

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Wednesday, 24 January 2024 at 10.00 am in The Executive Meeting Room - Third Floor, The Guildhall, Portsmouth

(NB These minutes should be read in conjunction with the agenda for the meeting which can be found at www.portsmouth.gov.uk.)

Present

Councillor Leo Madden (in the chair)
Councillor Stuart Brown (Vice-Chair)
Councillor Graham Heaney
Councillor Emily Strudwick
Councillor Benedict Swann
Councillor Daniel Wemyss

Officers

Steven Belshaw, Group Accountant (Technical & Financial Planning)
Andy Biddle, Director of Adult Social Care
Helen Dickeson, Deputy Monitoring Officer
Elizabeth Goodwin, Chief Internal Auditor
Helen Klemm, Finance Manager (Technical & Financial Planning)
Rumana Rafiq Ullah, Assistant Manager (Ernst & Young)
Charlotte Smith, Deputy Director of Corporate Services
Paul Somerset, Deputy Chief Internal Auditor
Richard Webb, Deputy S.151 Officer
David White, External Audit Manager (Ernst & Young)

1. Apologies for Absence (AI 1)

There were no apologies for absence.

2. Declarations of Members' Interests (AI 2)

There were no declarations of interest.

3. Minutes of the meeting held on 22 November 2023 (AI 3)

The minutes of the meeting held on 22 November 2023 were confirmed and signed as a correct record.

4. 2022/23 Statement of Accounts and Audit Update (AI 4)

(TAKE IN REPORT)

Richard Webb, Assistant Director of Finance, introduced the information report which detailed the status of the City Council's 2022/23 Statement of Accounts and the related audit activity.

As a further update to the report the Department for Levelling Up Housing & Communities had confirmed that they were proposing to reset the local authority audit system through a limited series of statutory deadlines. The department will be issuing a consultation on their proposal, of an initial backstop date for local authorities and auditors of 30 September 2024, for all outstanding local audits in England up to and including the financial year 2022-23.

In response to a question regarding the reason for the audit backlog and the subsequent delays in addressing, David White, External Audit Manager (Ernst & Young) explained that the issue was a national issue and had arisen initially following the covid pandemic and that the delays were further compounded by some particular issues around the 2021/22 audit, notably the national issue around the valuation of infrastructure assets. Locally, the Hampshire Pension Fund triennial evaluation, which took place before the audit could be finalised, had also had an impact.

Resourcing and staff retention within the local government audit sector nationally had also been an ongoing challenge in recent years.

As detailed within the report, moves were afoot to address these issues to allow future audits to be completed in a more timely manner.

RESOLVED that the committee NOTED the report.

5. Portsmouth City Council Audit Results Report Year Ended 31 March 2022 (AI 5)

(TAKE IN REPORT)

David White, External Audit Manager (Ernst & Young) and Rumana Rafiq Ullah, Assistant Manager (Ernst & Young), introduced the final audit results report for 2021/22. The audit results had been completed and were now in a position to be signed by the end of January 2024.

No significant weaknesses had been identified in respect of value for money and there were no matters to report in respect of the Annual Governance Statement.

Audit differences were explained and these related to property valuations which had not always contained full details and evidence. The committee was advised that this element had taken a considerable amount of audit time to

assess, but it was understood that staff turnover and shortages had been experienced within the service at the council and that work was underway to address this.

Ernst & Young were however satisfied that the unadjusted errors were not material.

In response to questions the committee was advised that:

- The audit was concerned with areas of risk (including fraud) that could have a material effect on the statement of accounts. Ernst & Young were satisfied that appropriate measures were in place to prevent any material misstatement;
- In respect of valuation of fixed assets, the audit identified two main areas of difference in the valuation calculations, which management has chosen not to adjust. Whilst the differences had not been adjusted, they were not considered to be material to the statement of accounts;
- In respect of covid related grants, external audit was mainly focused on ensuring that the funds had been reflected appropriately within the statement of accounts. Wider fraud issues would either be a matter for internal audit or raised to the national body set up to deal with fraud perpetrated by national gangs; and
- Any differences in figures between management and external audit could remain as differences so long as they were not material to the statement of accounts.

RESOLVED that the committee NOTED the report.

6. Corporate Complaints Policy Update (AI 6)

(TAKE IN REPORT)

Charlotte Smith, Assistant Director of Corporate Services, introduced the information report which detailed interim changes to the Corporate Complaints Policy, required to meet the legislative requirements of the Social Housing Regulation Act (2023) from 1 April 2024. This required landlord complaints to be handled in accordance with the new Act and the housing service had recruited a dedicated Complaints Manager who would soon be in post.

The report also provided the committee with an update on plans to formally review the Corporate Complaints Policy once the outcome of the Local Government and Social Care Ombudsman consultation on a statutory code for complaints was known. The policy had been scheduled for review in December 2023, but the review had been put on hold pending the results of the consultation.

In the interim there would be two complaints policies, which would then be harmonised into a single policy as part of the review of the Corporate Complaints Policy.

In response to questions, the Assistant Director of Corporate Services understood from the Local Government and Social Care Ombudsman that the results of their consultation were imminent and that there would be no additional costs other than officer time in reviewing the Corporate Complaints Policy. She further advised the committee that landlord complaints represented around 40-50% of all complaints received by the council.

RESOLVED that the Governance & Audit & Standards Committee NOTED the report.

7. Whistleblowing Annual Report and Policy (AI 7)

(TAKE IN REPORT)

Paul Somerset, Deputy Chief Internal Auditor introduced the report which updated the committee on the nature and handling of any whistleblowing concerns which had been raised for the period January 2023 to December 2023.

He advised the committee that in the past year there had been six reports, which represented an increase when compared to the three reports made in 2022.

In response to a question relating to a case of bullying, which had seemingly dealt with via training, it was explained that this action related to training provided within the service more widely and that the specific case referred to had also been addressed via a separate human resources process.

In respect of outcomes more generally, the committee felt that it would be useful if further detail could be provided in future reports to confirm whether the reports had been either unsubstantiated, partially upheld or fully upheld.

In response to a question in respect of councillors either raising a whistleblowing concern individually or on behalf of a resident it was confirmed that there was guidance for the public on the council's website, but the topic potentially needed to be explained within the new member induction programme. The Chief Internal Auditor agreed to follow this up as an action.

RESOLVED that the committee NOTED the report and the Whistleblowing Policy, where no further changes were proposed.

8. Internal Audit Performance Status Report to 8th January 2024 (AI 8)

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor, introduced the report which updated the committee on the internal audit performance for 2023/24 to 8 January 2024 against the Annual Audit Plan.

The following key areas were highlighted:

- Direct payments in Children, Families and Education had moved from 'No Assurance' to 'Limited Assurance'. Work was ongoing around the issue, which was in respect of verifying payments.
- Six high and medium risk exceptions existed in Corporate Health and Safety. These related to a lack of compliance with training and were contingent on the procurement of the new learning management software.
- Direct payments in Adult Care - Significant progress had been made in maintaining client reviews within computer databases. However, issues remained around the lack of records kept during the service wide review and discrepancies in the direct payment amount between some support plan and the finance system.

The Director of Adult Care spoke to the appendix to the report which provided further detail around direct payments within the service and the ongoing work being undertaken to address the issues identified. It was anticipated that this work would be completed by the end of the 2024 calendar year.

In response to questions, it was confirmed that service users in receipt of direct payments in adult and children's services could in theory be in receipt of under or over payments if their needs changed. For audit purposes it needed to be demonstrated that the service users had used the funds for the correct purposes.

In terms of the issues identified around support planning, it was explained that the council needed to ensure that payments were spent correctly. On occasion there had been discrepancies between the information held on the two databases relating to the details of a support plan and the associated payments. In future it was therefore of paramount importance to ensure that the records on both databases were kept up to date.

**RESOLVED that the Governance & Audit & Standards Committee
NOTED:**

- (i) **the Audit Performance for 2023-24 to 8 January 2024; and**
- (ii) **the highlighted areas of concern in relation to audits completed from the 2023/24 Audit Plan, including follow up work performed.**

9. Treasury Management Monitoring Report for the Third Quarter of 2023/24 (AI 9)

(TAKE IN REPORT)

Helen Klemm, Technical & Financial Planning Finance Manager, introduced the report which informed the committee of the council's treasury management position, namely its borrowing and cash investments at 31 December 2023 and of the risks attached to that position.

She confirmed that the council's treasury management activities had remained in line with the Treasury Management Policy

RESOLVED that the Governance & Audit & Standards Committee NOTED:

- (i) That the Council's Treasury Management activities had remained within the Treasury Management Policy 2023/24 in the period up to 31 December 2023; and**
- (ii) The actual Treasury Management indicators as at 31 December 2023 set out in Appendix A.**

10. Report to Governance & Audit & Standards Committee on complaints received into alleged breaches of the Code of Conduct by Members of the Council for the calendar year 2023 (AI 10)

(TAKE IN REPORT)

Helen Dickeson, Deputy Monitoring Officer, introduced the report which updated the committee in relation to complaints which had been progressed within the calendar year 2023 and which alleged that councillors may have breached the Code of Conduct.

She confirmed that five complaints had been processed and all had been dealt with at the Initial Filtering Panel level.

During discussion it was believed that the low number of complaints did not necessarily mean that all councillors were adhering to the Code of Conduct. Different councillors operated differently and in some cases a councillor might address a matter directly with another councillor to resolve an issue, rather than make a complaint under the Code of Conduct.

A request was also made that future reports contain additional information about the process, the time frames for their consideration and how complaints were handled.

RESOLVED that the committee:

- (i) NOTED the report;**
- (ii) Requested that future reports contain additional information about the process, the time frames for the consideration of complaints and how complaints handled; and**
- (iii) Placed on record it's thanks to the Independent Persons.**

The meeting concluded at 11.06 am.

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Councillor Leo Madden, Chair