

## GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 10 December 2014 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

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

**In Attendance:** Councillors Johnston, Bayford and Gideon

### 381. APOLOGIES FOR ABSENCE

Apologies were received by Councillor Gibson, for whom Councillor Cohen was present as substitute.

### 382. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 383. MINUTES OF PREVIOUS MEETING

This item would be considered at the next Governance and Audit Committee meeting scheduled for 17 March 2015.

### 384. DUE DILIGENCE PROTOCOL

Paul Cook, Director of Corporate Resources and S151 Officer, advised Members that the purpose of the paper was to codify the processes around due diligence. He noted that although the Council undertook due diligence, a formal protocol had not previously been created, this protocol would form part of the Local Code of Corporate Governance.

Paul Cook added that the aim of the protocol was to provide an overall frame work that would be applied to future assessments, and was based on the processes currently undertaken.

A Member suggested that paragraph 2.3.2 of the protocol could be strengthened by stating how and who would determine the level of due diligence required.

There was concern from a Member that the protocol could be a box ticking exercise. Madeline Homer, Acting Chief Executive, clarified that the protocol was a high level framework, designed to pull together the due diligence procedures already in place, and that it was produced upon the request of Members.

Members agreed to note the adoption of the Due Diligence Protocol.

### 385. ANNUAL AUDIT LETTER

Mr Blackman, Manager at Grant Thornton UK LLP, introduced the item, and noted that it was largely a summary of the more detailed Audit Findings report that was tabled at the September Governance and Audit meeting, in addition Mr Blackman advised that since that meeting work on the Housing Benefit Subsidy return had been completed.

Members asked whether the recently published Autumn Statement to Parliament would have an impact on Grant Thornton's conclusions, particularly in relation to the medium term financial plan.

Mr Blackman responded that consideration of Thanet District Council's response to the impacts of the Autumn Statement would form part of the 2014/15 value for money conclusion.

Councillor Campbell proposed, Councillor Binks seconded and Members agreed to note the Annual Audit Letter.

### **386. VALUE STATEMENT**

Mr Blackman introduced the report, noting that it illustrated the wider work Grant Thornton undertook in the public sector.

A Member asked whether Thanet District Council's work with the homeless could be reviewed as part of the Welfare Reform and Alternative Delivery Models in Local Government Assessment that Grant Thornton had carried out. He felt that homelessness appeared to be on the rise as a result of welfare reforms, and it would be beneficial to identify any possible improvements that Thanet District Council could make to its processes.

Mr Blackman responded that he would feed back the request to the report authors, although he advised that this request would appear to be outside of the intended remit of the assessment which was to look at how Councils were dealing with the welfare reform changes from an administration perspective and to share best practice.

Councillor Campbell proposed, Councillor Saunders seconded and Members agreed to note the Value Statement.

### **387. INTERNAL AUDIT UPDATE REPORT**

Mr Webb, Deputy Head of Audit at East Kent Audit Partnership, introduced the report, noting that a substantial assurance level had been achieved for both Receipt and Opening of Tenders, and EKS – Housing Benefit Payments.

In addition Mr Webb advised that the four follow-up reviews on; HMO and selective licensing, building control, EKS – housing and benefit fraud, and EKS – sundry debtors, were also complete and all four achieved substantial assurance.

Mr Webb noted that 51% of work had been completed by 30 September 2014 which was on target for full completion by 31 March 2015.

A Member asked why so many hours had been devoted to a review of overtime which had not initially been planned to take place. Mr Webb responded that the plan was produced in March each year, but developed in response to changes in risk within the Council. It was agreed with the S.151 Officer, that a review of overtime within Waste Recycling and Street Cleansing was required. A summary of the findings would be submitted to the March 2015 meeting.

In response Members' questions, Mr Webb clarified that a review of officer delegations had been postponed and would be carried out in the 2015/16 year, and that the audit of the receipt and opening of tenders solely looked at the processes in place for this function.

Members noted that when EK Audit reviewed absence management, they would like the scope of investigation to include the reasons/causes for absence. Mr Webb advised that the intended scope of the audit was to look at the process of recording annual leave, flexi leave and sickness levels, however part of the review would touch upon the reasons for absence.

Members felt concerned that the amount of overtime worked by staff appeared to be on the increase, and that this could contribute to sickness levels. Members urged the Acting Chief Executive to encourage staff, particularly managers without flexi time arrangements, to keep a record of their working hours.

Councillor Campbell proposed, Councillor Saunders seconded and Members agreed that:

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

**388. ANNUAL GOVERNANCE STATEMENT ACTION PLAN**

Paul Cook introduced the report, and Members noted that a reduction of overtime and flexitime formed part of the action plan.

Councillor Scobie proposed, Councillor Tomlinson seconded and Members agreed to note the Annual Governance Statement Action Plan.

**389. CORPORATE RISK REGISTER**

Paul Cook introduced the report.

In response to a Member's question, Madeline Homer advised that a transformation agenda was something being considered by CMT in order to identify potential efficiencies and income generating opportunities. She agreed with Members that it would be important to involve Members in any transformation process at an early stage to obtain Member buy-in, and advised that she had considered the creation of a Transformation Board for this purpose.

A Member noted that some of the terms in the report appeared to have been written from a political perspective. She requested that terminology be neutral. Madeline Homer advised that had not been intentional and would be addressed.

Councillor Campbell proposed, Councillor Binks seconded and Members agreed to note the Corporate Risk Register.

**390. GOVERNANCE FRAMEWORK AND LOCAL CODE OF CORPORATE GOVERNANCE**

Paul Cook introduced the report.

Councillor Johnston spoke under Council procedure rule 24.1, and highlighted the importance of good governance which she identified as a key responsibility.

Councillor Campbell proposed, Councillor Saunders seconded and Members agreed to approve the Governance Framework and Local Code of Corporate Governance.

**391. TREASURY MANAGEMENT STRATEGY 2015-2016**

Paul Cook introduced the report noting that if the Committee agreed the report it would then be recommended to Council for approval.

A Member highlighted the increase in HRA debt of roughly 30%, and identified that this increase seemed to correspond to an increase in the number of HRA dwellings. The

Member asked why TDC would want to increase its debt, noting that later in the report, it asks for the debt limit to be raised in order to accommodate this increase.

Madeline Homer responded that the request to increase the HRA debt limit was to allow additional flexibility within the debt cap. She added that it would be expected for the Council to fully utilise this method of borrowing to build houses.

A Member asked for clarification regarding the '£' sign in the tables at paragraph 2.7 and 2.8 of the report, Paul Cook advised that he would enquire and advise Members outside of the meeting.

Councillor Campbell proposed, Councillor Tomlinson seconded and Members agreed to approve the report, including each of the key elements listed below, and recommend them to Council:

1. The Capital Plans, Prudential Indicators and Limits for 2015/16 to 2017/18, including the Authorised Limit Prudential Indicator;
2. The Minimum Revenue Provision (MRP) Policy;
3. The Treasury Management Strategy for 2015/16 to 2017/18 and the Treasury Indicators;
4. The Investment Strategy for 2015/16 contained in the Treasury Management Strategy, including the detailed criteria.

### **392. TO AGREE THE MID-YEAR TREASURY MANAGEMENT REPORT**

Paul Cook introduced the report.

Councillor Campbell proposed, Councillor Scobie seconded and Members agreed:

1. To approve the report and agree the prudential and treasury indicators.
2. To recommend the report to Cabinet.

Meeting concluded : 8.00 pm