

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date **13 March 2017**

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

Subject: **ANNUAL AUDIT AND GOVERNANCE COMMITTEE REPORT,
WORK PROGRAMME AND TRAINING PLAN**

SUMMARY

This report summarises the work carried out by the Audit and Governance Committee during 2016/17 and proposes the programme of work for 2017/18.

RECOMMENDATION

That the Committee:-

- (a) note the contents of the report; and
- (b) submit the work programme for 2017/18, as shown in [Appendix A](#), to Council for endorsement.

INTRODUCTION

1. This annual report summarises how this Committee has performed during 2016/17 in relation to its purpose and functions set out in the constitution.

COMMITTEE ORGANISATION 2016/17

2. The Committee continued to operate this year in accordance with best practice as detailed in the Chartered Institute of Public Finance and Accountancy (CIPFA) publication "Audit Committees – Practical Guidance for Local Authorities". There is one exception which is that the chairman of the Committee was also the Executive Portfolio holder for Streetscene. The case has been put together, as recommended by CIPFA, as to why this is still a strong pragmatic solution for the Council with a number of recognisable benefits, given the limited number of members available to serve on all the committees.
3. The Committee met four times in the year and reported directly to the Council. It was comprised of seven members who reflect the political balance of the Council. The committee was supported in its work by the Director of Finance and Resources.

COMMITTEE ACTIVITY IN 2016/17

4. The work being carried out by the Committee to fulfil its responsibilities is reported as a work programme to each Committee. The following points should be noted:
 - (a) The Committee was not requested to review any issues by the Chief Executive Officer, any director or Council body during the year.
 - (b) The Committee debated an issue raised by the external auditors in relation to the Council's Risk Management arrangements and requested further briefings on what progress was being made to set the revised policy.
 - (c) A member of the Committee requested further information in respect of the internal audit findings in relation to delays in enforcing Penalty Charge Notices.
5. There were six additional pieces of work carried out by the Committee in addition to the original work programme set in March 2016 which are listed below:

June 2016	Review of latest Counter Fraud and Corruption Policy
November 2016	Update on the work being undertaken to review the Scheme of Delegation Review of latest Local Code of Corporate Governance Updates to Financial Regulations (4, 13) Changes to the arrangements to the appointment of External Auditors
March 2017	Update on the arrangement to appoint the next External Auditors Internal Audit Partnership arrangements

6. There were two reports in the original work programme which were not presented to the Committee for the reasons summarised below.

Report Title	When Due	Reason for Non Completion
Review of Contract Procedure Rules	March 2017	The work challenging the Council's policies for procurement and contracts, using "system thinking" principles is still in progress. This is now in the work programme to be concluded in 2017/18.
Risk Management Progress Report	March 2017	Work to challenge our risk management framework using "system thinking" principles has only just been concluded. This sets out a new approach to the progress reports which needs to be rolled out to managers. A discussion was instead held with members around 5 top risks currently recognised for the Council.

TRAINING EVENTS

7. There have been two training events in the year. The first was delivered by the Council's new Treasury Management advisors in November 2016. The event was well attended.
8. There has also been a general Financial Management refresher briefing for all members held in January 2017.
9. Members of the Committee also received a briefing on current Risk Management arrangements and how these are being challenged, during their meeting in November 2016.

WORK PROGRAMME FOR 2017/18

10. The proposed work plan for the Committee for 2017/18 is attached as [Appendix A](#).

RISK ASSESSMENT

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

CONCLUSION

12. There has been a high level of compliance with best practice in the way that the Audit and Governance Committee operates and the reports received.

Appendices

Appendix A – Proposed Work Programme for 2017/18

Background Papers: None

Reference Papers: Minutes of and reports to Audit and Governance Committee for the Municipal Year 2016/17

Enquiries:

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

APPENDIX A

PROPOSED WORK PROGRAMME FOR 2017/18

Committee Function and Report Subject		Frequency	Last Covered	July 2017	September 2017	November 2017	March 2018
COMMITTEE WORKING ARRANGEMENTS							
Review of Work Programme and training plan		Quarterly	2016-17	YES	YES	YES	YES and Annual Report
Review of the Functions of the Committee		3 yearly	2016-17				
Review of the Constitution		As needed	2016-17				
ETHICAL FRAMEWORK AND STANDARDS							
Standards of Conduct	Review of Code of Conduct for Members	As needed	2015-16				
	Review of member / officer protocol	As needed	2008-09				
	Overview of Complaints against the Council	Annual	2016-17		YES		
Member Training and Development	Review of Members Training and Development Programme	As needed	2015-16				
GOVERNANCE FRAMEWORK							
Framework	Local Code of Corporate Governance	As needed	2016-17				
	Annual Governance Statement	Annual	2016-17	YES			
Key Policy	Review of Financial Regulations	3 yearly	2016-17			YES – FR15	
	Review of Contract Procedure Rules	3 yearly	2013-14			YES	
	Treasury Management Policy and Strategy	Annual	2016-17			YES	YES- Policy and indicators
Risk Management	Policy	As needed	2016-17				
	Risk Management Monitoring Reports	6 monthly	2014-15		YES		YES
	Business Continuity	3 yearly	2014-15				
	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				
	Counter Fraud Progress	Annually	2016-17	YES			
INTERNAL AUDIT ASSURANCE							

Committee Function and Report Subject	Frequency	Last Covered	July 2017	September 2017	November 2017	March 2018
Internal Audit Strategy	3 yearly	2014-15				
Internal Audit Annual Plan	Annual	2015-16				YES
Quarterly Audit Reports	Quarterly	2016-17	YES	YES	YES	YES
Head of Audit's Annual Opinion	Annual	2016-17	YES			
EXTERNAL ASSURANCE						
Update on Arrangements for Appointment of External Auditors	As needed	None		YES		
Annual Plan and Fee	Annual	2016-17				YES
External Audit Progress Update	Annual	New	YES			
Annual Audit Letter	Annual	2016-17			YES	
Annual Certification Report	Annual	2016-17				YES
Specific reports from inspection agencies	As needed	2014-15 (RIPA)				
STATEMENT OF ACCOUNTS						
Statement of Accounts	Annual	2016-17	YES			
External Audit – Audit Results Report	Annual	2016-17		YES		
OTHER						
Updates on legal issues	As needed	2014-15				
Issues referred from the Chief Executive Officer, Directors and Other Council Bodies	As needed	None				
Number of Items			7	6	6	7