

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

**QEII Room, Shoreham Centre, Shoreham-by-Sea**

**Thursday 31 May 2018**

Councillor George Barton (Chairman)

**Adur District Council:**

Councillor Kevin Boram  
Councillor David Balfe  
Councillor Paul Graysmark  
Councillor Andrew McGregor  
Councillor Paul Mansfield  
Councillor Barry Mear  
Councillor Peter Metcalfe

**Worthing Borough Council:**

Councillor Lionel Harman  
Councillor Nigel Morgan  
Councillor Jim Deen  
Councillor Louise Murphy  
Councillor Jane Sim  
Councillor Bryan Turner  
Councillor Steve Waight  
Councillor Steve Wills

\*Absent

**JGC/001/18-19      Substitute Members**

There were no substitutions.

**JGC/002/18-19      Declarations of Interest**

Councillor Louise Murphy declared a personal interest in item 14 as a Non Executive Director of Worthing Homes.

Councillor Barry Mear declared an interest in respect of item 17 and left the meeting during its consideration.

Councillor Paul Mansfield declared an interest in respect of item 17 and left the meeting during its consideration.

**JGC/003/18-19      Minutes**

The minutes of the Joint Governance Committee meeting held on the 27 March 2018, were agreed as a correct record.

### **JGC/004/18-19      Public Question Time**

There were no questions from the public.

### **JGC/005/18-19      Items Raised Under Urgency Provisions**

There were no urgent items raised.

### **JGC/006/18-19      Adur and Worthing Progress Reports**

Before the Committee was a report from the External Auditor, copies of which had been circulated to all Members and a copy is attached to the signed copy of these Minutes as item 6.

Paul King, Ernst & Young, attended the meeting and presented progress reports for Adur and Worthing, summarising the work undertaken since the last meeting of the Joint Governance Committee in March 2018.

The report updated the Committee on the external auditors plans for the 2017/18 audit, to ensure they continued to be aligned with Members service expectations.

#### **Resolved,**

The Joint Governance Committee noted the contents of the reports.

### **JGC/007/18-19      Worthing Borough Council Qualification Letter**

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

Paul King, Ernst & Young, presented the qualification letter for Worthing Borough Council Housing benefit subsidy claim for the year ended 31 March 2017.

The Committee was informed that testing of an initial sample of rent allowance cases identified one case where benefit was underpaid. Given the nature of the population and the errors found, an additional random sample of 40 cases was tested to confirm whether partner earnings had been correctly calculated.

The testing resulted in an adjustment of £6,156 but as this was below the DWP threshold, there would be no financial consequence to the Council.

A Member asked the external auditor whether he considered the situation to be satisfactory. Mr King replied that the calculation of benefit was dependent on a large number of variable factors. Therefore, it was highly likely that errors would be found

although these could be very small in value. Mr King advised that he did not think that the level of error was particularly significant.

The Committee highlighted that the Council had incurred £4k of additional audit fees for testing which identified a £6k adjustment. Mr King advised that there had been delays resulting from a disagreement as to whether the error existed. The PSAA had ruled that the error required extended testing. Had this been agreed sooner, then the testing would have been concluded earlier.

**Resolved,**

The Joint Governance Committee noted the contents of the letter.

**JGC/008/18-19      Certification of claims and returns annual report  
2016-17 Worthing Borough Council**

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

Paul King, Ernst & Young, presented the Certification of claims and returns annual report 2016-17 for Worthing Borough Council.

**Resolved,**

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

**JGC/009/18-19      Annual Audit Fee Letters**

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

Paul King, Ernst & Young, presented the annual audit fee letters to the Committee. It was noted that nearly all local authorities had opted into the PSAA arrangements for local auditor appointment. A block procurement had resulted in significantly lower audit fees than in previous years (23% lower than the fees applicable for 2017/18).

**Resolved,**

That the Joint Governance Committee noted the contents of the Audit Fee letters.

## **JGC/010/18-19      Head of Internal Audit's Annual Opinion 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 also attached to the signed copy of these Minutes as Item 10.

The report provided the Committee with the Head of Internal Audit's opinion reports on the system of internal control at Adur District Council and Worthing Borough Council during 2017/18 and provided a detailed summary of the audit work completed against the 2017/18 audit plan and the key issues identified from this work.

Members were advised that as a result of the internal audit work undertaken in 2017/18, a satisfactory assurance opinion had been provided regarding the system of internal control in place at both Adur District Council and Worthing Borough Council, for the year ended 31 March 2018.

However, the following control issues were identified:-

- the continued lack of IT Disaster Recovery Plans (both Councils);
- further procurement and contract issues, including non-compliance with Council Contract Standing Orders, contract management and information retention (both Councils);
- poor control over the identification, variation, post inspection and approval of Housing Repair works (ADC only); and
- a lack of policies and inadequate procedures in respect of the calculation and recovery of financial charges to Leaseholders, particularly for major works (ADC only).

The Committee noted that an ICT Disaster Recovery Test was scheduled in June 2018. Officers advised that tests of this type were difficult to arrange and agreed to provide a briefing note to the Chairmen providing an overview of the test proposed. A Member sought clarification regarding the testing of other significant risks that had been identified in addition to a power outage. Officers advised that the Councils had just undertaken PSN accreditation and the Head of ICT would provide a written report to the Committee outlining further testing and work to be undertaken over the next 12 months.

A Member highlighted the 20 recommendations resulting from the Limited Assurance Audit Project on GDPR Gap Assessment and asked if these had been addressed by the 25 May 2018. Officers advised that it had not been possible to implement the findings in their entirety prior to the deadline. However, a comprehensive action plan was in place which incorporated a progress tracker and Officers were making good progress on an ongoing range of activities. The Committee was informed that training had been provided to all staff and that training for Members would be provided during the summer.

Concerns were raised that standards were falling, as evidenced by an increasing number of limited assurance ratings and no full assurance ratings. The Acting Head of Internal Audit advised that Internal Audit targeted areas that were known to be not working effectively. There were no significant problems identified in the control framework and the report highlighted those areas that were of concern. It was noted that Adur and Worthing Councils were not the only local authorities where ICT Disaster Recovery Plans were outstanding and that Officers were treating audit recommendations seriously, more so than in previous years.

A Member sought an update regarding the No Assurance Audit for Leaseholder Charges. Officers advised that the newly appointed Leaseholder Manager was currently reviewing policies, tenant service charges and the quality of billing. It was noted that new procedures had been put in place and that appropriate Human Resource action had been taken against staff who were not properly complying with the Councils policies.

The Chairman of the Committee requested that the Head of Housing attend the next meeting of the Joint Governance Committee to provide Members with an update on the implementation of recommendations arising from the Leaseholder Charges and Housing Repairs audits.

A Member stated that the Councils had 2 years to prepare for GDPR and questioned whether, in regards to managing risks, insurance had been reviewed to ensure compliance with those policies. Officers agreed to provide a written response to the question.

### **Resolved,**

The Joint Governance Committee noted the contents of the report.

### **JGC/011/18-19      Annual Governance Statements 2017/18**

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 11.

The report asked the Committee to review and agree the Annual Governance Statement for 2017/18.

A Member highlighted the need for and importance of good project management, having the right skills to manage and deliver changes to service delivery. It was suggested that the Annual Governance Statement should include details of the Councils capability to deliver projects on time and on cost with the outcomes desired.

Officers advised that Project Management should be placed under Principle D of The Operation of the Governance Framework, Principle E would focus on the delivery of training and development in respect of project management skills.

The Committee noted that an internal working group had been established to look at how project management should progress. The working group was seeking to establish a framework for how projects should be done and done well, by developing common standards whilst allowing for flexibility in relation to the size and nature of the project. Peer to peer sharing of good practice was taking place alongside an understanding of the importance to be really clear about project outcomes.

Members noted that project management was a developing area and suggested that next year's Annual Governance Statement should include the output of the working group.

**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 those requirements, as set out in Appendix A of the report;
- (b) approved the Annual Governance Statements for each Council as set out in Appendices B and C of the report, subject to the inclusion of Project Management in Principle D;
- (c) requested that a report be brought to its next meeting (31 July 2018) providing an overview of the ICT Disaster Recovery Test and outlining further testing work to be undertaken over the next 12 months.

**JGC/012/18-19      Audit Enquiries to those Charged with Governance**

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 12.

The Councils external auditors, Ernst and Young, had asked that the Committee consider a letter about how the Joint Governance Committee 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 the Worthing Borough Council. The letter to Adur District Council was attached as Appendix 1 and was identical to the letter addressed to Worthing Borough Council.

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

A Member proposed that when forming an opinion on whether the Councils and the Joint Governance Committee were 'going concerns', the external auditor should also consider the following risks to viability:-

- the outcome of Brexit negotiations; and
- the outcome of the government's review of funding of local authorities, particularly the shift to Business Rate retention.

**Resolved,**

The Joint Governance Committee agreed an amended response to the audit letter, incorporating the following additional concerns in regards to the long term viability of the Councils:-

- the outcome of Brexit negotiations; and
- the outcome of the government's review of funding of local authorities, particularly the shift to Business Rate retention.

**JGC/013/18-19      Appointment of External Auditor**

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 13.

The report updated Members on the process of appointing external auditors from 2018/19 onwards and on the Housing Benefit Assurance. The Joint Governance Committee was responsible for monitoring the Councils auditing arrangements.

**Resolved,**

The Joint Governance Committee:-

- noted that the Council would engage Ernst & Young LLP as the Council's external auditor for Housing Benefit Subsidy Assurance from 2018/19 for five years;
- noted the agreed fee arrangements.

*\*\* At 8.00pm Councillor Jim Deen left the meeting during consideration of Item 14.*

**JGC/014/18-19      Managing investment opportunity and risk when investing in Commercial Property**

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 14.

The Joint Governance Committee requested, at its meeting of the 30th January 2018, a report detailing how the Council was managing risk in the acquisition of property.

The report also updated Members on the implications of the changes to both the regulatory framework and the associated guidance.

During consideration of this item, the Committee discussed a number of issues including:-

- the impact on investments from changes to interest rates;
- the rationale behind setting a minimum score for a property - 140 out of 200;
- the Minimum Revenue Provision (MRP);
- the process for scrutinising business cases for property purchases;
- portfolio and risk diversification.

A Member sought clarification as to how the Councils would know if investments were working. Officers advised that there would be an annual review as part of the Councils ongoing monitoring. In addition, there would also be regular internal monitoring to ensure there were appropriate governance methods in place.

### **Resolved,**

The Joint Governance Committee noted the approach to investing in property and the implications of the new prudential code and regulatory framework.

### **JGC/015/18-19 Whistleblowing Policy**

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 15.

The Committee was asked to consider the new Whistleblowing Protocol attached to the report, at Appendix 1, and approve its adoption by each Council and to recommend to each Council that it forms part of their Constitution, together with other Codes of Practice and Protocols.

The purpose of the Protocol was to encourage workers to raise concerns about wrongdoing in the organisation, internally, and to reassure them of the protection afforded them should they do so.

It was a Priority 2 Audit recommendation that the Council's Whistleblowing arrangements be updated and communicated to staff to ensure all staff were aware of the current arrangements.

## **Resolved,**

The Joint Governance Committee:-

1. noted the content of the Whistleblowing Policy;
2. agreed a delegation to the Solicitor to the Council and Monitoring Officer to make minor and consequential amendments to the Protocol;
3. recommended, subject to consultation with Unison, the adoption of the Whistleblowing Protocol by each Council as part of their Constitutions.

### **JGC/016/18-19      Exclusion of the Press and Public**

The Committee was advised that in the opinion of the Proper Officer, the press and public should be excluded from the meeting for consideration of the remaining item of business.

## **Resolved,**

'that under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting from the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the paragraph of Part 1 of Schedule 12A to the Act indicated against the item'

*\*\* At 8.34pm Councillors Barry Mear and Paul Mansfield left the meeting prior to consideration of Item 17.*

### **JGC/017/18-19      2017/18 review of Member Conduct**

Before the Committee was an exempt 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 17.

The report advised Members of the Joint Governance Committee of complaints received by the Monitoring Officer, that Elected Members had breached the Code of Conduct during the municipal year 2017/18, the action taken by the Monitoring Officer and any attempts at informal resolution and the outcome.

The Committee wished to place on record it's thanks to, Simon Norris-Jones, for his work as an Independent Person.

**Resolved,**

The Joint Governance Committee noted the contents of the report and the actions taken by the Monitoring Officer.

The meeting was declared closed by the Chairman at 8.48pm, having commenced at 6.30pm.

**Chairman**