

**A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE
WAS HELD ON 5 JULY 2017
SUBJECT TO APPROVAL**

Councillors; Allen, Ms Ballard (P), Beavis (P), Carter, Chegwyn (P), Mrs Cully (P), Mrs Forder, Mrs Furlong (P), Mrs Jones (P), Mrs Morgan (P), Mrs Prickett (P), Scard

It was reported that in accordance with Standing Order 2.3.6, Councillors Hook, and Mrs Hook had been nominated to replace Councillors Mrs Forder and Carter for this meeting.

In the absence of the Chairman and the Vice-Chairman Councillor Hook was nominated to Chair the meeting.

7. APOLOGIES

Apologies for inability to attend the meeting were submitted on behalf of Councillors Carter, Scard and Mrs Forder.

8. DECLARATIONS OF INTEREST

Councillor Hook and Mrs Hook declared a pecuniary interest in Gosport Borough Football Club at the point at which it was discussed.

9. MINUTES

RESOLVED: That the minutes of the meetings of the Standards and Governance Committee held on 23 March 2017 and the 18 May 2017 be approved and signed by the Chairman as true and correct records.

10. DEPUTATIONS

There were no deputations.

11. PUBLIC QUESTIONS

There were no public questions.

PART II

12. EY – 2016/17 AUDIT PROGRESS REPORT, AND 2017/18 ANNUAL FEE LETTER

Consideration was given to the audit progress report that provided the committee with an update on the progress made on the 2016/17 audit, and reconfirmed the key upcoming changes which the Council need to consider.

Helen Thompson was invited to address the Committee.

The Committee was advised that an interim visit had been undertaken in March and had looked at the key financial systems, controls and early substantive testing, this early testing had allowed for good progress and work had already been undertaken on payroll, Housing Benefit, grant income and collection fund precepts which would help to alleviate pressure at the end of year.

The Committee was advised that the year-end visit was now underway and good

progress had been made. The aim is for the audit to be substantially complete by the end of July. The audit results report will be presented to the September meeting and to the Policy and Organisation Board in September.

The Committee was advised that looking forward the EY had tendered for and been awarded the second lot relating to the Local Government contract for five years from 2018/19 and had maintained their market share in doing so. They had not yet been advised which authorities that they be responsible for but were expecting to receive an initial indication from PSAA by the end of July, which would then be subject to consultation with the authorities.

The Committee was also advised that the Council would need to be considering the procurement of an auditor for Housing Benefit as this will need to be appointed separately to the Council's financial statements auditors, the Committee was advised that this could be undertaken as an individual Council or as part of a larger group of Councils and an auditor would need to be appointed by Feb 2018.

A Member questioned whether the external auditors had robust systems in place to assess the value for money and the effectiveness of the Council's process and efforts to collect sums owing from businesses to the Council.

The Committee was advised that the auditors examined the overall level of systems in place for the collectability of debts and lease payments and had a general overview of the process for debts collections and accounts recoverable.

The External Auditors were asked whether the outstanding debt of Gosport Borough Football Club, which was currently in arrears with the Council, was a cause for concern to the auditors.

At this point Councillors Hook and Mrs Hook declared a pecuniary interest in the discussion, left the room and took no further part in the discussion relating to Gosport Borough Football Club.

Councillor Beavis was elected to Chair the meeting at this point.

The Member expressed concern that the football club had outstanding debt with the Council and sought clarity on the position of the auditors in relation to the matter and the wider recovery of debt from businesses.

Mrs Thompson advised the Committee that the auditors had an understanding of how the accounts receivable and bad debtors process was managed and monitored, and the processes for leases, Council Tax, and invoices.

The Committee was advised that impairments of aged debts as a whole were above a testing threshold and were therefore examined, but that the football club debt did not exceed the threshold and had therefore not flagged as a specific issue.

The Committee was advised that in specific cases it would be recommended that Members speak to officers.

The Member welcomed the External Auditors response and advised that they were

in conversation with Officers regarding the case and that they were seeking parity for all users of Council facilities and confirmation that all debts were chased equally.

The Committee were advised that individual cases would be for the consideration of the Borough Solicitor and the Chief Financial Officer.

Councillor Hook and Mrs Hook returned to the meeting, Councillor Hook resumed the role of Chairman.

Mrs Thompson advised that the 2017/18 letter set out the financial statements audit fees for 2017/2018. The Committee was given an overview of the contents of the letter.

The Committee was advised that the Housing Benefit subsidy fees had not yet been set and that broadly it was expected that they would be in line with the fees from 2015/16, but that this was yet to be confirmed by PSAA.

Members sought clarification as to how the fees compared with other neighbouring authorities of similar sizes. The Committee were advised that there was a broad spectrum to the fees, but that a ballpark figure for a District Council was around £50-60,000. Members acknowledged that there had been a decrease in fees since the abolition of the Audit Commission.

RESOLVED: The audit progress report for 2016/17 and the annual fee letter for 2017/18 be noted.

13. ANNUAL INTERNAL AUDIT OPINION 2016/17

Consideration was given to the Annual Report of the Head of Internal Audit on the activities of Audit during the year and the overall conclusion on the level of assurance that placed on the adequacy and effectiveness of the Council's internal control environment.

The Committee was advised that Internal Audit had covered 94.2% of the Audit Plan.

The Committee was advised that there were 183 recommendations advised and that this was a decrease from previous years. There had been a slight increase in essential and important recommendations but that the overall opinion rating was good.

The Committee was also advised that there were no critical recommendations.

In answer to a Members question, the Committee was advised that the 5 essential recommendations covered the cemetery because the older recording systems there was old fashioned and outdated, plans were in place to modernise and re-record hand written data and add value to the service provided.

The Committee was advised that the recommendation regarding IT asset management was reinforcing the security on any portable IT devices.

The Committee was also advised that the recommendations regarding data protection were the reinforcement of a clear desk policy following out of hour's checks. This included locking away documents and the relocation of screens to ensure that content was not visible through passing windows.

The Committee was also advised that the recommendations regarding the Alver Valley were the updating of recording systems.

It was hoped that ledger records at the cemetery site could be recorded electronically for easier use.

RESOLVED: That the contents of this report be noted.

14. ANY OTHER BUSINESS

There was no other business

The meeting concluded at 18:35.

CHAIRMAN