

# FAREHAM

BOROUGH COUNCIL

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

**Date:** Monday, 12 March 2018

**Venue:** Collingwood Room - Civic Offices

**PRESENT:**

**Councillor** J E Butts (Chairman)

**Councillors:** Miss T G Harper, Mrs C Heneghan, Mrs K Mandry, S D Martin,  
S Cunningham and Mrs T L Ellis (deputising for P Davies)

**Also  
Present:**



## 1. APOLOGIES

Apologies of absence were received from Councillor P J Davies and Councillor Mrs M Brady.

## 2. MINUTES

RESOLVED that the Minutes of the Audit and Governance Committee meeting held on the 27 November 2017 be confirmed and signed as a correct record.

## 3. CHAIRMAN'S ANNOUNCEMENTS

The Chairman made the following announcement –

### **RIPA Inspection**

Members will be aware that the Council can use investigatory powers under the Regulation of Investigatory Powers Act (RIPA). These include surveillance and the use of communications data.

I mentioned at the last meeting that the body now responsible for the inspections (The Investigatory Powers Commissioner's Office (IPCO) had issued the Council with a questionnaire to complete about the way the Council currently manages its use of investigatory powers.

Following their review of the questionnaire we were chosen for inspection which took place on the 27 February. We understand that this was because: a) we are one of the few district Councils who use the powers; and b) have had positive inspection reports in the past and the inspector wanted to see how we did it. The feedback received at the close of this inspection was again positive and we expect a good report in a few weeks.

### **Appointment of External Auditors for the Certification work**

Members will be aware that Ernst and Young have been appointed as our external auditors for the audit of the accounts from 2018/19.

You will also recall that we need to make a separate appointment for the certification work which we expected to do at the end of February.

However, there has been a delay waiting for the Department of Work and Pensions to publish the revised Housing Benefit (Subsidy) Assurance arrangements (HBAP) that can be used to assess potential external audit applications. Once they publish the HBAP arrangements they will also notify all local authorities of a new deadline for the appointment of a reporting accountant, which is likely to be June 2018.

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

Members may recall that following the Head of Audit's Annual Report in July 2017, the Committee asked to receive an update on the action being taken to put together the framework agreements for spend with contractors and

suppliers used by Housing, Property and Building Services, which now is breaching FBC Contract Procedure Rules. An update on this will be provided to Members of the Committee by the Director of Fareham Housing before the next meeting.

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

In accordance with Standing Orders and the Council's Code of Conduct, Councillor S D Martin declared a non-pecuniary interest for Minute item 6 – External Audit Annual Certification Report, as his company has business dealings with Ernst & Young.

**5. DEPUTATIONS**

There were no deputations made at this meeting.

**6. EXTERNAL AUDIT ANNUAL CERTIFICATION REPORT**

The Committee considered a report from the Director of Finance and Resources on the external auditor's certification work carried out for 2016/17.

RESOLVED that the Committee: -

(a) accepts the findings of the Annual Certification Report 2016/17 submitted by the Council's external auditors; and

(b) commented on the findings as appropriate.

**7. EXTERNAL AUDIT ANNUAL PLAN AND FEE**

The Committee considered a report from the Director of Finance and Resources on the External Auditor's Annual Plan and Fee.

This item was led by Kevin Suter, Partner in Charge at Ernst & Young who has now taken over from Helen Thompson as lead for the Council's external audit.

RESOLVED that the Committee: -

(a) approves the 2017/18 Audit Plan, attached at appendix A to the report; and

(b) approves the fees proposed for the External Audit 2017/18 (paid in 2018/19).

**8. TREASURY MANAGEMENT POLICY AND STRATEGY**

The Committee received a report by the Director of Finance and Resources on the Treasury Management Policy and Strategy.

RESOLVED that the Committee notes the contents of the report.

## **9. RISK MANAGEMENT MONITORING REPORT**

The Committee considered the latest Risk Management Monitoring Report from the Director of Finance and Resources as proof that the Council's Risk Management Policy is effective.

The Chairman suggested that future reports could also highlight risks that are now considered to have reduced in probability or impact. Officers agreed to include examples as part of the monitoring reports.

RESOLVED that the Committee notes the report as a source of evidence that the Risk Management Policy is operating in practice.

## **10. CONSTITUTION UPDATES**

The Committee considered a report by the Monitoring Officer on the ongoing work to update and review the Council's Constitution.

Members expressed their thanks for the work that has been done to revamp the Constitution webpages, which will help significantly with navigating through the Constitution document online.

RESOLVED that the Committee: -

(a) notes the contents of the report; and

(b) approves the addition of an annual report to the Committee's work programme – Review of the Constitution.

## **11. REVIEW OF CONTRACT PROCEDURE RULES AND FINANCIAL REGULATION 15 - CONTRACTS AND PROCUREMENT PROCEDURES**

The Committee considered a report from the Head of Finance and Audit and the Head of Democratic Services on an update on the review of the Contract Procedure Rules and Financial Regulation 15 – Contract and Procurement Procedures.

The Committee discussed the expected timetable to finalise the new rules which incorporate the draft principals developed following a Vanguard review last year. It was agreed that the Chairman will be informed by officers of any potential delays to the proposed production and implementation of the updated Contract Procedure Rules.

RESOLVED that the Committee: -

(a) agrees that any delays to producing and implementing the updated Contract Procedure Rules be notified to the Chairman;

(b) notes the update on the review of the Contract Procedure Rules currently underway; and

(c) agrees that the approach to amending the Contract Procedure Rules is appropriate.

**12. INTERNAL AUDIT ANNUAL PLAN**

The Committee considered a report by the Head of Finance and Audit on the Internal Audit Annual Plan for 2018/19.

RESOLVED that the Committee approves the draft plan for 2018/19 as attached at Appendix A to the report.

**13. QUARTERLY AUDIT REPORT**

The Committee considered a report by the Head of Finance and Audit on the progress and findings arising from the latest internal audit work.

RESOLVED that the Committee notes the progress and findings arising from internal audit work.

**14. ANNUAL AUDIT AND GOVERNANCE COMMITTEE REPORT, WORK PROGRAMME AND TRAINING PLAN**

The Committee considered a report by the Head of Finance and Audit which summarises the work carried out by the Audit and Governance Committee during the current year 2017/18 and proposes the programme for 2018/19.

As agreed at item 10 - Constitution Updates, an item - Review of the Constitution will be added to the work programme as an annual report.

RESOLVED that the Committee: -

(a) notes the contents of the report; and

(b) with the addition of item – Review of the Constitution being added, submits the work programme for 2018/19, as shown in Appendix A, to Council for endorsement.

(The meeting started at 6.04 pm  
and ended at 7.24 pm).