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05 December 2011

S U M M O N S

MEETING: Standards and Governance Committee
DATE: 13 December 2011
TIME: 6.00 p.m.
PLACE: Committee Room 1, Town Hall, Gosport
Democratic Services contact: Geoff Rawling

LINDA EDWARDS
BOROUGH SOLICITOR

MEMBERS OF THE COMMITTEE

Mr R V Perry
(Independent Member)

Councillor Chegwyn
Councillor Forder
Councillor Jessop

Councillor Philpott
Councillor Scard
Councillor Wright

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NOTE:

- i. Councillors are requested to note that, if any Councillor who is not a Member of the Committee 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 15 September 2011 (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 Friday, 9 December 2011. 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 Friday, 9 December 2011).

6. ANNUAL AUDIT LETTER

Part II

The purpose of the Annual Audit Letter (AAL) is to communicate to the Council and external stakeholders, including members of the public, the key issues arising from the 2010/11 audit which it is considered should be brought to the attention of the Council.

Contact Officer:
Rose Coates
Audit
Commission

7. AUDIT FEES

Part II

Formal letter attached.

Contact Officer:
Peter Wilson
Ext 5301

8. INTERNAL AUDIT MONITORING STATEMENT FOR THE PERIOD 1 JULY 2011 TO 30 SEPTEMBER 2011

Part II

To table the performance of the Internal Audit Section in the second quarter of 2011/12 (1st July 2011 – 30th September 2011) against the

Contact Officer:
Chris Davis

Standards and Governance Committee
13 December 2011

*agreed audit plan to the Members with responsibility for governance.
Secondly to provide Members with an update on other key internal
business within the same period.*

Ext 5306

9. STANDARDS AND GOVERNANCE COMMITTEE WORKPLAN

Part II

Workplan attached.

Contact Officer:
Linda Edwards
Ext 5401

10. ANY OTHER ITEMS

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

Meeting:	Standards and Governance Committee
Item no:	6
Date:	13 December 2011
Author:	Patrick Jarvis
Subject:	Annual Audit Letter

1. Purpose

The purpose of the Annual Audit Letter (AAL) is to communicate to the Council and external stakeholders, including members of the public, the key issues arising from my 2010/11 audit which I consider should be brought to the attention of the Council.

I am required to issue this report under the Accounts and Audit Regulations 2011, and the Code of Audit Practice 2010.

2. Summary

The AAL summarises the key issues arising from my 2010/11 audit. It also looks forward to the challenges that you face.

The AAL summarises the work I have previously reported to the Committee. Therefore members of the Committee will be aware of the key issues reported.

The AAL was agreed with the Chief Executive, and Deputy Chief Executive and Borough Treasurer on 4 November 2011.

The AAL is addressed to all the members of the Council and each member should be given a copy of it. In addition the Council is required to publish the AAL on its website.

The Audit Commission will publish the AAL on the Audit Commission website at www.audit-commission.gov.uk.

3. Audit Recommendations

No audit recommendations are included in the Annual Audit Letter.

4. Link to Assurance Framework

Strengthening governance, financial reporting and internal controls at the Council.

5. Actions for Standards and Governance Committee

To note the Annual Audit Letter (AAL).

To ensure arrangements are in place to publish the AAL on the Council's website.

Annual Audit Letter

Gosport Borough Council

Audit 2010/11



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Traffic light explanation
Red  Amber  Green 

Key messages

This report summarises the findings from my 2010/11 audit. My audit comprises two elements:

- **the audit of your financial statements; and**
- **my assessment of your arrangements to achieve value for money in your use of resources.**

Key audit risk	Our findings
Unqualified audit opinion	
Internal control	
Proper arrangements to secure value for money	

Audit opinion and financial statements

I issued an unqualified opinion on the financial statements on 30 September 2011.

The Council dealt successfully with the challenges posed by implementing International Financial Reporting Standards (IFRS) in 2010/11. I would like to commend the Council for meeting this challenge. Restating the accounts to comply with the requirements of IFRS is a complex task, which has caused significant difficulties for some local government bodies.

As a result of my audit a number of amendments were made to the accounts. These were largely to ensure the more demanding disclosure requirements of IFRS were met. Full details of the adjustments required to the financial statements are set out in my annual governance report

which was reported to the Standards and Governance Committee in September 2011.

I reviewed the Council's Annual Governance Statement and confirmed it complied with CIPFA guidance and the content was consistent with my knowledge of the Council.

Weaknesses in internal control

I noted significant internal control weaknesses in your general Information Technology controls and some weaknesses in the new general ledger, accounts payable and debtors systems. Management are taking action to strengthen internal controls.

I also noted weaknesses in controls over the management and review of leases. Accurate lease records are essential to support the accounting disclosures in respect of leases under IFRS. There are a number of properties where the rent has not been reviewed for a considerable length of time. I made three recommendations to strengthen arrangements which have been accepted by officers. Management have already begun to increase officer capacity in property services to address the issues raised by my review.

The Council's financial monitoring process identified an internal fraud totalling £300,000 in July 2011. The impact of the fraud spans two financial years 2010/11 and 2011/12. The fraud has identified scope to improve internal controls. Management are pursuing an insurance claim and expect no loss to the Council.

Questions about the accounts

Members of the public have the right to ask the auditor questions about the accounts. Two questions were raised relating to:

- the dial a ride scheme; and
- taxi licence fees.

I considered whether the issues raised impacted on my audit responsibilities and in each case concluded they did not and that I could issue an unqualified opinion and VFM conclusion.

In respect of taxi licence fees my work identified scope to improve record keeping at the Council. My audit recommendations are set out later in this report.

Value for money

I issued an unqualified value for money (VFM) conclusion stating the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

My work in this area showed that:

- the Council is responding satisfactorily to reductions in government financial support;
- new performance management and risk management arrangements are being introduced; and
- significant savings are being achieved through new contracting and procurement arrangements.

Current and future challenges

The Council, like other councils in England, is facing significant challenges because of the economic downturn and cuts in grant funding. The Comprehensive Spending Review reduced the Council's grant for 2011/12 by 11.9 per cent with a further reduction to come in 2012/13. As a consequence, savings in the order of £1.5 million are required from the Council's general budget over the next two years. In response the Council has reviewed its corporate priorities and identified new strategies to help it manage its financial position in the medium term.

Like many councils, the level of reserves fell during 2010/11 to meet staff termination costs and other restructuring costs. At 31 March 2011 the Council had useable general fund balances and reserves of £2.4 million which is low compared to most other local authorities. This means the Council has less flexibility than councils with larger reserves to manage the financial challenges it faces in the current economic climate. To move itself to a more sustainable financial position the Council's medium term financial plan (MTFP) aims to protect and then gradually increase reserves over the next few years.

The Council has an ambitious capital programme of £38 million over the period to 2014/15. Capital receipts, maturing investments and borrowing will be required to fund it over the medium term. In 2010/11 there was significant slippage against the capital programme.

Over the next five years the Council recognises that it has to increase housing rents and is using a 30-year Housing Revenue Account (HRA) business planning model to help it do this. Currently council house rents are lower than the government calculated notional rents by around £2.74 per week. The government assumes the Council charges notional rents when it allocates HRA subsidy. This means that there is an annual loss to the HRA by not charging notional rent levels of £454,000.

The Council has a net borrowing position which means that it has more loans than investments. This net borrowing position increased during the year from £10 million at 31 March 2010 to £13 million at 31 March 2011. As the Council will need to borrow large amounts over the next few years to finance its capital programme the net borrowing position is forecast to increase significantly during both 2011/12 and 2012/13. It is then expected to level off before reducing as capital receipts are raised and applied to reducing debt and capital funding.

The main challenges for the Council over the next period include:

- achieving planned savings;
- maintaining its level of reserves;
- managing its substantial capital programme;
- increasing the level of housing rents; and
- continuing to improve internal controls.

Other changes the Council will face over the next few years include:

- changes proposed in the government's Welfare Reform Bill including new arrangements for housing and council tax benefits;
- changes proposed in the government's Localism Bill including new arrangements for funding social housing and for enabling local groups to take over community facilities and services; and
- government proposals to allow local authorities to keep their business rates.

Financial statements and annual governance statement

The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

Overall conclusion from the audit

I issued an unqualified opinion on the financial statements on 30 September 2011.

I would like to commend the Council for meeting the challenge of preparing its accounts that, in the main, were compliant with the new IFRS requirements by the 30 June 2011 deadline. Restating the accounts to comply with the requirements of IFRS is a complex task, which has caused significant difficulties for some local government bodies.

My audit identified a number of errors and issues which the Council agreed to amend. These were required to ensure the more demanding disclosure requirements of IFRS are met. Full details of the adjustments required to the financial statements are reported in my annual governance report which was presented to the Standards and Governance Committee in September 2011. The key changes related to:

- correction of fraudulent capital and revenue expenditure of £146,263. This correction increased the reported underspend for the year to £366,628; and
- disclosure of two exceptional items separately on the face of the comprehensive income and expenditure statement and the housing revenue account.

Weaknesses in internal control

I noted significant internal control weaknesses in your general IT controls and some weaknesses in the new general ledger, accounts payable and debtors systems. I am satisfied that management is taking action to strengthen internal controls. I will review progress as part of my 2011/12 audit.

Accurate lease records are essential to support the accounting disclosures in respect of leases under IFRS. I noted poor internal controls over the management and review of leases. My review confirmed there are number of properties where there is either:

- no lease in place or no lease details known, but rental income has been received in 2010/11; or
- no current lease in place, the lease has expired but lease income has been received in 2010/11; or
- a current lease exists but no rent is being charged.

My work also showed the Council has a number of properties where the rent has not been reviewed for a considerable length of time. I have recommended that the Council:

- confirm whether the Council legally has the right to continue to collect lease rentals when no lease exists or the lease has expired;
- review all properties where there are no known lease details or the lease has expired and renegotiate a lease as soon as possible; and
- review all properties rents to ensure rents are in line with Council policy and deliver value for money. Where no rent is being paid the Council should ensure that lessees are eligible for peppercorn rents under the Council's current policies.

During the year the Council suffered an internal fraud totalling £300,000 identified in July 2011 which is under investigation. The impact of the fraud spans two financial years 2010/11 and 2011/12. While the value of fraudulent transactions was not in itself material in each year, I reported the impact on the 2010/11 financial year in my annual governance report. The fraud has highlighted scope to tighten further internal controls. Officers plan to strengthen internal controls during 2011/12 by running workshops to raise staff awareness of the importance of safeguarding passwords and system access controls. The financial statements were amended to account for the fraudulent transactions. Management are pursuing an insurance claim and expect no loss to the Council.

Questions about the accounts

Members of the public have the right to ask the auditor questions about the accounts. Two questions were raised relating to:

- the dial a ride scheme; and
- taxi licence fees.

I considered whether the issues raised impacted on my audit responsibilities and in each case concluded they did not and that I could issue an unqualified opinion and VFM conclusion. I identified opportunities for improving the quality of record keeping in respect of taxi license fees including:

- introducing a system of time recording to provide a more robust evidence base for cost apportionment and licence fee setting; and
- maintaining accounting records which clearly show the costs and fees for each type of licence as set out in relevant legislation.

Value for money

I considered whether the Council is managing and using its money, time and people to deliver value for money. I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.

I assess your arrangements against two criteria specified by the Audit Commission. My overall conclusion is the Council has satisfactory arrangements to secure, economy, efficiency and effectiveness in its use of resources.

My conclusion on each of the two areas is set out below.

Value for money criteria and key messages

Criterion	Key messages
1. Financial resilience The organisation has proper arrangements in place to secure financial resilience. Focus for 2010/11: The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.	<p>The Council has proper systems to manage its financial risks. In line with many other public sector bodies, Gosport Borough Council faces significant financial challenges going forward. The Comprehensive Spending Review reduced the Council's grant for 2011/12 by 11.9 per cent with a further reduction to come in 2012/13. As a consequence, savings in the order of £1.5 million are required from the Council's general budget over the next two years.</p> <p>The leadership team understands the significant and rapidly changing financial management challenges and risks facing the Council and is taking action to secure a stable financial position. Members scrutinise and challenge performance and hold officers to account. The Council has reviewed its corporate priorities and identified new strategies to help it manage its financial position in the medium term. New performance management and risk management arrangements are being introduced in 2011/12 to improve existing arrangements.</p>

Criterion	Key messages
	<p>Members and officers recognise the Council needs to:</p> <ul style="list-style-type: none"> ■ preserve and build up its reserves over the medium term; ■ increase council rents so they are closer to the government notional levels over the medium term in order to help ensure the HRA business plan is sustainable; ■ robustly manage its ambitious capital programme to minimise the impact on revenue and ensure effective use of cash resources; and ■ continue to reduce its back office and support service costs. <p>The Council is strengthening its business planning and underpinning risk management and governance arrangements. These new arrangements should provide an effective process for continuing achievement of financial resilience and value for money in 2011/12. However, some of the underpinning arrangements, including those for managing risks and savings, are still under development and will need continued focus in 2011/12.</p>
<p>2. Securing economy efficiency and effectiveness</p> <p>The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</p> <p>Focus for 2010/11:</p> <p>The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.</p>	<p>Officers and political leaders have taken action to address the financial challenges faced by the Council which is on course to deliver its savings plans. The Council has been successful in carrying out changes that achieve cost savings while minimising the impact on service delivery. An example is the major contracts procurement exercise. The new service contracts take effect from 1 April 2011, and will deliver savings of around £10 million over the life of the contracts as well as improved service standards.</p> <p>During the year good progress has been made by reducing staff costs. In total the Council has removed 11 per cent of its staff or 46 posts (40 FTEs) in just over a year against an establishment of 346. Payroll costs in 2012/13 will reduce by £0.89 million.</p> <p>The Council continues to explore opportunities for service efficiencies, for example through shared services arrangements with the other local councils (for example shared internal audit services).</p>

Criterion	Key messages
	<p>Maintaining robust governance arrangements as financial resources and staff numbers reduce significantly is very important. The Council is introducing new performance management and risk management arrangements in 2011/12 to strengthen existing financial management arrangements. As staff numbers reduce members and officers should ensure they continue to receive regular and timely monitoring information to facilitate effective scrutiny and challenge of the Council's operational and financial performance.</p>

Closing remarks

I will discuss and agreed this letter with the Chief Executive and the Director of Finance in November 2011. I will present this letter at the Standards and Governance Committee on 24 November 2011 and will ask the Council to make this report available to all members of the Council.

My detailed findings, conclusions and recommendations in the areas covered by my audit are included in my reports issued to the Council during the year.

Report	Date issued
Audit Fee Letter	April 2010
Certification of claims and returns – Annual report 2009/10	January 2011
Audit Opinion Plan	June 2011
Annual governance report	September 2011
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2011
Annual Audit Letter	October 2011

The Council has taken a positive and constructive approach to my audit. I wish to thank the Council staff for their support and cooperation during the audit.

Patrick Jarvis
District Auditor

November 2011

Appendix 1 - Fees

	Planned	Actual	Variance
Audit work	£122,500	£132,500	£10,000
Non-audit work	Nil	Nil	Nil
Audit Commission fee rebates	(£8,359)	(£8,359)	
Total	£114,141	£124,141	£10,000

Additional audit fees of £10,000 are required to meet the unplanned audit work following the identification of the internal fraud at the Council and to investigate and respond to the questions raised by members of the public.

Appendix 2 - Glossary

Annual governance statement

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code. It includes how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit opinion

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

Opinion

If I agree that the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources based on criteria specified by the Audit Commission.

If I find that the audited body had adequate arrangements, I issue an unqualified conclusion. If I find that it did not, I issue a qualified conclusion.

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- any director/member or officer in their individual capacity; or
- any third party.



Our reference ABD/MW

Your reference PW/ks

16 November 2011

Mr Peter Wilson
Deputy Chief Executive and Borough Treasurer
Gosport Borough Council
Town Hall
High Street
Gosport
Hampshire PO12 1EB

Direct line

0844 798 2355

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commission.gov.uk

— Dear Mr Wilson

Audit Fees - Gosport

Thank you for your letter dated 20 September, which has been passed to me for response.

I trust my email of 19 October, responding to your comments on the Audit Commission's proposed work programme and scales of fees for 2012/13, addressed your concerns. In that email I said I would respond formally to your letter so you can report to the Council's Standards and Governance Committee. Please accept my apologies for the delay in writing.

I can assure you there will be an opportunity to amend the scale fees for 2011/12 and 2012/13 in light of the actual work required to complete the audit of Gosport Borough Council.

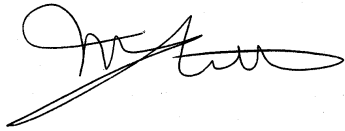
You are correct the 2011/12 scale fee for the Council was based on a reduction from the planned fee for 2010/11. This is as set out in the published work programme and scales of fees document for 2011/12. The scale fee for 2011/12 included any difference from the 2010/11 scale fee reflecting the auditor's assessment of risk and complexity of the audit then. I understand that when planning the 2010/11 audit, the Council's auditor highlighted the need for additional work around the new financial systems the Council was introducing and a large-scale procurement exercise.

The document goes on to say the Commission may vary the 2011/12 scale fee. It is a matter for the auditor to decide the work necessary to complete the audit and, subject to the agreement of the Commission, seek to agree a variation to the published scale fee with an audited body. We will get final fee information from appointed auditors, and explanations for any proposed variations from the published scale fee, after they have completed the 2011/12 audit. The Commission will consider the reasonableness of the explanations provided by auditors before determining the fee. So, the Commission will be able to consider a request from the Council's auditor to vary the scale fee for 2011/12.

We will not be publishing the final scale fees for 2012/13 until the current procurement exercise to outsource the Commission's in-house audit practice is complete – expected in April 2012. By this time the 2010/11 audit will have been completed and the work the auditor needs to do for the 2011/12 audit will be much clearer. Regardless of whenever any variations to the 2011/12 or 2012/13 scale fees are agreed, the Council will not have to pay more than the minimum amount necessary. There may be some fine-tuning to the amounts paid as the one-off rebates the Commission has paid the Council have been based on the published (higher) scale fees.

I hope this clarifies the position.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Marcine Waterman', with a long, sweeping underline.

Marcine Waterman
Director of Audit Policy and Regulation

AGENDA ITEM NO. 8

Committee:	Standards & Governance Committee
Date of Meeting:	13 December 2011
Title:	Internal Audit Monitoring Statement For The Period 1st July 2011 to 30th September 2011
Author:	Head of Internal Audit & Risk Assurance
Status:	For Decision

Purpose

To table the performance of the Internal Audit Section in the second quarter of 2011/12 (1st July 2011 – 30th September 2011) against the agreed audit plan to the Members with responsibility for governance.

Secondly to provide Members with an update on other key internal business within the same period.

Recommendation

That the Standards and Governance Committee review the performance of Internal Audit from 1st July 2011 to 30th September 2011.

1 Background

- 1.1 Members of this Committee approved the Annual Audit Plan for the period 2011/12 on 17 March 2011. The Plan was produced in consultation with all Service Unit Managers. Performance against the Annual Audit Plan for 2011/12, contained within the above, is reported to Members periodically. This report outlines the audit activity for the 3 month period 1 July to 30 September 2011, as summarised in Appendix One.

2 Report

Resources and the Internal Audit Partnership

- 2.1 The partnership arrangement with Eastleigh Borough Council continues to operate well into 2011/12. The section is on target to achieve the £60k income budget provision at the half year stage for 2011/12.
- 2.2 A three year arrangement (Apr 2011 to March 2014) for the joint working for internal audit has now been agreed by both Council Chief Financial Officers.
- 2.3 Appendix one highlights the delivery of planned internal audit work for quarter two.

- 2.4 Members will be aware that the Council has been a victim of a significant internal fraud. This matter is subject to an ongoing criminal investigation and has been reported in the Annual Governance Report and the Annual Audit Letter published by the Audit Commission. The Internal Audit section has been heavily involved (29 days in total for the second quarter) in both supporting the Police and management with this investigation. This initially applied significant pressure on the section, with key staff working with a coordinated professional approach to establish the severity of the loss, how the transactions were processed and involved capturing the internal data in a controlled manner. The outcome from this work and the speed and accuracy with which it was compiled has been praised by several external bodies. A number of improved control measures have been implemented to reduce the risk of this type of fraud re-occurring. The internal audit team also provided support (7 days in total) in assisting further sample testing by the Audit Commission prior to closing the 2011/12 final accounts in order to minimise the additional external audit fee.

Major Audits

- 2.6 A number of fundamental audits commenced in the latter part of the quarter to assist in their production later in the financial year. These included :-

- Payroll
- Debtors
- Creditors

The outcomes from these reviews will be part of my next monitoring statement to Members in February 2012.

Unit Reviews

- 2.7 A number of assignments are in progress that will be reported back to the Members in February 2012 in my third monitoring statement.
- 2.8 The following audits were completed during the quarter and I can confirm that overall no areas of major concern were highlighted.

- Cash Collections
- Open Market
- Housing Advances
- Data Protection
- Plantime (time recording system)

- Holbrook
- Governance support (Annual Governance Statement)

3 Risk Assessment

- 3.1 The work performed by Internal Audit assists in reducing the overall risk exposure in the Council's operations and provides a degree of support to management in placing reliance on the adequacy of controls within their Services.

4 Conclusion

- 4.1 That the Committee note the current performance of the section against the agreed annual audit plan and the current status of the internal audit partnership with Eastleigh Borough Council.

Financial Services comments:	None
Legal Services comments:	None
Service Improvement Plan implications:	The information provided within the report has a direct link to improving the overall governance arrangements within the Council. The performance of the Internal Audit section is a key operational indicator monitored closely against the agreed Annual Audit Plan.
Corporate Plan:	Internal Audit's work supports all Council services in pursuit of their overall corporate and strategic priorities.
Risk Assessment:	See Section 3
Background papers:	None
Appendices/Enclosures:	Appendix One – Internal Audit Monitoring Statement 01.07.11 – 30.09.11
Report author/ Lead Officer:	Chris Davis 023 9254 5306

Internal Audit Monitoring Statement
(1 July – 30 September 2011)

	PLANNED DAYS	PLAN DAYS TO Q/E 30.09.11	ACTUAL DAYS TO 30.09.11	VARIANCE DAYS (FAVOURABLE)
MANAGEMENT / VFM REVIEWS	81	26.25	7	(19.25)
FINANCIAL SERVICES	202.50	26.50	18	(8.50)
LEGAL, DEMOCRATIC & PLANNING SERVICES	15	0	0	-
CX UNIT	110	22	20	(2)
ENVIRONMENTAL SERVICES	69	13.50	4.50	(9)
LEISURE & CORPORATE SERVICES	50	0	18	18
HOUSING SERVICES	80	13	14	1
CONTINGENCY	45	10	40	30
EASTLEIGH BOROUGH COUNCIL (Income)	227	59	57	(2)
PRIOR YEAR END COMPLETION	0	0	0	-
TOTAL	879.50	170.25	178.50	8.25

There are continuing variances as the restructure has complicated the planned work in some areas as new resources settle into their revised environment.

The fraud investigation (under contingency) was performed by the senior team members so that planned work by other auditors stayed on target for the second quarter.

AGENDA ITEM NO. 9

STANDARDS AND GOVERNANCE COMMITTEE WORKPLAN **AS AT 13 DECEMBER 2011**

Work Area	Report To Committee	Lead Officer
Member/Officer Protocol	To review when changes to standards regime known	Linda Edwards
Reform of Standards Board	Feb 2012	Linda Edwards
<p>Note: The Localism Act received the Royal Assent on 15 November 2011 but most of the Act is not yet in force.</p> <p>Chapter 7 deals with standards and when in force will repeal the current statutory national code of conduct, Standards Board and Standards Committee.</p> <p>Whilst the Act sets out what will replace it when this part of the Act is brought into force the details of how the new duty to promote and maintain high standards of conduct by members, registration of interests, dispensations, allegations and investigations and transitional arrangements are not yet available. The government have said it intends to bring this part of the Act into force in April 2012 and the report to February Committee will reflect draft regulations and guidance which are issued in the next few weeks.</p>		
Work Plan	Standing Item	
Annual Audit Letter	Dec 2011	Audit Commission
Local Government Ombudsman: Annual Review 2011/12	Sept 12	Linda Edwards
Annual Governance Report	Sept 12	Audit Commission
Audit Fees	Dec 2011	Peter Wilson
Internal Audit Quarterly Monitoring Statement to 30 September 2011	Dec 2011	Chris Davis
Housing Benefits Risk Based Verification of Claims	Feb 2012	Stephanie Pride