

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 20 March 2014 at 7.00 pm in Austen Room, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor Worrow (Chairman); Councillors Lodge-Pritchard, Binks, Campbell, Day, Moore, D Saunders, W Scobie and S Tomlinson

333. TRAINING PRESENTATIONS

(a) **A Training Presentation - Internal Audit**

334. APOLOGIES FOR ABSENCE

There were no apologies received at the meeting.

335. DECLARATIONS OF INTEREST

There were no declarations of interest.

336. MINUTES OF PREVIOUS SCHEDULED MEETING

Councillor Campbell proposed, Councillor D. Saunders seconded and Members agreed the minutes.

337. MINUTES OF EXTRAORDINARY MEETING

Councillor Campbell proposed, Councillor Binks seconded and Members agreed the minutes.

338. EXCLUSION OF PUBLIC AND PRESS

Agenda Items 16 (Exclusion of public and press) 17 (Confidential Audit Report) were taken soon after adoption of the minutes.

Councillor Campbell proposed, Councillor Binks seconded and Members agreed that the public and press be excluded from the meeting for agenda item 17 as it contains exempt information as defined in Paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972 (as amended).

339. CONFIDENTIAL AUDIT REPORT

Simon Webb, Deputy Head of Audit updated the Committee in respect of an investigation which had been undertaken by the East Kent Audit Partnership.

The Committee was advised that the matter was referred to the Police for further investigations. The response from the Police was that they felt that there were other matters which would give better results than this one and that due consequently no investigation would be carried out.

Members queried the elapse of time taken to report this matter to Committee and were advised that this was due to the matter having potentially been the subject of a Police investigation.

Councillor Worrow proposed, Councillor W Scobie seconded and Members unanimously agree that:

The Committee writes to the Police Commissioner to express the disappointment of all the Members of the Committee at the response received from the Police and ask why the Police should not investigate this matter.

340. GOVERNANCE AND AUDIT COMMITTEE ACTION PLAN

Nikki Morris, Business Support & Compliance Manager introduced the item. She provided Members with an update from Charlie Greenway, HR Business Partner (EK Human Resources) who advised that the issue regarding working long hours by staff was an important consideration for Council and once all posts had been filled following the restructure, the situation should improve.

One Member said that staff overworking was becoming endemic and was likely to continue because there will be less staff in a leaner staffing structure.

Members noted the report.

341. REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE AND AUDIT COMMITTEE REVIEW AND ANNUAL REPORT

Councillor Worrow, Chair of the Governance and Audit Committee introduced the item. Members observed that the subjects covered by the terms of reference for the Governance & Audit Committee were difficult subjects which perhaps required a consistent membership on the Committee. In the first year Members would mostly be familiarising with subject. They suggested a need to make it a principle that Members need to serve far more than one municipal year.

Members generally agreed that political groups could look at this issue and agree to have consistent membership on the Governance & Audit Committee.

Councillor S Tomlinson proposed, Councillor Day seconded and Members AGREED that Members agree the content of this report and the recommended actions within the action plan, and that Members recommend that the Annual Report be forwarded to Full Council.

342. QUARTERLY GOVERNANCE PROGRESS REPORT

Nikki Morris introduced the item on Corporate Risk Register. This has received an extensive review via the managers' forum where a comprehensive document was produced. Details will be confirmed and risks scored by the Directorate Management meetings before signing off by SMT at its June 2014 meeting. Agenda item to be brought to meeting June training Sessions – Corporate Risk Register. A different approach will be used to produce a Programme Action Plan, Programme of reports that will be indicative of the change to officer roles due to restructure. No recent changes to the terms of reference were suggested.

It was proposed by Councillor Tomlinson, seconded by Councillor Binks and AGREED by Members that the next training session is on the Corporate Risk Register.

Councillor S. Tomlinson proposed, Councillor Binks seconded and Members also AGREED the following:

1. That Members note the content of annex 1 to the report and identify any issues on which they require more clarification;

2. That Members note the programme of reports for 2014/15, on the understanding that there may be variations to the programme should the need arise.

343. INTERNAL AUDIT SELF ASSESSMENT

Simon Webb introduced the item. An Action Plan had been drawn up after the EKAP had undertaken a self-assessment against the Public Sector Internal Audit Standards (PSIAS) requirements. The East Kent Audit Partnership (EKAP) is required to arrange an external assessment against the PSIAS within 5 years of 1st April 2013. Currently the cost of external assessments is approximately £7k.

Councillor S Tomlinson proposed, Councillor Worrow seconded and Members AGREED to note the content of the report and the actions required to work towards full compliance with the PSIAS.

344. REVIEW OF THE EFFECTIVENESS OF THE COUNCIL'S INTERNAL AUDIT ARRANGEMENTS 2013/14

Sarah Martin introduced the item and outlined her discussion with the Audit Team and reported that Council had in place an effective audit practice.

It was proposed by Councillor S. Tomlinson, seconded by Councillor Campbell and AGREED by Members that Governance and Audit Committee accept the findings of the review of the effectiveness of the Council's Internal Audit arrangements for 2013/14.

345. THE EXTERNAL AUDIT PLAN 2013/14 FOR THANET DISTRICT COUNCIL

Terry Blackman, Audit Manager, (Grant Thornton UK LLP) introduced the item and reported that currently there were no specific issues of concern. The final accounts audit will take place in July to August this year; this will conclude the systems walkthrough and carry out detailed testing of the draft accounts. Alongside this, the value for money conclusion work will also be completed; the main focus of this would be on the mid-term financial strategy.

Members asked how external audit could walk through the process and practice and how the tests could be applied to verify audit results; Mr Blackman said that the process involved documenting an understanding of the council's financial systems to determine if they were designed effectively, and obtaining documentary evidence to verify that the systems were operating as intended.

Members further asked about the PS50 challenges and opportunities with large scale developments and if the Council had the staff and the skills to manage such projects. They observed that there were a lot of projects but fewer staff (in comparison) to manage them. Members said that these issues were not being flagged up in the report before the Committee. This was an important challenge. In response Terry Blackman said that External Audit had flagged up these challenges previously and had indicated that such a situation could raise risks in value for money reviews. Members expressed the view that these corporate challenges should be flagged up in the Risk Register.

Members noted the report.

346. CERTIFICATION REPORT 2012/13 FOR THANET DISTRICT COUNCIL

Matthew Dean, Audit Executive (Grant Thornton) led the discussion on the item outlining the main issues in the report. He said that the key message in the report was that the Council's submission of claims continued to meet requirements regarding the submission timetable and supporting working papers, although errors had been identified on the

housing benefit claim leading to qualification; a situation which was common with many local Councils.

Members noted the report.

347. EXTERNAL AUDIT COMMITTEE UPDATE REPORT FOR THANET DISTRICT COUNCIL

Terry Blackman said that his team was on track to complete the Audit and drew attention to emerging issues that were reflected in the report.

Members noted the report.

348. TREASURY MANAGEMENT UPDATE FOR QUARTER ENDED 31 DECEMBER 2013

Sarah Martin reported on the summary of the treasury management for the quarter ending 31 December 2013 which showed that Council was facing some challenges to get decent rates of return as it took a loan of £2m to be paid over 7 years. When asked about the long term lending to get good return rates, she said that there were heavy penalties if Council opted out of earlier than originally agreed.

Proposed by Councillor Campbell, seconded by Councillor Binks and Members approved the report.

349. INTERNAL AUDIT PROGRESS REPORT

Simon Webb reported that a total of eight internal audits had been undertaken during the last quarter.

Members asked why EK Housing repairs and maintenance performance targets were not being met. Brendan Ryan indicated that EK Housing had to work with four different sets of Schemes of Officer Delegation which in a way affected implementation of repair and maintenance works. Members suggested that EK Housing brought to Senior Management Team and Cabinet any proposals for rationalising the four different Schemes of Officer Delegation.

Councillor Campbell proposed, Councillor Scobie seconded and Members AGREED the following:

1. That the report be received by Members;
2. That any changes to the agreed 2013-14 internal audit plans, resulting from changes in perceived risk, detailed at point paragraph 5.0 of the report be approved.

350. INTERNAL AUDIT PLAN 2014/15

Simon Webb presented the draft 2014-15 internal audit plan. The plan has been drafted based upon previous audit experience, alignment with the Council's strategic risk register and Corporate Plan objectives, and following discussions with Directors and senior managers to identify emerging risks and opportunities which should be reflected in the plan.

Members indicated that the audit of Airport Health may not be necessary depending upon the future of the airport. It was suggested that this could be replaced with an audit of asset management.

Proposed by Councillor Scobie, seconded by Councillor Campbell and Members approved the Council's Internal Audit Plan for 2014/15.

Meeting concluded: 9.05 pm