

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

Gordon Room, Town Hall, Worthing

Tuesday 22 March 2016

Councillor Elizabeth Sparkes (Chairman)

Adur District Council:

Councillor Rod Hotton
Councillor Carol Albury
Councillor Ann Bridges
*Councillor James Butcher
Councillor Paul Graysmark
*Councillor Emily Hilditch
Councillor Fred Lewis
*Councillor Barry Mear

Worthing Borough Council:

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

*Absent

JGC/15-16/041 Declarations of Interest

Councillor Louise Murphy declared a personal interest as a Non-Executive Director of Worthing Homes.

JGC/15-16/042 Minutes

The minutes of the Joint Governance Committee meeting held on the 19 January 2016, were agreed as a correct record.

JGC/15-16/043 Public Question Time

There were no questions from the public.

JGC/15-16/044 Items Raised Under Urgency Provisions

There were no urgent items raised.

**JGC/15-16/045 Certification of claims and returns annual reports 2014-15
and Audit Progress Reports**

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

The Auditors confirmed that in the Certification of claims and returns for Worthing Borough Council, 2 errors had been identified in the calculation of claimant income during initial testing. Where errors were identified, the certification guidance required auditors to complete more extensive '40+' extended testing.

The auditors had calculated an extrapolated error across the total population of Rent Allowance cases of £6,629 which had been reported to the DWP in the qualification letter. The Committee noted that the actual audit fee for this work was £8,954.

The Certification of claims and returns for Adur District Council identified a significant number of errors in the calculation of claimant income. Members noted that the DWP had reclaimed £146k of benefit subsidy paid as a result of the errors and the actual fee paid to the auditors was £16,307, significantly down on the previous year. A summary of recommendations raised was included within the report at page 23.

Members questioned how common it was to find errors in the calculation of claimant income. The auditors advised that errors were common, however, the numbers detected in Adur were unprecedented.

The Joint Governance Committee Progress Reports provided an outline of the 2015/16 Audit and Value for Money Work. Members were advised that the overall criterion for the 2015/16 Value for Money Work was 'In all significant respects, Adur and Worthing Councils had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people'. This was supported by three sub-criteria which were designed to help the auditors structure their risk assessment.

The report also advised the DWP had announced that it had decided not to extend the existing arrangements for external audit contracts beyond the end of 2017/18 and that from 2018/19 onwards, local authorities would be responsible for appointing their own auditors and directly managing the resulting contract and the relationship.

A Member asked what process would be adopted by the Councils for appointing their auditor. Officers advised that CIPFA may offer to do this on the Councils behalf or there could be a joint West Sussex procurement exercise.

Resolved,

The Joint Governance Committee noted the contents of the Certification of claims and returns annual reports 2014-15 and Audit Progress Reports.

**JGC/15-16/046 Joint Treasury Management Strategy Statement and Annual
Investment Strategy 2016/17 to 2018/19 Adur District
Council and Worthing Borough Council**

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 report informed the Committee that the Councils were required to receive and approve, as a minimum, three main reports each year, incorporating a variety of policies, estimates and actuals. This was the Prudential and treasury indicators and treasury strategy report which covered:-

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

The Committee noted that the capital expenditure figures from 2016/17 onwards included the amounts allocated to the Strategic Property Fund for both Councils and a £10m loan from Worthing Borough Council, to a local registered social landlord, in 2016/17.

Members were advised of the under-borrowed position for Adur District Council and that there had been no real change to the investment approach. It was also noted that Officers regularly gave consideration to what the Councils could earn from investments against how much it would cost to borrow. As a result, the Councils were borrowing very short at 0.7-0.9% for a 1 year period.

A Member asked whether the EU Referendum would have an impact on interest rates. Officers advised that the prospect of a rate increase was not imminent.

Resolved,

The Joint Governance Committee:-

- i) noted the TMSS and AIS report (including the Prudential Indicators and Limits, and MRP Statements) for 2016/17 - 2018/19,
- ii) did not refer any comments or amendment to the TMSS and AIS to the next meeting of the Joint Strategic Committee.

JGC/15-16/047 Internal Audit Progress Report

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 7.

The report outlined the performance of the Internal Audit Section for the period 1 April to 29 February 2016 against the agreed 2015/16 Annual Internal Audit Plan. It was noted that as at 29 February 2016, 75% of the planned days had been delivered against the revised plan.

In addition, the report provided a summary of the key issues raised in final audit reports issued since the last report to the Joint Governance Committee and provided the status of the follow-up on the agreed audit recommendations made in final audit reports.

Since the previous Committee, five reports had been finalised; of these one gave Satisfactory assurance, two were Limited assurance and two were No assurance. A total of 37 Priority 1 recommendations had been raised within these reports including 20 from the Decent Homes - Kitchens & Bathrooms Measured Term Contract (2015/16). These were in relation to a contract management issue regarding the retention of documentation.

Officers confirmed that a follow-up monitoring application was being designed by the Digital Team which would transform the way in which recommendations were monitored and followed up in the future. It was anticipated that this would be in place for the new audit year and demonstrated to the Committee in June 2016. The application would enable management to get more involved and would signal a significant move in the right direction.

Members agreed that there were ongoing problems with the Decent Homes Contract which was having a significant impact on Adur Homes properties. It was proposed and seconded that the Committee receive a report regarding the Decent Homes Contract in June 2016.

Resolved,

The Joint Governance Committee:-

- 1) noted the performance of the Internal Audit Section against the 2015/16 audit plan;
- 2) noted the summary of the key issues raised in final audit reports issued since the last meeting and the current status on the follow-up on Internal Audit recommendations;
- 3) requested that a report be brought to the June meeting of the Committee regarding the Decent Homes Contract.

JGC/15-16/048 Internal Audit 2016/17 Annual Audit Plan & 2016/19 3 Year Strategic Audit Plan

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 8.

The report presented the draft Internal Audit 2016/17 Annual Audit Plan and 2016/19 3 Year Strategic Audit Plan for consideration and approval.

Officers confirmed that there was a total of 514 audit days scheduled in the plan with a focus on completing audits in high risk areas. The draft was fluid and Officers welcomed the opportunity to review the focus and priorities in the plan.

Members proposed the inclusion of the following additional audits:-

- Invest to Save Projects - including; climate change, theatres and New Ways of Working;
- Taxi Licensing Operation (the Acting Head of Internal Audit suggested that the date of the previous audit be checked along with the status of the recommendations).

Resolved,

That the Joint Governance Committee

- i) identified the following additional audits to be included in the 2016/17 Plan;
 - Invest to Save Projects - Climate Change, Theatres and New Ways of Working;
 - Taxi Licensing Operation - subject to checks by the Acting Head of Internal Audit;
- ii) approved the 2016/17 Annual Audit Plan and the 2016/19 3 Year Strategic Audit Plan as amended above.

JGC/15-16/049 Risk and Opportunity Management Strategy 2016-18

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

The report provided the detail of a revised Risk and Opportunity Management Strategy (ROMS) for both Councils for the period 2016 to 2018.

Members welcomed the policy and suggested the content be amended to make reference to the Executives instead of the Cabinets.

Resolved,

That the Joint Governance Committee noted the revised Risk and Opportunity Management Strategy 2016-18 and recommended it to the Joint Strategic Committee for adoption.

JGC/15-16/050 Risk and Opportunity Management updates

Before the Committee was a report by the Director for Digital & Resources, 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 provided a quarterly update on the management of the Councils risks and opportunities. An overview of how risks were reported and updated was provided and the Committee noted that all risks were monitored using a free app called 'Trello'. Trello Boards had been created for the Risk Registers and the detail of each risk was provided in an accompanying 'google doc'. It was noted that some of the background information documents contained commercially sensitive data and therefore access to them was restricted.

A Member asked questions about the funding associated with Risk CO4 - Summer of Circus (potential of not securing sufficient external funding / sponsorship to cover possibility of low ticket sales) and the proposed location of the Gorilla Circus Flying Trapeze.

Members requested that the Head of Culture provide clarification to the Committee of the costs associated with Risk CO4 and the location of events for the Summer of Circus.

Resolved,

The Joint Governance Committee noted the progress in managing risks and opportunities and requested that a further progress report be presented to the Committee in September 2016.

JGC/15-16/051 Local Government Ombudsman Complaints

Before the Committee was a report by the Director for Digital & Resources, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 11.

The report provided further quarterly analysis on the Local Government Ombudsman (LGO) complaints that had been processed by the Councils.

A Member was disappointed to see a complaint that 'the Council failed to assist a complainant when he faced homelessness' and suggested that the Joint Governance Committee take a closer look at this area of work.

It was proposed and seconded that a report regarding homelessness be brought to the June meeting of the Joint Governance Committee.

Resolved,

The Joint Governance Committee:-

- i) noted the contents of the report and agreed to receive a further analysis of Local Government Ombudsman complaints in September 2016;
- ii) requested that a report regarding homelessness be received at the June meeting of the Joint Governance Committee.

JGC/15-16/052 Chairman's Announcement

The Chairman wished to place on record the Committee's thanks to Cllr Rod Hotton for his contribution to the work of the Joint Governance Committee.

The meeting was declared closed by the Chairman at 7.35pm, it having commenced at 6:30pm.

Chairman