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GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Friday, 24 September 2021 at 2.00 pm at the Council Chamber - The Guildhall

(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 Ryan Brent (Standing Deputy)

Councillor Stuart Brown

Councillor Graham Heaney (Standing Deputy)

Councillor Lee Hunt

Officers

Peter Baulf, City Solicitor

Michael Lloyd, Finance Manager (Technical & Financial Planning)

Kelly Nash, Corporate Performance Manager

Julian Pike, Deputy Director of Finance & S151 Officer

Charlotte Smith, Assistant Director Corporate Services

Paul Somerset, Deputy Chief Internal Auditor

External Auditor

Fahad Ijaz, Assistant Manager, Ernst & Young

David White, Manager, Ernst & Young

32. Apologies for Absence (AI 1)

Apologies were received from Cllr Simon Boshier, Cllr Charlotte Gerada and Cllr Daniel Wemyss.

Cllr Heaney was in attendance as Standing Deputy for Cllr Gerada and Cllr Brent was in attendance as Standing Deputy for Cllr Wemyss.

33. Declarations of Members' Interests (AI 2)

There were no declarations of interest from the members present.

34. Minutes of the meeting held on 16 July 2021 (AI 3)

RESOLVED that the minutes of the meeting held on 16 July 2021 be approved and signed by the Chair as a correct record.

35. Performance Management Update - Q1, 2021-22 (AI 4)

(TAKE IN REPORT)

Kelly Nash, Corporate Performance Manager, introduced the report which sought to inform the committee of any significant performance issues arising from Q2 performance monitoring.

During discussion it was agreed that further information would be circulated on the red KPI's in respect of apprenticeships and workforce burnout.

In response to a question about members being kept informed of delays in the determination of planning applications Cllr Hunt, Chairman of the Planning Committee, advised that members had an opportunity to receive such updates at the Planning Committee Chairman's Briefing, but these were often quite poorly attended.

The committee thanked the Corporate Performance Manager for the report and requested that an additional column to show the actual KPI be included in future reports to provide further context to the rating.

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

36. Annual Governance Statement (AI 5)

(TAKE IN REPORT)

Kelly Nash, Corporate Performance Manager, introduced the report which sought approval of the council's Annual Governance Statement (AGS) for 2019/20 (Appendix 1).

RESOLVED that the Committee agreed the Annual Governance Statement 2020/21 (Appendix 1)

37. External Audit - Audit Results Report Year Ended 31 March 2021 (AI 6)

(TAKE IN REPORT)

David White and Fahad Ijaz from Ernst & Young, the Council's external auditors, introduced their report which summarised the preliminary audit conclusion in relation to the audit of Portsmouth City Council for 2020/21.

The committee's attention was drawn to the following principle ongoing areas of the audit:

- Testing of property, plant and equipment and investment property – principally valuations; and
- Residual work on pensions valuation.

Whilst work was well progressed, these areas had both been impacted by the requirements of updated International Standards on Auditing and in the case of testing of property, plant and equipment and investment property, significant regulator focus.

The committee was advised that the effect of this ongoing work may result in the audit running past the 30 September 2021 deadline, but it was important to note was not a statutory deadline.

The areas of audit focus detailed in Section 2 of the report were explained and the significant risks areas outlined in detail. These were:

- Misstatements due to fraud or error;
- Risk of fraud in revenue and expenditure recognition inappropriate capitalisation of revenue expenditure;
- Valuation of Lakeside North Harbour asset; and
- Valuation of Investment Property and Land and Buildings (valued using EUV & FV method)

In response to a question about the outcome of the valuation of investment property audit it was confirmed that this would be conveyed to members in the Auditors Annual Report, which had superseded the previous Annual Audit Letter.

RESOLVED that the Governance & Audit & Standards Committee noted the Audit results report for the year ended 31 March 2021.

38. Statement of Accounts 2020-2021 (AI 8)

(TAKE IN REPORT)

Julian Pike, Deputy Director of Finance & S151 Officer and Michael Lloyd, Finance Manager (Technical and Financial Planning) introduced the report which requested that the Statement of Accounts be approved.

In response to questions regarding short term debtors the committee was advised that whilst these debt levels had increased and were high the Council always did its best to recover monies owed until all practical means had been exhausted.

In respect of the arrangements for the payment of PCC employed officers shared with other local authorities it was confirmed that the officers were paid by PCC and then the other local authorities were invoiced.

RESOLVED that:

- (i) the Statement of Accounts be approved; and**
- (ii) authority be delegated to the Chair of the Governance and Audit and Standards Committee to sign an amended 2020/21 Statement of Accounts after 24th September should this be required following comments by the auditor.**

39. Treasury Management Monitoring Report for the First Quarter of 2021/22 (AI 9)

(TAKE IN REPORT)

Michael Lloyd, Finance Manager (Technical and Financial Planning) introduced the report which informed members of the Council's Treasury Management position, as at 30 June 2021 and of the risks attached to that position.

RESOLVED that the Governance & Audit & Standards Committee NOTED:

- (i) the Council's Treasury Management activities have remained within the Treasury Management Policy 2021/22 in the period up to 30 June 2021; and**
- (ii) the actual Treasury Management indicators as at 30 June 2021 set out in Appendix A.**

40. Corporate Complaints Policy (AI 10)

Charlotte Smith, Assistant Director Corporate Services, introduced the report which presented the revised corporate complaints policy for approval.

RESOLVED that the Governance & Audit & Standards Committee APPROVED:

- (i) the proposed revised corporate complaints policy as set out at appendix A; and**
- (ii) the proposed timeline for implementation of the new policy from 1 December 2021.**

41. Overview of Portsmouth City Council complaints, including Local Government and Social Care Ombudsman Complaints 2020/21 (AI 11)

(TAKE IN REPORT)

Charlotte Smith, Assistant Director Corporate Services, introduced the report which presented the annual review by the Local Government and Social Care Ombudsman in respect of complaints it had considered against Portsmouth City Council for the year 2020.

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

42. Data Security Breach Report (AI 12)

(TAKE IN REPORT)

Paul Somerset, Deputy Chief Internal Auditor, introduced the report which informed the committee of data security breaches and actions taken since the last meeting.

RESOLVED that Members of the Governance & Audit & Standards Committee note the breaches (by reference to Appendix A) that had arisen and the action determined by the Corporate Information Governance Panel (CIGP).

43. Internal Audit Performance Status Report to 6th September 2021 (AI 7)

(TAKE IN REPORT)

Paul Somerset, Deputy Chief Internal Auditor, introduced the report which sought to update the committee on the Internal Audit Performance for 2021/22 to 6 September 2021 against the Annual Audit Plan. He advised the committee that the Audit Plan was on target and there were no significant areas of concern to raise.

In respect of the request made by the committee at the July meeting about an audit of direct payments he confirmed that a piece of work around this was ongoing and the outcome would be reported at a future meeting.

In response to a question, it was confirmed that the high-risk exception in relation to ABP pilots related to an unsigned contract between Associated British Ports and Portsmouth International Port. This related to pensions and was not understood to be on the Risk Register any more but would be looked at again by the City Solicitor.

With regard to following up on any critical high-risk matters, the Deputy Chief Internal Auditor explained that if Internal Audit was not satisfied via the usual

audit processes the matter could be raised at the Corporate Governance Group, which included the Chief Executive and S151 Officer.

RESOLVED that the Governance, Audit & Standards Committee noted:

- (i) the Audit Performance and results for 2020/21 to 6th September 2021; and**
- (ii) any highlighted areas of concern in relation to audits completed from the 2020/21 Audit Plan, including follow up work performed.**

The meeting concluded at 3.07 pm.

Councillor Leo Madden
Chair