

**A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE  
WAS HELD ON 13 DECEMBER 2011**

Councillors Chegwyn (P), Forder, Jessop (P), Philpott, Scard (P) and Wright (P).

Independent Member: Mr R V Perry (P) (Chairman).

It was noted that, in accordance with Standing Orders, Councillor Mrs Forder had been nominated to replace Councillor Forder for this meeting.

**29. APOLOGIES FOR NON ATTENDANCE**

An apology for inability to attend the meeting was submitted on behalf of Councillor Forder.

**30. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**31. MINUTES**

RESOLVED: That the Minutes of the meeting of the Standards and Governance Committee held on 15 September 2011 be approved and signed by the Chairman as a true and correct record.

**32. DEPUTATIONS**

There were no deputations.

**33. PUBLIC QUESTIONS**

There were no public questions.

**PART II**

**34. ANNUAL AUDIT LETTER**

The Committee welcomed Ms Rose Coates from the Audit Commission to the meeting.

Ms Coates explained that the purpose of the Annual Audit Letter (AAL) was to communicate to the Council and external stakeholders the key issues arising from the 2010/11 audit and to look forward to the challenges to be faced in the future. The Audit Commission was required to issue the report under the Accounts and Audit Regulations 2011, and the Code of Audit Practice 2010.

Ms Coates advised Members that the AAL was addressed to all Members of the Council and

that each Member should be given a copy of it. In addition Gosport Borough Council (GBC) was required to publish the AAL on its website. The Audit Commission would publish it on their website at the beginning of 2012.

The Committee discussed the key messages in the AAL.

Ms Coates advised the Committee that an additional audit fee of £10,000 was required to meet the unplanned audit work following the identification of the internal fraud at GBC and to investigate and respond to the questions raised by members of the public.

Ms Coates confirmed that the final fee due was £124,141.

A Member of the Committee questioned whether additional audit fees would increase should the number of questions from the public increase? Ms Coates advised the Committee that the amount of additional audit fees depended on the type of question, time taken to investigate and to reply but it was also dependent on whether the member of the public wished to make formal objections. This would increase the additional fee due to additional unplanned work.

A Member asked what actions had been taken to counter the two identified weaknesses in the internal control: IT and review of leases. The Borough Treasurer advised the Committee that Senior Officers were working in partnership with the Head of IT Services to resolve the issues identified in the AAL. He noted that a third of authorities received amber warnings from the Audit Commission in a recent survey and that as a small authority it was often difficult to separate duties to an ideal extent. However GBC had built in checking processes and continued to work to resolve the IT internal control issues. The Chief Executive informed the Committee that the issue of leases had been identified a year ago and since then GBC had been working to rectify it. Property Services had been grouped together and the Council was currently discussing best practices with other local authorities.

A Member asked whether the internal fraud should have been picked up sooner. The Borough Treasurer informed the Committee that the Council had been told by external bodies that the fraud was picked up in a timely manner.

The Chairman requested that a letter be sent to Patrick Jarvis of the Audit Commission to thank him for his work.

RESOLVED: That:

- (i) the Annual Audit Letter be noted;
- (ii) arrangements be made to publish the Annual Audit Letter on the Council's website; and
- (iii) a letter be sent to Patrick Jarvis of the Audit Commission thanking him for his work.

### **35. AUDIT FEES**

Consideration was given to a letter received from the Audit Commission on the Audit Fees for Gosport Borough Council for the years 2011/12 and 2012/13.

The Borough Treasurer informed the Committee that the council had lodged a comment regarding the 2010/11 fees and that it be taken into consideration for the 2011/12 fees.

The Borough Treasurer explained that the Audit Commission's fee scales were a guide and not an exact amount. He advised the Committee that the Audit Commission had not charged for all days worked and that any additional days charged to the Council are challenged within the Audit Commission prior to final billing.

RESOLVED: That the letter be noted.

**36. INTERNAL AUDIT MONITORING STATEMENT FOR THE PERIOD 1 JULY 2011 – 30 SEPTEMBER 2011**

Consideration was given to a report of the Head of Internal Audit and Risk Assurance on the Internal Audit monitoring statement for the period 1<sup>st</sup> July 2011 to 30<sup>th</sup> September 2011.

The Head of Internal Audit and Risk Assurance assured the Committee that the partnership arrangements with Eastleigh Borough Council continued to operate well.

The Head of Internal Audit and Risk Assurance advised the Committee that the Internal Audit team, especially the Head of Internal Audit and his deputy, had played a pivotal role in investigating the internal fraud discovered earlier in the year. The case was now a criminal investigation and it had been reported in the Annual Governance Report and AAL. The Committee was informed that Internal Audit's involvement in the fraud case had not finished; they were awaiting the outcome of the criminal investigation. The Committee was advised that the Council still expected to receive 100% compensation from the Council's insurance.

RESOLVED: That the report be noted.

**37. STANDARDS AND GOVERNANCE COMMITTEE WORKPLAN**

Consideration was given to the Workplan of the Standards and Governance Committee.

The Chairman asked for Complaints and the Councils Speedy Response to Complaints to be added to the Workplan. No date was set for when a report would be taken to the Committee.

A Member expressed disappointment that a report on the Localism Act had not been brought to the Committee, as details of the Act were available. The Member advised the Committee that Chapter 7 of the Act repealed the statutory national code of conduct, Standards Board and Standards Committees. In addition to this it proposed that any Independent or Co-opted Members should not be able to stand if they had been elected in the last 5 years.

Members expressed their concern at the proposals set out in the Localism Act as it would

deny the Council the services of their current Independent Member. The Committee agreed that the Head of Legal Services should write a letter of complaint to the Secretary of State for Communities and Local Government.

The Chairman expressed his wish to continue to stand as an Independent Member.

RESOLVED: That the Workplan be noted and that a letter of complaint be sent to the Secretary of State for Communities and Local Government as outlined above.

### **38. ANY OTHER ITEMS**

The Chairman raised the question of the council electing an additional Independent Member following the resignation of Mr Lidgley. The Committee agreed that an additional Independent Member would not be elected due to the impending changes to Standards and Governance Committees.

The Chairman thanked Members and Officers for their hard work over the past year. He wished the Committee's members a Merry Christmas and a Happy New Year.

The meeting commenced at 6.00pm and concluded at 6.30pm.

CHAIRMAN