

FAREHAM

BOROUGH COUNCIL

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

Date: Monday, 10 March 2014

Venue: Collingwood Room - Civic Offices

PRESENT:

Councillor T G Knight (Chairman)

Councillor L Keeble (Vice-Chairman)

Councillors: P J Davies, J M Englefield, Miss T G Harper, D L Steadman and P W Whittle, JP

**Also
Present:**



1. APOLOGIES

There were no apologies of absence.

2. MINUTES

RESOLVED that the minutes of the meeting of the Audit and Governance Committee held on 25 November 2013 be confirmed and signed as a correct record.

3. CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed to the meeting, Catherine Morganti and Martin Young from Ernst & Young (External Auditors) and Adrian Tang and Pat Stothard from Mazars (Internal Auditors).

The Chairman informed members that the Council's internal audit service which is partly contracted out has for the last 4 years been Deloitte & Touche Public Sector Internal Audit Ltd. As of the 31 January 2014, the company is now a wholly owned subsidiary of Mazars LLP, and as such all reports from them will be branded as Mazars Public Sector Internal Audit Ltd but the team delivering the service will remain the same.

The Chairman also gave an update on the use of fraud incentives. At the last meeting of the Audit and Governance Committee members asked officers to carry out research into the effectiveness of using incentives to encourage the public to report suspicions of fraud. Work on this has now started with a request for information having been sent out to members of the Hampshire Tenancy Fraud Forum, published on 2 networking sites and 1 professional publication. The deadline for the responses has been set as the end of March 2014 and it is expected that the results should be available for the Committee in June 2014.

Lastly the Chairman informed the Committee that this would be the last Audit and Governance Committee meeting attended by Garry White Director of Regulatory and Democratic Services, as he would be retiring soon. All members passed on their thanks to Garry for all of his hard work and help over the years, and wished him all the best for the future.

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. REVIEW OF FINANCIAL REGULATIONS

The Committee considered a report by the Director of Finance and Resources which reviewed the Financial Regulations 1 – Responsibilities of Members and 2 – Responsibilities of Statutory Officers.

RESOLVED that Committee recommends to Council that the proposed changes to these regulations as set out in Appendix B and D to the report be approved.

7. FUNCTIONS OF THE AUDIT AND GOVERNANCE COMMITTEE

The Committee considered a report by the Director of Regulatory and Democratic Services on updates to Part Two of the Constitution – Functions of the Audit and Governance Committee.

Members asked for clarification as to the handling of complaints, and the triggers for referring complaints to the standards sub-committee. The Director of Regulatory and Democratic Services addressed members on this item to explain the complaints procedure.

RESOLVED that the Committee:-

- (a) noted the updates to its functions, as specified in Part Two of the Council's Constitution – Functions of the Audit and Governance Committee relating to the Standing Orders with Respect to Meetings, as attached at Appendix A to the report to reflect the changes that were agreed at Council on 12 December 2013; and
- (b) recommends to Council the updates to the Functions of the Audit and Governance Committee that relate to the review of Financial Regulations, as highlighted in Appendix A to the report.

DECISIONS MADE UNDER DELEGATED POWERS

8. ANNUAL EXTERNAL AUDIT PLAN AND FEE

The Committee considered a report by the Director of Finance and Resources on the Annual External Audit Plan and Fee.

At the invitation of the Chairman Catherine Morganti from Ernst & Young presented the report to the Committee and took questions from members.

RESOLVED that the Audit Plan, attached as Appendix A to the report, be approved.

9. ANNUAL CERTIFICATION REPORT

The Committee considered a report by the Director of Finance and Resources on the Annual Certification report.

At the invitation of the Chairman Martin Young from Ernst & Young presented the report and took questions from Members.

RESOLVED that the Committee considered and commented on the information contained in the Annual Certification Report 2012-13 submitted by the Council's external auditors.

10. CONTRACTOR QUARTERLY AUDIT REPORT

The Committee considered a report by the Director of Finance and Resources on the audit work undertaken by the Contractor in that Quarter.

At the invitation of the Chairman, Pat Stothard from Mazars presented the report and circulated an additional annex to the report on Ferneham Hall which has been included in Appendix A of the report in Annex 3 pages 64-65.

RESOLVED that the Committee noted the progress and findings arising from the Internal Audit planned work being carried out by the Contractor, as set out in Appendix A of the report.

11. CONTRACTOR INTERNAL AUDIT ANNUAL PLAN 2014/15 (QUARTER 1)

The Committee considered a report by the Director of Finance and Resources on the Contractor Internal Audit Plan for 2014/15 (Quarter 1).

It was explained to the Committee that the Council is currently reviewing the internal audit planning process to make sure it complies with the new audit standards. The service is also reviewing the audit process from the customer's point of view and looking to see if there is any scope to make better use of the audit resources available and to improve the value of the end product of each assignment. As a result an audit plan has only been produced for the 1st quarter of the year with the full plan not being ready until June 2014.

Councillor Whittle raised a concern regarding the impact that the Council's Systems Thinking reviews will have on the internal audit process and the controls on systems that may change as a result of the process. The Head of Audit and Assurance reassured members that the audit team will be looking at services which have undergone a review to give an updated opinion on the adequacy of control, and are also looking at becoming more involved with the systems thinking work as it is undertaken.

RESOLVED that the Committee approves the Contractor Audit Plan for Quarter 1 of 2014/15, as set out in Appendix A of the report.

12. RISK MANAGEMENT PROGRESS REPORTS

The Committee considered a report by the Director of Finance and Resources on Risk Management Progress.

RESOLVED that the Committee notes the content of version 3 of the Corporate Risk Register attached set out in Appendix A of the report.

13. REVIEW OF THE MEMBERS CODE OF CONDUCT

The Committee considered a report by the Director of Regulatory and Democratic Services which reviewed the members Code of Conduct.

Members discussed this item at length regarding the value that should be set for registering of gifts and hospitality. Members felt that it was important that all members had an opportunity to comment on this. It was suggested that the Committee wait to review the registering of gifts and hospitality until Hampshire County Council have reviewed their Code of Conduct. This could then be taken into account as part of Fareham's review of its Code of Conduct for Members which could lead to a more consistent approach.

RESOLVED that once Hampshire County Council have reviewed their Code of Conduct for Members, that this is taken into account as part of the review of Fareham's Code of Conduct for Members and the request from HIOWLA to ensure as far as possible the Codes are consistent and complementary.

14. REVIEW OF AUDIT COMMITTEE WORK PROGRAMME AND ANNUAL REPORT

The Committee considered a report by the Director of Finance and Resources which summarised the work carried out by the Committee in 2013/14 and set out the proposed work programme for 2014/15.

RESOLVED that the Committee:-

- (a) recommends to Council that the content of the report be noted, and
- (b) the Work Programme for 2014/15, as set out in Appendix C of the report, be approved.

(The meeting started at 6.00 pm
and ended at 7.47 pm).