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30 November 2007

S U M M O N S

MEETING: Standards and Governance Committee
DATE: 10 December 2007
TIME: 6.00pm
PLACE: Committee Room 1, Town Hall, Gosport
Democratic Services contact: Chris Wrein

LINDA EDWARDS
BOROUGH SOLICITOR

MEMBERS OF THE COMMITTEE

Independent Members

Mr R V Perry (Chairman) Vacancy

Councillor Carr	Councillor Smith
Councillor Kimber	Councillor Wright
Councillor Langdon	Councillor Mrs Wright

FIRE PRECAUTIONS

(To be read from the Chair if members of the public are present)

In the event of the fire alarm (continuous ringing) or controlled evacuation alarm (intermittent ringing) sounding, please leave the room immediately. Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

IMPORTANT NOTICE:

- If you are in a wheelchair or have difficulty in walking and require access to the Committee Room on the First Floor of the Town Hall for this meeting, assistance can be provided by Town Hall staff on request

If you require any of the services detailed above please ring the Direct Line for the Democratic Services Officer listed on the Summons (first page).

NOTE:

- i. Members are requested to note that if any member wishes to speak at the meeting then the Borough Solicitor is required to receive not less than 24 hours prior notice in writing or electronically and such notice shall indicate the agenda item or items on which the member wishes to speak.
- ii. Please note that mobile phones should be switched off for the duration of the meeting.

AGENDA

RECOMMENDED
MINUTE
FORMAT

PART A ITEMS

1. APOLOGIES FOR NON-ATTENDANCE
2. DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter, any personal or personal and prejudicial interest in any item(s) being considered at this meeting.

3. MINUTES

To approve as a correct record the Minutes of the Committee meeting held on 1 November 2007 (copy attached)

4. DEPUTATIONS – STANDING ORDER 3.5

(NOTE: The Committee is required to receive a deputation(s) on a matter which is before the meeting of the Committee provided that notice of the intended deputation and its object shall have been received by the Borough Solicitor by 12 noon on Thursday 6 December 2007. The total time for deputations in favour and against a proposal shall not exceed 10 minutes).

5. PUBLIC QUESTIONS – STANDING ORDER 3.6

(NOTE: The Committee is required to allow a total of 15 minutes for questions from Members of the public on matters within the terms of reference of the Committee provided that notice of such Question(s) shall have been submitted to the Borough Solicitor by 12 noon on Thursday 6 December 2007).

6. WORK AREAS FOR THE COMMITTEE – 2007/2008

Part II

To advise the Committee on the direction of Governance work for the 2007/2008 Municipal Year.

Contact Officers:
Linda Edwards
Ext 5400
Chris Davis
Ext 5306

7. INTERNAL AUDIT – PROPOSED INFORMAL PARTNERSHIP WITH EASTLEIGH BOROUGH COUNCIL FROM 1 APRIL 2008

Part II

To advise the Committee on the proposed informal partnership of Internal Audit and its sharing of resources with Eastleigh Borough Council as from 1 April 2008.

Contact Officer:
Chris Davis
Ext 5306

Standards and Governance Committee
10 December 2007

8. ANY OTHER ITEMS
*-which by reason of special circumstances the Chairman considers
should be considered as a matter of urgency*

A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE

WAS HELD ON 1 NOVEMBER 2007

Councillors Carr (P), Kimber, Langdon, Smith (P) , Wright (P) and Mrs Wright (P)

Independent Members: Mr R V Perry (P), vacancy.

It was reported that Councillor Hook had been nominated to replace Councillor Langdon for this meeting.

19. APOLOGIES

Apologies for inability to attend the meeting were received on behalf of Councillors Kimber and Langdon.

20. DECLARATIONS OF INTEREST

There were no declarations of interest.

21. MINUTES

RESOLVED: That the Minutes of the meeting of the Standards and Governance Committee held on 13 September 2007 be approved and signed by the Chairman as a true and correct record.

22. DEPUTATIONS

There were no deputations.

23. PUBLIC QUESTIONS

There were no public questions.

24. INTERNAL AUDIT POSITION STATEMENT AT 30 SEPTEMBER 2007

Consideration was given to a report of the Head of Internal Audit and Risk Assurance which provided the latest information arising from the internal audit work up to the end of September 2007.

Members were advised that the 2007/08 Audit Plan was currently on target to achieve full coverage by 31 March 2008.

Members referred to the delay in auditing the Housing Revenue Account Business Plan and were advised that this had not yet taken place as the plan was a complex document and there had been issues with the housing

maintenance partnering contract. However, following a number of meetings, the point had been reached where the plan could now be written and a report would be forwarded to the next meeting of the Housing Board. The audit would be taking place during the current quarter, as indicated on the revised Audit Plan.

Members' attention was drawn to longer term opportunities for collaborative working currently being explored with Eastleigh Borough Council. There would be a direct impact on the current audit plan of 45 days for this work, producing savings for the Authority.

The three year strategic plan would be reviewed later in the year. This would be rolled forward to take into account the coming three years and measure the impact of the longer term proposal of the joint internal audit arrangement with Eastleigh Borough Council. A paper would be presented to the Committee at the March 2008 meeting for decision along with the annual audit plan for 2008/09.

Concerns were raised regarding the impact and sustainability of the number of person days to be devoted to audit work at Eastleigh Borough Council. Members were advised that the audit team had continued to develop its skills and expertise and this would assist in managing the arrangement with Eastleigh Borough Council, although this may not be sustainable in the long term with current staffing levels. It was felt that partnership working could be expanded to include other local authorities. The resultant pooling of resources would generate savings which would be used to bolster contingencies which, if necessary, could be used to engage temporary or agency staff. The Council would be looking to achieve long term management efficiencies and cheaper, better service procurement.

Members were advised of the Alliance of Hampshire Auditors where the potential existed for future sharing of resources and expertise at rates beneficial to the authorities involved. A meeting of the Alliance would be taking place in December.

RESOLVED: That the Committee note the output and outcomes of the internal audit section against its overall annual plan at the half year stage be noted.

The meeting commenced at 6.00pm and concluded at 6.27pm.

CHAIRMAN

AGENDA ITEM NO. 6

Committee:	Standards & Governance Committee
Date of Meeting:	10 December 2007
Title:	Work Areas for the Committee – 2007/2008
Author:	Borough Solicitor and Monitoring Officer & Head of Internal Audit & Risk Assurance
Status:	FOR DECISION

Purpose

To advise the Committee on the direction of Governance work for the 2007/2008 Municipal Year.

Recommendation

That the Standards and Governance Committee agrees the work programme set out in Section 2.

1 Background

- 1.1 At its meeting on 14 December 2006, the Standard and Governance Committee agreed the work programme which detailed the direction of governance work for the 2006/07.
- 1.2 The table set out in Section 2 outlines the future work areas for the Committee into 2008.
- 1.3 In line with updated governance arrangements it was felt appropriate to advise Members on the future direction of the Committee's governance work programme, detailing when progression was expected on certain key corporate governance issues.

2 Report

- 2.1 The recent update by CIPFA/SOLACE on "Delivering Good Governance in Local Government" has called upon all Councils to review its corporate governance framework. The updated framework is intended to be followed as best practice for developing and maintaining a local code of governance and for discharging accountability for the proper conduct of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.

- 2.2 A projected timescale for the completion of each of these projects is detailed below.

2.3	Revise Member/Officer protocol	Key Dates	Lead Officer
	Start (Preliminary Report to Committee) Meet Head of Personnel and Unison Rep Revise Protocol Report to Standards and Governance Report to Policy and Organisation Board and Council Complete	Dec 2006 Dec 2007 July 2008 Oct 2008 Oct 2008 Oct 2008	LE

2.4	Review Contract Standing Orders		
	Start (Preliminary Report to Committee) Obtain examples of best practice Meet with Head of Internal Audit Revise CSO Report to Standards and Governance Committee Refer issue of review of CSO's to the Resources & Procurement Sub-Group Report to Policy and Organisation Board and Council Complete	Sept 2006 Sept 2006 Sept 2006 Mar 2008 Jun 2008 Jul 2008 Oct 2008 Oct 2008	LE ✓ ✓

- 2.5 There are also a number of other governance and audit related issues which it is proposed to consider and these are set out below.

2.6	Work Area	Report to Meeting	Lead Officer
	Report to S&G Committee to update on new Code of Conduct and Hearings	17 Jan 08	Linda Edwards (LE)
	Council Complaints – monitoring 6 mthly	17 Jan 08	Ken Lucking (KL)
	Report to Committee on high risk internal audit recommendations	Each quarterly meeting (17 Jan 08 & 24 Apr 08 onwards)	Chris Davis (CD)
	Workshop on the Council's Strategic Business Risks & overview of the Council's Risk Management Strategy	20 Mar 08	Julian Bowcher (JB) & CD
	Workshop to deal with of Breaches of Code of Conduct and Hearings	20 Mar 08	LE
	Draft Annual Internal Audit Plan 08/09	20 Mar 08	CD

Continued overleaf

2.6

(cont)

Work Area	Report to Meeting	Lead Officer
Review of the Committee Terms of Reference	24 Apr 08	LE & CD
Review progress against Work Area	24 Apr 08	LE
Governance Statement 07/08	24 Apr 08	CD
Use of Resources (half year assessments)	24 Apr 08 & Sept 08	Peter Wilson (PW)
Review of current Anti Fraud and Corruption policies and practices	Sept 08	LE & CD
Whistle Blowing Policies	Sept 08	LE
Update on Eastleigh shared service	Sept 08	PW/CD
Financial Budget Setting Training to Members of the Committee	Sept 08	John Norman (JN)
Review progress against Work Area	Sep 08	LE
Annual Audit and Inspection Letter (External Audit)	Sept 08	Audit Commission & Mazars
Strategic Internal Audit Plan (2009-2012)	Oct 08	CD
Review of future Work Area for the Committee	Oct 08	LE & CD
Strategic Audit Plan 2008/2011 (Eastleigh Impact)	Dec 08	CD
Review of future Work Area for the Committee	Dec 08	LE & CD

3 Risk Assessment

- 3.1 It is important that the Council has in place appropriate systems to deliver high standards of governance which minimises the risk of loss of tangible resources and reputation to the Council. A proactive properly functioning Standards and Governance Committee with an agreed work plan is an important element of these systems.

4 Conclusion

- 4.1 Officers will update the Committee on progress to date and members are requested to review the work plan for the remainder of the Municipal Year.

Financial Services comments:	Nil
Legal Services comments:	Included within the report.
Service Improvement Plan implications:	The information provided within the report has a direct link to improving the overall governance arrangements within the Council.
Corporate Plan:	The work plan will facilitate the “pursuit of excellence” which is a strategic priority of the plan.
Risk Assessment:	See Section 3
Background papers:	Nil
Appendices/Enclosures:	Nil
Report author/ Lead Officer:	Linda Edward 02392 545400 & Chris Davis 023 9254 5306

AGENDA ITEM NO. 7

Committee:	Standards & Governance Committee
Date of Meeting:	10 December 2007
Title:	Internal Audit – proposed informal partnership with Eastleigh Borough Council from 1 April 2008
Author:	Head of Internal Audit & Risk Assurance
Status:	FOR DECISION

Purpose

To advise the Committee on the proposed informal partnership of Internal Audit and its sharing of resources with Eastleigh Borough Council as from 1 April 2008.

Recommendation

That the Standards and Governance Committee agree in principle with the proposed joint internal audit arrangements.

1 Background

- 1.1 An opportunity has arisen due to the imminent retirement of the Chief Auditor at Eastleigh Borough Council for Gosport's Head of Audit to pursue a joint management arrangement from 1 April 2008. Due to significant short and medium term resource implications at Eastleigh (three of their team are currently on maternity leave) an informal proposal is being considered to transfer up to a **maximum** of 200 Gosport internal audit days to be made available from 1st April 2008.
- 1.2 Furthermore, a short term proposal to allow 40 days (GBC auditor resource) and 5 days (GBC audit management resource) from 1st January 2008 to 31st March 2008 has been informally proposed to support Eastleigh in completing three significant audit reviews so as to finalise their 2007/08 Internal Audit plan.

2 Report

- 2.1 Over the last three months meetings have taken place to investigate the possibility of this proposed joint arrangement with both parties.

The Borough Treasurer and Head of Internal Audit have discussed matters relating to the proposal with peers at Eastleigh Council. An agreement, in principle, has been reached to transfer 45 days in this year and a **maximum** of 200 days from April 2008 (being 100 days auditor and 100 days audit management resource). This has been accepted as an informal proposal with recharging on an agreed daily rate.

- 2.2 A longer term arrangement will be assessed by Senior Officers mid way through 2008/09 with a view to develop a formal arrangement and this will be brought back to Members for further consideration next year. This could be operated as a similar model to the current Building Control partnership with Fareham Council. Future arrangements may develop with possibilities of joining up with the existing joint audit arrangement with Winchester and Havant Councils and other interested Councils.
- 2.3 The implications of Gosport's internal audit coverage both in 2007/08 and its Three Year strategic plan (2008 to 2011) have been provided in detail as Appendices One and Two.

Headline variations from 2007/08

- Reduced contingency levels (down from 35 to 15 days)
- Reduced coverage in Corporate Services (a reduction of 14¾ days)

Headline variations from 2008/09

- Reduced contingency (down from 65 days to 15 days)
- Reduced coverage in Financial Services (down 27 days)
- Management reviews (down 37¼ days)
- Reduced coverage in Housing Services (down 30½ days)
- Reduced coverage in Corporate Services (down 20½ days)

2.4 Opportunities for Gosport Borough Council

Income generation

Total cost of Internal Audit Service in 2007/08 - £242,920

Income stream

- 2007/08 approx £13,000 (incl travelling costs)
- 2008/09 approx £50,000 (incl travelling costs)

The daily rates to be charged by Gosport will be agreed at "cost plus" between the two respective Chief Financial Officers.

An agreed proportion of the 2008/9 income will be made available to buy in support for progressing governance issues.

2.5 **Transfer of current internal audit duties (from 1 April 2008)**

Procurement – the obvious solution would be to share resource (as and when required) with the specialist appointed officer at Fareham Borough Council.

Internal Audit savings (2008/09 onwards) - 35 Days

Risk Management – the overall responsibility for this key area is with the Financial Services Manager (FSM). Internal Audit cannot continue with the level of support it has provided over the last 2-3 years.

Internal Audit savings (2008/09 onwards) - 30 days

Car Park Appeals chairmanship – further support from Internal Audit is not appropriate.

Internal Audit savings (2008/09 onwards) - 10 Days

A reduced contingency element within the audit plan (this is possible due to the competency and commitment of the existing audit staff) has been placed within the three year projected audit plan till 2011. A proposed saving of 40 days.

2.6 **Efficiency Savings**

From later in 2008/09, as the proposed informal arrangement matures, significant efficiencies will be available from a more joined up approach in working practices. In addition, a shared approach to leave entitlement, administration, attending professional seminars and Hampshire wide networking groups will come on-line.

Other tangible benefits will be:

- Increased sharing of information sources;
- more cost effective training – could be procured jointly; cascaded to the Group;
- sharing of best practice;
- avoiding duplication of effort, especially when interpreting new initiatives/changing standards.

2.7 **Staff Involvement**

Throughout the proposal to date a continual process of dialogue has been undertaken with all staff. The Union have been consulted on the possible proposal.

3 Risk Assessment

3.1 Attached as Appendix three.

4 Conclusion

4.1 The opportunity is exciting and will be viewed by many different audiences over the next 18 months. The concept of joint internal audit arrangements is not a new initiative. Furthermore, it will provide an income stream to support future pressures on the Council finances

Financial Services comments:	See Section 2.4
Legal Services comments:	Nil.
Service Improvement Plan implications:	The partnership will improve the internal audit service in the long term and ensure that the Council achieves greater value for money from existing internal resources.
Corporate Plan:	It will support the Council's strategic priority "pursuit of excellence".
Risk Assessment:	See Appendix Three
Background papers:	Nil
Appendices: One Two Three	2007/08 Impact on Internal Audit Plan 2008/2011 Impact on Internal Audit Strategic Plan Risk Assessment
Report author/ Lead Officer:	Chris Davis 023 9254 5306

Appendix One

Revised Internal Audit Plan 2007/08

Audit Subject	Proposed Audit Coverage 2007/08 (days)	Revised Audit Coverage 2007/08 (days)	Variance (days)
Financial Services	239	231.75	- 7.25
Management/VFM*	145.50	155	9.50
Corporate Services	140	125.25	-14.75
LADS	8	8	-
Chief Executive's	27	26	-1
Development Services	37	30.75	-6.25
Environmental Services	98	96.50	-1.5
Leisure & Cultural Services	57	55.25	-1.75
Housing Services	108	119.50	11.5
Contingency	35	15	-20
Proposed Income		45	45
Total rechargeable	894.50	908	13.50
Total Audit Resource	1320	1320	-

Appendix Two

Longer Term Impact on the Internal Audit Strategic Plan (2008/11)

Service Unit	Planned Days 2008/09	Revised Days 2008/09	Planned days 2009/10	Revised Days 2009/10	Planned Days 2010/11
Eastleigh	-	140 (200)	-	140 (200))	140 (200)
Corporate	118	97½	117	97	113½
Chief Executive	33	27	43	29½	39½
Development	11	6	37	34½	14
Environmental	62	53	95	82¾	55½
Finance	262	235	269	236	249¾
Housing	150	119½	96	91	98½
Legal & Democratic	2	2	12	11	7
Leisure & Cultural	41	31½	51	33½	23½
Management	169	101¾	124	74¾	91¾
Contingency	65	15	65	15	15
Total	913	828¼	909	845	848

Appendix Three

Risk Assessment

Shared Management Arrangements with Eastleigh Borough Council

From April 2008 till March 2009

Objective

To provide Eastleigh with a **maximum of 200** Internal Audit days (100 from Head of Audit and the remaining days from existing GBC Audit resources) from Gosport Borough Council (rechargeable at an agreed daily rate) to be billed monthly (timesheet evidence).

Reference	Risk	Inherent Risk (H/M/L)	Mitigating Control	Residual Risk (H/M/L)
1	Insufficient audit resource - reduced internal audit coverage (GBC) – can assurance be provided within remaining resources.	M	Dialogue with Section 151 Officer, CMT and External Auditors. Report to S&G Cttee – can assurance be provided by remaining resources.	L
2	Insufficient audit resource - reduced internal audit management resource on site	H	Mobile working technology can assist (i.e. Citrix connection at home). A reduction in non audit duties (i.e. procurement, Risk Mngt. & Corporate Governance)	M
3	Communication	H	Availability by e-mail, mobile & text. All Officers & Members will be made aware of my working week (on schedule)	L
4	Personal pressure (HoIA)	M	Stress management training	L

Reference	Risk	Inherent Risk (H/M/L)	Mitigating Control	Residual Risk (H/M/L)
5	In the event of failure of the arrangement	M	Revert back to the original IA plan for 08/09	L
6	A missed opportunity (income generation & positive collaborative working [in the eyes of future Inspectors])	H	Support from Senior Managers (both Authorities and Members)	L
7	Increased pressure on the Principal Auditor at Gosport	H	Stress management training (08/09) and close monitoring by management	M
8	Insufficient internal audit resources at Eastleigh to deliver the plan.	M	To recruit fully trained resources from an agreed external provider (this is in hand).	L