

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Thursday, 29 September 2022 at 10.00 am at the Council Chamber - 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
Councillor Judith Smyth
Councillor Daniel Wemyss

Officers

Peter Baulf, City Solicitor
Ian Fitchett, Elections Manager
Elizabeth Goodwin, Chief Internal Auditor
Helen Magri, Corporate Information Governance
& Data Protection Officer
Charlotte Smith, Assistant Director of Corporate Services
Paul Somerset, Deputy Chief Internal Auditor
Chris Ward, Director of Finance & Resources & S.151 Officer

External Auditor

David White, Manager, Assurance - Government and Public Sector,
Ernst & Young

32. Apologies for Absence (AI 1)

Apologies had been received from Councillor Dave Ashmore and Councillor Benedict Swann.

33. Declarations of Members' Interests (AI 2)

There were no declarations of interest

34. Minutes of the meeting held on 20 July 2022 (AI 3)

RESOLVED that the minutes of the meeting held on 20 July 2022 be approved and signed by the Chair as a correct record.

As a matter arising it was confirmed that there had been significant improvements across the organisation in respect of compliance with emergency procedures and the exceptions had been closed.

In respect of the safe limit at Portico this would be followed up in the 22/23 Audit and reported back.

35. Consideration of any matters or referral arising from the 27 September 2022 Meeting of the Scrutiny Management Panel (AI 4)

The Chair advised that No matters had been referred to the committee at this point, as the cabinet member would first take into account any observations made by the Scrutiny Management Panel when reconsidering the matter.

Should the cabinet member be minded to refer the matter on to the committee before making a final decision the Chair advised that there may be a need to convene a special meeting of the committee in the coming couple of weeks.

36. External Audit verbal update - change in risk assessment since presentation of 2021/22 Audit Planning Report (AI 5)

David White from Ernst & Young, the Council's external auditors, provided the update.

The 2021/22 Audit Plan reported an inherent risk related to Infrastructure Assets.

It was noted in the Audit Plan that Ernst & Young would engage further with management in relation to this issue. Having considered the matter further as a result, Ernst & Young had increased this to an area of significant risk for the audit, and it would be reported on as such in the Audit Results Report.

The change in risk had arisen from the size of the balance involved, and the degree of likelihood that gross values could be materially misstated based on Ernst & Young's understanding of the granularity of the information available to the Council and the current processes to assess the accounting implications of this.

He did however highlight that this was a sector-wide issue impacting many Councils, and that work was ongoing by CIPFA and DLUHC to review the underlying accounting guidance, with a view to producing a possible short-term resolution to the issue.

In response to questions the issue was of a technical nature and did not affect the council's 'bottom line'. The issue concerned the value of council owned assets that were replaced, such as street furniture. The value of the new asset was recorded, but the value of the item that had been disposed of was not removed in all cases. The issue was around how this could be factored in and recorded to ensure compliance with the current Code of Practice on Local Authority Accounting.

37. Treasury Management Monitoring Report for the First Quarter of 2022/23 (AI 6)

(TAKE IN REPORT)

Chris Ward, S151 Officer, introduced the report, which informed members of the Council's Treasury Management position.

He advised the committee that the council was operating within authorised limits and indicators within the agreed Treasury Management Strategy but explained that the interest rate forecast required updating following recent announcements.

The actual budget monitoring position forecast showed an improvement in treasury management activities of £2m due to higher than forecast cash balances and rising interest rates realising a higher return on investments.

In response to a question about the council's financial situation in the current economic climate it was explained that it was a complex picture. Interest rates were used to manage inflation and inflation was the biggest concern. The Council had seen significant pressures as a consequence with £5m of additional costs above budget.

Following a question about whether the £3.8m additional costs in pay had been foreseen, it was explained that the estimates undertaken in January 2022 had budgeted for a pay increase of 2.5%, however the pay offer being consulted upon would equate to an average of 6.2%. This also impacted upon the cost of National Insurance contributions.

RESOLVED that

(i) the Council's Treasury Management activities have remained within the Treasury Management Policy 2022/23 in the period up to 30th June 2022 be NOTED; and

(ii) the actual Treasury Management indicators as at 30th June 2022 set out in Appendix A be NOTED.

38. Overview of Portsmouth City Council complaints, including Local Government and Social Care Ombudsman Complaints 2021/2022 (AI 7)

(TAKE IN REPORT)

Charlotte Smith, Assistant Director of Corporate Services, introduced the report which detailed the Annual Review of Complaints by the Local Government and Social Care Ombudsman (LGSCO) dated 20th July 2022, regarding complaints it had considered against Portsmouth City Council for the year 2021/22, and provided an overall review of complaints.

She advised that there had been an overall increase in complaints, although explained that the previous year had been artificially low due to the pandemic. Complaint levels were however higher than pre-pandemic levels, but there had been no particular trends.

She reminded the committee that a new Complaints Policy had been agreed in September 2021 and monitoring was now undertaken quarterly to identify and trends during the year.

Complaints to the Local Government Ombudsman had also increased, although only four of the 38 had been upheld.

The committee discussed a particular ombudsman complaint of concern which related to the length of time taken for a disabled facilities grant application to be considered in relation to a dropped kerb.

In reply it was explained that this case had triggered a review of the Occupational Therapy Policy to prevent a recurrence. The outcome for the individual was not known but would be found out for the committee.

The Chair requested that a report be considered at a future meeting providing more detail around learning from complaints from across directorates.

In response to a question about the higher percentage of Stage 2 and Stage 3 complaints in Children's Family and Education it was explained that complaints in this section were more likely to be complex and if every point had not been addressed to the satisfaction of the complainant they would be likely to progress to the next stage in the complaints process.

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

39. Data Security Breaches Report (AI 8)

(TAKE IN REPORT)

Helen Magri, Corporate Information Governance & Data Protection Officer, introduced the report which informed the Committee of any Data Security Breaches.

She confirmed that there were no unusual trends and that the highest percentage of data breaches had been down to human error such as emails being sent to the wrong recipient.

In response to a concern about a breach where a member of staff had accessed records that they shouldn't have it was explained that the ICO could prosecute staff members, but this had not happened at PCC. Whilst staff required access to sensitive information, access was rigorously monitored and disciplinary action would be taken if there was no valid reason for them to access the information.

The committee discussed the number of nil returns and questioned whether this was accurate. The Chief Internal Auditor believed that it would be worthwhile investigating this as reporting processes differed across the council.

Whilst data breach reports were considered at this committee and seen by the Chief Executive and the relevant officer board, members believed that it would also be beneficial for the relevant Directors and cabinet members to also have sight of the information.

RESOLVED that the Governance & Audit & Standards Committee noted the breaches that had arisen.

40. Review of Polling Districts and Polling Places (AI 9)

(TAKE IN REPORT)

Ian Fitchett, Elections Manager, introduced the report which detailed the outcomes of the review of polling districts and polling places recently undertaken and to invited members to consider the recommendations made.

RESOLVED that the Governance & Audit & Standards Committee Recommends to Full Council:

- (i) That the changes to the current polling scheme recommended in paragraphs 5.2 to 5.6 are approved and implemented on publication of the 2023 Register of Electors; and**
- (ii) That it be reconfirmed that the Returning Officer has delegated authority to make such variations to polling places as may be necessary arising from the availability of premises for use at a particular election.**

41. Internal Audit Performance Status Report to 31 August 2022 (AI 10)

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor, introduced the report which updated the Governance and Audit and Standards Committee on the Internal Audit Performance for 2022/23 to 31 August 2022 against the Annual Audit Plan.

She highlighted a couple of errors in the report and she confirmed that there were 18 follow up audits and 16 grants. There had been an increase in grants since the plan had been submitted for approval in March, but the audit was progressing with the areas identified in the Audit Plan.

Section 5, areas of concern, updated on the critical exception of supplier bank mandate changes. She explained that this matter was progressing, noting the short period since the initial audit.

Section 10 contained information on follow up audits. Of the three reviews which had received a second follow up audit the only area where there had been no significant traction was with the ABP pilotage contract. The issue was fundamentally on the contractor's side. The committee was informed that there were very few contractors who could perform this service, so the service

had no option other than to pursue ensuring that the relevant contract was signed. There were however other controls and arrangements in place. There were however other controls and arrangements in place.

In response to questions the committee was advised that some audits had been removed to accommodate the grants work. In some cases very little notice of the requirement for audit sign off had been given by central government and internal audit had no option but to undertake this work to ensure that the grants were not reclaimed.

In respect of audits which had been removed it was confirmed that all areas were reviewed annually against a risk assessment and the resulting audit plan was based upon this information.

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

- (i) The Audit Performance for 2022-23 to 31 August 2022; and**
- (ii) The highlighted areas of concern in relation to audits completed from the 2022/23 Audit Plan, including follow up work performed.**

The meeting concluded at 11.21 am.

Councillor Leo Madden
Chair