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03 September 2014

S U M M O N S

MEETING: Standards and Governance Committee
DATE: 11 September 2014
TIME: 6.00 pm
PLACE: Committee Room 1, Town Hall, Gosport
Democratic Services contact: Vicki Stone

LINDA EDWARDS
BOROUGH SOLICITOR

MEMBERS OF THE BOARD

Councillor Carter (Chairman)
Councillor Scard (Vice-Chairman)

Councillor Allen	Councillor Dickson
Councillor Bateman	Councillor Gill
Councillor Chegwyn	Councillor Wright

FIRE PRECAUTIONS

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

In the event of the fire alarm 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: Please note that mobile phones should be switched off or on silent 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 reminded to declare, at this point in the meeting or as soon as possible thereafter, any disclosable personal interest in any item(s) being considered at this meeting.
3. MINUTES
To approve as a correct record the Minutes of the Committee meetings held on 05 June 2014 and 03 April 2014 (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, 9 September 2014. 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 9 September 2014).
6. INTERNAL AUDIT ANNUAL REPORT FOR 2013/14
In accordance with the Public Sector Internal Audit Standards 2012, the Head of Internal Audit is required to present an Annual Report to the appropriate body that has responsibility for both governance and the Internal Audit function.
7. ERNST & YOUNG –AUDIT RESULTS REPORT
This report summarises the findings from the 2013/14 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.
8. GOVERNANCE ISSUES
To advise the Standards and Governance Committee of recent legislation and guidance relating to a number of governance issues.

PART II

Contact Officer:
Chris Davis/ Ext
No. 5551

PART II

Contact Officer:
Mike Bowers
Ernst & Young
0788 1518 961

PART II

Contact Officer:
Linda Edwards
Ext No. 5401

Standards and Governance Committee
11 September 2014

9. ANNUAL REVIEW LETTER 2013/14
To advise the Committee of the Annual Review 2013/14 received from the Local Government Ombudsman.
10. ANY OTHER ITEMS
Which the Chairman determines should be considered, by reason of special circumstances, as a matter of urgency.

PART II
Contact Officer
Linda Edwards
Ext No. 5401

**A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE
WAS HELD ON 5 JUNE 2014**

Councillors Allen (P), Bateman (P), Carter (P), Chegwyn (P), Dickson (P), Gill (P), Scard (P) and Wright (P).

1. APOLOGIES

There were no apologies

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. DEPUTATIONS

There were no deputations

4. PUBLIC QUESTIONS

There were no public questions.

PART II

5. ELECTION OF CHAIRMAN

RESOLVED: That Councillor Carter be appointed as Chairman of the Standards and Governance Committee for the Municipal Year 2014-2015.

6. ELECTION OF VICE-CHAIRMAN

RESOLVED: That Councillor Scard be appointed as Vice-Chairman of the Standards and Governance Committee for the Municipal Year 2014-2015.

The meeting concluded at 5.50pm

CHAIRMAN

A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE

WAS HELD ON 03 APRIL 2014

Councillors; Burgess (P), Chegwyn (P), Dickson (P), Jacobs, Forder (P), Henshaw, Scard (P) and Wright (P).

33. APOLOGIES

An apology for inability to attend the meeting was received from Councillor Jacobs.

34. DECLARATIONS OF INTEREST

There were no declarations of interest received.

35. MINUTES

RESOLVED: That the minutes of the meeting of the Standards and Governance Committee held on 16 January 2014 be approved and signed by the Chairman as a true and correct record.

36. DEPUTATIONS

There were no deputations received.

37. PUBLIC QUESTIONS

There were no public questions received.

38. RISK MANAGEMENT UPDATE

Consideration was given to the report of the Head of Internal Audit and Risk Assurance, and the Borough Treasurer, bringing forward for consideration and approval the updated Risk Management Policy and Risk Management Strategy.

In answer to a Member's question, the Committee were advised that no significant risks had been identified.

RESOLVED: That the Risk Management Policy and Risk Management Strategy as attached in Appendix One and Two of the report of the Head of Internal Audit and Risk Assurance and Borough Treasurer, be noted and approved.

39. INTERNAL AUDIT CHARTER AND STRATEGY 2013/16

Consideration was given to the report of the Head of Internal Audit and Risk Assurance which details the proposed Audit Charter and Strategy as required by the Public Sector Internal Audit Standards (the Standards) which came into effect on the 1st April 2013.

It was confirmed to the Committee that Test Valley District Council had already agreed the approval of the Charter.

In answer to a Member's question, the Board were advised that it would be possible for the three Committee Chairman from the shared partnership to meet, if it was felt necessary.

Members thanked the staff involved for their efforts and acknowledged that this was reflected in the Audit letters received.

RESOLVED: That Internal Audit Charter and Strategy 2013/16 attached in Appendix One and Two of the report of the Head of Internal Audit and Risk Assurance, be approved.

40. INTERNAL AUDIT PLAN 2014/15

Consideration was given to the report of the Head of Internal Audit and Risk Assurance which details the planned annual coverage of Internal Audit Resources for 2014/2015.

Resolved: That 2014/15 Internal Audit Plan as attached in Appendix One of the report of the Head of Internal Audit and Risk Assurance be approved.

41. ERNST AND YOUNG – CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2012/13 AND PROGRESS REPORT

Consideration was given to the to the report of Ernst and Young, the Council's external auditor, which details the certification of claims and returns annual report and summarises the findings from the work completed to enable the certification of the Council's 2012/13 claims and returns.

The report was prepared in line with the requirements of the Audit Commission's Code of Audit Practice and confirms the completion of the certification of claims and returns annual report for 2012/2013 and the progress made on the 2013/14 audit.

Members were advised that the 2013/2014 report was in the initial planning stage, that no risks had been identified to date and that the audit plan would be presented to the next meeting of the Committee.

A Member sought clarification as to why there had been an increase in the final fee for 2012/2013, from the indicative figure originally presented.

The Committee was advised that the additional fee was in relation to the audit of a number of statutory returns to Central Government including the Housing and Council Tax Subsidy claim.

Members were advised that additional audit work in relation to the National Non-domestic Rates claim and Pooling of Housing Receipts return had been required by the Audit Commission's certification regime. The request for the increase to the fee by Ernst and Young had been subject to tight Scrutiny by the Audit Commission and would not have been accepted by them unless fully justified. The Audit Commission and the Borough Treasurer had confirmed that the increase in the fee, from the indicative figure, was reasonable and justified.

The external audit manager advised that the increase to the final fee for the Housing and Council Tax subsidy claim was not exclusive to Gosport Borough Council and that a number of other Councils had received a similar amended, increased fee as a result of additional work.

AGENDA ITEM NO. 03

Members recognised that, including the revised final fee, the fees for 2012/2013 were 40% less than those of 2011/2012.

RESOLVED: That:

- a) the progress report be noted; and
- b) the conclusions set out in the certification of claims and returns annual report 2012/13 as attached in Appendix One of the report of Ernst and Young be reviewed and approved.

42. ANY OTHER ITEMS

There were no other items.

The meeting concluded at 6.17pm.

CHAIRMAN

AGENDA ITEM NO. 06

Board/Committee:	Standards and Governance Committee
Date of Meeting:	11 September 2014
Title:	Internal Audit Annual Report 2013/14
Author:	Head of Internal Audit & Risk Assurance
Status:	FOR DECISION

Purpose

In accordance with the Public Sector Internal Audit Standards 2012, the Head of Internal Audit is required to present an Annual Report to the appropriate body that has responsibility for both governance and the Internal Audit function.

Recommendation

That the Committee notes the contents of this report and makes any observations and/or recommendations to the Council on any issue that the Committee feels should be drawn to their attention.

That the Committee note the opportunity to continue with the current wider shared management role for internal audit as laid out in Appendix A 3.1.

1 Background

- 1.1 As part of signing off the Annual Governance Statement (part of the Council's Annual Statement of Accounts) the Leader of the Council and the Chief Executive will place reliance upon this annual assurance report from the Head of Internal Audit & Risk Assurance. Any comments that the Committee may wish to add along side the report will also be considered.

2 Report

- 2.1 See attached report within Appendix A.

3 Risk Assessment

- 3.1 The report has a minimal direct impact on the overall risk of the Council. The work performed and the professional advice given by Internal Audit provides management with a high degree of assurance as stated within the attached report.

4 Conclusion

- 4.1 The overall opinion provided by internal audit, from the work undertaken in 2013/14 is detailed in the attached Appendix A under section 2.3.

Financial Services comments:	Nil
Legal Services comments:	None
Crime and Disorder:	Nil
Equality and Diversity:	Nil
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 'A'	Internal Audit Annual Report 2013/14
Report author/ Lead Officer:	Chris Davis 02392 545306



Gosport Borough Council

Standards & Governance Committee

Internal Audit Annual Report Year ending 31 March 2014

Head of Internal Audit & Risk Assurance: Chris Davis

Presented at the Standards & Governance Committee on: 11 September 2014

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1.0 Introduction

- 1.1** In accordance with the CIPFA/CIIA Public Sector Internal Audit Standards 2012, I am required to report on an annual basis on the overall adequacy and effectiveness of the Council's internal control arrangements. I am also required to draw attention to any issues particularly relevant to the preparation of the Statement on Internal Control (Statement) required under Section 4 (2&3) of the Accounts & Audit Regulations 2011 (Regulations). This statement has now been subsumed into the Council's Annual Governance Statement (AGS). The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal Audit is therefore a key part of Gosport Borough Council's internal control system and integral to the framework of assurance that the Committee can place reliance on to assess its internal control system.
- 1.2** The Regulations requires the Council to ensure that the financial management of its activities is adequate and effective, to undertake an annual review of the effectiveness of its systems of internal control and to include any significant issues in the Annual Governance Statement. In preparing the Statement, assurances have been sought from Internal and External Audit and from the evaluation of the revised Council's Control Assurance Framework.

1.3 Definition of Internal Audit

The definition of internal audit is set out below:

- Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives.
- Whilst Internal Audit "primarily" provides an independent and objective opinion to the organisation on the control environment, it may also undertake other, non-assurance work at the request of the organisation subject to the availability of skills and resources. This can include consultancy work; indeed, Internal Audit intrinsically delivers consultancy services when making recommendations for improvement arising from assurance work, value for money, process re-engineering and fraud related matters.

1.4 Annual Governance Statement

Authorities are required to publish an annual governance statement in line with the CIPFA/SOLACE Good Governance Framework to meet the statutory requirement. The statement brings a number of benefits to local authorities, including:

- increased awareness of internal controls and control weaknesses, and risk management among Section 151 Officers, Councillors and senior management;

- greater awareness of the importance of risk identification and monitoring amongst staff at all levels;
- better appreciation of the benefits of a strong internal audit function;
- greater awareness of the wider assurance sources that operate within the organisation and the importance of the role that they fulfil; and
- increased and encouraged audit committee activity.

1.5 The assignment opinions that internal audit provides the organisation during the year are part of the framework or assurances that assist the Council to prepare their statement on the Council's overall corporate governance arrangements.

2.0 The Statement of Assurance

2.1 Context

As the Head of Internal Audit I am required to provide the Committee with assurance on the Council's overall system of internal control. In giving the opinion it should be noted that assurance cannot be absolute. The most that the internal audit service can provide to the Committee is a reasonable assurance, based on their work for the year, that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those that came to our attention during our internal audit work, for the 2013/14 year, and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

2.2 Limitations in our scope

No significant limitations of scope were encountered with senior management during 2013/14 (allowing us to be independent). No significant resource reductions meant we could achieve 90% coverage of the agreed planned audits.

2.3 Internal Audit Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of Gosport Borough Council's risk management, control and governance processes. In our opinion, based upon the work undertaken, for the 12 months ended 31 March 2014 Gosport Borough Council has adequate and effective risk management control and governance processes to manage the achievement of the organisation's objectives.

2.4 Scope of the Internal Audit Opinion

In arriving at our opinion, we have taken into account:

- The results of all internal and external audits (including other inspectorates) undertaken during the year ended 31 March 2014;
- Whether or not any critical or essential recommendations have not been accepted by management (none) and the consequent risks;
- The results of follow-up action taken in respect of audits from previous years;
- The affects of any material changes in the Council's objectives or activities;
- Matters arising from previous reports to the Committee and/or Council;

2.5 The Basis of the Opinion

In reaching this opinion the following factors were taken into particular consideration:

2.6 Risk Management

Gosport Borough Council continues to have a well-developed strategic risk register which is active on the Council performance management software (Covalent). The Corporate Risk Management Group meets on a quarterly basis and this focused group has enhanced the culture of risk throughout the Council. Meetings took place in April, July, September, November and January in this financial year. Much work of the Group in the year has been focussed in updating the Council policies and procedures around risk and rolling these out to Section Heads. The Council was inspected by the insurers (Zurich) against their risk management standards and the Council came out very well when compared across the County and from the previous inspection.

2.7 Governance

The Council is committed to the principles of good governance, which is already demonstrated through many aspects of good practice in relevant areas. Finally, the Council has responded, where necessary, to the External Audit Annual Governance Report 2012/13 and management are implementing, again where necessary, areas that require improvements and these were followed up (where appropriate) by Internal Audit as part of their 2013/14 planned work.

2.8 Internal Control

Our work has shown that internal controls across the organisation are working effectively. We have made no critical recommendations this year and the trend of the recommendations for 2013/14 remains spread across the lower two categories. The internal audit team in total recommended 140 (157 previous year) recommendations to management (all accepted). The profile against last year was

3 (2 previous year) essential, 62 (49 previous year) important and 75 (106 previous year) advisory.

2.9 Fraud

The Council continues to be active in detecting and preventing benefit, housing and all other corporate fraud. The internal team claimed sanctioned sixteen claimants of which eight were prosecuted. In addition the team worked closely with Housing and gained the following results from their twenty four referrals. Four were passed to the DWP to investigate and a further eight culminated in eight positives results including two properties where the keys were returned as well as other sanctions. Dedicated awareness and fraud training was provided to Housing Officers in the year and publicity of possible tenancy fraud was published in the tenants newsletter (At Your Service). More dedicated fraud training is planned for 2014/15 throughout the Council. Other proactive work continues in corporate fraud through use of internal forensic data matching.

2.10 Acceptance of Recommendations

The three essential recommendations (of a total of 140 recommendations) made during the year were fully accepted by management. Through the process of consultation, professional independent dialogue (including the weight of audit evidence) as well as quality assurance all other lower category recommendations (important [62 in total] and advisory [75 in total]) were also accepted. In total Internal Audit recommended to senior management 140 (157 previous year) recommendations in the year.

2.11 Other External Inspections

Other than External Audit, the Council were also inspected by their insurers (Zurich) against their risk management standards. The outcomes from both the corporate and housing inspections were much improved from previous reviews. Improvement plans have been devised and are being monitored by the SRMG.

2.12 The Statement on Internal Control

Although Internal Audit cannot provide absolute assurance that control weaknesses or irregularities do not exist, due to time and other constraints of audit coverage, it is my professional opinion that strong assurance can be placed upon the adequacy and effectiveness of the Council's overall internal control system in the year to 31 March 2014.

3.0 Performance of Internal Audit

3.1 Internal Audit Resource

Internal Audit remained fully resourced until February 2014 when a vacancy arose due to turnover. This gap was filled with support from the private sector to fulfil the agreed audit coverage for 2013/14. As at year end March 2014 the partnership with Eastleigh and now including Test Valley Borough Council (from 1.10.13) had generated £306,250 (£50,207 in 2013/14) in its seven years. As reported last year the viability of the three-way partnership was under review and it was agreed mid-year that Test Valley Borough Council would join the shared arrangement for a one year pilot. It has been a challenging year embedding the wider approach but in the initial 6 months it had been accepted by team and management.

3.2 Meeting Internal Audit Needs

I am satisfied that by delivering our agreed plan, a statutory requirement of the Section 151 officer, the internal audit needs of the Council have been met.

3.3 Conflict of Interest

We have not undertaken any work or activity during 2013/14 that would lead us to declare any conflicts of interest. This area is taken extremely serious and rotation of work is undertaken annually. All Auditors sign an annual declaration.

3.4 Compliance with the Public Sector Internal Audit Standards (PSIAS) 2012

The Council engage in a risk based approach to determining the audit needs of the organisation at the start of the year and use a risk based methodology in planning and conducting our audit reviews. Our work has been performed in compliance with the PSIAS.

3.5 External Audit annual review of Internal Audit

Ernst Young LLP, the External Auditors for the Council, have examined the quality of the internal audit work and they can place adequate reliance on our output to support their annual statutory work.

3.6 Internal Quality Assurance Programmes

In order to ensure the quality of the work the section performs, we have a programme of quality measures which includes:

- Supervision, where necessary, of staff conducting audit work;
- Review of all files, working papers and reports by the Head of Internal Audit or his deputy;
- Appraisal of all audit staff and the development of personal development and training plans (part of the Financial Services Learning & Development Plan);

- Regular team meetings, an away day (to discuss process, delivery, efficiency, client needs and outcomes) and fortnightly progress updates with the audit team against the agreed audit plan;
- Liaison with other county auditors through established Hampshire wide groups on fraud and IT related matters;
- Professional training (CPD) as well as attendance on training seminars.
- Performance management (action plan and key local and personal performance indicators);
- The maintenance of the Internal Audit Manual (to be updated in 2014/15 across the partnership).

AGENDA ITEM NO. 07

Board/Committee:	Standards and Governance Committee Meeting
Date of Meeting:	11 September 2014
Title:	EY – Audit Results Report
Author:	Helen Thompson
Status:	For consideration by Standards and Governance Committee

Purpose

This report summarises the findings from the 2013/14 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Our report includes only matters of governance interest that have come to our attention in performing the audit under the requirements of the Audit Commission's Code of Audit Practice and international standards of auditing (ISAs).

This is an important report that is a requirement of ISA 260 and must be presented to you in your role and then to the Policy and Organisation Board in their role as those charged with governance, before they approve the financial statements.

Recommendation

- Review and note the conclusions set out in the Audit Results Report
- Approve the letter of management representation (separate agenda item) before final approval by the Policy and Organisation Board as those charged with governance, to allow us to issue our audit report.

1 Background

- 1.1 The Audit Commission's Code of Audit Practice require us to report to those charged with governance on the work we have carried out to discharge our statutory audit responsibilities, together with any governance issues identified.

2 Report

2.1 Financial statements

We expect to issue an unqualified audit opinion by the statutory deadline of 30 September 2014.

Work on the whole of government accounts return is progressing. We will provide a verbal update at the Committee.

2.2 Value for money conclusion

We intend to issue an unqualified value for money conclusion stating that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

2.3 Audit certificate

At the date of this report, we expect to issue the audit certificate alongside the audit opinion and value for money conclusion.

2.4 Audit fees

We anticipate the audit will be completed within the agreed audit fee of £69,825.

3 Risk Assessment

The Audit Results Report – ISA260 should be reviewed and noted as part of the Council's governance arrangements.

4 Conclusion

The Audit Results Report – ISA260 is attached for consideration and approval.

Financial Services comments	N/A
Legal Services comments:	N/A
Crime and Disorder:	N/A
Equality and Diversity:	N/A
Service Improvement Plan implications:	N/A
Corporate Plan:	N/A
Risk Assessment:	N/A
Background papers:	N/A
Enclosures:	Audit Results Report 2013/14
Report author/ Lead Officer:	Helen Thompson, Audit Director, Ernst & Young

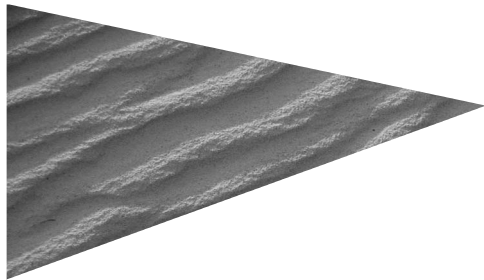
Gosport Borough Council

Standards and Governance Committee Summary

For the year ended 31 March 2014

Audit Results Report – ISA (UK & Ireland) 260

11 September 2014



Building a better
working world

Helen Thompson, Director
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Mike Bowers, Manager
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- ▶ Financial statements audit – issues and findings
- ▶ Arrangements to secure economy, efficiency and effectiveness
- ▶ Independence and audit fees

Executive summary

Key findings

Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Policy and Organisation Board - on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2013/14 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

- ▶ As of 11 September 2014, we expect to issue an unqualified opinion on the financial statements. Our audit results demonstrate, through the few matters we have to communicate, that the Council has prepared its financial statements well and in compliance with the Code.

Value for money

- ▶ We expect to conclude that you have made appropriate arrangements to secure economy, efficiency and effectiveness in your use of resources.

Whole of Government Accounts

- ▶ We expect to issue an unqualified confirmation to the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

Audit certificate

- ▶ The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the audit opinion.

Extent and purpose of our work

The Council's responsibilities

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

Our audit was designed to:

- ▶ Express an opinion on the 2013/14 financial statements.
- ▶ Report on any exception on the governance statement or other information included in the foreword.
- ▶ Consider and report any matters that prevent us being satisfied that the Council had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).

In addition, this report contains our findings related to the areas of audit emphasis, our views on the Council's accounting policies and judgments and significant deficiencies in internal control.

As a component auditor, we also follow the group instructions issued by the National Audit Office, and send them our group assurance certificate, audit results report and auditor's report on the consolidation schedule.

This report is intended solely for the information and use of the Council. It is not intended to be and should not be used by anyone other than the specified party.

Addressing audit risks

Significant audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
As identified in International Standards of Auditing (UK & Ireland) 240 (ISA UK&I 240), management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	Our approach focussed on: <ul style="list-style-type: none">• testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;• reviewing accounting estimates for evidence of management bias; and• evaluating the business rationale for significant unusual transactions.	We tested material journal entries and substantively tested all significant accounting estimates, and reviewed for unusual transactions. We found no evidence of management bias or override.

Addressing audit risks

Other audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit Risk identified within our Audit Plan	Audit Procedures performed	Assurance gained and issues arising
Other audit risks		
<p>The Business Rates Retention Scheme came into force on 1 April 2013. Under the scheme a proportion of the business rates collected by councils will be retained locally and the balance paid over to central government.</p> <p>The level of NNDR paid on business property depends on its 'rateable value'. This is calculated by the Valuation Office Agency (VOA).</p> <p>Where local businesses believe the current value for business properties is wrong they can:</p> <ul style="list-style-type: none"> • appeal to the VOA and ask them to correct details • appeal the rates if the local business and the VOA can't agree. This appeal is heard by a valuation tribunal. <p>Where rating appeals are successful, monies to settle the appeals will come out of the Council's funds and will also impact on other local public bodies that precept on the Council. This includes not only claims from 1 April 2013 but also claims that relate to periods before the introduction of the business rates retention scheme. As appeals are to the Valuation Office, authorities may not be aware of the level of claims. Appeals can be speculative in nature and multiple appeals can be made against the same property and valuation on different grounds.</p> <p>The potential cost of successful rateable value appeals could be significant to the Council. There is a high level of estimation uncertainty in determining an accurate provision for the cost in the financial statements.</p> <p>In addition, the Council has generated a surplus of £126,000 on business rates. It will need to repay £376,000 to the Government in respect of safety net payments received in excess of safety net entitlement. This payment will be accrued in the General Fund</p>	<p>We sought to understand and assess the reasonableness of the Council's methodology in estimating any planned provision in respect of rateable value appeals outstanding at the balance sheet date.</p> <p>This involved consideration of both the completeness and accuracy of the data on the number of appeals outstanding and the basis for the assumptions made by the Council on the likelihood of success. We assessed your proposed treatment of the repayment of safety net entitlement to the Government.</p>	<p>We assessed management's approach to estimating the provision and found this to be based on reasonable approach and that the provision is soundly based.</p> <p>We audited the business rate balances in the Collection Fund and found them to comply with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2013/14'.</p>

Financial statements audit

Issues and misstatements arising from the audit

Progress of our audit

The audit is still in progress and there are a number of audit procedures that we have still to completed. We will provide an update of progress at the Standards and Governance Committee meeting. These procedures include:

- ▶ receipt of a letter of representation;
- ▶ receipt of audit assurance from the auditor of the Hampshire pension scheme; and
- ▶ reporting to the NAO as a component auditor.

Subject to the satisfactory resolution of the remaining audit work, we propose to issue an unqualified audit report on the financial statements.

Uncorrected Misstatements

The Council has corrected three errors in the previous year's financial statement. These include the categorisation of transport contributions (£215,000) and housing benefits administration grant (£696,000), and the reanalyses of the adjustment between current cost and historic depreciation (£43,000). It has decided to treat these as prior period adjustments (PPAs) in the 2013/14 financial statements. We believe that the sums involved are not sufficiently material to justify a prior period adjustment under IAS 8. Management has decided not to reverse the adjustments, and we have asked for this to be included in the letter of management representation. We are satisfied that the values at 31 March 2014 are materially correct.

Corrected Misstatements

Our audit identified a number of further misstatements which our team have highlighted to management for amendment. These have been corrected during the course of our work. [to be confirmed]

We do not consider any of these to be significant and therefore we have not provided further details of these corrected misstatements.

Other Matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Council's financial reporting process including the following:

- ▶ During our audit we noted that a number of financial reconciliations were not being regularly completed throughout the year (council tax reduction reconciliation with council tax) or needed to be improved (housing rents). However, our year end audit found that the year end reconciliations are accurate and complete.

We have no other matters we wish to report.

Financial statements audit (continued)

Internal Control, Written Representations & Whole of Government Accounts

Internal Control

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have tested the controls of the Council only to the extent necessary for us to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.

We have reviewed the Annual Governance Statement and can confirm that:

- it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- it is consistent with other information that we are aware of from our audit of the financial statements.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

Request for written representations

We have requested a management representation letter to gain management's confirmation in relation to a number of matters.

In addition to the standard representations, we request that you also confirm:

- The reason why management has decided not to amend the treatment of the prior period adjustments; that the comparative figures have been correctly restated; and that an appropriate disclosure note has been added for the amendments in the current year's financial statements.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.

We are currently completing our work in this area and will report any matters that arise to the Policy and Organisation Board.

Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that Gosport Borough Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Council's corporate performance management and financial management arrangements, we have regard to the following criteria and focus specified by the Audit Commission.

Criterion 1 - Arrangements for securing financial resilience

- ▶ *"Whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future"*

We did not identify any significant risks in relation to this criterion based upon our review of:

- ▶ the Council's risk management procedures and risks registers;
- ▶ 2014/15 budget setting in response to the 2013 local government settlement; and
- ▶ the medium term financial plan.

We have no issues to report in relation to this criterion. We assessed the Council's Medium Term Financial Plan and found that the Council has projected its budgets forward up until March 2018, and has identified the level of savings required on an annual and cumulative basis.

Criterion 2 - Arrangements for securing economy, efficiency and effectiveness

- ▶ *"Whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity."*

We did not identify any significant risks in relation to this criterion based upon:

- ▶ a review of the Audit Commission's VFM profiles; and
- ▶ assessing the Authority's ability to deliver services in the medium term with reduced funding.

We have no issues to report in relation to this criterion. Our work focused on the Council's budget setting processes and ability to set balanced budgets within the current spending constraints, without detrimentally affecting service provision. We found that the Council operates well in this context and has sufficient expertise to set realistic budgets whilst continuing to provide its statutory functions.

Independence and audit fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 6 August 2014.
- ▶ We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code of Audit Practice and Standing Guidance. In our professional judgement the firm is independent, and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.
- ▶ We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.
- ▶ We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view.

We will be pleased to discuss any matters concerning our independence, at the forthcoming meeting of the Standards and Governance Committee on 11 September 2014, or the Policy and Organisation Board on 29 September 2014.

- ▶ We confirm that we have met the reporting requirements to the Policy and Organisation Board, as 'those charged with governance' under International Standards on Auditing (UK&I) 260. Our communication plan to meet these requirements was set out in our Audit Plan dated 6 August 2014.

Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2013-14	Scale fee 2013-14	Variation comments
	£s	£s	
Total audit fee – Code work	69,825	69,825	-
Certification of claims and returns	19,934	19,934	-
Non-audit work	0	0	-

- ▶ Our actual fee is in line with the agreed fee at this point in time, subject to the satisfactory clearance of the outstanding audit work.
- ▶ We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

Ernst & Young LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Helen Thompson
Director
Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

Please ask for:
Julian Bowcher
Direct dial:
(023) 9254 5301
E-mail:
Julian.bowcher@gosport.gov.uk
My Ref:

29 September 2014

Dear Helen Thompson

Gosport Borough Council - Audit for the year ended 31 March 2014

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Gosport Borough Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2014:

A. Financial Statements and Financial Records

I have fulfilled my responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the CIPFA Code of Practice on Local Authority Accounting (CIPFA Code).

I acknowledge my responsibility for the fair presentation of the financial statements. I believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Council in accordance with the CIPFA Code and are free of material misstatements, including omissions. I have approved the financial statements.

I confirm that as the Responsible Officer I have:

- ▶ reviewed the accounts;
- ▶ reviewed all relevant written assurances relating to the accounts; and
- ▶ made other enquiries as appropriate.

The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

I believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA Code that are free from material misstatement, whether due to fraud or error.

We believe that the effects of any unadjusted audit differences, summarised in paragraph K below, accumulated by you during the audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by, and brought to our attention from, the auditor because we believe the

existing treatment to be more informative to the reader of the accounts. We confirm that the appropriate disclosure note has been included in the financial statements (Note 37 refers).

B. Fraud

I acknowledge that I am responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

I have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

C. Compliance with Laws and Regulations

I have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

I have provided you with:

- ▶ access to all information of which you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement;
- ▶ additional information that you have requested from us for the purpose of the audit; and
- ▶ unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All material transactions have been recorded in the accounting records and are reflected in the financial statements.

I have made available to you all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 14 August 2014.

I confirm the completeness of information provided regarding the identification of related parties. I have disclosed to you the identity of the Council related parties and all related party relationships and transactions of which I am aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

I have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

I have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

I have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that I have given to third parties.

F. Subsequent Events

Other than described in the financial statements, there have been no events subsequent to period end which require adjustment of, or disclosure in, the financial statements or notes thereto.

G. Accounting Estimates

I believe that the significant assumptions I used in making accounting estimates, including those measured at fair value, are reasonable.

In respect of accounting estimates recognised or disclosed in the financial statements:

- ▶ I believe the measurement processes, including related assumptions and models, used in determining accounting estimates is appropriate and the application of these processes is consistent.
- ▶ The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
- ▶ The assumptions used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
- ▶ No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H Retirement benefits

On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Segmental reporting

I have reviewed the operating segments reported internally to the Council and I am satisfied that it is appropriate to aggregate these as, in accordance with IFRS 8: Operating Segments, they are similar in each of the following respects:

- ▶ The nature of the services.

- ▶ The nature of the processes.
- ▶ The type or class of customer for the services.

J. Going Concern

I have made you aware of any issues that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

K. Specific Representations

During 2013/14 the Council has corrected three errors that were identified in previous years financial statements, these included:

- ▶ The categorisation of transport contributions held at 31 March 2013 from short term creditors to receipts in advance - £215,000.
- ▶ The Comprehensive Income and Expenditure Statement, the taxation and non-specific grant income note 9 and the grants note 27 for 2012/13 have been restated to reflect the inclusion of the housing benefits administration grant of £696,000 as a service specific rather than a general grant.
- ▶ The adjustment between current cost depreciation and historic cost depreciation has been restated by £43,000 between the revaluation reserve (note 22) and the capital adjustment account (note 22).

The comparative amounts have been correctly restated to reflect the above matters and an appropriate note disclosure of these restatements have also been included in the current year's financial statements.

Signed on behalf of Gosport Borough Council

I confirm that this letter has been discussed and agreed by the Policy & Organisation Board on 29 September 2014.

Signed:

Name: Julian Bowcher
Position: Borough Treasurer
Date: 29 September 2014

Name: Councillor Hook
Position: Chairman, Policy & Organisation Board
Date: 29 September 2014

AGENDA ITEM NO. 08

Board/Committee:	STANDARDS AND GOVERNANCE COMMITTEE
Date of Meeting:	11 SEPTEMBER 2014
Title:	GOVERNANCE ISSUES
Author:	MONITORING OFFICER
Status:	FOR DECISION AND RECOMMENDATION TO COUNCIL

Purpose

To advise the Standards and Governance Committee of recent legislation and guidance relating to a number of governance issues.

Recommendation

The Standards and Governance Committee recommend to Council that :-

- a) the Code of Conduct for Members including Co-opted Members be amended as set out in Appendix 1 to this report
- b) the change to the Constitution in Section 2.8 of this report be made

The Standards and Governance Committee :-

- a) agree that the Protocol for the filming and recording of public meetings set out in Appendix 2 is adopted
- b) agree the threshold in Section 2.16 of this report
- c) Notes the other proposed changes to the Constitution in Section 2.6 and 2.7 of this report

1. Background

- 1.1 Significant changes were made to the Standards regime by the Localism Act 2011 including abolishing the Standards Board for England and the National Model Code of Conduct.
- 1.2 The Act provides that the Council has a duty to promote and maintain high standards of conduct by members and co-opted members and must adopt a code dealing with the conduct that is expected of members and co-opted members of the Council when they are acting in that capacity which must be consistent with the Seven Principles of Public Life enunciated by the Nolan Committee: - selflessness, integrity, objectivity, openness, accountability, honesty and leadership. The Council adopted its new code of conduct on 11 July 2012. The Act also only required the registration and declaration of disclosable pecuniary interest.

2. Report

2.1 Code of Conduct

Whilst the Code of Conduct only expressly refers to disclosable pecuniary interests it has become apparent that members are also expected to continue to declare other interests, which were previously known as personal interests, in order to act in conformity with the principle of integrity. This was made explicit in the September 2013 revision to the Government's guidance 'Openness and transparency on personal interests'.

2.2 I am often asked to advise members of Regulatory Board on whether they can be considered to have a personal interests and what they should do in terms of participation if they do decide to declare the personal interest.

2.3 The Hampshire and Isle of Wight Local Authorities (HLOWLA) in November 2013 considered that a common approach on conduct would be beneficial to those members who sit on more than one body and in particular they proposed that provisions relating to personal interests, gifts and hospitality and exclusion from meetings where a member has a disclosable pecuniary interest should be covered.

2.4 Standing Order 7.1.1 already requires a member with a disclosable pecuniary interest to declare the interest and withdraw from the meeting. However it would be useful for Members if the position on personal interests was clarified by inclusion in the Code of Conduct. The suggested amendments to the Code of Conduct is set out at Appendix 1 and broadly reflects the provisions in the previous National Model Code of Conduct save that members would now only need to declare the personal interest and could participate in the discussion or vote on the item unless it was also a disclosable pecuniary interest.

2.5 The previous code of conduct also provided that Members had a personal interest if an item related to the interest of any person from whom they had received a gift or hospitality with an estimate value of £25. Members were also required to register the receipt of such in the Council's register of interests. It is proposed to include both these provisions with the value now being £50.

2.6 Changes to the Constitution

There are a number of small changes which need to be made to reflect changes in legislation such as the requirement for recorded votes for budget meetings, previous changes to the Board Structure and changes to the management structure of the Council and these will be set out in full in a report to Council in October.

- 2.7 However there are some specific changes in relation to Overview and Scrutiny which will also be included in the report to Council for example to reflect the statutory provisions that any Councillor may ask Overview and Scrutiny to look at a matter unless it is exempt, although Overview and Scrutiny may still decline to scrutinise the matter. The provisions as how Overview and Scrutiny reports are dealt with will also be clarified to reflect the new arrangements for Council's operating a Committee Structure.
- 2.8 One further proposal is to amend Article 6.02 (f) of the Constitution so that members of Policy and Organisation Board will be eligible to be appointed to Overview and Scrutiny Committee (although the Chairman will not be under Standing Order 5.2).
- 2.9 Filming and recording of meetings and written records of Officer Decisions
- New regulations came into force on 6th August 2014 which require the Council to allow members of the public to take photographs, film and audio-record on all public meetings but not private meetings. The Council is required to provide reasonable facilities for members of the public wishing to do any of the above and no prior permission of the Council is required.
- 2.10 The Government has published a guide for the press and public on attending and reporting meetings and this encourages those wishing to report on meetings to advise the Council in advance so that all necessary arrangements such as space to view and hear the meeting, seats and ideally a desk can be made for the public meeting.
- 2.11 The new provisions do not permit an oral commentary to be provided during a meeting as this would be disruptive to the good order of the meeting and the guide also makes plain that those undertaking these activities must not act in a disruptive manner which could result in them being excluded from the meeting. Examples from the guide on what may be disruptive behaviour includes moving to areas outside area designated for the public without the consent of the Chairman, excessive noise in recording or setting up or re-siting equipment during the debate/discussion, intrusive lighting and use of flash photography and asking people to repeat statements for the purpose of recording.
- 2.12 The Council's Standing Orders do not need to be changed but as suggested in the Government's guide it is proposed that the Protocol for the filming and recording of public meetings at Appendix 2 is adopted to protect children and vulnerable and other members of the public who actively object to being filmed.

- 2.13 These regulations also include a requirement for certain decisions made by officers to be recorded in writing and then published on the Council's website, together with any background papers, and for the public to have a copy of the record once they have paid for postage. The written decision has to be available for inspection for 6 years and any background papers for 4 years which reflects the requirements for reports to Council/Boards/Committees. The public are not able to inspect recorded decisions which contain confidential or exempt information.
- 2.14 The decisions which are to be recorded are those taken by officers under a specific express authorisation; or taken under a general authorisation where the effect of the decision is to grant permission or licence; affects the rights of individuals (i.e to change an individual's legal rights; or awards a contract or incurs expenditure which in either case materially affects the Council's financial position.
- 2.15 The guide referred to above also deals with this new requirement and gives examples of the types of decisions which do not need to be recorded including routine administrative and organisational decisions such as giving permission to a local group to use the Council's premises; decisions on operational matters such as day to day variations in services; decisions to give business relief to individual traders; decisions to review the benefits claim of an individual applicant; and decisions taken in response to requests under the Data Protection Act A998 or the Freedom of Information Act 2000.
- 2.16 The guide recognises that it is for each Council to decide what the material threshold is and it is decisions to award contracts or incur expenditure above the threshold which will be recorded and published in accordance with the regulations. The Borough Treasurer considers that having regard to the Council's financial position this threshold should be £250,000.
- 2.17 Where decisions are already required to be published by other legislation such as the planning legislation they do not need to be recorded again provided the record published includes the date the decision was taken and the reasons for the decision. Where a decision is taken under a specific express authorisation then the name of any Member who has declared a conflict of interest must be recorded. It is a criminal offence if without reasonable excuse a person with custody of a document which is required to be made available to the public refuses to supply the whole or part of the document or intentionally obstructs any person from disclosing such a document and the maximum penalty is a £200 fine.

3. Risk Assessment

- 3.1 The Council must comply with the requirements of the legislation.

- 3.2 The proposed amendment to the Constitution should put Members in a better position to access whether they have a personal interest and what this means for them and thereby reduce the risk that they do not act in accordance with the Code of Conduct.
- 3.3 Adopting the filming and recording Protocol help to balance the requirements for the public to be able to exercise their rights with regard to public meetings whilst seeking to protect those members of the public who do not wish to be filmed or photographed and in particular children and other vulnerable people.

4. Conclusion

- 4.1 The changes to the Constitution will be the subject of a report to Council.

Financial Services comments:	The materiality threshold of £250,000 referred to in paragraph 2.16 is seen as appropriate in the broader context of the Financial Procedural Rules as detailed in the Council's Constitution. It should be noted this remains well below the materiality range for the Council's Financial Statements specified by External Audit in their Audit Plan Year end March 2014 of £700,000 to £1,300,000.
Legal Services comments:	Contained in the report
Crime and Disorder:	None
Equality and Diversity:	The code of conduct makes specific reference to the need to treat others with respect and to comply with equalities legislation
Service Improvement Plan implications:	None
Corporate Plan:	None
Risk Assessment:	See Section 4
Background papers:	Reports to Standards and Governance Committee 21 June 2012 and Council 11 July 2012; Openness and transparency on personal interests: A guide for councillors, DCLG September 2013; Open and accountable local government: A guide for the press and public on attending and reporting meetings of local government DCLG August 2014: The Openness of Local Government Bodies Regulation 2014 (2014 No. 2095)
Appendices/Enclosures:	
Appendix '1'	Amendments to the Code of Conduct for Members

Appendix '2'	Gosport Borough: Protocol for the filming and recording of Council, Board, Sub-Board, Committee and Sub- Committee Meetings
Report author/ Lead Officer:	Linda Edwards

Amendments to the Code of Conduct

Insert after 3.8

Personal Interests

- 3.9 A Member has a “personal interest” in an item of business where it relates to or is likely to affect any of the following bodies of which they are a member: a public or charitable body, anybody to which the Member has been appointed by the authority, any political party, trade union or other body one of whose principal purposes is to influence public opinion or policy; or where it relates to the interests of any person from whom they have received a gift or hospitality with an estimated value of at least £50.
- 3.10 A Member also has a “personal interest” in an item of business where a decision in relation to it might reasonably be regarded as affecting the well being or financial position of the Member, a member of the Member’s family or person with whom they have a close association, more than other council tax payers, ratepayers or inhabitants of the authority’s area.
- 3.11 A Member shall disclose a “personal interest” at a meeting of the Council, Board, Committee or sub-board/committee, where the Member considers that interest to be relevant to an item of business being considered at that meeting. The disclosure shall be made at the commencement of the meeting, or when the interest becomes apparent, and shall be recorded in the minutes of the meeting.
- 3.12 Disclosure of a personal interest does not affect the ability of the Member to participate in discussion or vote on the relevant item, provided it is not also a disclosable pecuniary interest.

Part 4: Gifts and Hospitality

- 4.1 A Member shall enter in the authority’s register of interests the receipt of any gift or hospitality, where the Member estimates the value to be at least £50, within 28 days of receipt.

Gosport Borough: Protocol for the filming or recording of Council, Board, Sub-Board, Committee and Sub- Committee Meetings

Gosport Borough Council is committed to being open and transparent in the way it conducts its business. The press and members of the public are therefore welcome to film, photograph or record decision making in action at any Gosport Borough Council meeting that is open to the public.

The Council also welcomes the use of social media, such as bloggers, tweeters, Facebook and YouTube users.

This Protocol provides practical information to assist anyone considering filming, videoing, photographing or making audio recordings of public meetings.

(1) Before the meeting:

Anyone intending to film or record a meeting or decision day should contact Democratic Services for advice and guidance. Reasonable advance notice will enable practical arrangements to be made and any special requirements to be discussed.

Flash photography, additional lighting or large equipment will not be permitted, unless agreed in advance and where it can be accommodated without causing disruption to the proceedings. Requests to use equipment of this nature will be subject to consideration of the constraints of the meeting rooms.

(2) General

The Chairman of the meeting will be informed of any intention to film or otherwise record the meeting and they will make an announcement to attendees before the start of the meeting informing attendees that the meeting may be filmed or recorded. Anyone who remains at the meeting after the Chairman's announcement will be deemed to have consented to the broadcast of their image and being recorded.

A notice will also be posted on the door of the meeting room advising everyone who attends that the meeting may be filmed or otherwise recorded and that by attending the meeting or decision day they are consenting to the broadcast of their image and being recorded.

Filming or recording must be non-intrusive and the Chairman of a meeting may ask for the removal of a member of the public from a meeting day should that person, having been warned, continue to interrupt proceedings. The Chairman of a meeting may also adjourn a meeting because of general misbehaviour of the public for such period or to an alternative date and time as they decide.

(3) During the meeting

Filming or Recording of public meetings should:

- Not interfere with the effective conduct of the meeting nor should it be disruptive or distracting. The Chairman has discretion to suspend or stop filming or recording at any time and to take appropriate action if anyone is, in their opinion, doing so in a disruptive manner.
- Not seek to 'overview' sensitive information such as close ups of confidential papers or private notes.
- Usually take place from a specified location(s) within the room.
- Not obstruct others from observing and participating in the proceedings.
- Cease immediately if and when the meeting agrees to formally exclude the Press and public due to business of an Exempt or Confidential nature (see section 4 below).
- Not be edited in a way that could lead to misinterpretation of the proceedings or the comments made, or that ridicules those being filmed or recorded.
- When published or broadcast, recordings should be accompanied by information including when and where the recording was made and the context in which the discussion took place.
- Be overt (i.e. clearly visible to anyone at the meeting or decision day).
- Cease, unless continued filming or recording has been explicitly agreed with Democratic Services, when the meeting is formally concluded.

(4) Exempt or confidential business

All meetings of the Council, Boards, Sub-Boards, Committees and Sub Committees are open to the public except in limited circumstances where the Council is legally required, or allowed, to close the meeting to the public. The circumstances where business is 'exempt' or 'confidential' are set out in [Part 4 Schedule 12 of the Council's Constitution](#)

September 2014

AGENDA ITEM NO. 09

Board/Committee:	STANDARDS AND GOVERNANCE COMMITTEE
Date of meeting:	11 SEPTEMBER 2014
Title:	LOCAL GOVERNMENT OMBUDSMAN: ANNUAL REVIEW 2013/14
Author:	BOROUGH SOLICITOR AND DEPUTY CHIEF EXECUTIVE
Status:	FOR NOTING

Purpose

To advise the Committee of the Annual Review 2013/14 received from the Local Government Ombudsman.

Recommendation

That the Committee note the report.

1.0 Background

- 1.1 The Local Government Ombudsman writes to all local authorities on an annual basis summarising the complaints about the authority which have been dealt with by the Ombudsman during the previous year ending 31 March.
- 1.2 The Ombudsman's Annual Review Letter 2013/14 is attached to this report as Appendix 1.

2.0 Report

- 2.1 The Ombudsman's Team received thirteen complaints and enquiries during 2013/14. Of these, seven were concerned with Benefits and Tax, two with Environmental Services and Public Protection, two with Highways, and two with Housing Services.
- 2.2 During this period eight of the complaints received by the Ombudsman were referred back to the Council for local resolution, four were closed after initial enquiries and a Decision was made on one case, with the complaint not being upheld.
- 2.3 As can be seen from the Annual Review Letter attached to this report the Ombudsman's way of recording complaints is now under a new business model and this year's figures cannot therefore be directly compared to those for previous years.

3.0 Risk assessment

- 3.1 It is important that the Council has an effective and robust Customer Complaints Procedure in place in order to minimise the instances of compensation being paid.

4.0 Conclusion

- 4.1 It is intended that this review be included on the Council's website.

Financial implications:	None
Legal implications:	None
Service Improvement Plan implications:	None
Corporate Plan:	None
Risk Assessment:	See above
Background papers:	Local Government Ombudsman Complaint Statistics
Appendix 1:	Local Government Ombudsman's Annual Review 2013/14
Report Author/Lead Officer:	Linda Edwards

7 July 2014

By email

Mr Ian Lycett
Chief Executive
Gosport Borough Council

Dear Mr Ian Lycett

Annual Review Letter 2014

I am writing with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2014. This is the first full year of recording complaints under our new business model so the figures will not be directly comparable to previous years. This year's statistics can be found in the table attached.

A summary of complaint statistics for every local authority in England will also be included in a new yearly report on local government complaint handling. This will be published alongside our annual review letters on 15 July. This approach is in response to feedback from councils who told us that they want to be able to compare their performance on complaints against their peers.

For the first time this year we are also sending a copy of each annual review letter to the leader of the council as well as to the chief executive. We hope this will help to support greater democratic scrutiny of local complaint handling and ensure effective local accountability of public services. In the future we will also send a copy of any published Ombudsman report to the leader of the council as well as the chief executive.

Developments at the Local Government Ombudsman

At the end of March Anne Seex retired as my fellow Local Government Ombudsman. Following an independent review of the governance of the LGO last year the Government has committed to formalising a single ombudsman structure at LGO, and to strengthen our governance, when parliamentary time allows. I welcome these changes and have begun the process of strengthening our governance by inviting the independent Chairs of our Audit and Remuneration Committees to join our board, the Commission for Administration in England. We have also recruited a further independent advisory member.

Future for local accountability

There has been much discussion in Parliament and elsewhere about the effectiveness of complaints handling in the public sector and the role of ombudsmen. I have supported the creation of a single ombudsman for all public services in England. I consider this is the best way to deliver a system of redress that is accessible for users; provides an effective and comprehensive service; and ensures that services are accountable locally.

To contribute to that debate we held a roundtable discussion with senior leaders from across the local government landscape including the Local Government Association, Care Quality Commission and SOLACE. The purpose of this forum was to discuss the challenges and opportunities that exist to strengthen local accountability of public services, particularly in an environment where those services are delivered by many different providers.

Over the summer we will be developing our corporate strategy for the next three years and considering how we can best play our part in enhancing the local accountability of public services. We will be listening to the views of a wide range of stakeholders from across local government and social care and would be pleased to hear your comments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jane Martin', with a horizontal line underneath.

Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

Local authority report – Gosport Borough Council

For the period ending – 31/03/2014

For further information on interpretation of statistics click on this link to go to <http://www.lgo.org.uk/publications/annual-report/note-interpretation-statistics/>

Complaints and enquiries received

Local authority	Adult care services	Benefits and tax	Corporate and other services	Education and children's services	Environmental services and public protection and regulation	Highways and transport	Housing	Planning and development	Total
Gosport BC	0	7	0	0	2	2	2	0	13

Decisions made

	<u>Detailed investigations carried out</u>						
Local authority	Upheld	Not upheld	Advice given	Closed after initial enquiries	Incomplete/Invalid	Referred back for local resolution	Total
Gosport BC	0	1	0	4	0	8	13