

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 24 September 2015 at 7.00 pm in Council Chamber,
Council Offices, Cecil Street, Margate, Kent.

Present: Councillors Buckley, Campbell, Connor, Day, Dexter, Edwards,
I Gregory, Larkins and Partington

In Attendance: Councillors Taylor-Smith, Ashbee, Collins, Smith and L Fairbrass

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Munday and Hillman, for whom Councillors J Fairbrass and Jaye-Jones were substitute respectively. Councillor Taylor was also present to occupy the UKIP seat made vacant due to recent changes in political membership.

As apologies had been received from the Chairman Councillor Munday, the Vice Chairman Councillor Buckley was in the Chair.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETING

(a) Minutes of the Governance and Audit Committee meeting held on 24 June 2015

It was noted that the word 'competition' should be replaced by the word 'completion' in the fourth bullet point of item four, the Annual Internal Audit Report.

Subject to this amendment, Councillor Campbell proposed, Councillor I Gregory seconded and Members agreed the minutes of the meeting held on 24 June 2015.

(b) Minutes of the Extraordinary Governance and Audit Committee meeting held on 2 September 2015

Councillor Jaye-Jones proposed, Councillor I Gregory seconded and Members agreed the minutes of the extraordinary meeting held on 2 September 2015.

4. INTERNAL AUDIT UPDATE REPORT

Simon Webb, Deputy Head of East Kent Audit Partnership (EKAP), introduced the report during which he noted that ten internal audit assignments had been completed in the quarter.

Mr Webb highlighted that the audit of Your Leisure had been given a split assurance of reasonable and no assurance, and invited Larissa Reed, Interim Director of Community Services to address the committee to comment on the findings. Ms Reed advised that Officers were aware of the shortfalls identified by the EKAP and work was underway to address them.

In response to comments and questions it was noted that:

- Historically, responsibility for the Council's relationship with Your Leisure had been with the Head of Property, however this had now been moved into the Directors remit.
- A number of suggestions from the audit had already been adopted, such as the establishment of a single point of contact and minuting of meetings with action points to improve accountability and decision making.
- Options to fund maintenance and repairs would include methods to access external funding, and Ms Reed intended to submit a report for consideration by the senior management team in the next three weeks. Options would then be presented to Cabinet.

Mr Webb noted that the equality and diversity audit had found limited assurance. This was largely a result of a lack of staff resource, however senior officers had committed to an action plan intended to increase the assurance level to reasonable.

In response to questions and comments it was noted that:

- The report identified that only one third of an officers role was dedicated to equality and diversity, this could limit progress against the equality agenda and limit any benefits gained.

Mr Webb highlighted from the Follow up of Audit Action Plans, that overtime within Waste and Recycling, despite some improvement, continued to have a limited level of assurance. Gavin Waite, Director of Operational Services was invited to address the committee regarding the audit findings.

Mr Waite advised that there were now three new managers and two additional supervisors in position. Additionally, there were a number of new measures in place that appeared to be having a positive impact. Mr Webb noted that there would be a follow up review to establish if there had been an improvement, and suggested that this should take place after three months to allow any changes to become evident.

Mr Webb advised that a follow up review on absence management had taken longer than initially expected, however he anticipated it to be included in the December meeting update.

Members noted that the number of post-audit questionnaires completed was low at only 17%. It was suggested that completion of the questionnaires should be mandatory.

Christine Parker, Head of East Kent Audit Partnership agreed that the Summary of High Priority Recommendations Outstanding After Follow Up table in Appendix 1 would include the name of the head of service rather than 'Not recorded' in cases where the previously listed officer had left the Council.

Ms Parker advised that 15 days had been allocated to an Employee Health and Safety audit in quarter two.

Councillor Taylor-Smith spoke under Council Procedure Rule 24.1, in response to comments and questions it was noted that:

- A number of key positions had been recruited to recently. This should improve continuity of process and accountability going forward. The recruitment included a performance monitoring expert who would produce regular monitoring data for the Corporate Management Team against EKAP's audit recommendations.

It was proposed by Councillor Campbell, seconded by Councillor Taylor and Members agreed the recommendations at paragraphs 6.1 and 6.2 of the report, namely;

- 6.1 That the report be received by Members.
- 6.2 That any changes to the agreed 2015-16 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.

5. CORPORATE RISK REGISTER QUARTERLY UPDATE

Tim Willis, Director of Corporate Resources introduced the report which provided Members with an update on the Corporate Risk Register.

In response to comments and questions it was noted that:

- There would be a revised Corporate Risk Register once the new corporate priorities were agreed at full Council on 15/10/2015.

Councillor Taylor-Smith spoke under council procedure rule 24.1, in response to comments and questions it was noted that:

- The Manston airport site was previously identified separately as a risk, however is now included under the heading Major Project Management.

Members noted the report.

6. FINAL ANNUAL GOVERNANCE STATEMENT

Tim Howes, Director of Corporate Governance introduced the report, noting that it was an updated version of the draft statement that came before the committee on 2 September 2015.

In response to comments and questions it was noted that:

- Members would have liked to have had any changes made to the draft statement tracked, this would have allowed them to see more easily what changes had been made.

It was proposed by Councillor Larkins, seconded by Councillor Campbell and agreed the recommendation at paragraph 6.1 of the report be approved, namely:

- 6.1 That Members approve the Annual Governance Statement for 2014/2015 and associated action plan.

7. ANNUAL GOVERNANCE STATEMENT ACTION PLAN QUARTERLY UPDATE

Tim Howes introduced the report that provided progress on the Annual Governance Statement 2013/14 Action Plan.

In response to comments and questions it was noted that:

- The Council aimed to collect all money owed to it, however the Council was required to balance potential risk and reward when deciding which costs to pursue. Mr Howes would respond in writing to Cllr I Gregory regarding how this judgement was made.

Members noted the report.

8. THE EXTERNAL AUDIT FINDINGS FOR THANET DISTRICT COUNCIL - YEAR ENDED MARCH 2015

Terry Blackman, Engagement Manager, Grant Thornton UK LLP introduced the report noting that Grant Thornton had issued an unqualified opinion this year as the Council had demonstrated a number of improvements since undertaking the Peer Review process.

In response to comments and questions it was noted that:

- The improvements were seen as an on-going process and should continue.
- The Member/Officer Protocol would come before full Council in December.

Councillor Collins spoke under Council Procedure Rule 24.1, in response to comments and questions it was noted that:

- Mr Blackman offered to respond to Councillor Collins after the meeting as he wished to obtain advice before confirming to what extent Grant Thornton would provide indemnity insurance for Council losses.

Councillor Taylor-Smith spoke under Council Procedure Rule 24.1, in response to comments and questions it was noted that:

- Whilst the unqualified audit opinion was to be welcomed, there were still some limited areas for improvement.
- When the follow up Peer Review took place it was hoped that it would find that significant improvements had been made, with sufficient resilience to help ensure continuous improvements going forward.

Members noted the report.

9. FINAL STATEMENT OF ACCOUNTS

Tim Willis introduced the report, and apologised to Members, acknowledging their frustration at receiving such a large and technical document so close to the meeting date.

In response to comments and questions it was noted that:

- Members would be provided with a draft version of the Statement of Accounts well in advance of the meeting next year.
- Income generated by Building Control was dependent on work received. Over a three year cycle the department broken even.

Councillor Ashbee spoke under Council Procedure Rule 24.1, in response to comments and questions it was noted that:

- It appeared that there were no contributions surpluses for previous years in the Collection Fund Statement for Year Ending 31 March 15. Nikki Walker, Head of Finance offered to explain the reason for this to Councillor Ashbee outside of the meeting.

Councillor Taylor-Smith spoke under Council Procedure Rule 24.1, in response to comments and questions it was noted that:

- Provision for business rates had increased due to a number of appeals submitted to the Valuation Office.
- Income from Royal Sands was expected in October 2015 and once received would be included in budget monitoring for the next quarter.

In response to questions and comments from Members it was noted that:

- The majority of income generated from the car park at Dreamland would be used to fund Dreamland revenue expenditure and to fund borrowing.
- The losses identified on disposal of fixed assets, page seven of the statement, was due to the sale of council houses under the Right to Buy scheme for less than the full market value.
- In 2014/15 there were no costs for capital grants and contributions budgeted against actual expenditure incurred, shown on page eight of the statement, this was due to delays to the compulsory purchase of the Dreamland site.
- Money received from the New Homes Bonus scheme was regarded as a revenue stream.
- A question asked by Councillor Dexter regarding the value of the Chairman's regalia would be answered outside of the meeting.

It was proposed by Councillor Campbell, seconded by Councillor Larkins and Members agreed the recommendations as set out at paragraphs 7.1 and 7.3 of the report, namely:

- 7.1 That Governance and Audit Committee approve the Statement of Accounts for 2014/15.
- 7.3 That Governance and Audit Committee note the letter of representation to Grant Thornton issued by the Chief Executive and Director of Corporate Resources

10. TREASURY MANAGEMENT UPDATE

Tim Willis introduced the report which updated Members on the Treasury Management activity that had occurred for the quarter ending 30 June 2015.

Councillor Campbell proposed, Councillor Jaye-Jones seconded and Members agreed the recommendation as set out at paragraph 11.1 of the report, namely:

- 11.1 That the Governance and Audit Committee approves this report.

11. ANTI-FRAUD & CORRUPTION POLICY AND ANTI-BRIBERY POLICY

Tim Willis introduced the report which provided Members with a revised Anti-Fraud and Corruption policy and Anti-Bribery policy for Members' approval.

In response to comments and questions it was noted that:

- Whistleblowing was not mentioned in the covering report, however it did form part of both policy documents.
- There were no major revisions made to either policy.

Councillor Campbell proposed, Councillor Connor seconded and Members agreed the recommendation at paragraph 4.1 of the report, namely:

- 4.1 Members are asked to approve the revised Anti-Fraud and Corruption Policy and Anti-Bribery Policy.

Meeting concluded: 8.35 pm