

## HAVANT BOROUGH COUNCIL

At a meeting of the Joint Governance Committee held on 16 September 2013

Present

Buckley, Hart, Smith K (Chairman), Denston, Evans and Faddy

### **13 Apologies for Absence**

Apologies for absence were received from Councillors P Aiston, N Branch and M Johnson MBE, East Hampshire District Council and O Kennedy, M Smallcorn and C Tarrant, Havant Borough Council.

### **14 Chairman's Announcements**

The Chairman:

- (i) Pointed out the location of the fire exits;
- (ii) Asked that all present switch off their mobile phones; and
- (iii) Welcomed everyone to the meeting.

### **15 Minutes**

The minutes of the last meeting held on 29 May 2013 were confirmed as a correct record and signed.

### **16 Matters Arising**

None.

### **17 Declarations of Interests**

There were no declarations.

### **18 Statement of Accounts 2012/13 and External Audit Papers - Havant Borough Council**

The Committee considered the report, which had been previously circulated.

Helen Thompson, Director, Ernst & Young LLP presented the report. Rob Cottrell, Qualified Executive, Ernst & Young LLP was present to answer any questions.

Ms Thompson referred Councillors to Appendix two of the of the report which was HBC's Audit Results Report (ISA260) for the year ended 31 March 2013. No further issues had been highlighted other than those shown in the report under part one - overview of the financial statement audit. These financial risks were Accounts Payable and Payroll. She informed the Committee that she was happy to give an unqualified opinion.

She thanked Kevin Harlow and the Finance Team for all their hard work in completing the report. The letter of assurance had now been received there were no issues and there was no proposal to charge any additional fees.

Jane Eaton confirmed that in respect of the payroll risk, this is being addressed, with a specific payroll file replacing the current setup where payroll records were combined with HR records.

Kevin Harlow presented the remainder of the report and referred Councillors to Appendices three and four of the report. Appendix 3 was the letter to the External Auditors to be signed by the S 151 Officer. Appendix 4 was the HBC Statement of Accounts.

Following the discussion, it was RESOLVED that the:

- i. report be NOTED;
- ii. draft Letter of Representation be APPROVED;
- iii. Statement of Accounts for 2012/13, be APPROVED and that the Chairman and S151 Officer certify the approval of the Accounts by signing page 14 of the Accounts.

## **19 Public Sector Internal Audit Standards - Internal Audit Charter**

The Committee considered the report, which had been previously circulated.

Mr Antony Harvey of Partnership at Southern Internal Audit Partnership introduced the report.

He explained that from April 2013 all public sector bodies were required to adopt the Public Sector Internal Audit Standards (The Standards). This would give an element of continuity across the public sector. There were three component parts to the Charter, which could be found on page 10 of the agenda. He referred the Committee to the Internal Audit Charter at Appendix 1 of the report. This outlined the details of the Charter and he drew the Committee's attention to page 14 of the agenda which contained the definitions of "The Board" and "Senior Management". "The Board" was the Governance & Audit Committee and "Senior Management" was the Joint Executive Board. He then referred the Committee to page 16 of the agenda where the responsibilities of "The Board" were set out.

Following the discussion, it was RESOLVED that the

- i. implications and actions necessary to meet compliance with the Public Sector Internal Audit Standards be NOTED; and
- ii. Internal Audit Charter be APPROVED.

## **20 Internal Audit Plan 2013-14**

The Committee considered the report, which had been previously circulated.

*Joint Governance Committee (16.9.13)*

Mr Antony Harvey of Partnership at Southern Internal Audit Partnership introduced the report.

The Internal Audit Plan provided the mechanism through which the Chief Internal Auditor could ensure the most appropriate use of internal audit resources. The Internal Auditors had been given a fixed overall number of days and the appendices to the report showed the risks identified.

Concerns were expressed about the number of “High” priorities listed and how they would be dealt with. It was explained that the auditors would work with the Audit Sponsor and managers.

Jane Eaton explained that she was listed as the auditor sponsor a great number of times, as Governance and Logistics was a large portfolio. She reassured the Committee that she read every report in her role as the S 151 Officer.

Following the discussion, it was RESOLVED that the Audit Plan for 2013 – 2014 be APPROVED.

## **21 Internal Audit Progress Report (August 2013)**

The Committee considered the report, which had been previously circulated.

Mr Antony Harvey of Partnership at Southern Internal Audit Partnership introduced the report.

He explained that the opinion definitions on page 31 of the agenda were different to those that the Council were used to. He referred Councillors to section two of the report on page 32 of the agenda which gave details of the status of live reports and previous recommendations.

Following the discussion, it was RESOLVED that the Internal Audit Progress Report (August 2013) be NOTED.

## **22 Terms of Reference**

Mrs Barden-Hernandez informed the Committee that East Hampshire District Council had taken the decision in July to create a Governance & Audit Committee.

Following a review of the terms of reference by the new committee it was determined that East Hampshire District Council would withdraw from the Joint Governance Committee although it was agreed that the Governance & Audit Committee (EHDC) would meet jointly with the equivalent Committee at Havant Borough Council as the need arose and in particularly in respect of partnership issues.

The Monitoring Officer would therefore be recommending to the Havant Borough Council that the Joint Governance Committee should be disbanded and a new Governance & Audit Committee for Havant be established.

Attention was drawn to a draft terms of reference for the Governance & Audit Committee. (a copy is attached as appendix 1 to the minutes.)

After viewing the draft terms of reference the Committee suggested that the membership of the new Governance & Audit Committee at Havant Borough Council be seven Councillors.

Following the discussion, it was RESOLVED that the

- i. update be NOTED;
- ii. Committee RECOMMEND to HBC that the Joint Governance Committee be disbanded; and
- iii. Committee RECOMMEND to HBC that a Governance & Audit Committee be established and adopt the terms of reference as amended to a membership of seven (7) Councillors.

### **23 Ethical Standards**

There was nothing to discuss under this item.

### **24 EHDC Position**

There was nothing to discuss under this item.

### **25 Complaints Update**

Jo Barden-Hernandez, Monitoring Officer updated the Committee on complaints received and outcomes since June 2012.

Following the discussion, it was RESOLVED that the update be NOTED.

**The meeting commenced at 5.30 pm and concluded at 6.30 pm**

## TERMS OF REFERENCE FOR GOVERNANCE AND AUDIT COMMITTEE

### 1. Membership

- 1.1 The Governance and Audit Committee shall consist of 7 councillors, one of whom shall be appointed annually by the Leader of the Council to be the Chairman.

### 2. Quorum

- 2.1 The committee shall be quorate where 3 councillors are present.

### 3. Work Programme

- 3.1 The Governance and Audit Committee shall act as the Audit Committee and will approve the Annual Statement of Accounts. It will also carry out the following:
- Monitor and review the Council's Governance arrangements, including the annual Governance Statement and Local Code of Governance;
  - Monitor the use (if any) of the Council's powers under the Regulation of Investigatory Powers Act 2000 (RIPA); and
  - To formally review the Council's RIPA policy.
- 3.2 The Governance and Audit Committee will promote ethical standards within the Council by:
- Promoting and maintaining high standards of conduct by councillors and co-opted members;
  - Advising the Council on the adoption or revision of the Councillor Code of Conduct;
  - Advising and training councillors and co-opted members on matters relating to ethical governance;
  - Receive reports from the Monitoring Officer on any matter relating to ethical standards within the Council; and
  - Granting dispensations to councillors from requirements relating to disclosable pecuniary interests as set out in the Code of Conduct and as stated in Section 33 of the Localism Act 2011.
- 3.3 The Governance and Audit Committee will receive and monitor reports from the Local Government Ombudsman and will receive an annual review of the Ombudsman complaints.
- 3.4 The Governance and Audit Committee will carry out a monitoring and advisory role for matters concerning changes to the Council's Constitution, upon receiving advice on proposed changes from the Monitoring Officer.

#### **4. Agenda Items**

- 4.1 The Chairman shall receive prospective agenda items and it will be for the Chairman to determine the reasonable timescale in which those items can be considered by the Committee.

#### **5. Sub-Committee**

- 5.1 A Governance Sub-Committee will be required from time to time to deal with complaints against councillors and any breaches of the adopted Code of Conduct. The Sub-Committee will consist of 3 Governance and Audit Committee members.

#### **6. Partnership**

- 6.1 The council works in partnership with a variety of public sector providers. East Hampshire District Council shares a management structure with the Council which may require joint governance arrangements from time to time. In the event of such need both Governance and Audit Committees will meet together for the purpose of agreeing such shared governance arrangements.