

*Please ask for:*

Chris Wrein

*Direct dial:*

(023) 9254 5288

*Fax:*

(023) 9254 5587

*E-mail:*

chris.wrein@gosport.gov.uk

2 September 2009

## **S U M M O N S**

**MEETING:** Standards and Governance Committee  
**DATE:** 10 September 2009  
**TIME:** 6.00 p.m.  
**PLACE:** Committee Room 1, Town Hall, Gosport  
**Democratic Services contact:** Chris Wrein

LINDA EDWARDS  
BOROUGH SOLICITOR

---

### **MEMBERS OF THE COMMITTEE**

Mr R V Perry  
(Independent Member)  
(Chairman)

Mr G A Lidgley  
(Independent Member)  
(Vice-Chairman)

Councillor Burgess  
Councillor Cully  
Councillor Forder

Councillor Gill  
Councillor Kimber  
Councillor Wright

### **FIRE PRECAUTIONS**

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

**In the event of the fire alarm (single continuous sound) being activated, 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 21 July 2009 (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 Tuesday, 8 September 2009. 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 Tuesday, 8 September 2009).*

6. REPORT TO THOSE CHARGED WITH GOVERNANCE

Part II

*Report to follow.*

Contact Officer:  
Peter Wilson  
Ext 5301

7. STANDARDS AND GOVERNANCE COMMITTEE WORKPLAN

Part II

*Workplan attached.*

Contact Officer:  
Linda Edwards  
Ext 5400

8. ANY OTHER ITEMS

*-which by reason of special circumstances the Chairman considers should be considered as a matter of urgency*

Standards and Governance Committee  
10 September 2009

# **Gosport Borough Council**

## **Report to those charged with governance 2008/09**

**Report to the meeting of the**

**Standards and Governance Committee on 10 September 2009**

# Contents

---

	<i>page</i>
1. Executive summary	1
2. Background to the report	2
3. Statement of Accounts	3
4. Use of resources	7
5. Other matters	13
Appendix A	1
Appendix B	4

## **Statement of Responsibilities of Auditors and of Audited Bodies**

Our audit letters and reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies, issued by the Audit Commission.

Reports prepared by appointed auditors and addressed to Members or Officers are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any Member or Officer in their individual capacity, or to any third party.

---

# **1. Executive summary**

## **1.1. Statement of Accounts**

- 1.1.1. Our work on Gosport Borough Council's Statement of Accounts is now substantially complete and we expect to issue an unqualified audit opinion by 30 September 2009. If any further matters arise between the date of this report and the signing of the audit opinion that require to be reported to those charged with governance, we will communicate these directly to the Chairman of the Standards and Governance Committee.

## **1.2. Use of resources**

- 1.2.1. Our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources is now substantially complete. Based on the audit work carried out so far, we expect to issue an unqualified value for money conclusion by 30 September 2009.

---

## **2. Background to the report**

### **2.1. Purpose of report**

- 2.1.1.** Mazars LLP are the auditors appointed by the Audit Commission to undertake the external audit of Gosport Borough Council (the Council) for the financial year ended 31 March 2009. Our Audit & Inspection Plan outlining the scope of our audit was presented to the Standards and Governance Committee on 24 April 2008.
- 2.1.2.** We are now in the process of completing our audit work and are required by the Audit Commission's statutory Code of Audit Practice for local government bodies (the Code) to issue a report to "those charged with governance" summarising the significant matters arising. We have agreed that, in general, the appropriate addressee of communications with those charged with governance is the Standards and Governance Committee.
- 2.1.3.** We are also required by International Standard on Auditing (ISA) (UK & Ireland) 260: "Communication of audit matters with those charged with governance", to report certain matters before we give our opinion on the Statement of Accounts. Section 3 of this report, covering the Statement of Accounts, fulfils this requirement.

### **2.2. Scope of the report**

- 2.2.1.** In undertaking our audit, we comply with the statutory requirements of the Audit Commission Act 1998 and the Code. Auditors' responsibilities are to review and report on, to the extent required by the relevant legislation and the requirements of the Code:
- The Council's Statement of Accounts; and
  - Whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 2.2.2.** This report covers the audit of the Council for the year ended 31 March 2009 and includes the significant findings, conclusions and recommendations arising from our work.

---

## **3. Statement of Accounts**

### **3.1. Respective responsibilities of the Council and the external auditors**

3.1.1. The Statement of Accounts, which comprises the published accounts of the Council, is an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. It is the Council's responsibility to:

- Put in place systems of internal control to ensure the regularity and lawfulness of financial transactions;
- Maintain proper accounting records; and
- Prepare financial statements that present fairly the financial position of the Council and its expenditure and income.

3.1.2. The Council is also responsible for preparing and publishing an Annual Governance Statement.

3.1.3. In accordance with the Audit Commission Act 1998 and the Code, the external auditors are required to audit the financial statements and to provide an opinion on whether the Council has met its statutory and regulatory responsibilities.

### **3.2. Status of the audit**

3.2.1. Our work on the Council's Statement of Accounts is substantially complete and we expect to issue our audit opinion by 30 September 2009. If any matters arise between the date of this report and the signing of the audit opinion that require to be reported to those charged with governance, we will communicate these directly to the Chairman of the Standards and Governance Committee.

### **3.3. Matters to be reported to those charged with governance**

3.3.1. Under ISA 260, the auditor is required to communicate the following findings from the audit to those charged with governance:

- The auditor's views about the qualitative aspects of the Council's accounting practices and financial reporting;
- The final draft of the representation letter that the auditor is requesting management to sign;
- Uncorrected misstatements;
- Expected modifications to the auditors' report;
- Material weaknesses in internal control identified during the audit;

- Matters specifically required by other ISAs (UK and Ireland) to be communicated to those charged with governance; and
- Any other audit matters of governance interest.

3.3.2. The matters that we wish to draw to your attention are outlined below.

### Qualitative aspects of accounting practices and financial reporting

3.3.3. Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided in the Statement of Accounts. There are no matters that we wish to draw to your attention in relation to the 2008/09 Statement of Accounts.

### Letter of representation

3.3.4. It is necessary for us to obtain written representations from management as an acknowledgement of its responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. The draft letter of representation is included in Appendix A.

### Uncorrected misstatements

3.3.5. A number of misstatements in the draft Statement of Accounts were identified during the course of the audit and drawn to the attention of your officers, one of which has not been corrected as detailed below:

Description of misstatement	Income & Expenditure Account		Balance Sheet		Statement of Movement on the General Fund Balance	
	Dr £000	Cr £000	Dr £000	Cr £000	Dr £000	Cr £000
Revaluation Reserve	-	-	172	-	-	-
Fixed Assets	-	-	-	172	-	-
<i>VAT has been included in the calculation of Depreciated Replacement Cost (DRC). As this cost would be reclaimable if the buildings were replaced, it should have been excluded from the calculation. Fixed assets are, therefore, overstated by this amount.</i>						

**3.3.6.** The uncorrected misstatement detailed above is not material to the accounts and we have been informed that it will be adjusted in 2010/11.

**3.3.7.** The misstatements identified which have been corrected in the final version of the statement of accounts are detailed in a report to management. These included one significant (material) item which is outlined below:

Description of misstatement	Income & Expenditure Account		Balance Sheet		Statement of Movement on the General Fund Balance	
	Dr £000	Cr £000	Dr £000	Cr £000	Dr £000	Cr £000
Revaluation Reserve	-	-	2,268	-	-	-
HRA Expenditure	-	2,268	-	-	-	-
<i>Due to a formula error in a spreadsheet, the amount of impairment charged to the Revaluation Reserve was understated by £2,268k and the amount charged to HRA expenditure was overstated by the same amount.</i>						

#### **Expected modifications to the auditors' report**

**3.3.8.** On the basis of our audit work, we currently propose to issue an unqualified audit opinion on the financial statements. Our draft audit report is attached at Appendix B.

#### **Material weaknesses in internal control identified during the audit**

**3.3.9.** Our audit did not identify any material weaknesses in internal control which require to be reported to those charged with governance. However, we identified a small number of areas where there was scope for improvement in procedures and controls. These will be included in a detailed report to management.

**3.3.10.** We have not provided a comprehensive statement of all weaknesses which may exist in internal control or all improvements which may be made, but have addressed only those matters which have come to our attention as a result of audit procedures we have performed

---

**Matters specifically required by other ISAs to be communicated**

**3.3.11.** Other auditing standards require us to communicate with those charged with governance in a number of specific circumstances, for example:

- Where we suspect or detect fraud;
- Where there is inconsistency between the financial statements and other information in documents containing the financial statements; and
- Where we believe there may be non-compliance with legislative or regulatory requirements.

**3.3.12.** There are no such matters that we are required to report to you in relation to this year's audit.

**Any other audit matters of governance interest**

**3.3.13.** There are no other matters arising from our audit work which we feel are of governance interest.

**3.4. Action required by those charged with governance**

**3.4.1.** We are drawing the above matters to the attention of those charged with governance so that:

- you can consider them before the audit opinion is signed;
- the letter of representation can be approved for signing on behalf of the Council by the Responsible Finance Officer before we issue our audit opinion;
- the Committee has the opportunity to amend the financial statements for the uncorrected misstatement included in paragraph 3.3.5 above. Should you choose not to amend the financial statements, in accordance with the ISA (UK and Ireland) 260, we request that the representation letter is extended to explain why you are not adjusting the financial statements. We ask that the letter specifically details the misstatement to which it relates, either in the body of the letter or in a document appended to it.

---

## 4. Use of resources

### 4.1. Respective responsibilities of the Council and external auditor

- 4.1.1. It is the responsibility of the Council to put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and to ensure proper stewardship and governance, and regularly to review the adequacy and effectiveness of them.
- 4.1.2. We are required to consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and to give a scored “use of resources judgement”.
- 4.1.3. The Code also requires us to conclude whether the Council has adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion. We assess your arrangements against relevant use of resources “key lines of enquiry” (KLOEs) which are specified each year by the Audit Commission.

### 4.2. Use of resources judgements

- 4.2.1. Use of resources is a qualitative assessment of the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. We assess the Council’s performance against a range of KLOEs under three main themes. These are:
- Managing finances;
  - Governing the business; and
  - Managing resources.
- 4.2.2. In forming the use of resources judgements, we have used the methodology set out in the use of resources framework. Judgements have been made for each theme using the Audit Commission’s scale. This scale is used across its inspection and performance assessment frameworks.

1	Below minimum requirements – inadequate performance
2	At minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

4.2.3. The Council's draft use of resources theme scores are shown in the following table:

Use of resources theme	Draft score
Managing finances	2
Governing the business	2
Managing resources	2

4.2.4. The main findings and conclusions for the KLOEs within each of the three themes are summarised below:

### **Managing finances**

#### ***Financial planning***

- 4.2.5. The Council has recently updated its Medium Term Financial Strategy (MTFS) and Capital Strategy, and the Corporate Plan will be updated during the 2009/10 financial year. A balanced budget is prepared for each year. The budget setting process is robust, involving budget holders and service users, based on guidelines prepared by the Cabinet. Treasury management and reserves policies are regularly reviewed and updated as necessary.
- 4.2.6. Environmental Impact Assessments have been produced for the key policies of the Council and are in the process of being prepared for all other policies across the organisation. These are being used to inform further development. Although, generally, limited feedback has been sought from the public, there have been recent examples of consultation, particularly in respect of the proposed new leisure centre and ferry landing jetty.
- 4.2.7. The Council's finances are relatively sound, although there are concerns over the long term future due to increasing financial pressures. The Council has largely maintained its spending within budget over recent years and maintained strong performance in key services. Collection and recovery of NNDR and Council Tax debts are monitored, with high collection rates achieved.
- 4.2.8. There is appropriate ownership of the Council's finances by both the Management Team and Members. Regular training sessions are offered to both Members and staff but are not well attended. Officers regularly discuss performance against budget and this is reported to Members on a quarterly basis. The finance system does not currently produce particularly useful or user-friendly reports with the data from the system being manipulated manually for reporting purposes. However, there are plans in place to introduce a new finance system in 2010. The proposed new finance system will have much more flexible reporting tools which should lead to improved reporting.

---

***Understanding costs and achieving efficiencies***

- 4.2.9. The Council understands its cost drivers, the costs it incurs and the factors that influence them. Costs are analysed in detail and benchmarked using the daily budget monitoring reports. A whole life costing approach was used recently for both the proposed ferry landing stage and leisure centre. Cost information is of good quality and uses comparative data.
- 4.2.10. Efficiency targets are set and monitored on a quarterly basis. Due to the Council's financial situation, there is a constant search for ways to improve efficiencies across the organisation. Council staff have a good understanding of efficiencies and are reporting relevant figures.
- 4.2.11. The Council has strong controls over its partnerships and regularly discusses performance. However, there is little review of the financial performance of the partnerships and no evidence of Member involvement in the CCTV Control Centre partnership.

***Financial reporting***

- 4.2.12. The Council considers financial information alongside related performance information at an officer level. This is reported to Members on a quarterly basis. There has been no assessment of whether the reports are fit for purpose or readily understood by Members.
- 4.2.13. Accounts were prepared and approved in line with statutory timetables. There was one material error in the accounts presented for audit. Material errors in prior years have been isolated and, in general, classification errors which did not affect the overall surplus/deficit for the year. Good working papers are provided each year and audit queries are answered promptly.
- 4.2.14. An annual report was not produced for 2007/08, however, one is currently being prepared for 2008/09. A summary Statement of Accounts has been produced by the Council for the last 2 years but there has been no assessment of whether this is in an appropriate form or meets the needs of readers. The most recent Annual Audit and Inspection Letter is available on the Council's website in the accountancy information section. The most recent approved accounts are on the website and easily located.

***Governing the business******Commissioning and procurement***

- 4.2.15. Environmental Impact Assessments have been carried out for key policies and these are easily located on the Council's website. The Council also has an extensive Sustainable Community Strategy describing its vision for the future of the community.

---

**4.2.16.** Local people have been consulted about the 2 major proposed capital projects (leisure centre and landing stage). However, there has been little other involvement of the public. It is intended that for the substantial large contracts coming up for renewal over the next few years, stakeholders will be invited to share their views on the best way to procure the services, whether this is by DSO, partnering, outsourcing, tender or other means.

**4.2.17.** There have been some isolated examples of where service redesign has been implemented. However, the Council does not have the resources to introduce highly complex or innovative IT solutions and, to a large extent, is reliant on older but tried and tested methods. Benchmarking is carried out through service reviews but this is driven at a departmental level and there is little reporting to the Council's management team or Members.

***Data quality and use of information***

**4.2.18.** Well defined data collection procedures are in place for each National Indicator. Data quality considerations are included in the Corporate Plan. The Performance Sub-Group of the Council's management team meets quarterly to review and challenge the data produced.

**4.2.19.** Data produced by the Council is generally presented in a fairly basic way. However, it is in a format that is understood by Members and aids decision making.

**4.2.20.** Critical systems are password protected with administrators to control access. Internal audit regularly reviews data security and has not raised any serious concerns.

**4.2.21.** There are corporate targets for managing the performance indicators that the Council uses. However, there is no document showing the links between the objectives and performance. This is currently being developed.

***Good governance***

**4.2.22.** In general, there are good governance arrangements in place, with a clear Constitution and scheme of delegation, with development plans for both management and staff. However, the relationship between Members and officers has suffered during the year due to the lack of overall political control, with infighting between the political parties and several complaints raised with the Standards Board. This has caused key decisions to be delayed. There have been no reviews of Member and senior officer roles or responsibilities. The take up of training provided to Members has been poor and the Member induction process requires development.

**4.2.23.** No ethics training has been provided to Members, officers or staff. The whistle-blowing policy has not been updated for several years and is in need of being better publicised both within, and outside, the Council.

---

---

**4.2.24.** Partnership agreements are in place for the key partnerships of the Council and appropriate governance arrangements. However, as noted in 4.2.11. above, there is little Member involvement.

**4.2.25.** A sustainable community strategy has been developed and this is linked to the Local Strategic Partnership (LSP). This includes discussion on the vision for the local community.

***Risk management and internal control***

**4.2.26.** A risk management strategy is in place but requires updating. Risk registers are in place and are also held for key partnerships. No recent risk management training has been offered for Members or staff although we note there are plans to introduce some update training for officers shortly. The anti-fraud and corruption policy also requires updating and this will be completed during 2009/10.

**4.2.27.** The Council has an effective internal audit function and the Standards & Governance Committee fulfils the role of an audit committee. The Council has an assurance framework together with standing orders, financial regulations and a scheme of delegation. Internal financial controls are adequate. The Annual Governance Statement is a fair reflection of the Council's position and performance.

**Managing resources (workforce planning)**

**4.2.28.** Gaps in skills are identified through personal reviews and are addressed through development plans and training. The Council uses a range of recruitment methods including an online Recruitment Portal and has a Recruitment and Selection Policy in place. Effective systems are in place to monitor absence although sickness levels are very high at the Council.

**4.2.29.** There is a workforce and strategic development plan in place which examines what the Council wants to achieve, where it currently is and what needs to be done to bridge the gap. There is an action plan, to ensure actions remain appropriate and are progressing, which is kept under regular review.

**4.2.30.** An organisational change policy is in place. Morale is monitored throughout any change process through 1-to-1 discussions and manager reviews, plus involvement of the union representatives. Post-implementation reviews are carried out through managers. Chief officers regularly communicate with all staff through emails, staff magazine, intranet, team meetings, people management sessions and to the public through the website and the 'Coastline' newsletter (which is delivered to all households in the Borough).

- 
- 4.2.31.** The Council has an Equality and Diversity Policy which is kept under regular review and sets out the Council's commitment, obligations and approach to equality and diversity issues. An e-learning package on diversity issues is being purchased, which all staff will be required to complete. The Council has achieved an Equality Standard of level 2. The Council's recruitment procedures take account of diversity issues.

## **4.3. Value for money conclusion**

### **Conclusion on the arrangements for securing economy, efficiency and effectiveness in the use of resources**

- 4.3.1.** On the basis of our audit work, we propose to issue a report that, in all significant respects, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009. The draft value for money conclusion is included at Appendix B.

### **Other matters arising from our audit work in relation to the use of resources**

- 4.3.2.** The key matters arising from our work in relation to the use of resources will be included in our report to management, there are no other matters which we wish to draw to the attention of those charged with governance.

## **4.4. Action required by those charged with governance**

- 4.4.1.** The Standards and Governance Committee is requested to note the above findings. There are no matters that require specific action.

## 5. Other matters

### 5.1. Integrity, objectivity and independence

5.1.1. As part of our communication with those charged with governance, ISA (UK and Ireland) 260 and the Auditing Practices Board Ethical Standard 1 require us to communicate the following matters:

- the principal threats, if any, to objectivity and independence identified by the auditor, including consideration of all relationships between the Council, Members and the auditor;
- any safeguards adopted and the reasons why they are considered to be effective;
- any independent partner review;
- the overall assessment of threats and safeguards; and
- information about the general policies and processes for maintaining objectivity and independence.

5.1.2. We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing and ethical standards. We would advise the Committee that, as in previous years, the audit has been subject to an independent partner review in accordance with our Firm's standard practice for public interest audits. Details of our arrangements in relation to independence and objectivity are included, each year, in the Audit & Inspection Plan.

### 5.2. Fee information

5.2.1. The fee for the 2008/09 audit is in accordance with the budget outlined in the Audit & Inspection Plan.

Audit area	Actual 2008/09 £
Accounts (including Whole of Government Accounts)	65,600
Use of Resources (including data quality)	41,900
<b>Total audit fee</b>	<b>107,500</b>

### 5.3. Acknowledgements

5.3.1. During the course of the year, we have received considerable support and assistance from the Council's employees. We would like to take this opportunity to thank them for the time they have made available to help us complete our work and for the positive and constructive approach to the audit.

---

## Appendix A

### Draft letter of representation

Mazars LLP  
Regency House  
3 Grosvenor Square  
Southampton  
Hampshire  
SO15 2BE

Dear Sirs

#### **Gosport Borough Council – audit for year ended 31 March 2009**

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of other Officers of the Council, the following representations given to you in connection with your audit of the Council's statement of accounts for the year ended 31 March 2009.

I confirm that the following representations are made on the basis of enquiries by management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

#### **Responsibility for the financial statements and accounting information**

I acknowledge, as the responsible finance officer for the Council, my responsibility for preparing a Statement of Accounts that presents fairly the state of affairs, income and expenditure, total recognised gains and losses and cash flows of the Council for the year ended 31 March 2009. All the accounting records have been made available to you for the purpose of your audit and all the transactions of the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and Council meetings have been made available to you.

#### **Responsibility to disclose relevant information**

I confirm that I have taken all the necessary steps to make myself aware, as responsible financial officer, of any relevant audit information and to establish that you as auditors are aware of the information.

As far as I am aware, there is no relevant audit information of which, as the Council's auditors, you are unaware.

#### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with Financial Reporting Standard 18 and consider them appropriate for the year.

---

## Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- i. information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- ii. the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention.

## Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the Statement of Accounts.

## Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve actual or possible non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

There have been no frauds or irregularities involving Members, management or employees who have significant roles in the accounting system and internal control structure and which could have a material effect on the Statement of Accounts.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## Fraud

I acknowledge my responsibility as the responsible financial officer for the Council, for the design and implementation of systems of internal control to prevent and detect fraud. We have disclosed to you:

- all the results of our assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- there were no cases of fraud or suspected fraud affecting the Council involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the statement of accounts.

We have made known to you all knowledge of any allegations of fraud, or suspected fraud, affecting the Council's Statement of Accounts communicated by employees, former employees, regulators or others.

---

---

**Fair Values**

We confirm the reasonableness of the significant assumptions within the financial statements, including:

- the appropriateness of the measurement method;
- the basis used by management to overcome the presumption under the financial reporting framework;
- the completeness and appropriateness under the financial reporting framework; and
- if subsequent events require adjustment to the fair value measurement.

**Related party transactions**

All transactions and balances with related or associated parties, including sales, purchases, loans, transfers, leasing arrangements and guarantees have been made available to you and have, where material and appropriate for presentation purposes, been disclosed in the accounts.

**Future commitments**

The Council has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

**Post balance sheet events**

There have been no events, other than the items disclosed, since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should further material events occur, which may necessitate revision of the figures included in the statement of accounts or inclusion of a note thereto, I will advise you accordingly.

**Going concern**

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the going concern basis is not less than twelve months from the date of approval of the accounts.

**Uncorrected misstatements**

I am not aware of any uncorrected misstatements, other than those which are 'clearly trivial', which require amendment to the Statement of Accounts OR There is one misstatement that has been brought to our attention which we have not corrected in the Statement of Accounts. [Explain reason...]

Yours faithfully

**Peter Wilson**

Responsible Finance Officer

---

## Appendix B

### **Independent auditors' report to the Members of Gosport Borough Council**

We have audited the Authority accounting statements and related notes of Gosport Borough Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund, and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the Members of Gosport Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Gosport Borough Council for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the Responsible Finance Officer and auditor**

The Responsible Finance Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority and its income and expenditure for the year.

We review whether the governance statement reflects compliance with "Delivering Good Governance in Local Government: A Framework" published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

---

We read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

### **Opinion**

In our opinion the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

### **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### **Authority's responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and regularly to review the adequacy and effectiveness of these arrangements.

#### **Auditor's responsibilities**

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities.

---

---

We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Conclusion**

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008, we are satisfied that, in all significant respects, Gosport Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

### **Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

**Mike Attenborough-Cox**  
**for and on behalf of Mazars LLP**  
Appointed Auditors

Regency House, 3 Grosvenor Square, Southampton, SO15 2BE

[DATE]

**AGENDA ITEM NO. 7****STANDARDS AND GOVERNANCE COMMITTEE WORKPLAN**

<b>Work Area</b>	<b>Report To Committee</b>	<b>Lead Officer</b>
Complaints Monitor	29 Oct 09	KL
Risk Management Update	29 Oct 09	CD/JB
Contract Standing Orders	29 Oct 09	PW/CD
Update on Internal Audit Charter	29 Oct 09	CD
Fraud & Corruption Strategy update	29 Oct 09	LE/CD
Feedback on GBC & EBC partnership	29 Oct 09	CD
Member/Officer Protocol	29 Oct 09	LE
Local Assessment Monitoring Report	29 Oct 09	LE
New Member Induction	29 Oct 09	LE
Internal Audit 6 monthly position statement	29 Oct 09	CD
Strategic Audit plan 2010/13	21 Jan 10	CD
Monitoring Statement Oct – Dec 2009	21 Jan 10	CD
Use of Resources progress monitor	21 Jan 10	PW
Internal Audit 9 monthly position statement	21 Jan 10	CD
Annual Internal Audit Plan 10/11 (CD)	18 Mar 10	CD
Risk Management (CD/JB)	18 Mar 10	CD/JB
Draft AGS 2009/10 (CD)	22 Apr 10	CD
Annual Audit Report 2009/10	22 Apr 10	CD

Date of Next Meeting  
29 October 2009