

**A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE
WAS HELD ON 19 JUNE 2018**

Councillors; Ms Ballard (P), Beavis (P), Rev. Blackman (P), Chegwyn (P), Hicks (P), Johnston (P) Mrs Jones (P), Mrs Morgan (P), Mrs Prickett, Raffaelli (P), Scard (P), Westerby.

It was reported that in accordance with Standing Order 2.3.6, Councillors Hammond and Miss Kelly, had been nominated to replace Councillors Mrs Prickett and Westerby for this meeting.

6. APOLOGIES

Apologies were received from Councillors Mrs Prickett and Mrs Westerby.

7. DECLARATIONS OF INTEREST

There were none.

8. MINUTES

RESOLVED: That the minutes of the meetings of the Standards and Governance Committee held on 28 March 2018 and 17 May 2018 be approved and signed by the Chairman as a true and correct record.

9. DEPUTATIONS

There were no deputations.

10. PUBLIC QUESTIONS

There were no public questions.

11. ELECTION OF VICE-CHAIRMAN

Two nominations for Vice-Chairman were received, Councillor Mrs Jones and Councillor Hicks. A vote was subsequently taken on each nomination and tied at six votes each.

The Chairman used his casting vote and Councillor Mrs Jones was duly elected as Vice-Chairman.

RESOLVED: That Councillor Mrs Jones be elected Vice-Chairman for the Municipal Year 2018/19

PART II

12. INTERNAL AUDIT REPORT 2017/18

Consideration was given to the report of the Head of Internal Audit and Risk Assurance presenting an Annual Report 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 Head of Internal Audit and Risk Assurance introduced the report

He advised that the report was providing a professional opinion on the Council's overall control environment following the teams completed internal audit work for 2017/18. 40 areas of the audit universe (total 114 entities) were reviewed of which 31 opinions were concluded. 164 recommendations were accepted by management to improve their processes and procedures – of which only 10 were essential recommendations.

He advised members that not all areas were reviewed by internal audit each year and therefore both Dog control (a joint review with Fareham Borough Council) and Grants to Voluntary Organisations (both assessed as poor) had not been fully audited for a number of years. Both these reviews had been followed up and all recommendations had been or were being progressed by management.

The overall headline (Section 5 page 3 of the audit report) was the professional opinion that good assurance could be placed upon the adequacy and effectiveness of the Council's overall internal control system for the year ended 31 March 2018.

Excellent progress on completion of audits to excellent quality and to time had been made in 2017/18 with 100% of the plan achieved. The fraud development within the team had continued to progress and some excellent results have been achieved in the crackdown through supporting the housing officers. The audit partnership with Test Valley continued with additional work provided in 2017/18 following their difficulties in recruiting.

The additional 6 areas that internal audit concluded to be poor in 2017/18 were:-

- **ICT Security** – Was now fully secure following work completed by the Senior PC Support Officer. All PC's are now locked down to enable only registered devices to be used on all Council computers.
- **BCP & EP** – The action had been followed up. The current status was that key contacts would be updated by the Head of Development once all posts had been filled. There were no further update from Building Control with the latest version of their BCP remains as reported Feb 2015.
- **Accounting & Bank Reconciliation** – the current status was all remedial actions were in place following the review.
- **Housing Rent Collection** – this area would be followed up later in Q2 (Jul- Sept) when a number of the target dates reached their deadline. A further update would be provided to Members at the next Committee meeting. Meetings had been scheduled with the Head of Housing to assist and support in progressing these actions.
- **Housing Debtors** – this would be followed up later in Q2 when most target dates reached their deadline. Actions would be discussed with the Head of Housing in the meantime in the scheduled meetings and reported back to Committee.

- **Procurement** – The actions would be followed up in Q3 (October – December) with further updates to the Committee in October. This area was under review for 2018/19 so Internal Audit would support management in this project.

In answer to a Members question the Board was advised that a probity review was undertaken on Members' expenses claims part way through the 2017/18 year. All claims had been checked and verified and as a result a full report was not required as there was nothing to remedy.

In answer to a further question as to how systems for the recovery of housing debtors, council tax and business rates could be deemed good or strong if there were significant outstanding debts, the Committee was advised that Housing debtors and Council Tax and Business rates debt were managed on different systems and that the functionality of the systems could be audited as good or strong as the audit was on the system used, not the debt outstanding.

The Head of Internal Audit and Risk Assurance advised the Committee that the Borough Treasurer was managing the outstanding business rate debt and that he would raise this with him to ensure the enquiry had been answered.

The Committee was advised that it was not within the Council's current audit plan to review the spending of grants provided to voluntary external organisations. The Head of Internal Audit and Risk Assurance advised that he would seek clarification from the Borough Treasurer as to whether the Council had powers to audit the voluntary organisations independently.

Some Members advised that they were unhappy with the proposal to approve the report as, whilst they acknowledged that the report was a legal requirement and was a validation of the process, they were unhappy to approve it due to concerns regarding business rates debt.

The recommendation to note the report was put to the Committee and this was agreed.

RESOLVED:

That the Committee notes the contents of this report and that information regarding the queries raised be reported back to Members.

ANY OTHER ITEMS

It was requested that an additional meeting of the Committee be scheduled for early Autumn.

The meeting concluded at 18:26.

CHAIRMAN