

**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 27 June 2017**

Councillor George Barton (Chairman)

**Adur District Council:**

Councillor Kevin Boram  
Councillor Carol Albury  
Councillor Ann Bridges  
\*Councillor Jim Funnell  
Councillor Paul Graysmark  
Councillor Barry Mear  
1 x Vacant UKIP Seat

**Worthing Borough Council:**

Councillor Elizabeth Sparkes  
Councillor Lionel Harman  
Councillor Paul Baker  
Councillor Callum Buxton  
Councillor Jane Sims  
Councillor Bryan Turner  
Councillor Steve Wills  
Councillor Mark Withers

\*Absent

**JGC/001/17-18      Substitute Members**

Councillor Geoff Patmore substituted for the vacant UKIP seat.

**JGC/002/17-18      Declarations of Interest**

Councillor Elizabeth Sparkes declared an interest in item 6 as a previous employee of BDO LLP.

**JGC/003/17-18      Minutes**

The minutes of the Joint Governance Committee meeting held on the 28 March 2017, were agreed as a correct record.

**JGC/004/17-18      Public Question Time**

There were no questions from the public.

**JGC/005/17-18      Items Raised Under Urgency Provisions**

There were no urgent items raised.

## **JGC/006/17-18      External Audit Progress Report**

The Committee received an oral update from the External Auditors regarding the appointment of auditors, by Public Sector Audit Appointments Limited (PSAA), through a competitive tender procurement exercise.

Members were informed that 5 contracts had been awarded and that local authority audits would be allocated to each firm:-

- Grants Thornton UK LLP - 40% share
- Ernst & Young LLP - 30% share
- Mazars LLP - 18% share
- BDO LLP - 6% share
- Deloitte LLP - 6% share

It was noted that scale fees were expected to reduce by up to 18% delivering a further reduction in audit fees. As a result, audit fees would be a little over a third of what they were before the outsourcing and framework contract process started.

### **Resolved,**

The Joint Governance Committee noted the update provided.

## **JGC/007/17-18      Internal Audit Progress Report**

Before the Committee was a report from 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 sought to update the Committee regarding the performance of the Internal Audit Section and provide summaries of the key issues raised in final audit reports issued since the previous report to the Committee; the status on the implementation of agreed audit recommendations; and on fraud work conducted at the Councils.

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 2016/17 and provided a detailed summary of the audit work completed against the 2016/17 audit plan and the key issues identified from this work.

The Committee were informed that the Audit App was performing well and that there had been considerable improvement in the implementation of agreed audit recommendations as a result. It was noted that 40% of the 2016/17 audit recommendations had already been implemented.

A Member of the Committee raised concerns regarding contractor staff having access to the HMS system and being able to amend and vary works. Officers advised that contractor staff were no longer able to access the system to make amendments.

A Member questioned the scope of internal audit and whether it included third parties where the Councils contracted out services, such as CenSus, in order to review their internal controls. Members were informed that there were a number of ways the work of third parties could be audited such as looking at the Councils monitoring of the service being provided, to ensure that what the contract required was being undertaken. Officers confirmed that in respect of the CenSus partnership, it was embedded within the partnership agreement that the Councils could undertake internal audit if and when required

**Resolved,**

The Joint Governance Committee noted the contents of the report.

### **JGC/008/17-18      Annual Governance Statements**

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 8.

Members were informed that the the Annual Governance Statement was a statutory requirement and that the Committee needed to approve these on an annual basis. The statements had been the subject of a major revision in 2017, as a new framework and guidance had been published, highlighting the principles of good governance that each local authority should follow, from which, new principles and requirements had arisen.

The statements had been prepared in accordance with the new guidance and there had been a number of significant changes as a result. Some significant governance issues had been highlighted within the statements, which were strongly informed by the work of the internal audit team. These included issues with:-

- contract management;
- disaster recovery; and
- housing repairs.

A Member highlighted Action Code A1/04 from Appendix A expressing concern that the Councils did not have an anti-fraud and corruption policy in place. Officers advised that the Fraud Manager was currently drafting a policy which would be presented to the Committee in September 2017.

Action Code A3/04 was also queried by a Member. The Chief Financial Officer (CFO) confirmed that although the Councils were not complying with the recommended guidance, this had not weakened operations.

**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 to the report.

#### **JGC/009/17-18      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.

The Councils' external auditors, Ernst and Young, had requested that the Joint Governance Committee consider a letter about how it gained assurance from management regarding the financial governance arrangements of the Councils. The Chairmen of the Committee had received two letters, one for Adur District Council, and one for Worthing Borough Council which had been attached to the report as Appendix 1.

To assist the Committee in its deliberation of the letters, officers attached information pertinent to each of the questions raised, as Appendix 2. It was proposed that this could form the basis of a formal response.

#### **Resolved,**

The Joint Governance Committee approved the proposed responses to the audit letters.

#### **JGC/010/17-18      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 10.

The Committee was asked to review and comment on the self-assessment of good practice questionnaire attached to the report; assess the effectiveness of the Joint Governance Committee; and identify whether there were any changes that could be made to improve the Committee's overall effectiveness.

The Committee questioned why no responses to quality questionnaires had been received, as identified by internal audit process 5 in Appendix 2. Officers agreed to raise the issue with the Interim Head of Internal Audit and ensure this was incorporated into future audit practice.

Members stated that the recent Treasury Management briefing, provided by Capita, had been very informative and that all members of the Joint Governance Committee should be encouraged to attend future briefings. Officers agreed to investigate the possibility of future briefings taking place prior to meetings of the Joint Governance Committee.

A Member requested that the Committee membership be surveyed in order to assess Members' skills and experiences and identify any future training requirements.

**Resolved,**

That the Joint Governance Committee:-

- i) considered the self-assessment of good practice checklist; and
- ii) requested that a Member survey be conducted and that the completion of quality questionnaires be incorporated into future internal audit practice.

**JGC/011/17-18      Risk & Opportunity Management Updates**

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 11.

The report provided an update on the management of the Councils' risks and opportunities.

**Resolved,**

That the Joint Governance Committee noted the progress in managing risks and opportunities and requested a further progress report be presented to the Committee in November 2017.

**JGC/012/17-18      Disaster Recovery**

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 12.

The report provided a response to queries raised at Adur and Worthing Councils Joint Governance Committee in 2013 and an updated request made by the Joint Governance Committee on 7 June 2016. CenSus ICT had been asked to respond to the Committee regarding the state of Disaster Recovery services and highlight the options at the Councils' disposal.

The Committee were advised that a planned Disaster Recovery Test on the Bank Holiday weekend (26-29 May 2017) was postponed due to:-

- the identification that Sussex Police's CCTV service was reliant on the Town Hall's power supply; and
- the calling of a snap General Election on the 8 June 2017.

Members noted that although the test did not take place, a significant amount of planning was undertaken and a number of lessons learned. It was proposed that the test would now be undertaken between the 23-25 September 2017.

The report also provided information regarding the Council's resilience arrangements in regards to data backup to disk and tape and a project to migrate locally hosted computing and storage services to a secure cloud host.

Members acknowledged the unfortunate set of circumstances that led to the cancellation of the test in May 2017 and sought assurances that the test would go ahead as planned in September 2017. Officers advised that it was not uncommon for it to take several attempts to run a Disaster Recovery test, however, arrangements were already in place for the test to take place in September 2017.

The Committee noted that a recent IT resilience audit had identified that there was an absence of regular routine backup recovery testing. Officers advised that a test schedule, procedure and record keeping document was being created.

The Director for Digital & Resources informed the Committee that the strategic direction was changing. A high level of resilience was offered by the large providers along with extremely high standards of 'uptime'. Members noted that cloud services meant physical data centres on the outskirts of London, which were heavily secured.

The Committee discussed the importance of digital security and the importance of blending both a social and technological approach. Members also sought assurance regarding use of Council tablet devices on open wifi networks.

## **Resolved,**

That the Joint Governance Committee

- noted the progress made towards the provision of IT disaster recovery arrangements; and wider business continuity planning;
- noted and reluctantly accepted the rationale for postponing the planned DR test to September 2017 but would not be prepared to endorse any further delays;
- requested that a report be brought to the Committee in November 2017 regarding the proposed Disaster Recovery test, including confirmation that the formalised process and evidence for backup recovery tests was in place.

## **JGC/013/17-18      Proposed Revisions to 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 13.

The report proposed some further amendments to the Joint Contract Standing Orders to reflect the new procurement strategy recently agreed at Joint Strategic Committee, provide some clarification on the requirements to advertise on the National Contracts Finder, and some guidance regarding the standstill period.

The Committee were also asked to note revised definitions for Key and Exempt Decisions, as circulated in advance of the meeting, which replaced general consideration 3, from page 6 of the Contract Standing Orders.

### **Resolved,**

That the Joint Governance Committee considered the proposed amendments and recommended to Adur and Worthing Councils that the amended Contract Standing Orders, be approved.

## **JGC/014/17-18      Amendments to the Constitution**

Before the Committee was a report by the Monitoring Officer, copies of which had been circulated to all Members and copies are attached to the signed copy of these Minutes as Item 14.

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

### **Resolved,**

That the Joint Governance Committee noted the contents of the report.

The meeting was declared closed by the Chairman at 7.50pm, having commenced at 6.30pm.

**Chairman**