

Subject to Approval
A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE
WAS HELD ON 21 JUNE 2012

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

Independent Members: Mr R V Perry (P)

1. ELECTION OF CHAIRMAN FOR THE MUNICIPAL YEAR 2012/13

RESOLVED: That Mr R V Perry be appointed Chairman of the Committee up to 30 June 2012.

2. ELECTION OF VICE – CHAIRMAN FOR THE MUNICIPAL YEAR 2012/13

RESOLVED: That the position of Vice-Chairman of the Committee be left vacant.

3. APOLOGIES FOR NON ATTENDANCE

There were no apologies for non attendance.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. MINUTES

RESOLVED: That the Minutes of the meeting of the Standards and Governance Committee held on 5 April 2012 be approved and signed by the Chairman as a true and correct record.

6. DEPUTATIONS

There were no deputations.

7. PUBLIC QUESTIONS

There were no public questions.

PART I

8. LOCALISM ACT 2011 – CHANGES TO THE STANDARDS REGIME

Consideration was given to a report of the Monitoring Officer regarding the above changes. The report advised the Committee of the timetable for the changes and proposed a new Code of Conduct and arrangements for dealing with complaints, for recommendation to Council.

Members of the Committee debated in detail the Monitoring Officer's report and appendices. Reference was made to page 8/4 of the report and paragraph 3.4 on the disclosure of pecuniary interests. It was pointed out that there was no provision to ensure that the register on pecuniary interests is continually updated by members. The Committee agreed that this should be an additional provision to recommendation (i) in the report.

Mention was also made of paragraph 3.3.1 on the above page on the Standards Committee. It was agreed that this Committee should retain the power, as for a Board, to have the option to co-opt to its membership.

Similarly under Appendix 1 (Code of Conduct for Members) a member referred to paragraph '1.4 Do not bully any person'. It was agreed that the Monitoring Officer would define the wording more clearly for this definition.

RECOMMENDED: That the Committee recommend to full Council that:

(i) the Code of Conduct for Members (which would apply to Co-opted Members), set out in Appendix 1 to this report and as amended above, be adopted;

(ii) the adoption of the Code be publicised via the Council's website;

(iii) the Standards and Governance Committee be replaced by a new Standards and Governance Committee, with terms of reference as set out in Appendix 3 to this report;

(iv) Standing Order 7.1 be amended to require a Member who has a discloseable pecuniary interest, in an item of business being considered at a meeting of the Council, Board or Committee to withdraw from the room during the discussion of and vote on that item as set out in Appendix 2 to this report;

(v) the arrangements for dealing with allegations of failure to comply with the Code set out in Appendix 4 to this report be adopted; and

(vi) authority be delegated to the Monitoring Officer to oversee the process of recruitment of an independent person, with the interview of candidates being undertaken by the Council's statutory officers who will make recommendations to Council.

PART II

9. INTERNAL FRAUD 2010/11

Consideration was given to a report of the Head of Internal Audit and Risk Assurance which summarised the key issues regarding the internal fraud committed against the Council by an ex employee from September 2010 through to June 2011.

It was acknowledged that the full extent of the fraud was £307,810.15. It had been confirmed that that the Council's Fidelity Guarantee Insurance would cover the loss incurred in full. A

confiscation order is being applied for in order to ensure that the fraudster eventually makes substantial, if not complete, reparation. It was understood that the Police were also considering a Compensation Order which would look at the fraudster's assets.

RESOLVED: That the report be noted and that members of the Committee be updated on future actions.

10. CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT (GBC AUDIT 2010/11): RECOMMENDATION 1 (PAGE 8)

The Committee welcomed Mr Kevin Suter of the Audit Commission to the meeting. Mr Suter acknowledged that the wording in this recommendation could have been more appropriately worded as on the face of it the wording appeared ambiguous. The recommendation had been drafted on an evidential and estimation basis only. Councillor Wright acknowledged this statement and advised that the area in question is being looked at again.

RESOLVED: That the above report from the Audit Commission be noted.

11. AUDIT COMMISSION'S AUDIT PLAN FOR 2011/12

Mr Suter of the Audit Commission introduced this item. He advised that his colleague Ms Coates had independently assessed and highlighted specific risks for the 2011/12 Audit Plan. He highlighted:

- The key audit risks for the financial statements audit and the value for money conclusion;
- Audit strategy; and
- Planned reporting timetable

He specifically drew the Committee's attention to the key milestones and deadlines outlined on page 13 of the Audit Plan. The fee for the audit was £116, 375 as set out in the Audit Commission's earlier letter of 4 April 2011.

A member of the Committee raised the matter of discounts for the Audit fee and made a comparison with the previous Audit Plan for 2010/11. The member noted that there was no fee mentioned for the 2012/13 Audit Plan. Mr Suter gave an undertaking to re-check the fee for 2011/12 for accuracy. He advised that the reason for the absence of a fee figure for 2012/13 is that the Audit Commission is to be abolished. Ernst and Young had been appointed to carry out future external audits for the South East and Eastern Regions. Mr Suter is to be transferred over to Ernst and Young. He anticipated that for the next external audit in 2012/13 to be carried out by Ernst and Young there could potentially be a 40% reduction in fees compared to previous Audit Commission audits.

RESOLVED: That approval be given to the Audit Plan for 2011/12

12. INTERNAL AUDIT ANNUAL REPORT 2011/12

The Committee considered the above report from the Head of Internal Audit and Risk Assurance. In accordance with the national Code of Practice on Internal Audit, the Head of Internal Audit is required to present an annual report to the Committee responsible for the Internal Audit function.

The Committee went through the appended Internal Audit Annual Report Year ending 31 March 2012 page by page noting the Internal Audit Opinion detailed below on page 12/6 (para 2.3):

“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 2012 Gosport Borough Council has adequate and effective risk management control and governance processes to manage the achievement of the organisation’s objectives.”

RESOLVED: That the contents of the Internal Audit Annual Report 2011/12 be noted.

13. STANDARDS AND GOVERNANCE COMMITTEE WORKPLAN

Consideration was given to the Workplan of the Standards and Governance Committee. It was noted that with the abolition of the current Standards and Governance Committee that the Workplan now before the Committee no longer had relevance. However the items listed would be taken into account by the new Standards and Governance Committee.

RESOLVED: That the Workplan be noted and taken into account by the newly established Standards and Governance Committee.

14. THANKS TO OFFICERS AND CHAIRMAN

The Chairman advised that this would be the last meeting of the Committee for Mr P Wilson, Borough Treasurer and Mr G Rawling, Head of Democratic Services. Mr Wilson would be retiring at the end of July and Mr Rawling at the end of August. He thanked both officers for the hard work they had put into the Committee over the years.

Similarly members of the Committee thanked the Chairman for his contribution to the Committee as this also would be his last meeting of the Committee as the Localism Act regulations did not allow an independent member to sit on newly established Standards and Governance Committees.

The meeting commenced at 6.00pm and concluded at 7.30pm.

CHAIRMAN