

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

**Queen Elizabeth II Room, Shoreham Centre, Shoreham-by-Sea**

**Tuesday 7 June 2016**

Councillor George Barton (Chairman)

**Adur District Council:**

\*Councillor Jim Funnell  
Councillor Carol Albury  
Councillor Ken Bishop  
Councillor Kevin Boram  
Councillor Paul Graysmark  
Councillor Emily Hilditch  
Councillor Barry Mear

**Worthing Borough Council:**

Councillor Elizabeth Sparkes  
Councillor Paul Yallop  
Councillor Paul Baker  
\*Councillor Joan Bradley  
Councillor Alex Harman  
Councillor Lionel Harman  
\*Councillor Steve Wills  
Councillor Mark Withers

\*Absent

**JGC/16-17/001      Declarations of Interest**

Councillor Louise Murphy substituted for Councillor Joan Bradley.

Councillor Louise Murphy declared a personal interest in Item 10 as a Non-Executive Director of Worthing Homes.

**JGC/16-17/002      Minutes**

The minutes of the Joint Governance Committee meeting held on the 22 March 2016, were agreed as a correct record.

**JGC/16-17/003      Public Question Time**

There were no questions from the public.

**JGC/16-17/004      Items Raised Under Urgency Provisions**

There were no urgent items raised.

**JGC/16-17/005      Adur District Council and Worthing Borough Council Audit Plans for 2015/16**

Before the Committee were the Annual Audit Plans for 2015/16 from 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.

A summary of the key points was presented to Members which included:-

- Section 2 - Financial statement of risks - auditors identified, in both plans, a significant risk of 'management override' and set out the corresponding audit approach;
- Section 3 - Economy, efficiency and effectiveness - auditors confirmed that no risks had been identified at either authority;
- Section 4 - Our audit process and strategy - auditors advised the Committee of the specialists who would provide input and advice during the audit of key judgements (outlined in 4.2), outlined the mandatory audit procedures required by auditing standards and the Code (paragraph 4.3) and confirmed that the overall materiality for the financial statements of Adur District Council was £1.08m and for Worthing Borough Council was £1.45m , based on 2 per cent of gross expenditure (as set out in 4.4).

A Member questioned whether Section 3 - Economy, efficiency and effectiveness was a business or financial audit. The auditors advised that both business and financial aspects were considered.

Members sought reassurance that Adur and Worthing Councils had sufficient resource for the 2015/16 audit and support from the Councils Leadership Team. Officers confirmed that there was sufficient resource to support the audit work and advised that the approach to audit would be changing as in 2017/18 it would need to be completed by the end of July 2018.

**Resolved,**

The Joint Governance Committee noted the contents of the 2015/16 Audit Plans.

**JGC/16-17/006      Adur District Council and Worthing Borough Council Audit Fee Letters**

Before the Committee were the Audit Fee letters for the 2016/17 Annual Audit from 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 6.

Members were pleased to see that Audit Fees were reducing but sought clarification that a robust audit would still be undertaken. The auditors informed Members that as a result of the Audit Commission being abolished, costs had been reduced. The work

undertaken by the auditors was also more 'light touch' which had also helped to reduce fees.

**Resolved,**

The Joint Governance Committee noted the contents of the 2016/17 Annual Audit Fee Letters.

**JGC/16-17/007      Audit enquiries to those charged with Governance**

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

Members were asked to consider letters from the external auditors (Ernst & Young) which asked the Committee to consider how it gained assurance from management regarding financial governance arrangements for Adur and Worthing Councils.

To assist the Committee with its deliberations; information pertinent to each of the questions raised was provided at Appendix 2 to the report which, it was proposed, could form the basis of a formal response.

Members were pleased to note the contents of paragraph 3.2 which confirmed that both Councils and the Joint Committee were 'going concerns' but sought clarification regarding the 'reasonable level of reserves'. Officers advised that a figure of 8-10% of the annual budget was considered to be an adequate level of reserve.

The Chairman suggested that there was scope for Members to be more involved with audit reporting and proposed that both Chairmen meet with the Chief Financial Officer and the Monitoring Officer on a monthly basis for this purpose.

**Resolved,**

The Joint Governance Committee:-

- I. considered and agreed the responses to the audit letters;
- II. agreed that the Committee Chairmen meet with the Chief Financial Officer and the Monitoring Officer on a monthly basis.

**JGC/16-17/008      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 8.

The report noted the performance of the Internal Audit Section up to the 30 April 2016, 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 current status on the follow-up of agreed audit recommendations made in final audit reports.

The report also provided the Acting Head of Internal Audit's opinion reports on the system of internal control at Adur District Council and Worthing Borough Council during 2015/16 and provided a detailed summary of the audit work completed (87.2%) against the 2015/16 audit plan along with the key issues identified from this work.

The Committee noted that 7 reports had been finalised since the last report, 6 provided satisfactory assurances and 1 provided a limited assurance. Officers also confirmed that good progress had been made regarding the implementation of recommendations.

The Internal Audit Annual Reports for 2015/16 were provided as appendices 5 and 6 and identified the following key themes from the internal audit work this year:-

- the continued lack of IT Disaster Recovery Plans, although it was acknowledged that these were being worked on;
- further procurement and contract issues, including non-compliance with Council Contract Standing Orders, contract management and information retention.

A Member sought clarification regarding who the Internal Auditors were, how much they charged and why the service was not provided internally.

Officers confirmed that it was difficult to source internal audit specialists for small organisations and therefore both Councils had sought to externalise their services. The Internal Audit function was currently provided by Mazars and Adur and Worthing Councils re-procured every 5 years to ensure that the contract was competitive.

Members raised concerns about the continued lack of IT Disaster Recovery Plans and the procurement and contract issues but were pleased to note that the implementation of priority 1 recommendations had significantly improved in the past year.

It was suggested that a paragraph be added to future annual reports regarding suspected frauds and clarification was sought as to whether Members would be able to access the Internal Audit App.

The Acting Head of Internal Audit confirmed that a paragraph regarding suspected fraud would be added to future annual reports and that the Internal Audit App was close to implementation. A demonstration of the App would be provided to Members when it was ready.

Officers also provided an update regarding the Decent Homes Contract, following its recent audit, advising the Committee that it was an example of poor contract

management. It was noted that a new contract was due to be awarded and that the issues identified during the audit would be used as a checklist during the tender process. The Head of Business & Technical Services was satisfied that the right steps had been put in place to ensure robust management of this contract in future.

### **Resolved,**

That the Joint Governance Committee

- noted the performance of the Internal Audit Section;
- noted the summary of key issues raised in final audit reports issued since 22 March 2016 and the current status of the follow-up on Internal Audit recommendations;
- noted the Head of Audit's opinion on the system of internal control at both Adur District Council and Worthing Borough Council during 2015/16 and the updated summary of the 2015 / 16 audits.

### **JGC/16-17/009      Annual Governance Statements 2015/16 - Review and Approval**

Before the Committee was a report by the Chief Financial Officer, 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 requested that Members review and agree the Annual Governance Statements for 2015/16 and note the contents of the progress report set out in appendix A.

The Committee raised concerns regarding the key themes arising from the internal audit work across the Councils, namely: the continued lack of IT Disaster Recovery Plans and further procurement and contract issues (outlined in para 4.4).

Officers informed the Committee that the Head of Census ICT had recently resigned and it was therefore suggested that the Director for Digital & Resources bring a report to the September meeting of the Committee to update Members regarding the IT Disaster Recovery Plan. It was noted that there had been improvements with procurement including the use of consortiums and frameworks for purchasing. However, there were continuing problems with contract management.

Members sought clarification of the measures being implemented to address pockets of poor performance in relation to contract management. Officers advised that problems had arisen from commissioning services in a different way and that mandatory training would be provided to all officers managing major contracts. Reviewing contract management would also form part of the work of Internal Audit.

Members requested that reports be brought back to Joint Governance Committee when audit reviews of major contracts had been concluded.

**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 Appendix B and C to this report.

**JGC/16-17/010      Homeless Case Review**

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

The Joint Governance Committee received a report on 22 March 2016 in regards to Ombudsman Complaints and during consideration of that item, Members raised concerns about a complaint that 'the Council failed to assist a complainant when he faced homelessness' and requested a report regarding homelessness be brought to the June meeting of the Committee.

The report set out the actions and decision of Worthing Borough Council and outlined the recommendations contained within the Ombudsman's decision.

Officers provided details of the recent restructure to the Housing Service and highlighted new posts and procedures that had been put in place to ensure better tracking of complaints and member enquiries.

Members acknowledged the role of the Project Assistant but sought further assurances that new processes would be robust and timely when dealing with complaints in the future.

Officers advised that a new IT system for handling complaints, compliments and comments on services had been developed within the Councils, and following a period of testing, would be rolled out in early June 2016. The system would enable the Councils to track complaints to ensure they were responded to within appropriate timescales, and also enable monitoring of the quality of responses to complaints to ensure a high standard was maintained. In addition, the culture of handling and responding to complaints would also need to be reviewed and this work would be undertaken in conjunction with the roll out of the IT system.

**Resolved,**

The Joint Governance Committee noted the implementation of a new internal process with the Project Officer post acting as a central point to coordinate Housing Services complaints and track their progress.

**JGC/16-17/011      The Accounts and Audit Regulations 2015**

Before the Committee was a report by the Chief Financial Officer, 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 briefed the Committee on the Accounts and Audit Regulations 2015 which were laid before Parliament on 17 February 2015 and which came into force on 1 April 2015.

It was noted that the Accounts and Audit Regulations 2015 revoked the Accounts and Audit (England) Regulations 2011 (and related adjusting amendments). The 2011 regulations were in effect in relation to financial years ending on or before 31 March 2015. The Councils' Statement of Accounts for 2014/15 was subject to the requirements of the 2011 Regulations. The publication and audit of the forthcoming 2015/16 Statement of Accounts would be subject to the 2015 Regulations.

Officers advised that one of the requirements of the new regulations would be the publication of the statement of audited accounts by 31 July each year from 2017/18 (currently 30 September).

**Resolved,**

The Joint Governance Committee noted the publication and requirements of the Accounts and Audit Regulations 2015.

**JGC/16-17/012      Amendments to the Constitution**

Before the Committee was a report by the Solicitor to the Councils, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 12.

The report sought to update Members of the Joint Governance Committee on recent amendments made to the Councils' Constitutions by the Monitoring Officer.

It was noted that Article 11, paragraph 11.03, of the Councils' Constitutions, sets out the Functions of the Monitoring Officer and states "The Monitoring Officer has the delegated authority to make minor and consequential amendments to the Constitution at any time".

The amendments were in relation to:-

- Petition Scheme
- Scheme of Officer Delegations
- Council Procedure Rules

A Member sought clarification about questions by the public at Council meetings, in particular, if a person asked a question on behalf of somebody else, would they need to provide that persons name and address. Officers confirmed that they would need to do so.

A Member questioned the appropriateness of Council referring motions regarding regulatory matters to either the Licensing or Planning Committees. Officers advised that Council had no remit to consider such motions, however, regulatory committees could make recommendations to Council.

**Resolved,**

The Joint Governance Committee noted the contents of the report.

### **JGC/16-17/013      Chairman's Announcement**

The Chairman wished to place on record the Committee's thanks to Kate Handy for her contribution to the work of the Joint Governance Committee.

The meeting was declared closed by the Chairman at 7.45pm, it having commenced at 6:30pm.

**Chairman**