

# FAREHAM

## BOROUGH COUNCIL

### Report to Audit and Governance Committee

**Date:** 11 March 2019  
**Report of:** Director of Finance and Resources  
**Subject:** ANNUAL REPORT OF THE COMMITTEE

#### SUMMARY

This report summarises the work carried out by the Audit and Governance Committee during 2018/19 and proposes the programme of work for 2019/20.

#### RECOMMENDATION

It is recommended that the Committee: -

- a) notes the contents of the report; and
- b) submits the work programme for 2019/20, as shown in [Appendix A](#), to Council for endorsement.

## INTRODUCTION

1. This annual report summarises how this Committee has performed during 2018/19 in relation to the purpose and functions set out in the constitution.

## COMMITTEE ORGANISATION 2018/19

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". One exception is that the Vice-chairman is also an Executive member. This was reviewed during a recent audit of the Audit Committee arrangements and was not considered a significant problem due to a) the difference between the decision-making and governance roles is well understood and, b) the chairman of the Committee is not also the chairman of the Executive or any Scrutiny Panels.
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 2018/19

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) There were no issues arising from the review of the Statement of Accounts and subsequent external audit report that the Committee felt needed to be brought to the attention of the Council.
  - (c) The Committee requested further information to be provided in respect of:
    - Housing framework agreements (provided July 2018)
    - Member and Officer Protocol (provided August 2018)
    - Action plan following the contract completion audit (still to come)
5. All reports in the original work programme were presented to the Committee. There were three additional pieces of work carried out by the Committee in addition to the original work programme set in March 2018 which are listed below:

<b>July 2018</b>	Updates to the appointment of the external auditors for the certification work.
<b>November 2018</b>	Annual report on changes to the Constitution
<b>March 2019</b>	Additional constitution update

## TRAINING EVENTS

6. Members of the Committee received a presentation on the proposed new Procurement and Contract Procedure Rules during their meeting in July 2018.
7. A specific briefing session about the operation of the Committee was provided to 3 new members of the Committee joining during the year.
8. The chairman and vice-chairman also took part in the internal audit of compliance with the new CIPFA guidance on Audit Committees, which involved discussions on the purpose, functions and effectiveness of the committee. The auditors carrying out the audit had experience of the Audit Committees at other Councils.

#### **WORK PROGRAMME 2019/20**

9. The proposed work plan for the Committee for 2019/20 is attached as [Appendix A](#).

#### **RISK ASSESSMENT**

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

#### **CONCLUSION**

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

**Appendices:** [Appendix A](#) – Proposed Work Programme for 2019/20

**Background Papers:** None

**Reference Papers:** Minutes of and reports to Audit and Governance Committee for the Municipal Year 2018/19

#### **Enquiries:**

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

## WORK PROGRAMME FOR 2019/20

Committee Function and Report Subject		Frequency	Last Covered	July 2019	September 2019	November 2019	March 2020
<b>COMMITTEE WORKING ARRANGEMENTS</b>							
Review of Work Programme and training plan		Quarterly	2018-19	YES	YES		YES, and Annual Report
Review of the Functions of the Committee		3 yearly	2016-17		YES		
Review of the Constitution		Annual	2018-19			YES	
<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		YES		
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	YES			
Key Policy	<b>Review of Financial Regulations</b>	3 yearly	2018-19		YES		
	Review of Contract Procedure Rules	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		YES		YES
	Business Continuity	3 yearly	2018-19				
	Specific Risk Management topics	As needed	None				
Counter Fraud	<b>Counter Fraud Policy and Strategy</b>	3 yearly	2016-17			YES	
	<b>Anti-Bribery Policy</b>	As needed	2011-12			YES	
	Sanctions and Redress Policy	As needed	2016-17				
	<b>Counter Fraud Annual Report</b>	Annually	2018-19	YES			
<b>INTERNAL AUDIT ASSURANCE</b>							

<b>Committee Function and Report Subject</b>	<b>Frequency</b>	<b>Last Covered</b>	<b>July 2019</b>	<b>September 2019</b>	<b>November 2019</b>	<b>March 2020</b>
Internal Audit Strategy	3 yearly	2018-19				
<b>Internal Audit Annual Plan</b>	Annual	2018-19				<b>YES</b>
<b>Internal Audit Progress Report</b>	Quarterly	2018-19	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<b>Head of Audit's Annual Opinion</b>	Annual	2018-19	<b>YES</b>			
<b>EXTERNAL ASSURANCE</b>						
Update on Arrangements for Appointment of External Auditors	As needed	2018-19				
<b>Annual Plan and Fee</b>	Annual	2018-19				<b>YES</b>
<b>Annual Audit Letter</b>	Annual	2018-19		<b>YES</b>		
<b>Annual Certification Report</b>	Annual	2018-19			<b>YES</b>	
Specific reports from inspection agencies	As needed	2018-19 (RIPA)				
<b>STATEMENT OF ACCOUNTS</b>						
<b>Statement of Accounts</b>	Annual	2018-19	<b>YES</b>			
<b>External Audit – Audit Results Report</b>	Annual	2018-19	<b>YES</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			7	7	6	6