

**Minutes of a Meeting of the
Joint Governance Committee of
Adur District and Worthing Borough Councils**

Council Chamber, Adur Civic Centre, Shoreham-by-Sea

Thursday 4 June 2015

Councillor Rod Hotton (Chairman)

Adur District Council:

*Councillor Ann Bridges
*Councillor James Butcher
Councillor David Donaldson
Councillor Paul Graysmark
*Councillor Emily Hilditch
Councillor Fred Lewis
*Councillor Barry Mear

Worthing Borough Council:

Councillor Elizabeth Sparkes
*Councillor Paul Yallop
Councillor Joan Bradley
Councillor Michael Cloake
Councillor Alex Harman
Councillor Lionel Harman
Councillor Louise Murphy
*Councillor Bob Smytherman

*Absent

JGC/15-16/001 Declarations of Interest / Substitute Members

The Solicitor to the Councils / Monitoring Officer and the Section 151 Officer declared personal interests in relation to Item 10 on the agenda.

Councillor Keith Bickers substituted for Councillor Paul Yallop.

Councillor Norah Fisher substituted for Councillor Bob Smytherman.

JGC/15-16/002 Public Question Time

There were no questions from the public.

JGC/15-16/003 Minutes

The minutes of the Joint Governance Committee meeting held on the 24th March 2015, were agreed as a correct record.

JGC/15-16/004 Items Raised Under Urgency Provisions

There were no urgent items raised.

JGC/15-16/005 Internal Audit Progress Report (including the Internal Audit Annual Reports)

Before the Committee was a report by the Acting Head of Internal Audit, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 5.

The report outlined the performance of the Internal Audit Section during the period 1st to 30th April 2015 against the agreed 2014/15 and 2015/16 Annual Internal Audit Plan. A summary of the key issues raised in final audit reports issued since the last report to this Committee were provided along with the current status to the follow-up on the agreed audit recommendations made in final audit reports.

The report also provided the Head of Internal Audit's opinion reports on the system of internal control at Adur District Council and Worthing Borough Council during 2014/15, a detailed summary of the audit work completed against the 2014/15 audit plan and the key issues identified from this work.

A Member of the Committee identified that a significant number of recommendations had not been implemented as outlined in the 'Analysis of status of recommendations 2014/15' on page 8 and asked what follow up work had been undertaken in relation to these outstanding recommendations.

The Acting Head of Internal Audit advised that outstanding recommendations were monitored and their status reported back to Committee on a regular basis.

The Committee questioned whether the progress made towards implementing recommendations from IT Audits was satisfactory.

Officers advised that some recommendations took longer to implement than others and that Internal Audit looked to management to take ownership of the issues identified. The Committee was advised that Officers were getting to grips with these issues and starting to implement outstanding recommendations.

John Ross, Head of CenSus ICT attended the Committee meeting of this item of business. He acknowledged that the work undertaken by CenSus ICT following audit recommendations had not been communicated well in the past but advised that CenSus ICT would be following the process of Internal Audit rigidly in future and dealing with recommendations more proactively. The Committee were informed that the service would be restructured in the near future to make it more resilient and that Officers would be happy to come and address the Committee when required.

Members identified that there were a number of limited and nil assurance outcomes and sought assurance that these were being addressed.

Offices confirmed that the recommendations that remained outstanding were being flagged up to management as they needed to be held to account regarding such issues.

A Member stated that there had been a number of issues with IT in Worthing and asked why it had taken so long to get something in place and who was responsible for Disaster Recovery work.

The Head of CenSus ICT advised that he was responsible for Disaster Recovery and that this work was being addressed as an immediate priority. He also advised that resourcing issues were behind the majority of delays in responding to IT issues in Worthing.

Members challenged the Acting Head of Internal Audit as to why he was not getting the information he required regarding audit recommendations.

The Committee were informed that in some instances, recommendations had been implemented and that work had not been communicated and the Internal Auditor was working with the Chief Executive to highlight such issues.

Members questioned whether other departments had not been implementing recommendations.

The Acting Head of Internal Audit advised that he would report back to Committee regarding those who persistently failed to respond or implement recommendations.

A Member asked whether the implementation of audit recommendations should be given a higher priority.

The Acting Head of Internal Audit advised that it required a commitment by the organisation and these issues were highlighted to the Chief Executive and the Senior Management Team. It was noted that Internal Audit would continue to raise issues, as they were doing and that in their view a change in culture was required.

It was proposed and seconded that the Committee Chairmen meet with the Chief Executive to highlight the issue of outstanding audit recommendations.

Resolved,

The Joint Governance Committee:-

- i) noted the performance of the Internal Audit Section for 1st to 30th April 2015 against the 2015/16 audit plan;
- ii) noted the summary of the key issues raised in final audit reports issued since our last report to this Committee and the status of the follow-up on Internal Audit recommendations made as a result of audits completed during 2012/13, 2013/14 and 2014/15;
- iii) noted the Head of Internal Audit's opinion on the system of internal control at both Adur District Council and Worthing Borough Council during 2014/15 and the updated summary of the 2014/15 audits;

- iv) agreed that the Chairmen of the Joint Governance Committee meet with the Chief Executive to discuss the implementation of Internal Audit recommendations.

JGC/15-16/006 Annual Governance Statements 2014/15 – Review and Approval

Before the Committee was a report by the Director for Digital and Resources, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 6.

The Committee was asked to review and agree the Annual Governance Statements for 2014/15.

Members questioned what the status ‘progressing well’ meant in relation to ‘assessing the skills required by Members’ and what was happening in respect of ‘career structures for Members’.

Offices advised that a comprehensive review of Member Training was currently underway and that the outcome of this work would be reported back to Committee when concluded.

A Member questioned the contents of paragraph 3.7 of the report and asked how realistic it was to have received feedback from those Councillors identified.

Officers acknowledged that the Statements were a statutory requirement and explained that the timing for this piece of work was not ideal as it clashed with Local Elections.

Resolved,

The Joint Governance Committee

- a) noted the evidence of compliance with the Code of Corporate Governance and the Action Plan produced to deal with any issues arising from these requirements as set out in Appendix A;
- b) approved the Annual Governance Statements for each Council as set out in Appendices B and C and for the Joint Committee at Appendix E.

JGC/15-16/007 Proposed Revision of Contract Standing Orders

Before the Committee was a report by the Director for Digital and Resources, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 7.

The report proposed further amendments to the Contract Standing Orders used by both Adur District Council and Worthing Borough Council following the implementation of the Public Contract Regulations 2015.

The amendments had been the subject of consultation with both Executive Members for Resources, and the points raised had been incorporated into these Contract Standing Orders.

The Committee was advised that the regulations required that contracts over £25,000 must be advertised on Contracts Finder, the Government's e-procurement portal. The portal is available nationally and must be used in addition to any local e-procurement portal.

However, it was noted that Councils do have the freedom to determine the level at which Contract opportunities need to be advertised for within the Contract Standing Orders. For Adur and Worthing Councils it was recommended that this be set at £100,000. Below this level, Officers would have the freedom to seek quotes from a range of suppliers or go to formal tender which would require that the contract opportunity be advertised.

The Committee requested that the final sentence of paragraph 8.5.2 be amended to read 'value for money must be considered regardless of the value of the procurement'.

Resolved,

The Joint Governance Committee recommended to Council that the revised Contract Standing Orders, as amended, be approved.

JGC/15-16/008 Audit Committee Self-Assessment

Before the Committee was a report by the Director for Digital and Resources, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 8.

Members were asked to review and comment on the self-assessment of good practice questionnaire attached to the report which would enable them to assess the effectiveness of the Audit Committee and identify whether there were any changes that could be made to improve the Committee's overall effectiveness.

The Committee noted that compliance against most aspects of the self-assessment could be demonstrated. However, there were some recommendations for improvements which could further improve the effectiveness of the Audit Committee.

In particular, Members were asked to pay particular attention to the following matters when reviewing the assessment:-

1. Does the Committee take a role in overseeing risk management strategies?
The Committee hadn't been receiving any reports on risk management but was advised that it could request that such information be provided in future.
2. Is the chair free of executive or scrutiny functions?

The Adur Chairman of the Governance Committee had been the vice-chairman of the Joint Overview and Scrutiny Committee. The Committee noted that within smaller District and Borough Councils it may be difficult to get a strict separation between the Governance Committee and the other Committees of the Councils.

3. Are Members sufficiently independent of the other key Committees of the Council?

No member of the Executive sat on the Committee. However, members of the committee had sat on scrutiny and other non-executive committees. However, the Committee noted, as above, that within smaller District and Borough Councils it may be difficult to get a strict separation between the Governance Committee and the other Committees of the Councils.

The Committee considered and noted the suggested areas for training, which included:-

- Purpose of Internal / External Audit and the Section 151 Officer
- Treasury Management
- Statement of Accounts
- Risk Management
- Money Laundering

Consideration was also given as to whether the above training should be made compulsory for all Members prior to them sitting on the Committee.

Resolved,

The Joint Governance Committee:-

- i) considered and noted the contents of the self-assessment of good practice;
- ii) agreed the suggested areas for training and requested that Officers seek to provide these at the earliest opportunity;
- iii) requested that a quarterly risk management report be brought before the Committee.

JGC/15-16/009 Audit enquiries to those charged with Governance

Before the Committee was a report by the Director for Digital and Resources, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 9.

Adur and Worthing Councils external auditors, Ernst and Young, had requested that the Joint Governance Committee consider a letter about how the Joint Governance Committee gains assurance from management regarding the financial governance arrangements of the Councils.

Both the Adur and Worthing Chairmen of the Committee had received three letters, one for Adur District Council, one for Worthing Borough Council and one for the Joint Strategic Committee.

In order to assist the Committee in its deliberation of the letters, Officers had attached at Appendix 2, information pertinent to each of the questions raised which, it was suggested, could form the basis of a formal response.

It was proposed, seconded and agreed that the wording 'other than those brought to our attention through the work of internal audit' be removed as an amendment to the wording of paragraph 2 in response to question 3 on page 174.

In addition to the letters, the Audit Plans for the year ending March 2015 had also been circulated to the Committee for consideration. External Auditors Kate Handy and Tom Wilkins from Ernst and Young attended the meeting to present the plans.

A Member asked whether there had been any discussions regarding the amount the Councils had to pay?

Officers advised that the fee charged was a national fee but there would be a 25% reduction in the fee next year. The Committee was also advised that the Councils may be able to procure their auditors from 2017/18.

Resolved,

That the Joint Governance Committee:-

- i) considered and agreed a response to the audit letters; and
- ii) noted the contents of the audit plans.

JGC/15-16/010 Officer Employment Procedure Rules

Before the Committee was a report by the Solicitor to the Council, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 10.

The report sought Members approval of revised Officer Employment Procedure Rules, arising from the introduction of new legislation, the Local Authorities (Standing Orders) (England) (Amendments) Regulations 2015.

It was noted that the Regulations simplify and localise the disciplinary process for the Statutory Officers within the Council; the Head of Paid Service (Chief Executive), the Chief Finance Officer and the Monitoring Officer.

Resolved,

That the Joint Governance Committee

- i) recommended to Adur District Council that the revised Officer Employment Procedure Rules, at Appendix 1 of the report, be adopted as part of the Council's Standing Orders within its Constitution with effect from 24th July 2015;
- ii) recommended to Worthing Borough Council that the revised Officer Employment Procedure Rules, at Appendix 1 of the report, be adopted as part of the Council's Standing Orders within its Constitution with effect from 24th July 2015.

The meeting was declared closed by the Chairman at 8.02pm, it having commenced at 6:30pm.

Chairman