

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

Date: Monday, 11 March 2013

Venue: Collingwood Room - Civic Offices

PRESENT:

T G Knight (Chairman)

L Keeble (Vice-Chairman)

Councillors: P J Davies, N R Gregory, Miss T G Harper, Mrs K Mandry and
D J Norris



1. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed a number of guests who were in attendance at the meeting. Peter Harper, Head of ICT, Richard Ivory, Solicitor to the Council, Kate Handy and Catherine Morganti from Ernst & Young, and Andy Jefford and Ben Deeley from Deloitte.

2. APOLOGIES

There were no apologies received for this meeting.

3. MINUTES

RESOLVED that the minutes of the meeting of the Audit and Governance Committee held on 26 November 2012, subject to the correction of the spelling error at item 14 which should read as "against", be confirmed and signed as a correct record.

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.

MATTERS SUBMITTED FOR CONFIRMATION

6. LATEST FINANCIAL REGULATIONS UPDATES

The Committee considered a report by the Director of Finance and Resources on the latest Financial Regulations, Regulations 13 - Physical Assets, Regulation 17 – Petty Cash and Regulation 20 – Taxation.

RESOLVED that the Committee recommends to Council that the proposed changes set out in the report be approved.

DECISIONS UNDER DELEGATED POWERS

7. EXTERNAL AUDIT ANNUAL FEE LETTERS 2012/13 AND 2013/14

The Committee considered a report by the Director of Finance and Resources on the External Audit Annual Fee letters 2012/13 and 2013/14.

At the invitation of the Chairman Kate Handy from Ernst & Young, addressed the Committee for this item and took questions from members on the report.

RESOLVED that the Committee approves the proposed fees for the External Audit coverage in 2012/13 and 2013/14.

8. EXTERNAL AUDIT REPORT OF THOSE CHARGED WITH GOVERNANCE - ANNUAL CERTIFICATION REPORT 2011/12

The Committee considered a report by the Director of Finance and Resources on the External Audit report of those charged with governance – Annual Certification Report 2011/12.

At the invitation of the Chairman Catherine Morganti from Ernst & Young, addressed the Committee on this item and took questions from members on the report which were in regards to the errors made to housing benefit claims that were identified within the report. The Head of Revenue and Benefits also addressed the Committee on this item to reassure members that processes have been put in place to ensure that these errors are reduced in the future.

RESOLVED that the content of the report be noted.

9. QUARTERLY INTERNAL AUDIT REPORT

The Committee considered a report by the Director of Finance and Resources on the Quarterly Internal Audit report.

At the invitation of the Chairman, Ben Deeley from Deloitte addressed the Committee on this item and took questions from members.

The Head of ICT took questions and explained the technical items on the ICT audit section of the report.

RESOLVED that the Committee notes the progress of the Contractor Internal Audit Plan, attached as Appendix A to the report.

10. CONTRACTOR INTERNAL AUDIT PLAN 2013/14

The Committee considered a report by the Director of Finance and Resources on the Contractor Internal Audit Plan 2013/14 which summarises the approach taken and the coverage proposed by the Internal Audit Contractor for 2013/14 with a provisional plan for 2014/15.

At the invitation of the Chairman Ben Deeley from Deloitte addressed the Committee on this item and took questions from members on the report.

RESOLVED that the Committee approves the Contractor Audit Needs Assessment and Plan for 2013/14, attached as Appendix 1 to the report.

11. MOTION REFERRED BY COUNCIL

At the agreement of the Committee the Chairman took this item early.

At the invitation of the Chairman, Councillor Gregory presents his motion.

The Committee gave consideration to the following motion which was submitted to Council on 22 February 2013 by Councillor N R Gregory. The

Council agreed to refer the motion to the Audit and Governance Committee, inviting its comments on the proposed review of elected members Code of Conduct:-

“I would like to request that this Council sends a letter to Eric Pickles, Secretary of State for Communities and Local Government.

The letter should request a review of the regulations on the elected members' Code of Conduct to allow sanctions to be implemented by Employed Officers of the Authority and or independent member/s of the public of this Authority without Political intervention.

This move would promote openness, accountability and integrity to the people who elected us to our public office, and ensuring that all elected members Code of Conduct's are fit for purpose.

Whilst the current Code of Conduct and the implementations of sanctions do meet current Government regulations; however the changes adopted last April bring to question the accountability of these due to the sanctioning of breaches. This also brings into question the accountability of members to their residents.”

The Solicitor to the Council addressed the Committee on this item to explain how the Localism Act has reformed the methods for authorities to discipline members who breach the code of conduct.

Following a debate and having being put to the vote, with 1 supporting, 5 against, and 1 abstention the motion was declared not supported.

A proposal however was made and seconded that the Monitoring Officer bring a report back to the Committee in one years time to give an update on how the current arrangements are working with possible recommendations for improvement. Onbeing put to the vote with 6 supporting, 0 against and 1 abstention, the proposal was approved.

RESOLVED: that the motion referred from Council to the Audit and Governance Committee is not supported but the Monitoring Officer bring a report back to the Committee in one year's time to give an update on how the current arrangements are working with possible recommendations for improvement.

12. CORPORATE RISK REGISTER 2013

The Committee considered a report by the Director of Regulatory and Democratic Services on the Corporate Risk Register 2013.

RESOLVED that the content of the report be noted.

13. MEMBER TRAINING AND DEVELOPMENT PROGRAMME 2013/14

The Committee considered a report by the Director of Regulatory and Democratic Services on Member Training and Development programme for 2013/14.

RESOLVED that the Committee:

- (a) approves the framework for the 2013/14 programme as set out in Appendix B of the report, subject to the addition of sessions on the scrutinising role of members and corporate risk management; and
- (b) approves the new member induction programme as set out in Appendix C of the report, subject to the addition of member involvement in policy-making.

14. REVIEW OF COMMITTEE WORK PROGRAMME AND ANNUAL REPORT

The Committee considered a report by the Director of Finance and Resources on a review of the Committee Work programme and Annual Report.

RESOLVED that:

- (a) the Committee recommends that the content of the report be noted by the Council; and
- (b) the Committee approves the work programme for 2013/14, as set out in Appendix C of the report with the addition of an item giving an update in one year's time on how the current standards arrangements are working with possible recommendations for improvement.

(The meeting started at 6.00 pm
and ended at 8.25 pm).

This page is intentionally left blank



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

*Minutes of a meeting held on 26 November 2012
at the Civic Offices, Fareham*

PRESENT:

Councillor T G Knight
(Chairman)

Councillor L Keeble
(Vice Chairman)

Councillors: P J Davies, J M Englefield (deputising for N R Gregory), Miss T G Harper, Mrs K Mandry and D J Norris.

1. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed the Council's two Independent Members, David Basson and Mary Kilbride to the meeting. He also introduced the new external auditors that the Council would be using following the demise of the Audit Commission; Kate Handy, Audit Director and Catherine Morganti, Audit Manager from Ernst & Young.

2. APOLOGY FOR ABSENCE

An apology for absence was received from Councillor Gregory.

3. MINUTES

RESOLVED that the minutes of the meeting of the Audit Committee held on 28 June 2012 be confirmed and signed as a correct record ([au-120924-m](#)).

4. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

5. DEPUTATIONS

There were no deputations made at this meeting.

MATTERS SUBMITTED FOR CONFIRMATION

6. UPDATE TO THE LOCAL CODE OF CORPORATE GOVERNANCE

The Committee considered a report by the Director of Regulatory and Democratic Services on an update to the Local Code of Corporate Governance (copy of report [au-121126-r04-eha](#) refers).

RESOLVED that the Committee recommends to Council that the proposed changed wording to the Local Code of Corporate Governance, as set out in Appendix A, be adopted.

7. ANNUAL REVIEW OF CONTRACT PROCEDURE RULES

The Committee considered a report by the Director of Regulatory and Democratic Services on the proposed amendments to the Council's Contract Procedure Rules (copy of report - [au-121126-r06-eha](#) refers).

RESOLVED that the Committee recommends to Council that the proposed changes, as set out in Appendix A, be approved.

8. REVIEW OF FINANCIAL REGULATION 16 (ORDERING AND PAYING FOR GOODS AND SERVICES)

The Committee considered a report by the Director of Finance and Resources on the review carried out on Financial Regulation 16, with the purpose to stream line them down to the key controls that members and officers are expected to adhere to (copy of report [au-121126-r07-eha](#) refers)

RESOLVED that the Committee recommends to Council that the proposed changes set out in the report be approved.

DECISIONS UNDER DELEGATED POWERS

9. EXTERNAL AUDIT ANNUAL AUDIT LETTER

The Committee considered a report by the Director of Finance and Resources on the External Auditor's Annual Audit Letter 2011/12 which summarised the findings from the 2011/12 audit. (copy of report [au-121126-r05-awa](#) refers).

RESOLVED that the Committee note the content of the letter as set out in Appendix A of the report.

10. REVIEW OF WORK PROGRAMME AND TRAINING NEEDS

The Committee considered a report by the Director of Finance and Resources which reviewed the current Work Programme and identified any specific training needs. (copy of report [au-121126-r11-eha](#) refers).

RESOLVED that:-

- a) the work programme for the rest of the year, as set out in Appendix A of the report, be approved;
- b) the changes to slim down the work programme for future years, as set out in paragraph 5 be approved, subject to counter fraud reports remaining as 6 months;
- c) the work programme report be included on every agenda, and
- d) that a survey be undertaken to identify generic member training needs that can be incorporated into a Member Training Programme for 2013/14 and reported to the next meeting of the Audit and Governance Committee.

11. IMPLEMENTATION OF THE TREASURY MANAGEMENT POLICY AND STRATEGY

The Committee considered a report by the Director of Finances and Resources on the Implementation of the Treasury Management Policy Statement (copy of report - [au-121126-r01-cha](#) refers).

RESOLVED that the report be noted. .

12. QUARTERLY INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report by the Director of Finance and Resources on the internal audit work (copy of report [au-121126-r08-mwh](#) refers).

At the invitation of the Chairman, Martyn White from Deloitte and Touche Public Sector Internal Audit addressed the Committee to present the report, and answered questions from the members.

RESOLVED that the progress of the Contractor Internal Audit Plan, as set out in Appendix A of the report, be noted.

13. COUNTER FRAUD STRATEGY PROGRESS REPORT

The Committee considered a report by the Director of Finance and Resources on the progress being made to deliver the Corporate Counter Fraud Strategy (copy of report [au-121126-r10-eha](#) refers).

RESOLVED that the progress made to date as part of the Counter Fraud Strategy be received and noted.

14. OVERVIEW OF COMPLAINTS AGAINST THE COUNCIL

The Committee considered a report by the Director of Community and Director of Regulatory and Democratic Services and Monitoring Officer, on a review of the Complaints against the Council (copy of report [au-121126-r12-ata](#) refers).

RESOLVED that the report reviewing complaints to the Local Government Ombudsman and allegations to the former Standards Committee of breaches of the Code of Conduct for Members for the year ending 31 March 2012 be received and noted.

15. EXCLUSION OF THE 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 considered that it is not in the public interest to consider the following matter in public on the grounds that the matter to be dealt with involved the disclosure of exempt information, as defined in Paragraph 1 of Part 1 of Schedule 12A of the Act.

16. COUNTER FRAUD INVESTIGATION PROGRESS REPORT

The Committee considered a report by the Director of Finance and Resources which summarised the number and type of investigations that have been carried out into suspected cases of fraud during the period April to September 2012 (copy of report [confidential paper](#) which contains exempt information circulated to members with the agenda and appended to signed minutes).

RESOLVED that the Committee received and noted the content of the report.

(The meeting started at 6:04pm
and ended at 8.08pm).