

# FAREHAM

BOROUGH COUNCIL

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

**Date:** Monday, 21 November 2022

**Venue:** Collingwood Room - Civic Offices

**PRESENT:**

**Councillor** Ms F Burgess (Chairman)

**Councillor** R Bird (Vice-Chairman)

**Councillors:** J M Englefield, N R Gregory, D J Hamilton, S D Martin and  
M R Daniells (deputising for Mrs T L Ellis)

**Also  
Present:**



**1. APOLOGIES**

An apology of absence was received from Councillor T Ellis.

**2. MINUTES**

RESOLVED that the Minutes of the Audit and Governance Committee held on the 26 September 2022 be signed and agreed as a correct record.

**3. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcement regarding the appointment of the Council's External Auditors –

*Members of the committee will be aware that the Council needs to retender for our External Audit provider to cover the core audit work from 2023/24 to 2027/28. Members approved the Council "opting into" the national tender process organised by Public Sector Audit Appointments (PSAA) which has now been concluded.*

*In October PSAA advised the Council that they wish to appoint Ernst and Young to carry on as the external auditor for Fareham Borough Council. As part of this appointment we have been forewarned to expect a fee increase of over 150% which would take the fee to over £201,000 a year. The fee discussions will be concluded in 2023.*

*Due to the timescales in which we were asked to respond to the appointment, the issue has been discussed with officers, myself as Chairman and the vice-chairman and we have agreed to accept the appointment. This was mainly on the basis that those few Councils who did not opt into the two PSAA processes have either failed to appoint or have not achieved any greater savings on their contracts.*

*We have, however, also agreed that the Section 151 Officer should work with a wider group of Councils to actively respond to the Public Sector Audit Appointments (PSAA) consultation on the scale fees proposed for the contract when asked.*

*The Leader of the Council has been made aware and this will be highlighted as a spending pressure in the Medium-Term Finance Strategy report to the Executive.*

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

There were no declarations of interest made at the meeting.

## **5. DEPUTATIONS**

No deputations were received at the meeting.

## **6. RISK MANAGEMENT MONITORING AND BUSINESS CONTINUITY UPDATE**

The Committee received a report by the Head of Finance and Audit on the six-monthly Risk Management Monitoring report. The report also, included the 3-yearly update for Members on the work undertaken to maintain adequate business continuity arrangements which was presented to the Committee by the Head of Environmental Health.

Following the Chairman's announcement which provided details of the appointment of the Council's External Auditors. Members raised concerns over the significant rise in fees and how this links to the risk documented on page 14 in the report with regards to the External Audits Opinion, as this risk is due to the Statement of Accounts not being published by the statutory deadline. Members asked if this increase in fees will mean that the External Auditors will meet the deadlines under the new contract. The Deputy Chief Executive Officer advised that the expectation will be that due to the fee increases imposed on the Council, future deadlines will be met and if they are not officers will ensure that this is challenged as a breach of contract.

RESOLVED that the Committee: -

- a) reviewed the report as a source of evidence that the current Risk Management Policy is operating in practice; and
- b) note the progress to date and the ongoing work that is being undertaken in the development and implementation of the Council's business continuity arrangements.

## **7. TREASURY MANAGEMENT STRATEGY**

The Committee received a report by the Deputy Chief Executive Officer on the Council's Treasury Management Strategy. The report set out the mid-year review of treasury management activity up to 30 September 2022 which confirms compliance with the strategy approved by Full Council on 25 February 2022.

A typo was brought to the attention of the Committee on page 33 of the agenda pack. The 'Private' Works Loan Board should in fact read 'Public' Works Loan Board.

RESOLEVD that the Audit and Governance Committee: -

- a) reviewed the contents of the report; and
- b) provided comments in terms of the effectiveness of the treasury management strategy.

## **8. HEAD OF AUDITS QUARTERLY REPORT**

The Committee received the quarterly report from the Head of Finance and Audit.

RESOLVED that the Committee note the progress of the Internal Audit work.

## **9. MONITORING OFFICER REPORT**

The Committee received the Monitoring Officer Report from the Monitoring Officer. The report is set out in two parts. Part One provides details of items for noting and Part Two sets out those items for approval or endorsement.

Members were asked to consider a tabled item which had been circulated prior to the meeting. An amendment to Part Two of the report is required as an update to the Council's Constitution is needed following an amendment to the Members Allowance Scheme. The Committee were asked to consider that the updated document be added to the Constitution and recommend to Council for endorsement. Officers highlighted to Members that the Committee are being asked to consider the amendment to the Constitution and not the change to the Members Allowance Scheme itself as these scale increases are permitted outside of the decision-making process.

RESOLVED that the Audit and Governance Committee:

- a) note the contents of Part One of the report; and
- b) considered the amendments to the Constitution set out in the tabled item at Part Two and recommend to Council for endorsement.

## **10. STATEMENT OF ACCOUNTS**

The Committee received the draft Statement of Accounts report by the Deputy Chief Executive Officer. Members were requested to formally approve the unaudited Statement of Accounts for 2021/22 attached at Appendix A to the report. Following the audit, the audited Statement of Accounts will be presented to the Audit and Governance Committee along with the Audit Results Report in January 2023.

RESOLVED that the Audit and Governance Committee approve the unaudited Statement of Accounts for 2021/22, attached as Appendix A, for publication by 30 November 2022.

(The meeting started at 6.00 pm  
and ended at 7.13 pm).