

**A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE
WAS HELD ON 14 SEPTEMBER 2006**

Membership:

Councillors Gill (P), Kimber, Langdon (P), Redrup (P), Smith and Wright

Independent Members: Mr M J Heritage-Owen (P)
Mr R V Perry (P)

In accordance with Standing Orders, it was reported that Councillor Hook would replace Councillor Kimber for the duration of this meeting.

Also present: Mr Mike Attenborough-Cox, Mazars (External Auditors)

13. APOLOGIES

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

14. DECLARATIONS OF INTEREST

There were no declarations of interest.

15. MINUTES

RESOLVED: That the Minutes of the meeting of the Standards and Governance Committee held on 27 July 2006 be approved and signed by the Chairman as a true and correct record.

16. DEPUTATIONS

There were no deputations.

17. PUBLIC QUESTIONS

There were no public questions.

18. REPORT TO THOSE CHARGED WITH GOVERNANCE 2005-2006

Mr Attenborough-Cox was welcomed to the meeting in order to present Mazar's report on the above matter.

Mazars were the external auditors appointed by the Audit Commission to undertake the audit of the Statement of Accounts of Gosport Borough Council for the financial year ended 31 March 2006 and were also required by International Standard on Auditing (ISA) (UK & Ireland) 260: 'Communication of audit matters with those charged with

governance' to report to this Committee certain matters before giving their opinion on the Statement of Accounts.

Mazars were in the process of completing their audit work and the report presented to the Committee covered the audit of the Council for the year to March 2006, including the significant findings, conclusions and recommendations from that work. In addition, the External Auditors responsibilities were to review and report on, to the extent required by the relevant legislation and the requirements of the Code of Audit Practice for local government bodies (the Code), whether the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The audit gave consideration to the qualitative aspects of the financial reporting process, including matters that had a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided in the Statement of Accounts.

The matters the external auditors wished to draw to Members' attention were outlined, one of which related to work undertaken by the Council's actuaries in respect of pensions. The approach adopted by the actuaries had not been consistent with advice issued by CIPFA's Local Authority Accounting Panel. However, this was not considered to be a material issue. The Committee suggested that consideration should be given to amending the specification agreed with the actuaries in order to reflect CIPFA's requirements.

A number of misstatements in the draft Statement of Accounts were identified during the course of the audit but none of those was material and in all cases were corrected.

It was necessary to obtain written representations from management as an acknowledgement of responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements.

Mr Attenborough-Cox referred to the Letter of Representation, which was to be signed by the Deputy Chief Executive & Borough Treasurer confirming the information given to Mazars in connection with the Statement of Accounts for the year ended 31 March 2006. Members were satisfied that the Letter of Representation could be signed in order for Mazars to issue their unqualified audit opinion.

With regard to 'use of resources', the Code required the external auditors to reach a conclusion on whether they were satisfied that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. There were five areas as part of the assessment, namely: financial reporting; financial management; financial standing, internal control; and value for money.

The audit work had been completed for 2005/2006, the findings had been reported to management and summarised in the Annual Audit and Inspection Letter presented to the Policy and Organisation Board in June 2006. In overall terms, the Council was assessed as performing adequately. However, there were several areas where performance was below the minimum requirements specified by the Audit Commission and those areas had been highlighted in the report. Nevertheless, on the basis of the audit work, Mazars proposed to issue a report that, in all significant respects, the Council had made proper arrangements in its use of resources, except for the management of its asset base.

The Deputy Chief Executive and Borough Treasurer informed the Committee that the Council's Management Team was aware that the Council's asset management plan needed updating but the delay was the result of insufficient capacity in (staff) resources. Members felt that they should monitor progress of the work being undertaken on updating the asset management plan and corporate capital strategy and that these matters should become a standing item on the Committee's future agenda.

With regard to the use of resources, the Deputy Chief Executive and Borough Treasurer apprised the Committee of steps being taken to improve the Council's CPA score and the draft action plan that would be considered by Management Team. The Committee expressed a wish to receive a presentation on the use of resources at their next meeting and Members indicated that they felt that they should also assume a monitoring role.

The Committee expressed their satisfaction with the External Auditors report and thanked Mr Attenborough-Cox for attending the meeting and for his presentation.

RESOLVED: That

(a) the report to those charged with governance by the External Auditors, Mazars, be noted;

(b) the Letter of Representation for the 2005/2006 audit be approved for signing by the Deputy Chief Executive and Borough Treasurer;

- (c) a presentation on the 'Use of Resources' be given at the Committee's next meeting;
- (d) the corporate capital strategy and asset management plan be a standing agenda item in order that progress is monitored.

19. ANY OTHER ITEMS

There were no other items, which by reason of special circumstances, were for consideration as a matter of urgency at this meeting.

The meeting commenced at 6.00pm and concluded at 6.44pm

CHAIRMAN