers to manage well which includes the identification and management of risk and opportunity in their service area.
- We trust employees to carry out the actions required of them to mitigate risks.
- It is incumbent on all to be:
  - a) proactive in giving confidence to others that key risks are being managed effectively, by using appropriate reporting and assurance methods.
  - b) proactive in obtaining assurances from others involved in carrying out actions which help manage risks for which they are responsible.

### 3. Experts Pulled in to Advise

- Service managers who need help to manage specific risks pull in experts when required.
- This could also involve having a conversation with a senior manager or fellow manager who has been in a similar situation.
- Certain risks are cross cutting and also need ownership at a corporate level to lead on translating, learning and providing support and solutions to service managers.
- A list of experts for those risk areas where ownership is not clear from the organisational structure is maintained as Appendix 1 to this policy.

summarised below:

### 4. Process is supported by Having Conversations

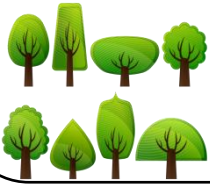
- Further risks may be identified by others (e.g. team members, other managers, legal services, internal audit) which are brought to the service manager's attention by having conversations.
- Further risks may also be identified by having conversations with parties outside of the Council.
- Where ownership for a risk is not clear interested parties meet to agree a way forward.



### 5. Identifying Opportunities to Share

- The organisation shares information about risks being managed at the service level and identifies common issues that may turn them into cross cutting or corporate risks.
- It is the responsibility of managers to appreciate the roles and responsibilities of other services and when risks and solutions they have identified in their service might be relevant to them, and to bring it to their attention.
- We provide an environment that encourages all employees to feel part of one organisation and to be aware of the full range of services provided by the Council and to notice and pass on information that may be of value to another service. *(The eyes and ears of the borough)*
- Experts and support services are in an ideal position to appreciate when problems and solutions being identified for one service could be relevant to another. *(The eyes and ears of the organisation)*

## 6. Escalation of Issues



- Employees are trusted to identify when issues need to be escalated in order to alert supervisors, managers and senior managers, or so that resources can be diverted to help with the management of the risk.
- The culture of the organisation makes employees comfortable in escalating problems.
- Our aim is to avoid feeding too much detail upwards to allow managers to see the important issues clearly and react quickly.

## 7. Incident Management and Review

- Incidents are risks that have occurred and are a measure of how well we are achieving our purposes.
- Most Incidents are directly managed by the service or escalated if corporate awareness or support is needed.
- Some incidents may require the lead to be taken by another service, e.g. insurance claims.
- After the incident a review is undertaken to identify any actions that may be needed to prevent recurrence.
- Questions to be asked should include:  
*How did it happen, was it predictable, could it happen again, what could we do to prevent it?*
- Conversations with Senior Managers take place, as appropriate, to understand incidents and facilitate learning and to provide feedback on actions taken to prevent recurrence.



## Other Components of our Risk Management Arrangements

Other components of our governance framework which also assist in the management of risk are:



In particular Horizon Scanning by CXMT and internal audit will assist in identifying responsibility for new areas of risk.

## **APPENDIX E**

### **Monitoring and Reporting**

**Level 1 – Managers:** Discussions are held with a selection of managers every 6 months to gain assurance that the principles are working in their areas. The conversation includes:

- a) Their perceptions of their current top risks
- b) Any new or changes in risk/opportunities they have identified
- c) Any mitigating actions they have taken recently to strengthen risk management arrangements
- d) Any incidents that have occurred and the lessons learnt/ actions taken as a consequence
- e) Any opportunities taken to share risks or solutions or involve experts.

**Level 2 – CXMT:** A summary of these discussions is presented to the Chief Executive's Management Team where further topics being managed at the corporate level are noted. The top risks at the corporate level are agreed.

**Level 3 – A&G:** The top risks and incidents in the period are then presented to the next Audit and Governance Committee. Where appropriate, the manager involved in managing a key risk/incident also attends the Committee.

### **Annual Assurance on Arrangements**

The Chief Executive's Assurance Group carries out an annual review of the effectiveness of the framework for identifying and managing risks and for performance and demonstrating accountability.

This includes a review of the Head of Internal Audit annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

### **Maintaining the Policy**

This policy is not expected to be a static document and will be updated as implementation of the arrangements identifies a need for clarification, revision or expansion.

## APPENDIX E

### Appendix 1

#### Risk Leads/Experts for Cross Cutting Risks

<b>Risk Subject</b>	<b>Risk Lead</b>
<b>Data Protection</b>	Head of Democratic Services
<b>Information Security</b>	Head of Personnel and IT
<b>Emergency Planning and Business Continuity</b>	Head of Parking and Enforcement
<b>Fraud and Corruption</b>	Head of Finance and Audit
<b>Governance</b>	Head of Finance and Audit
<b>Procurement</b>	Head of Democratic Services (process) Fareham's Solicitor to the Council (compliance with the law)
<b>Health and Safety of Employees</b>	Head of Environmental Health
<b>Health and Safety of the public</b>	Relevant Head of Service in conjunction with Head of Environmental Health
<b>Partnerships</b>	Head of Corporate Services
<b>Safeguarding</b>	Head of Environmental Health
<b>Trees</b>	Head of Development Management

# FAREHAM

## BOROUGH COUNCIL

### **Report to Audit and Governance Committee**

**Date:** 17 September 2018

**Report of:** Head of Finance and Audit

**Subject:** INTERNAL AUDIT PROGRESS REPORT

#### **SUMMARY**

This report provides the assurances arising from the latest internal audit work and gives an update on progress being made with the delivery of the audit plans.

#### **RECOMMENDATION**

It is recommended that the Committee notes the progress and findings arising from Internal Audit work.

## INTRODUCTION

1. This report highlights the progress made to date on the delivery of the Internal Audit Plans and the assurances that can be obtained from the work now completed.

## FINALISING PREVIOUS AUDIT PLANS

2. The current status of the 15 audits remaining from the previous Audit Plans is detailed in Appendix One. Three reports have now been finalised and work has continued on the rest of the 2017/18 audits such that all are now all fully in progress.

## PROGRESS OF 2018/19 AUDIT PLAN

3. Work has started to deliver the 2018/19, as noted in Appendix Two, such that 4 audits have now reached the fieldwork or draft report stage.
4. An extra audit has also been added to the plan to review compliance with the latest CIPFA guidance on Audit Committees.

## FINDINGS FROM COMPLETED AUDITS

5. The three latest final reports that have been issued are listed below with the opinions given and number of recommendations made:

Audit	Assurance Opinion	Recommendations Made		
		New Essential	New Important	Outstanding Previous Essential or Important
Developers Contributions 2017/18	Reasonable	-	1	-
IT Procurement 2017/18	Reasonable	-	2	-
Chipside 2017/18	Reasonable	-	2	-

6. Detail of the recommendations made and the actions to be taken is provided in Appendix Three.

## RISK ASSESSMENT

7. There are no significant risks to highlight from the completed audits in this report.

## Appendices:

**Appendix One** - Update on Outstanding Audits from Previous Plans

**Appendix Two** - Audits in the 2018/19 Audit Plan

**Appendix Three** - Findings from the Latest Completed Audits

**Appendix Four** - Reference Tables

**Background Papers:** None

**Reference Papers:**

Report by the Director of Finance and Resources to the Audit and Governance Committee on 10 March 2014 on the Contractor Annual Audit Plan 2014/15

Report by the Director of Finance and Resources to the Audit and Governance Committee on 16 March 2015 on the Internal Audit Strategy and Annual Audit Plan 2015/16

Report by the Head of Finance and Audit to the Audit and Governance Committee on 14 March 2016 on the Internal Audit Plan 2016/17

Report by the Head of Finance and Audit to the Audit and Governance Committee on 17 March 2017 on the Internal Audit Plan 2017/18

Report by the Head of Finance and Audit to the Audit and Governance Committee on 18 March 2018 on the Internal Audit Plan 2018/19

**Enquiries:**

For further information on this report please contact Elaine Hammell. (Ext.4344)

## APPENDIX ONE

### Update on Outstanding Audits from Previous Plans

The following table shows those audits that were outstanding in the last quarterly report and shows the current position with finalising the work.

Audit Title	Type of Audit**	Days in Plan	Stage reached of 10*	Assurance Opinion*	New Recommendations*			Previous Recs. (E and I only)		
					Essential	Important	Advisory	Implemented	Cancelled	Not Implemented
<b>2014/15</b>										
Information Governance Opinion	Computer	6	Stage 8							
Contract Completion	Corporate, Specialist, Governance	10	Stage 8							
<b>2015/16</b>										
Land Charges	Service and Systems – HR	12	Stage 8							
<b>2016/17</b>										
Daedalus Operating Contracts	Service and Systems – HR	12	Stage 9							
Cloud Based Computing	Computer	15	Stage 8							
Leaseholder Charges	Joint working project		Stage 5							
Building Health and Safety Risks	Follow Up / Joint working		Stage 9							
<b>2017/18</b>										
Commercial Estates	Service and Systems – HR	15	Stage 9							
Property Maintenance & Inspections at Non-Housing Buildings	Service and Systems – HR	15	Stage 4							
<b>Developers Contributions</b>	Service and Systems – HR	15	<b>Stage 10</b>	Reasonable	-	1	2	2	1	-
<b>Chipside (Parking IT system)</b>	Computer	12	<b>Stage 10</b>	Reasonable	-	2	1	2	-	-
<b>IT Procurement</b>	System review		<b>Stage 10</b>	Reasonable	-	2	1	-	-	-
IT costs and budgets	Thematic Review		Stage 8							
Risk Inspections of Public Areas	Thematic Review		Stage 4							
Mobile Phone Billing	Thematic Review		Stage 5							

\* A key to the information in this column is given in Appendix Five.

## APPENDIX TWO

### Audits in the 2018/19 Plan

No.	Audit Title	Type of Audit	Days in Plan	Stage reached of 10*	Assurance Opinion*	New Recommendations*			Previous Recs. (E and I only)		
						Essential	Important	Advisory	Implemented	Cancelled	Not Implemented
OPINION AUDITS											
1	Council Tax and NNDR	Fundamental System	15	Stage 4							
2	Capital Expenditure and Accounting		10	Stage 1							
3	Accounts Payable		10								
4	Fixed Assets		10								
5	Cemeteries & Closed Churchyards	Service and Systems – High Risk	15	Stage 1							
6	Housing Grants and Home Improvements		10	Stage 5							
7	Parking Strategy and Income		15	Stage 1							
8	Vehicle Management		15	Stage 1							
9	Housing Communal Services		10								
10	Planning Applications		15								
11	Markets Contract	Service and Systems - Other	5								
12	Out of hours service		12								
13	Orchard (Housing Rents IT system)	Computer	15								
14	Software Control Follow up		8								
15	Ferneham Hall Follow up	Follow Up	10								
16	Dog Control Follow up		5	Stage 9							
	Contingency / In-house support		50								
	Total Planned Time		230								
WIDER WORK											
17	Insurance claimants who have been the subject of fraud investigations	Computer - data analytics		Stage 4							

No.	Audit Title	Type of Audit	Days in Plan	Stage reached of 10*	Assurance Opinion*	New Recommendations*			Previous Recs. (E and I only)		
						Essential	Important	Advisory	Implemented	Cancelled	Not Implemented
18	Contract Management	Corporate / Contract - joint working									
19	General Data Protection Regulations - Responding to database search requests	Corporate - joint working									
20	Write Offs History Analysis & Interest charges	Thematic review									
21	Deceased persons list	Thematic Review									
22	Use of depot storage areas and security of plant, equipment and materials.	Joint working project		Stage 1							
23	Housing Maintenance invoicing and stock control - part 2	Post investigation systems work		Stage 1							
24	Review of all outstanding IT audit recommendations	Follow Up		Stage 1							
25	Review of all other outstanding audit recommendations	Follow Up									
26	Review of compliance with new CIPFA guidance on Audit Committees (Extra)	Publication review		Stage 1							

## APPENDIX THREE

## Finding from the Latest Completed Audits

<b>Audit Title</b>	<b>ICT Procurement</b>	<b>Overview of Subject:</b> This audit looked at the procedures and controls in place over the procurement of ICT services and supplies. There is a central ICT team who are responsible for procuring the hardware and the common use software for the Authority. More specialised department specific software is procured by the relevant team, though the expenditure is usually still drawn from the ICT revenue and capital budgets. The capital budget for 2017/18 was £280,000.
<b>Year of Audit</b>	<b>2017/18</b>	
<b>Type of Work</b>	Opinion audit	
<b>Assurance Opinion Given</b>	<b>Reasonable</b>	
<b>Direction of Travel</b>	First Opinion Given	

Areas of Scope	Adequacy and Effectiveness of controls		New Recommendations raised			Previous Rec Implementation		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
ICT Strategy Group			-	-	-	-	-	-
ICT Strategy			-	-	1	-	-	-
ICT Procurement Process			-	-	-	-	-	-
Hardware and Software Lifecycle Planning			-	-	-	-	-	-
Procurement Rules & Information			-	-	-	-	-	-
Circumvention of Procurement Rules/Thresholds			-	2	-	-	-	-
Purchases Under £500			-	-	-	-	-	-
Purchases Over £500			-	-	-	-	-	-
Evidence of Purchases			-	-	-	-	-	-
Weaknesses identified during the audit and the proposed action (Essential and Important only)								

<b>Weaknesses identified during the audit and the proposed action</b> (Essential and Important only)	
<b>Important</b>	<b>Significant Purchases</b> – There was a lack of transparency over the market testing of some suppliers where the expenditure is over £20,000 as required by the current contract procedure rules. The service will therefore be agreeing an approach to reconsidering the market as will be required by the new Contract Procedure Rules.
<b>Important</b>	<b>Other Purchases</b> – There was a lack of transparency over the price testing of some suppliers where the expenditure is over £5,000 as required by the current contract procedure rules. The service will therefore make sure they have a good justification for the choice of supplier for this level of spend as will be required by the new Contract Procedure Rules.

<b>Audit Title</b>	<b>Chipside</b>	<b>Overview of Subject:</b> This audit looked at the Chipside system which monitors, records and manages the issue of Penalty Charge Notices (PCNs), Season tickets, and parking permits, under Government legislation contained within the Traffic Management Act. Agreements are in place with Chipside and JBW Ltd for the services used in the management of these processes.  The Chipside system is held on FBC's server, and any issues relating to the system, including software problems are dealt with by Chipside through remote access to the server.
<b>Year of Audit</b>	<b>2017/18</b>	
<b>Type of Work</b>	Computer Audit	
<b>Assurance Opinion Given</b>	<b>Reasonable</b>	
<b>Direction of Travel</b>	First Opinion Given	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
Policies and Procedures are in place			-	-	-	-	-	-
Appropriate contracts/agreements are in place			-	2	-	-	-	-
Roles and responsibilities are agreed for software administration			-	-	-	-	-	-
Clearly communicated parameters for report generation			-	-	-	-	-	-
Regular management reporting with agreed KPIs			-	-	1	-	-	-
Data Security			-	-	-	-	-	-
Follow up			-	-	-	2	-	-

#### Weaknesses identified during the audit and the proposed action (Essential and Important only)

<b>Important</b>	<b>Contract Documents</b> – The service did not have access to a copy of the agreement with the supplier and so were not aware of both parties responsibilities under these agreements. A copy was found during the audit and is now stored securely.
<b>Important</b>	<b>Agreement with Bailiff Services</b> – The contract/agreement with the bailiff for the provision of collection services had expired. Cross Hampshire work was in progress to review and update the framework, but this needs to be monitored to ensure that the authority is not without a contract or agreement for this service for too long a period.

<b>Audit Title</b>	<b>Developers Contributions</b>	<b>Overview of Subject:</b> This audit looked at Developer's Contributions which are levied and negotiated by the Development Management Team. Contributions can be collected via the Community Infrastructure Levy (CIL) or by Section 106 agreements. Amounts collected under CIL must be spent on infrastructure projects contained within a Regulation 123 list. S106 contributions relate to more specific projects connected directly to the development and must be spent in those specific areas. S106 contributions cannot be linked to any infrastructure contained within the Regulation 123 list.
<b>Year of Audit</b>	<b>2017/18</b>	
<b>Type of Work</b>	Opinion audit	
<b>Assurance Opinion Given</b>	<b>Reasonable</b>	
<b>Direction of Travel</b>	↔ 2013/14	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
Identification and Calculation of Contributions			-	1	-	-	-	-
Compliance with Process			-	-	1	-	-	-
Spending of CIL			-	-	-	-	-	-
CIL Reporting			-	-	-	-	-	-
Coding of Contributions			-	-	-	-	-	-
Recovery of Debts			-	-	-	-	-	-
Debt Monitoring			-	-	-	-	-	-
Spending of S106			-	-	-	-	-	-
Unspent S106 Amounts			-	-	1	-	-	-
Long Term Planning			-	-	-	-	-	-
Overlap of Charging			-	-	-	-	-	-
Ocella Reconciliations			-	-	-	1	-	-
Suspense Accounts			-	-	-	1	-	-
S106 Calculation Checks			-	-	-	-	1	-

Weaknesses identified during the audit and the proposed action (Essential and Important only)	
Important	<p><b>Identification and Calculation of Contributions</b> - As part of the CIL process when a draft liability notice or draft demand notice is produced by the Business Support Officer it is passed to the relevant case officer to check over. There was no evidence that these checks had taken place as the draft notice is just returned to the Business Support Officer to send to the relevant parties. The Planning officers have agreed that they will initial the draft Liability and Demand notices to confirm they have been checked and are correct. The Business Support Officer will then scan these onto the system as evidence.</p>

## APPENDIX FOUR

### Reference Tables

#### 1. Scale of Assurance Opinions

<b>Strong</b>	There is a strong system of control designed and operating effectively. Any weaknesses found were low impact and do not significantly affect key controls or the achievement of the objectives of the system.
<b>Reasonable</b>	There is basically a sound system of internal control but weaknesses were found in system design or compliance, which result in some risk to the achievement of the system objectives.
<b>Limited</b>	There are some weaknesses in the system of control designed or the level of compliance which result in significant risk to the achievement of the system objectives.
<b>Minimal</b>	Fundamental weaknesses have been identified such that many key controls are absent or not operating effectively which may put at risk the achievement of the corporate control objectives.

#### 2. Scale of Recommendation Priorities

<b>Essential</b>	A fundamental weakness in the control system which presents immediate risk to the service or system of a significant nature. Requires urgent attention by management. Reported to the A&G Committee and implementation of proposed actions are monitored.
<b>Important</b>	A significant control weaknesses where the risk is not imminent or only of a moderate nature. This needs addressing but is not urgent. Reported to the A&G Committee and implementation of proposed actions are monitored.
<b>Advisory</b>	A weakness or opportunity for improvement where the risk poses no great threat and is relatively minor. Consideration should be given to addressing the weakness if there is the appetite and/or capacity to implement the improvements. Actions are not tracked.

#### 3. Stages of An Audit Assignment

<b>Stage 1</b>	The Audit teams have started drawing up the scope of coverage for the assignment.
<b>Stage 2</b>	A scoping meeting has been held with the Sponsor in the client service.
<b>Stage 3</b>	The Terms of Reference for the Assignment have been finalised.
<b>Stage 4</b>	The Auditor has started to deliver the agreed scope of work.
<b>Stage 5</b>	The work completed by the Auditor is being reviewed by their manager.
<b>Stage 6</b>	An exit meeting has been held with the Sponsor giving the preliminary feedback from the work.
<b>Stage 7</b>	Any additional testing identified has been completed.
<b>Stage 8</b>	The draft report has been received by the in-house audit team.
<b>Stage 9</b>	The draft report has been issued to the Service Sponsor and is awaiting their response.
<b>Stage 10</b>	The final report has been issued.

# FAREHAM

## BOROUGH COUNCIL

### **Report to Audit and Governance Committee**

**Date:** 17 September 2018

**Report of:** Director of Finance and Resources

**Subject:** REVIEW OF WORK PROGRAMME FOR 2018/19

#### **SUMMARY**

This report reviews the current work programme for the Committee.

#### **RECOMMENDATION**

It is recommended that the Committee approve the work programme for the rest of the municipal year, as shown in Appendix A.

## **INTRODUCTION**

1. This report brings the latest work programme for review by the Committee.

## **WORK PROGRAMME 2018/19**

2. The work programme for the year has been updated, as shown in Appendix A. This shows the reports expected in relation to each of the functions of the Committee along with an update on the delivery of the programme to date.
3. There have been two changes to the programme both relating to reports from the External Auditors (Annual Audit letter and Certification report) which are now scheduled to be presented at earlier meetings (September and November respectively).

## **RISK ASSESSMENT**

4. There are no significant risk considerations in relation to this report

## **CONCLUSION**

5. The work programme in place is appropriate to meet the responsibilities of the Committee.

**Appendices:** Appendix A – Audit and Governance Committee Work Programme 2018/19 as at September 2018.

**Background Papers:** None

**Reference Papers:** Report to the Audit and Governance Committee – 12 March 2018 - Annual Audit and Governance Committee Report, Work Programme and Training Plan

## **Enquiries:**

For further information on this report please contact Elaine Hammell. (Ext. 4344)

## WORK PROGRAMME FOR 2018/19

Committee Function and Report Subject		Frequency	Last Covered	July 2018	September 2018	November 2018	March 2019
<b>COMMITTEE WORKING ARRANGEMENTS</b>							
Review of Work Programme and training plan		Quarterly	2018-19	Completed	Completed	YES	YES and Annual Report
Review of the Functions of the Committee		3 yearly	2016-17				
Review of the Constitution		As needed	2017-18				
<b>ETHICAL FRAMEWORK AND STANDARDS</b>							
Standards of Conduct	Review of Code of Conduct for Members	As needed	2015-16				
	Review of member / officer protocol	As needed	2008-09				
	<b>Overview of Complaints against the Council</b>	Annual	2018-19		Completed		
Member Training and Development	Review of Members Training and Development Programme	As needed	2015-16				
<b>GOVERNANCE FRAMEWORK</b>							
Framework	Local Code of Corporate Governance	As needed	2016-17				
	<b>Annual Governance Statement</b>	Annual	2018-19	Completed			
Key Policy	<b>Review of Financial Regulations</b>	3 yearly	2018-19	Completed early			
	<b>Review of Contract Procedure Rules</b>	3 yearly	2018-19				
	<b>Treasury Management Policy and Strategy</b>	Annual	2017-18			YES	YES - Policy and indicators
Risk Management	Policy	As needed	2016-17				
	<b>Risk Management Monitoring Reports</b>	6 monthly	2018-19		Completed		YES
	<b>Business Continuity</b>	3 yearly	2014-15			YES	
	Specific Risk Management topics	As needed	None				
Counter Fraud	Counter Fraud Policy and Strategy	3 yearly	2016-17				
	Anti-Bribery Policy	As needed	2011-12				
	Sanctions and Redress Policy	As needed	2016-17				
	<b>Counter Fraud Annual Report</b>	Annually	2018-19	Completed			
<b>INTERNAL AUDIT ASSURANCE</b>							

<b>Committee Function and Report Subject</b>	<b>Frequency</b>	<b>Last Covered</b>	<b>July 2018</b>	<b>September 2018</b>	<b>November 2018</b>	<b>March 2019</b>
<b>Internal Audit Strategy</b>	3 yearly	2014-15				<b>YES</b>
<b>Internal Audit Annual Plan</b>	Annual	2017-18				<b>YES</b>
<b>Quarterly Audit Reports</b>	Quarterly	2018-19	<b>Completed</b>	<b>Completed</b>	<b>YES</b>	<b>YES</b>
<b>Head of Audit's Annual Opinion</b>	Annual	2018-19	<b>Completed</b>			
<b>EXTERNAL ASSURANCE</b>						
Update on Arrangements for Appointment of External Auditors	As needed	2018-19	<b>Extra Completed</b>			
<b>Annual Plan and Fee</b>	Annual	2017-18				<b>YES</b>
<b>Annual Audit Letter</b>	Annual	2017-18		<b>Completed earlier</b>		
<b>Annual Certification Report</b>	Annual	2017-18			<b>YES - earlier</b>	
Specific reports from inspection agencies	As needed	2018-19 (RIPA)	<b>Completed (RIPA)</b>			
<b>STATEMENT OF ACCOUNTS</b>						
<b>Statement of Accounts</b>	Annual	2018-19	<b>Completed</b>			
<b>External Audit – Audit Results Report</b>	Annual	2018-19	<b>Completed</b>			
<b>OTHER</b>						
Updates on legal issues	As needed	2017-18				
Issues referred from the Chief Executive Officer, Directors and Other Council Bodies	As needed	None				
Number of Items			10	4	5	8