

# Public Document Pack



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## GOVERNANCE AND AUDIT COMMITTEE

20 SEPTEMBER 2016

A meeting of the Governance and Audit Committee will be held at **7.00 pm on Tuesday, 20 September 2016** in the Council Chamber, Cecil Street, Margate, Kent.

### Membership:

Councillor Buckley (Chairman); Councillors: Braidwood, Campbell, Connor, Day, Dexter, Dixon, Edwards, Game, I Gregory, Hayton (Vice-Chairman), Jaye-Jones, Larkins and Taylor-Smith

## A G E N D A

Item  
No

Subject

1. **APOLOGIES FOR ABSENCE**

2. **DECLARATIONS OF INTEREST**

'To receive any declarations of interest. Members are advised to consider the advice contained within the Declaration of Interest Form attached at the back of this Agenda. If a Member declares an interest, they should complete that form and hand it to the Officer clerking the meeting and then take the prescribed course of action.'

3. **MINUTES OF PREVIOUS MEETING** (Pages 1 - 2)

To approve the Minutes of the Governance and Audit Committee meeting held on 11 August 2016, copy attached.

4. **THE EXTERNAL AUDIT FINDINGS FOR THANET DISTRICT COUNCIL - YEAR ENDING MARCH 2016**

Report to follow.

5. **LETTER OF REPRESENTATION**

Letter to follow.

6. **QUARTERLY INTERNAL AUDIT UPDATE REPORT** (Pages 3 - 34)

7. **CORPORATE RISK REGISTER QUARTERLY UPDATE**

Report to follow.

Item  
No

Subject

8. **THE ANNUAL GOVERNANCE STATEMENT 2015/16** (Pages 35 - 58)
9. **FINAL STATEMENT OF ACCOUNTS**  
Report to follow.
10. **ANNUAL FRAUD REPORT**  
Report to follow.

**Declaration of Interests Form**

## GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 11 August 2016 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

**Present:** Councillors Braidwood, Campbell, Connor, Day, Dexter, Dixon, Edwards, Game, I Gregory, Hayton, Jaye-Jones and Taylor-Smith

**In Attendance:** Councillor Crow-Brown

### 1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Buckley and Larkins.

As the Chairman, Councillor Buckley, was unavailable; the Vice-Chairman, Councillor Hayton, was in the chair.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3. MINUTES OF PREVIOUS MEETING

Councillor Jaye-Jones proposed, Councillor Campbell seconded and Members agreed the minutes of the meeting held on 22 June 2016.

### 4. THE DRAFT ANNUAL GOVERNANCE STATEMENT 2015/16

Tim Howes, Director of Corporate Governance and Monitoring Officer introduced the report which presented the draft Annual Governance Statement 2015/16 for consideration by the Committee.

Members offered a number of comments and suggestions during consideration of the item which Mr Howes agreed to incorporate into the Statement. Mr Howes also advised that he had received preliminary feedback from Grant Thornton LLP, the Council's external auditors.

It was proposed by Councillor Campbell, seconded by Councillor Taylor-Smith and Members agreed to accept the draft Annual Governance Statement 2015/16 subject to the inclusion of the changes discussed.

Meeting concluded: 7.20 pm

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<b>QUARTERLY INTERNAL AUDIT UPDATE REPORT</b>
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**20<sup>th</sup> September 2016**

Report Author	<b>Head of the Audit Partnership: Christine Parker</b>
Portfolio Holder	<b>Cllr John Townend; Cabinet Member for Financial Services &amp; Estates</b>
Status	<b>For Information</b>
Classification:	<b>Unrestricted.</b>
Key Decision	<b>No</b>

**Executive Summary:**

This report provides Members with a summary of the internal audit work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30th June 2016.

**Recommendation(s):**

That the report be received by Members.

That any changes to the agreed 2016-17 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of Annex1 of the attached report be approved.

**CORPORATE IMPLICATIONS**

<b>Financial and Value for Money</b>	There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2016-17 budgets.
<b>Legal</b>	The Council is required by statute (under the Accounts and Audit Regulations and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function.
<b>Corporate</b>	Under the Local Code of Corporate Governance the Council is committed to comply with requirements for the independent review of the financial and operational reporting processes, through the external audit and inspection processes, and satisfactory arrangements for internal audit.
<b>Equalities Act 2010 &amp; Public Sector Equality Duty</b>	<p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p>

	Please indicate which aim is relevant to the report.	
	Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,	
	Advance equality of opportunity between people who share a protected characteristic and people who do not share it	
	Foster good relations between people who share a protected characteristic and people who do not share it.	
<i>There are no equity or equalities issues arising from this report.</i>		

<b>CORPORATE PRIORITIES (tick those relevant)✓</b>	
A clean and welcoming Environment	
Promoting inward investment and job creation	
Supporting neighbourhoods	

<b>CORPORATE VALUES (tick those relevant)✓</b>	
Delivering value for money	X
Supporting the Workforce	
Promoting open communications	X

## **1.0 Introduction and Background**

- 1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30<sup>th</sup> June 2016.
- 1.2 For each audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to the relevant member of Senior Management Team, as well as the manager for the service reviewed.
- 1.3 Follow-up reviews are performed at an appropriate time, according to the priority of the recommendations, timescales for implementation of any agreed actions, and the risk to the Council.
- 1.4 An Assurance Statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be Substantial, Reasonable, Limited or No assurance.
- 1.5 Those services with either Limited or No Assurance are monitored, and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of Assurance to either Reasonable or Substantial. A list of those services currently with such levels of assurance is attached as Appendix 2 to the EKAP report.
- 1.6 The purpose of the Council's Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- 1.7 To assist the Committee meet its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

## 2.0 Summary of Work

- 2.1 There have been twelve internal audit assignments completed during the period, of which four concluded substantial assurance, one concluded reasonable assurance, one concluded a split assurance of reasonable/Limited and three concluded limited assurance. There were three additional assignments undertaken for which an assurance opinion is not applicable as they comprised of quarterly benefit testing and key control testing. Summaries of the report findings are detailed within Annex 1 to this report.
- 2.2 In addition, eight follow-up reviews have been completed during the period.
- 2.3 For the three month period to 30<sup>th</sup> June 2016, 75.12 chargeable days were delivered against the planned target of 295.36 days which equates to 25% plan completion.
- 2.4 The financial performance of the EKAP is on target at the present time.

## 3.0 Options

- 3.1 That Members consider and note the internal audit update report.
- 3.2 That the changes to the agreed 2016-17 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.
- 3.3 That Members consider (where appropriate) requesting an update from the relevant Director/s to the next meeting of the Committee in respect of any areas identified as still having either limited or no assurance after follow-up.
- 3.4 That Members consider registering their concerns with Cabinet in respect of any areas of the Council's corporate governance, control framework or risk management arrangements in respect of which they have on-going concerns after the completion of internal audit follow-up reviews and update presentations from the relevant Director.

Contact Officer:	Christine Parker, Head of the Audit Partnership, Ext. 7190 Simon Webb, Deputy Head of Audit, Ext 7189
Reporting to:	Tim Willis, Director of Corporate Resources & s151 Officer, Ext. 7617

## Annex List

<i>Annex 1</i>	East Kent Audit Partnership Update Report – 20-09-2016
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## Background Papers

<b>Title</b>	<b>Details of where to access copy</b>
<i>Internal Audit Annual Plan 2016-17</i>	Previously presented to and approved at the 15 <sup>th</sup> March 2016 Governance and Audit Committee meeting
<i>Internal Audit working papers</i>	Held by the East Kent Audit Partnership

## Corporate Consultation

<b>Finance</b>	Tim Willis, Director of Corporate Resources & s151 Officer
<b>Legal</b>	<i>Tim Howes, Director of Corporate Governance</i>

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**QUARTERLY INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP**

**1.0 INTRODUCTION AND BACKGROUND**

1.1 This report provides Members with an update of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30<sup>th</sup> June 2016.

**2.0 SUMMARY OF REPORTS**

Service / Topic		Assurance level	No. of Recs.	
2.1	Members' Code of Conduct & Standards Arrangements	Substantial	C H M L	0 0 0 1
2.2	Disabled Facilities Grants	Substantial	C H M L	0 0 1 3
2.3	EKS – Housing Benefit Overpayments	Substantial	C H M L	0 0 0 0
2.4	EKS – Customer Services	Substantial	C H M L	0 0 1 3
2.5	EKS – Business Rates Credits	Reasonable	C H M L	0 3 1 0
2.6	Planning Applications, Income and s106 Agreements	Reasonable/Limited	C H M L	0 1 7 1
2.7	Grounds Maintenance	Limited	C H M L	3 11 9 0
2.8	Street Cleansing	Limited	C H M L	3 4 5 0

2.9	EKS – PCI-DSS	Limited	C H M L	0 5 1 0
2.10	Car Parking – Key Control Testing	Not Applicable		
2.11	EKS – Quarterly Housing Benefit Testing (Quarter 4 of 2015-16)	Not Applicable		
2.12	EKS – Quarterly Housing Benefit Testing (Quarter 1 of 2016-17)	Not Applicable		

## **2.1 Members' Code of Conduct & Standards Arrangements – Substantial Assurance:**

### **2.1.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the highest standards of Member conduct and probity are maintained.

### **2.1.2 Summary of Findings**

Councillors (District, Town or Parish) are elected by the general public to represent the constituents of a ward. Each Council has its own Code of Conduct to which councillors must adhere. Councillors should conduct themselves in a way that is beyond reproach, however if members of the public believe that a councillor has breached the Code of Conduct then arrangements exist to enable them to make a complaint and detail how the complaint will be dealt with.

For 2015/16 there were twenty three complaints received in respect of either District Councillors or Parish Councillors, of which fifteen related to District Councillors. Seven were judged to be of substance, their outcome resulting mostly in a formal letter of admonishment from the Monitoring Officer. Three complaints were judged to be of a severity that justified investigation by a person external to the Council.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- Established processes (including Standards arrangements) are in place to ensure that Councillors comply with the code of conduct and are aware of their responsibility to declare any interests that may impact on the decision making process of the Council. This is in accordance with the Localism Act 2011.
- Processes for making and dealing with complaints are well documented and are readily available to the public.
- The appointment of separate independent people to carry out investigations, and to review the complaints alongside the Monitoring Officer ensure that a consistent approach to dealing with them is in place.
- Councillors have attended training for their role as a Councillor (i.e. induction) and the various committees that they sit on and unless they have completed the training they are not permitted to sit on them. (This also includes substitute Councillors).

Scope for improvement was however identified in the following area:

- When Councillors make DPI and OSI declarations at a committee meeting they should check back against their original declaration form that they submitted / completed in May 2015 to see if it is a new declaration that needs amendment and signing off by the Monitoring Officer.

## 2.2 Disabled Facilities Grants – Substantial Assurance:

### 2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Disabled Facility Grants are efficiently and effectively administered to maximise the funds available to make the most difference to those in need of the scheme.

### 2.2.2 Summary of Findings

The delivery of the disabled facilities grants programme is mandatory and a statutory function of the Local Housing Authority. It is governed by the Housing Grants, Construction and Regeneration Act 1996.

During 2015/16 the Better Care Fund was £101m of which £7.2m was earmarked for Disabled Facilities Grants in Kent of which £1,278,471 was allocated to Thanet. . The following table provides some financial context in relation to the amount of money paid out in disabled facilities grants over the past three years and also the number of grants awarded.

Year	Total Grants Paid for DFGs	Number of applications processed	Average Total Grant awarded
2013/14	£1,664,530	196	£8,492.50
2014/15	£1,323,274	149	£8,881.03
2015/16	£1,032,930	119	£8,680.08

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- The directive controls in place (policies and procedures) are generally well documented and well communicated;
- Service delivery is applied in a consistent and professional manner;
- The application process is robust and applications are signed by the applicant, supported by documentation, and a referral from an appropriate occupational therapist.
- Controls are in place to ensure that the applicant is the owner of the property.
- Segregation of duties controls are in place and are sufficient to minimise the risk or fraud, bribery and collusion;
- Inspection regimes and audit trails are sufficient; and
- Samples tested revealed no significant weaknesses within the processes controlled and managed from within the Council.

Scope for improvement was however identified in the following areas:

- There was evidence to suggest that one of the agents used to appoint contractors to carry out works had weaker vetting procedures in place than those adopted by the Council;
- The Housing Assistance and Disabled Adaptations Policy could be amended to ensure that vetting expectations carried out by two of the agents are clearer and inline with the contractor vetting carried out in house;
- The Council could be more consistent in relation to the number of quotations it seeks. The Council needs to decide whether agents should be obtaining two quotes in line with legislation or three quotes in line with Council policy; and
- The Council could improve its consistency in relation to evidence deemed acceptable to support DFG applications to help prevent fraud.

### **2.3 EKS Housing Benefit Overpayments – Substantial Assurance.**

#### 2.3.1 Audit Scope

To ensure that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner councils and incorporate relevant internal controls regarding the administration of overpayments of Housing Benefit.

#### 2.3.2 Summary of Findings

EK Services manage the housing benefit overpayment (HBOP) process for Canterbury City Council, Dover District Council and Thanet District Council. EK Services are responsible for the processing of Housing Benefit claims and the billing and collection of overpaid housing benefits by raising invoices, agreeing and monitoring repayment arrangements.

During 2015/16, the Corporate Income Team within EK Services achieved the following performance at each authority in terms of Housing Benefit Overpayments.

Authority	Overpayments identified	Overpayments recovered	Recovery Rate
Canterbury City Council	£1,557,126	£1,091,950	70.13%
Dover District Council	£1,495,909	£1,028,813	68.78%
Thanet District Council	£2,785,454	£1,894,466	68.01%

Our testing concludes that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner Councils and incorporate relevant internal controls regarding the administration of HBOP.

The primary findings giving rise to this Substantial Assurance opinion are as follows:

- Comprehensive information is made available to members of the public at each authority in terms of housing benefit overpayments.
- Detailed procedure notes are available to officers to give guidance on the housing benefit overpayments process.
- EK Services make good use of various preventative measures to ensure that overpayments are kept to a minimum.

- There is a consistent approach used at all partner authorities for the identification, recovery and writing off of housing benefit overpayments.
- Management information is produced regularly for the partner authorities for them to monitor EK Services performance in terms of housing benefit overpayments.

## **2.4 EKS Customer Services – Substantial Assurance.**

### 2.4.1 Audit Scope

To ensure that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner councils and incorporate relevant internal controls regarding the interface with the public to respond to customer enquiries and requests for service via e-mail/internet, post, telephone and face-to-face contact points and especially the controls and safety of officers at remote offices.

### 2.4.2 Summary of Findings

Customer Services is the first point of contact for most of the customers that visit or call Canterbury City, Dover District and Thanet District Councils. EK Services operates the Customer Services function across 10 sites and a total of approximately 85 FTE's. Staff are split between face to face contact, email enquires and telephone calls. During 2015/16 EK Services handled 303,307 telephone calls at Canterbury, 179,734 calls at Dover and 385,967 calls at Thanet.

The primary findings giving rise to this Substantial Assurance opinion are as follows:

- The service is supported by a well-documented and clearly defined Service Level Agreement and Service Plan;
- The Service Standards expected of staff are clearly defined in the Customer Service Standards Policy which is available on the intranet;
- Face to face contact and telephone contact was compliant with the expectations set out in the Customer Service Standards Policy;
- The training requirements for staff are well identified.
- The Risk Management Process is well documented.

Small scope for improvement was however identified in the following areas:

- Align face to face waiting time targets for EK Services set by each Council and East Kent Housing
- Ensure that partner councils are aware that waiting times for face to face contacts do not reflect the waiting times at area offices.
- Update the Dover website to reflect locations where meeting rooms are and are not available.

- Update the Dover website to include service standards for the Customer Services function

## **2.5 EKS Business Rates Credits – Reasonable Assurance.**

### 2.5.1 Audit Scope

To ensure that the processes established by EK Services, on behalf of the partner councils, are sufficient to adequately manage the monitoring of Business Rates accounts where these are in credit and that these procedures comply with legislation.

### 2.5.2 Summary of Findings

The Council has a duty under the Local Government Finance Act 1988, The Non Domestic Rating (Collection & Enforcement) (Local Lists) Regulations 1989, NDR (Payment of interest) Regulations 1990 to apply and collect Business Rates – NNDR. Delegated authority has been given via a collaboration agreement and service level agreement for EK Services to undertake this duty and administer business rate accounts on the Council's behalf.

From time to time a set of circumstances may arise which will lead to a Business Rate Account to become in credit, these primarily are:

- Changes in Rateable Value
- A ratepayer continues to make payments on the account (over and above what they should be paying)
- An account is terminated (whether they had paid by direct debit or manual instalments)
- They have been awarded an exemption/relief

These accounts will therefore become creditors of the authority and be dealt with in accordance with prescribed policies and procedure.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- There is an up to date refunds procedure which is being complied with where refunds are made, however, it does not account for any interest to be added or tax deducted where relevant.
- There was evidence on the existence of a separation of duties during the refunds process but this will need to be documented to ensure this remains in place and is consistently being applied.
- Information is being made available on the Council website detailing the credits existing against business rate accounts.
- Scope for improvement was however identified in the following areas:
- The Income Policy and Discretionary Reliefs Policy will need to be updated to ensure roles and responsibilities can be clearly identified; and
- The treatment of closed accounts which remain in credit need to be prescribed as it would appear they remain in credit indefinitely; there was found to be no cut off dates or write offs occurring.

## 2.6 Planning Applications, Income & S106 Agreements – Reasonable/Limited Assurance:

### 2.6.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to:

- Planning Applications: Ensure that planning application procedures, including those in respect of fees and collection of income, are in accordance with Statute, and the organisation's Standing Orders and Financial Regulations.
- Section 106 Agreements: Ensure that Section 106 agreements are used where appropriate in planning applications and that all legal requirements are adhered to. All income / benefits from the agreement are received and conditions imposed are complied with to the benefit of the district.

### 2.6.2 Summary of Findings

The Council's planning function is responsible for determining whether a proposed development should be approved or refused in accordance with its policies. Most new buildings, major alterations to existing buildings and significant changes to the use of a building or piece of land require planning permission. Certain minor building works do not need planning permission as the affect on neighbours or the surrounding environment is minimal and in these instances they are classed as permitted development.

The following table details the total number of determined applications in the last two years:-

Year	Major applications	Minor & other applications	Total applications
2014/15	42	687	729
2015/16	37	622	639

Section 106 (S106) Agreements are legal agreements between local authorities and developers. These are linked to planning permissions and can also be known as planning obligations. S106 Agreements are drafted when it is considered that a development will have significant impacts on the local area that cannot be moderated by means of conditions attached to a planning decision. In Thanet a proposal for a development of 11 new dwellings or more would trigger an assessment of potential planning obligations.

The following table details the total number of S106 Agreements issued in the last two years and total S106 income received from developers over the same period. The Council expects the S106 income to increase significantly over the next couple of years:-

Year	Number of S106 Agreements approved	Total S106 Financial Contribution received
2014/15	10	£62,280.07
2015/16	7	£372,686.32

Management can place Reasonable Assurance on the system of internal controls in operation in relation to Planning Applications and Income; and Limited Assurance on the system of internal controls in operation in relation to Section 106 Agreements.

#### Planning Applications & Income:

The primary findings giving rise to this Reasonable Assurance opinion are as follows:

- Planning applications are processed in accordance with the National Planning Policy Framework and taking due regard of the Local Plan;
- Sensitive data held on the planning system is accurate and up to date; and
- The audit trail of correspondence and decision making is on the most part good.

Scope for improvement was however identified in the following areas:

- System access controls could be improved;
- System authorisation controls were not working as they should; and
- There are no documented planning operational procedures in place which would serve a number of purposes including improving consistency, assisting the audit process and assisting management to identify new ways of working in the future.

#### Section 106 Agreements:

The primary findings giving rise to this Limited Assurance opinion are as follows:

- Infrastructure assessments were not able to be located in the hard copy files for one out of six samples tested;
- There are no operational procedure notes which would aide both consistency or approach and improve resilience within the planning department; and
- The S106 Agreement monitoring spreadsheet used to monitor the key credentials such as development trigger points and financial information was missing an element of affordable housing income worth £49k which would not have been picked up as part of any financial reconciliation.

Effective control was however evidenced in the following areas:

- The S106 Agreements themselves are well documented;
- Authorisation controls relating to the sign off of S106 Agreements is well documented;
- Excluding the issue surrounding the spreadsheet above, the monitoring process is working effectively and the relationship with the External Funding Officer is good; and
- The accountancy controls in relation to the coding of income and expenditure and the transfer of S106 income to KCC and Highways are working effectively.

## **2.7 Grounds Maintenance – Limited Assurance:**

### 2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the grounds maintenance function is being carried out efficiently and effectively within an appropriate control framework which reduces any risks to an acceptable level.



## 2.7.2 Summary of Findings

The Council's in-house Grounds Maintenance service is responsible for the maintenance and upkeep of parks and open spaces across the District. Corporate Priority 1 within the current Corporate Plan is 'keeping parks and open spaces clean for residents and visitors'. Therefore the Grounds Maintenance Service is key to the achievement of Corporate Priority 1 in the current Corporate Plan. The Grounds Maintenance Service currently has an establishment of 48 FTE's and an annual budget in the region of £2m

Management can place Limited Assurance on the system of internal controls in operation for the Grounds Maintenance Service. It is however acknowledged that the Open Spaces Manager has only been in post for a relatively short period of time and has already started to make significant improvements to the service and is expected to continue to do so. We therefore consider that the general direction of travel for the service is positive.

The primary findings giving rise to the Limited Assurance opinion in this area are as follows:

- Service standards for the Grounds Maintenance service have not been corporately defined, and consequently no performance or cost indicators are in place for the service.
- Poor controls are in place to monitor the work completed by operatives on a day to day basis.
- Insufficient drivers are currently employed to maximise the use of expensive grounds maintenance equipment.
- Poor controls in place to monitor vehicle checks and usage.
- No procedures are in place to monitor the running time of hand held equipment to ascertain if the servicing arrangements are sufficient.
- No procedures are currently in place to monitor and record plant and equipment downtime.
- No procedures are in place to record the issue of Red Diesel.
- No Procedures are in place to ensure that vehicle log books are completed daily and staff declarations surrounding the prohibition of personal use of vehicles have not been updated since 2014.
- The checking of staff driving licences is overdue.
- Accident near misses are not reported.
- Chemical safety data sheets are not complete for the chemicals held and used.
- Expensive equipment is lying idle at the depot for some time, or is significantly under used.
- There is a lack of management information on complaints/service requests and complaints are not logged on Civica and reported to CMT and Members.

Effective control was however identified in the following areas:

- Equipment is being used safely, and in accordance with expected standards following historical issues surrounding the use of strimmers.
- PPE is readily available and worn by operatives, although it is recommended that the Dane Park and Manston Road PPE stores are merged.
- Operatives are trained to use the equipment they operate.
- Equipment is well maintained.
- There are appropriate security arrangements at Dane Park Depot.

## 2.8 Street Cleansing – Limited Assurance:

### 2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the street cleansing function is being carried out efficiently and effectively within an appropriate control framework which reduces any risks to an acceptable level.

### 2.8.2 Summary of Findings

The Street Cleansing service is responsible for the cleanliness of all streets and roads across the District seven days a week and is currently delivered by 43 operatives. Seasonal fluctuations mean that additional staff are used during the summer months to assist with beach cleansing and events taking place during the summer season.

Corporate Priority 1 within the current Corporate Plan is 'keeping streets and open spaces clean for residents and visitors'. Therefore the Street Cleansing Service is key to the achievement of Corporate Priority 1 in the current Corporate Plan. The weekly number of man hours put into street cleansing has reduced from 3,600 in April 2006, down to 1,591 in April 2016. Whilst it is acknowledged that over the same period, the Council has moved to wheeled bins which has helped with the containment of refuse, this still means that 2,009 less man hours are being put into cleaning streets across the district each week compared with April 2006.

The Council currently empties litter bins at approximately 380 different locations across the district every day along with dog bins at a further 240 locations which are emptied every other day. Expenditure on Street Cleansing for 2015-16 was approximately £1,524,045.

The primary findings giving rise to this Limited Assurance opinion in this area are as follows:

- Service standards for the Street Cleansing service have not been corporately defined, and consequently no performance or cost indicators are in place for the service.
- Current cleansing rounds are reliant on mechanical sweeping to supplement manual operatives, however little or no manual sweeping has taken place for some time resulting in large areas not being cleaned for a number of months.
- Insufficient trained drivers have been identified to make the best use of new mechanical sweepers which are being purchased.
- Insufficient communal bins are in place in certain areas resulting in excessive waste on streets.
- Little or no information on service standards, rounds etc is available to the public via the Council Internet etc. to allow them to report complaints.
- Complaints are recorded on the Northgate M3 system and not currently fed into the Civica system which is used for the production of complaints statistics which are reported to CMT and Members.

Effective control was however identified in the following areas:

- Standards of street cleanliness are well monitored.

- Complaints are dealt with promptly.
- Staff absence is well monitored.
- The procurement of equipment for the street Cleansing Service is well controlled.
- PPE is readily available and consistently worn by operatives.

## **2.9 EKS PCI-DSS– Limited Assurance.**

### 2.9.1 Audit Scope

To ensure that the controls over the administration of the PCI-DSS procedures are robust and sufficient to enable the partner councils to comply with the industry requirements for this service.

### 2.9.2 Summary of Findings

For clarification, customer's card data is not exposed to any additional risk. This is a review against the new more robust standards – and the assurance level allocated relates to that aspect specifically.

The Payment Card Industry Data Security Standards (PCI-DSS) are specific technical and operational requirements set by the Payment Card Industry Security Standards Council (PCI SSC) to protect cardholder data from fraud, exposure or misuse. The PCI SSC has introduced PCI-DSS to raise standards in relation to the protection of card holder data which exonerates them and the bank from any complaint or breach of the standards. This means that any breach is solely the responsibility of the Council processing the card details. During 2015/16 all three Councils were working towards compliance with PCI-DSS. There are two main areas of risk relating to non-compliance i) technology used to process and store cardholder data and ii) people processing sensitive cardholder information incorrectly.

Despite the very good work that has been carried out across all sites, and the internal controls that are already in place, the review concludes a Limited Assurance that each Council will become compliant and sustain compliance by the end of 2016/17 because the controls that need to be put in place require considerable investment. There are five actions in the agreed action plan.

The PCI-DSS are continuously changing due to new threats and risks which require new controls. This audit was measured against version 3. However the latest version of the standards is version 3.2 which was released in April 2016. This review has therefore concentrated on the preparedness for full compliance, and whilst some payment streams have been fully actioned, some rely on new software being procured and implemented, therefore it would be premature at this stage to be able to provide a higher assurance level as any audit is a 'snapshot in time'. It is important to stress that the matter is progressing and the Corporate Information Governance Group (representing the three partner councils and EKS ICT) have oversight of the requirements in progress.

### 2.9.3 Management Response

The CIGG welcomes the audit and has made good progress in implementing the new requirements. A follow up has been scheduled for December 2016 by when the new suite of ICT policies will have been rolled out to staff. This includes the broader data security issues and specifically the Card Payments Policy. Where required the

procurement and implementation of new technical solutions and software has been identified, the overall compliance is being overseen within the individual councils at Management Team level and additionally in partnership through the CIGG. In the meantime the individual councils are taking every opportunity to introduce good practices mitigate and manage potential risks.

### **Senior Information Risk Officer for TDC, CCC and DDC.**

## **2.10 Car Parking – Key Control Testing:**

### 2.10.1 Summary of Findings

During the period, the EKAP undertook some random sampling of income derived from the Council's car parking machines to confirm the consistent and effective operation of the key controls in place.

The auditor obtained copies of the Car Parking waybills from the Income section for the two week period between 23rd May and 5th June.

The sequential run of the 'Cash Box Nos.' for every machine over that two week period was checked. All of the numbers ran sequentially across the sample tested.

The auditor then obtained the tickets - generated by each machine at the time of collection - from the Civil enforcement Manager and checked all of the tickets against the waybills for the two week period, verifying both the amount and the cash box number from the tickets to the waybills. This testing has also not highlighted any anomalies.

It was noted from the testing that unders and overs are generally very low and rare.

One of the Civil Enforcement Manager's staff regularly checks a random sample of tickets to the waybills and initials the tickets which she has checked.

Enquiries were also undertaken with the Finance team who perform our Bank Reconciliation and, as part of this, checks that the amount handed over to our Cash Collectors is the amount deposited at Santander Bank.

We would therefore conclude that the key controls are working effectively and are consistently applied.

## **2.11 EK Services – Housing Benefit Quarterly Testing (Quarter 4 of 2015-16):**

### 2.11.1 Background:

Over the course of 2015/16 financial year the East Kent Audit Partnership will be completing a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

### 2.11.2 Findings:

For the fourth quarter of 2015/16 financial year (January to March 2016) 20 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

A fail is categorised as an error that impacts on the benefit calculation. However, data quality errors are also shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

### 2.11.3 Audit Conclusion:

Twenty benefit claims were checked and of these one (5%) had a financial error that did impact on the benefit calculation and two data quality errors.

## 2.12 EK Services – Housing Benefit Quarterly Testing (Quarter 1 of 2016-17):

### 2.12.1 Background:

Over the course of 2016/17 financial year the East Kent Audit Partnership will be completing a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

### 2.12.2 Findings:

For the first quarter of 2016/17 financial year (April to June 2016) 20 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

A fail is categorised as an error that impacts on the benefit calculation. However, data quality errors are also shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

### 2.12.3 Audit Conclusion:

Twenty benefit claims were checked and of these none had a financial error that impacted on the benefit calculation but there were two data quality errors.

## 3.0. **FOLLOW UP OF AUDIT REPORT ACTION PLANS:**

3.1 As part of the period's work, eight follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. still outstanding	
a)	Corporate Properties and Concessions	Reasonable/ Limited	Reasonable /Limited	C	0	C	0
				H	6	H	6
				M	5	M	3
				L	0	L	0
b)	Complaints	Limited	Limited	C	0	C	0

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. still outstanding	
	Monitoring			H	1	H	1
				M	5	M	1
				L	3	L	0
c)	Housing Allocations	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	0	M	0
				L	2	L	0
d)	East Kent Housing – Sheltered & Supported Housing	Limited	Reasonable	C	0	C	0
				H	5	H	0
				M	6	M	0
				L	3	L	0
e)	East Kent Housing – CSO Compliance	Reasonable	Reasonable	C	0	C	0
				H	5	H	0
				M	8	M	0
				L	0	L	0
f)	Income	Substantial/ Limited	Substantial/ Reasonable	C	0	C	0
				H	5	H	0
				M	0	M	0
				L	2	L	0
g)	EK Services - Debtors	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	1	L	0
h)	Dog Warden & Street Scene Enforcement	Limited	Reasonable	C	0	C	0
				H	7	H	0
				M	8	M	0
				L	5	L	3

- 3.2 Details of any individual Critical and High priority recommendations outstanding after follow-up are included at Appendix 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 officer and Members' of the Governance and Audit Committee.

The purpose of escalating outstanding high-risk matters is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

- 3.3 As highlighted in the above table, those areas previously reported as having either Limited or No assurance have been reviewed and, in respect of those remaining at below Reasonable assurance, Members are advised as follows:

- a) Corporate Properties and Concessions:

The Head of Economic Development and Asset Management left the Council's employ shortly after the audit was completed and agreed in September 2015. An interim Head of Asset Management is currently in position until September 2016. There continues to be resource issues within the Estates team and Legal team, therefore it has not been possible to implement the agreed actions to date. This is being addressed but is unlikely to be resolved in the short-term.

Management Response - The property services/assets function now forms part of the Resources directorate and since the audit was completed, there have been changes in both personnel and management arrangements.

With the aid of external funding there has been additional resource put in place to review both strategic and operational delivery, and to establish a policy framework to ensure proper use and control of the Council's assets.

Further resource has been identified to supplement the team's capacity and capability going forward, and the recruitment for this is ongoing. The day to day estate management is programmed and valuations, lease renewals and rent reviews are being carried out as required.

As the department is in a transitional phase there are, inevitably, some risks, but the high level items identified in the report will be resolved by the new asset management plan which will be in place by December 2016. The lower level items will be addressed by the increase in capacity which should be in place by autumn 2016.

A new, permanent Head of Service is being recruited and should be in place by autumn 2016, and will be responsible for implementing the asset management plan, and identifying performance and delivery improvements.

b) Complaints Monitoring:

Moving forward, the Council's monitoring and management of complaints, comments and compliments will now gather, analyse and consider information from multiple systems being used across all departments of the Council. This in turn will provide management and members with a realistic overview on departmental performance, provide a public opinion of services and provide management with opportunities to learn and improve.

Positive action has and continues to be taken by management in this area and the direction of travel is therefore positive; it would however be premature to raise the assurance level until all of the recommendations have been fully implemented and have had time to embed, therefore the assurance level remains as Limited.

#### **4.0 WORK-IN-PROGRESS:**

- 4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Members Allowances, Officer Code of Conduct and Gifts and Hospitality, Playgrounds, Cemeteries and Crematorium, Local Code of Corporate Governance, and Maritime Services.

#### **5.0 CHANGES TO THE AGREED AUDIT PLAN:**

- 5.1 The 2016-17 internal audit plan was agreed by Members at the meeting of this Committee on 15<sup>th</sup> March 2016.
- 5.2 The Head of the Audit Partnership meets on a quarterly basis with the Section 151 Officer or their nominated representative to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Appendix 3.

## **6.0 FRAUD AND CORRUPTION:**

There are no known instances of fraud or corruption being investigated by the EKAP to bring to Members attention at the present time.

## **7.0 UNPLANNED WORK:**

All unplanned work is summarised in the table contained at Appendix 3.

## **8.0 INTERNAL AUDIT PERFORMANCE**

- 8.1 For the three month period to 30<sup>th</sup> June 2016, 75.12 chargeable days were delivered against the planned target of 295.36 days which equates to 25% plan completion.
- 8.2 The financial performance of the EKAP is on target at the present time.
- 8.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has established a range of performance indicators which it records and measures. The performance against each of these indicators for 2015-16 is attached as Appendix 5.
- 8.4 The EKAP audit maintains an electronic client satisfaction questionnaire which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service. Current feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Appendix 4.

### **Attachments**

- Appendix 1 Summary of Critical and High priority recommendations outstanding after follow-up.
- Appendix 2 Summary of services with Limited / No Assurances.
- Appendix 3 Progress to 30<sup>th</sup> June 2016 against the agreed 2015-16 Audit Plan.
- Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 30<sup>th</sup> June 2016.
- Appendix 5 Definition of Audit Assurance Statements & Recommendation Priorities



**SUMMARY OF CRITICAL & HIGH PRIORITY RECOMMENDATIONS STILL OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1**

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<i>Corporate Properties and Concessions – June 2016:</i>		
Formulate an Acquisition Policy.	<p>The Asset Management Policy will be refreshed to include an acquisitions policy and process.</p> <p><b>Proposed Completion Date</b> February 2016</p> <p><b>Responsibility</b> Head of Economic Development and Asset Management.</p>	<p>The Acquisition and Disposal Policy will form part of the re-drafted Asset Management Strategy. It is unlikely this will be in place before October 2016. In the interim, all acquisitions and disposals will be assessed by CMT.</p> <p><b>Not yet fully implemented</b></p>
Formulate a Community Asset Strategy and Policy.	<p>A Community Asset Policy will form part of the refreshed Asset Management Policy, as an annex</p> <p><b>Proposed Completion Date</b> February 2016</p> <p><b>Responsibility</b> Head of Economic Development and Asset Management</p>	<p>The Community Asset Transfer will form part of the revised Asset Management Strategy. It is unlikely this will be in place before October 2016. In the interim, disposals through this route will be approved by CMT.</p> <p><b>Not yet fully implemented</b></p>
Request that Finance include a note or disclaimer on new insurance bills to say that tenant will be liable for insurance excess costs at £current rate.	<p>To discuss with finance and agree way forward.</p> <p><b>Proposed Completion Date</b> December 2015.</p> <p><b>Responsibility</b> Head of Economic Development and Asset</p>	<p>This needs to be reviewed with the new insurance cover providers. Therefore it is still outstanding.</p> <p><b>Not yet fully implemented</b></p>

**SUMMARY OF CRITICAL & HIGH PRIORITY RECOMMENDATIONS STILL OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1**

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
	Management.	
<p>Rent reviews must be dealt with as soon as possible to avoid accumulating back-dated charges to tenants. Consider sending an interim letter to tenants to warn them that a review has been undertaken and the likely increase in rent – TBC etc.</p>	<p>Legal have a new resource to ease the backlog so this should be resolved and may negate the need for any interim measures but this should be monitored.</p> <p><b>Proposed Completion Date</b> October 2015.</p> <p><b>Responsibility</b> Head of Economic Development and Asset Management.</p>	<p>There continues to be capacity issues within both the Estates team and the Legal team so this continues to be a concern.</p> <p><b>Not yet fully implemented</b></p>
<p>It is suggested that the Head of Economic Development and Asset Management liaises with the Finance Department regarding identification and ring-fencing of any dilapidation receipts.</p>	<p>To discuss with Finance and agree a way forward.</p> <p><b>Proposed Completion Date</b> December 2015.</p> <p><b>Responsibility</b> Head of Economic Development and Asset Management.</p>	<p>This seems to be still outstanding and needs to be addressed through the assessment of capacity of the Estates team.</p> <p><b>Not yet fully implemented</b></p>
<p>Review current operations, identify risks and opportunities to improve services and increase income/footfall to these areas. Following review, document policy for adoption by Cabinet.</p>	<p>This is a continuous review programme which has been adopted, ideas put through to CMT.</p> <p><b>Proposed Completion Date</b> August 2015.</p>	<p>There are potential compliance risks extant, and because of a lack of resource opportunities are being missed. Again this may be addressed by the new Asset Management Strategy and revised internal processes and procedures.</p>

**SUMMARY OF CRITICAL & HIGH PRIORITY RECOMMENDATIONS STILL OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1**

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
	<b>Responsibility</b> Head of Economic Development and Asset Management.	<b>Not yet fully implemented</b>
<i>Complaints Monitoring – June 2016:</i>		
Customer Contact & Engagement Manager should meet with the system administrator of M3 to establish what is being recorded and whether any fit the criteria of being a complaint; if this information can be easily extrapolated from this sub-system it should be reported to SMT in a timely manner; if it cannot it should be recorded in Civica.	Two stage approach to be adopted. <ol style="list-style-type: none"> <li>1. To liaise with the Systems Administrator of M3 to establish what meaningful data can be extracted for reporting to SMT.</li> <li>2. Long term - look at how complaints are recorded across all Council Departments.</li> </ol> <b>Proposed Completion Date</b> <ol style="list-style-type: none"> <li>1. 26 February 2016</li> <li>2. On-Going</li> </ol> <b>Responsibility</b> Customer Contact & Engagement Manager	Monthly stats are now provided by EK Services of all reports (email, web and phone) coming into the Contact Centre. These include service requests such as missed bins and crew complaints and discussions are taking place with the Policy and Business Planning team to incorporate these into the monthly performance pack.  <b>Partially Implemented</b>

**SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED – APPENDIX 2**

<b>Service</b>	<b>Reported to Committee</b>	<b>Level of Assurance</b>	<b>Follow-up Action Due</b>
East Kent Housing - Repairs, Maintenance and Void Management	March 2016	Limited	Work-in-progress – to be reported in December
Employee Health, Safety & Welfare	March 2016	Limited	Work-in-progress
Safeguarding Children & Vulnerable Groups	March 2016	Limited	Work-in-progress
Museums	March 2016	Limited	Work-in-progress
Street Cleansing	September 2016	Limited	January 2017
Grounds Maintenance	September 2016	Limited	April 2017

**PROGRESS TO DATE AGAINST THE AGREED 2016-17 AUDIT PLAN – APPENDIX 3**

**THANET DISTRICT COUNCIL:**

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2016	Status and Assurance Level
<b>FINANCIAL SYSTEMS:</b>				
Main Accounting System	10	10	0.18	Quarter 3
Budgetary Control	10	10	0.18	Quarter 3
<b>RESIDUAL HOUSING SERVICES:</b>				
Homelessness	10	10	0.17	Work-in-Progress
<b>GOVERNANCE RELATED:</b>				
Member Code of Conduct & Standards Arrangements	10	10	5.25	Finalised - Substantial
Officer Code of Conduct, Register of Interests, and Gifts and Hospitality	10	10	0.17	Work-in-Progress
Local Code of Corporate Governance	7	7	0.17	Work-in-Progress
Anti-Fraud & Corruption	9	0	0	Postpone until 2017-18
Performance Management	10	0	0	Postpone until 2017-18
Project Management	10	0	0	Postpone until 2017-18
Corporate Advice/CMT	2	2	0.57	Work-in-progress throughout 2016-17
s.151 Officer Meetings and Support	9	9	3.51	Work-in-progress throughout 2016-17
Governance & Audit Committee Meetings and Report Preparation	12	12	4.58	Work-in-progress throughout 2016-17
2017-18 Audit Plan and Preparation Meetings	9	9	0.64	Quarter 4
<b>CONTRACT RELATED:</b>				
Service Contract Management	10	10	0	Quarter 3
Procurement	10	10	0.17	Work-in-Progress
<b>SERVICE LEVEL:</b>				
Cemeteries & Crematoria	10	10	0	Work-in-Progress
S11 Safeguarding Return to KCC	1	1	0	Quarter 3
HMO & Selective Licensing	10	10	0	Quarter 4
Coastal Management	10	10	0.18	Quarter 4
Public Health Burials	6	6	0.17	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2016	Status and Assurance Level
Environmental Protection Service Requests	10	10	0.17	Work-in-Progress
Playgrounds	8	8	0.17	Work-in-Progress
Events Management	10	10	0	Quarter 4
Disabled Facilities Grants	10	10	7.74	Finalised - Substantial
Asset Management	10	10	0	Quarter 4
Maritime	12	12	0.22	Work-in-Progress
Members Allowances & Expenses	10	10	0.17	Work-in-Progress
Building Control	10	10	0	Work-in-Progress
Imprest Floats & Travel Warrants	6	6	6.03	Finalised - Substantial
Phones, Mobiles & Utilities	7	3	0	Quarter 4
<b>OTHER :</b>				
Liaison With External Auditors	2	2	0	Work-in-progress throughout 2016-17
Follow-up Reviews	10	10	8.65	Work-in-progress throughout 2016-17
<b>FINALISATION OF 2015-16 AUDITS:</b>				
Days under delivered in 2015-16	0	-4.64	0	Completed
Grounds Maintenance	5	32	10.52	Finalised – Limited
Street Cleansing			9.74	Finalised – Limited
Planning Applications, Income & s106 Agreements			11.28	Finalised – Reasonable/Limited
Museums			0.21	Finalised - Limited
Recruitment			0	Work-in-Progress
<b>UNPLANNED:</b>				
Car Parking – Key Control Testing	0	2	2.37	Finalised
Dreamland – Post Implementation Review	0	5	0.91	Finalised
Referendum – 1 Presiding Officer	0	1	1	Finalised
<b>EK HUMAN RESOURCES:</b>				
Payroll	5	5	0	Work-in-Progress
Employee Benefits-in-Kind	5	5	0	Work-in-Progress
Leavers/Disciplinary	5	5	0	Work-in-Progress
<b>TOTAL</b>	<b>300</b>	<b>295.36</b>	<b>75.12</b>	<b>25% as at 30-06-2016</b>

**EAST KENT HOUSING LIMITED:**

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2016	Status and Assurance Level
<b>Planned Work:</b>				
Governance	15	0	0	Postponed to future audit plan
Finance Systems and ICT Controls	15	0	0	Postponed to future audit plan
Audit Ctte/EA Liaison/Follow-up	6	6	5.59	Work-in-progress throughout 2016-17
Rent Accounting & Collection	15	15	0	Quarter 4
Tenancy & Estate Management	29	29	1.8	Work-in-Progress
Days over delivered in 2015-16	0	-18.15	0	Completed
<b>Unplanned Work:</b>				
Procurement	0	15	8.39	Finalised
Single System Controls	0	15	1.93	Work-in-Progress
<b>Total</b>	<b>80</b>	<b>61.85</b>	<b>17.71</b>	<b>29% at 30-06-2016</b>

**EK SERVICES:**

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2016	Status and Assurance Level
<b>Planned Work:</b>				
Housing Benefit Overpayments	15	15	13.85	Finalised - Substantial
Fraud Investigations	15	0	0.64	No longer required
Housing Benefit Subsidy	15	15	0.26	Quarter 3
Council Tax	30	25	0	Quarter 3
Customer Services	15	15	15.01	Finalised - Substantial
ICT Change Controls	12	12	0.2	Quarter 2
ICT Software Licensing	12	12	0	Quarter 3
ICT Network Security	12	12	0	Quarter 4
Corporate/Committee	8	8	1.37	Ongoing
Follow-up	6	6	0.38	Work-in-progress throughout 2016-17

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual days to 30-06-2016</b>	<b>Status and Assurance Level</b>
DDC / TDC Quarterly Housing Benefit Testing	20	20	6.93	Work-in-progress throughout 2016-17
Finalisation of 2015-16 work-in-progress	0	27.33	27.65	Completed
Days under delivered in 2015-16	7.33	0	0	
<b>Total</b>	<b>167.33</b>	<b>167.33</b>	<b>66.29</b>	<b>40% at 30-06-2016</b>



**BALANCED SCORECARD – QUARTER 1**

<b>INTERNAL PROCESSES PERSPECTIVE:</b>	<b>2016-17 Actual</b>	<b>Target</b>	<b>FINANCIAL PERSPECTIVE:</b>	<b>2016-17 Actual</b>	<b>Original Budget</b>
	<b>Quarter 1</b>		<b>Reported Annually</b>		
Chargeable as % of available days	85%	80%	<ul style="list-style-type: none"> <li>• Cost per Audit Day</li> </ul>	£	£326.61
Chargeable days as % of planned days			<ul style="list-style-type: none"> <li>• Direct Costs</li> </ul>	£	£419,420
CCC	29%	25%	<ul style="list-style-type: none"> <li>• + Indirect Costs (Recharges from Host)</li> </ul>	£	£11,700
DDC	19%	25%	<ul style="list-style-type: none"> <li>• - ‘Unplanned Income’</li> </ul>	£	Zero
SDC	26%	25%	<ul style="list-style-type: none"> <li>• = Net EKAP cost (all Partners)</li> </ul>	£	£431,120
TDC	25%	25%	<ul style="list-style-type: none"> <li>• Saving Target</li> </ul>	£	10%
EKS	40%	25%			
EKH	29%	25%			
Overall	27%	25%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> <li>• Issued</li> </ul>	26	-			
<ul style="list-style-type: none"> <li>• Not yet due</li> </ul>	22	-			
<ul style="list-style-type: none"> <li>• Now due for Follow Up</li> </ul>	31	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

**BALANCED SCORECARD – QUARTER 1**

<u>CUSTOMER PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Target</u>	<u>INNOVATION &amp; LEARNING PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Target</u>
	Quarter 1				
Number of Satisfaction Questionnaires Issued;	18		Percentage of staff qualified to relevant technician level	83%	75%
Number of completed questionnaires received back;	10		Percentage of staff holding a relevant higher level qualification	36%	32%
	= 56%		Percentage of staff studying for a relevant professional qualification	28%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	0.19	3.5
<ul style="list-style-type: none"> <li>• Interviews were conducted in a professional manner</li> <li>• The audit report was 'Good' or better</li> <li>• That the audit was worthwhile.</li> </ul>	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	32%
	100%	100%			
	100%	100%			

## Definition of Audit Assurance Statements & Recommendation Priorities

### Assurance Statements:

**Substantial Assurance** - From the testing completed during this review a sound system of control is currently being managed and achieved. All of the necessary, key controls of the system are in place. Any errors found were minor and not indicative of system faults. These may however result in a negligible level of risk to the achievement of the system objectives.

**Reasonable Assurance** - From the testing completed during this review most of the necessary controls of the system in place are managed and achieved. There is evidence of non-compliance with some of the key controls resulting in a marginal level of risk to the achievement of the system objectives. Scope for improvement has been identified, strengthening existing controls or recommending new controls.

**Limited Assurance** - From the testing completed during this review some of the necessary controls of the system are in place, managed and achieved. There is evidence of significant errors or non-compliance with many key controls not operating as intended resulting in a risk to the achievement of the system objectives. Scope for improvement has been identified, improving existing controls or recommending new controls.

**No Assurance** - From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.

### Priority of Recommendations Definitions:

**Critical** – A finding which significantly impacts upon a corporate risk or seriously impairs the organisation's ability to achieve a corporate priority. Critical recommendations also relate to non-compliance with significant pieces of legislation which the organisation is required to adhere to and which could result in a financial penalty or prosecution. Such recommendations are likely to require immediate remedial action and are actions the Council must take without delay.

**High** – A finding which significantly impacts upon the operational service objective of the area under review. This would also normally be the priority assigned to recommendations relating to the (actual or potential) breach of a less prominent legal responsibility or significant internal policies; unless the consequences of non-compliance are severe. High priority recommendations are likely to require remedial action at the next available opportunity or as soon as is practical and are recommendations that the Council must take.

**Medium** – A finding where the Council is in (actual or potential) breach of - or where there is a weakness within - its own policies, procedures or internal control measures, but which does not directly impact upon a strategic risk, key priority, or the operational service objective of the area under review. Medium priority recommendations are likely to require remedial action within three to six months and are actions which the Council should take.

**Low** – A finding where there is little if any risk to the Council or the recommendation is of a business efficiency nature and is therefore advisory in nature. Low priority recommendations are suggested for implementation within six to nine months and generally describe actions the Council could take.

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**Annual Governance Statement 2015-2016**

<b>Meeting -</b>	<b>20 September 2016</b>
Report Author	<b>Director of Corporate Governance and Monitoring Officer</b>
Portfolio Holder	<b>Derek Crow-Brown, Cabinet Member for Corporate Governance Services</b>
Status	<b>For Decision</b>
Classification:	<b>Unrestricted</b>
Ward:	<b>All</b>

**Executive Summary:** To provide Governance and Audit Committee with the Annual Governance Statement 2015-16 and significant issues action plan for approval.

**Recommendation(s):** Committee consider and approve the Annual Governance Statement and action plan for 2015-2016

**CORPORATE IMPLICATIONS**

<b>Financial and Value for Money</b>	There are no financial implications arising directly from this report which have not already been accounted for.													
<b>Legal</b>	The Accounts and Audit Regulations and other accounting guidance requires the council to follow prescribed formats in the completion of the Annual Governance Statement.													
<b>Corporate</b>	The Annual Governance Statement is a corporate document and as such should be owned by all senior officers and members of the authority.													
<b>Equalities Act 2010 &amp; Public Sector Equality Duty</b>	<p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p> <table border="1"> <tr> <td colspan="3">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td></td> <td>X</td> </tr> <tr> <td>Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> <td></td> <td>X</td> </tr> <tr> <td>Foster good relations between people who share a protected characteristic and people who do not share it.</td> <td></td> <td>X</td> </tr> </table>		Please indicate which aim is relevant to the report.			Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,		X	Advance equality of opportunity between people who share a protected characteristic and people who do not share it		X	Foster good relations between people who share a protected characteristic and people who do not share it.		X
Please indicate which aim is relevant to the report.														
Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,		X												
Advance equality of opportunity between people who share a protected characteristic and people who do not share it		X												
Foster good relations between people who share a protected characteristic and people who do not share it.		X												

	There are no specific equity or equalities issues arising from this report.
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<b>CORPORATE PRIORITIES (tick those relevant)✓</b>	
A clean and welcoming Environment	
Promoting inward investment and job creation	
Supporting neighbourhoods	

<b>CORPORATE VALUES (tick those relevant)✓</b>	
Delivering value for money	x
Supporting the Workforce	x
Promoting open communications	x

## **1.0 Introduction and Background**

- 1.1 The council was required to prepare an Annual Governance Statement (AGS) which must be included within the Financial Statement and should be signed by the Leader and Chief Executive.

## **2.0 The Current Situation**

- 2.1 The Annual Governance Statement, which is attached at Annex 1, should reflect the corporate governance environment of the council as detailed in the adopted Local Code of Corporate Governance. In essence, the AGS is the formal statement that recognises, records and publishes the council's governance arrangements.
- 2.2 The AGS is a key corporate document, and the Leader and Chief Executive have joint responsibility as signatories for its accuracy and completeness. In order to ensure that the AGS accurately reflects our Governance Framework, a number of sources of assurance were gathered to feed into the preparation of the document. Following the approval process it will be formally signed as required.
- 2.3 The Draft AGS came before the Governance and Audit Committee in August, and was agreed with minor changes. This was then provided to our External Auditors Grant Thornton, for them to audit. The Auditors challenged whether all the items included in Section 11 could be classed as 'significant areas'. The 'significant areas' were considered by senior management and a smaller list of issues was agreed.
- 2.4 An action plan for the 'significant governance issues' identified has been prepared which is attached at Annex 2. Following approval of the AGS this action plan will be entered into the performance management system and reported back to this Committee on a regular basis.

## **3.0 Options**

- 3.1 That Members approve the Annual Governance Statement 2014/2015 and the associated action plan.
- 3.2 That Members do not approve the Annual Governance Statement 2014/2015. This is not recommended as the AGS reinforces the council's governance arrangements.

Contact Officer:	Tim Howes, Director of Corporate Governance
Reporting to:	Madeline Homer, Chief Executive

## **Annex List**

<i>Annex 1</i>	Annual Governance Statement
<i>Annex 2</i>	Significant Governance Issues Action Plan

### **Corporate Consultation**

<b>Finance</b>	Matt Sanham, Corporate Finance Manager
<b>Legal</b>	Ciara Feeney, Head of Legal Services and Deputy Monitoring Officer

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# Annual Governance Statement 2015/16

## **1.0 SCOPE OF RESPONSIBILITY**

- 1.1 Thanet District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that funding is used economically, efficiently and effectively. Thanet District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Thanet District Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.
- 1.3 Thanet District Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government. A copy of the Local Code is available on our website or can be obtained from the council offices, Cecil Street, Margate, Kent, CT9 1XZ. This statement explains how Thanet District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of an Annual Governance Statement.

## **2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled, together with the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Thanet District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Thanet District Council for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

## **3.0 METHODOLOGY FOR PREPARING THE ANNUAL GOVERNANCE STATEMENT**

- 3.1 The Annual Governance Statement is prepared using a method similar to that used in previous years, including:
  - Managers providing an assurance statement as to the extent and quality of internal control arrangements operating within their departments for the year. The declaration covers a comprehensive list of those systems and procedures which deliver good

governance. Managers are asked to declare any weaknesses in their governance arrangements.

- Directors / Service Managers reviewing the results of those declarations, identifying those issues which are significant or which are common to more than one area and discussing the outcomes with the Portfolio Holder with responsibility for each service area.
- Assurance statements from the Section 151 Officer, Monitoring Officer and the following key areas: performance management, procurement and risk management identifying any governance issues that have arisen and should be addressed in the forthcoming year.
- Statements from the shared service partners we work with on compliance with the governance arrangements in place.
- Reviewing the annual reports from Governance and Audit Committee and Overview and Scrutiny Panel.
- Considering the Internal Audit Annual Report and the Section 151 Officer's report on the effectiveness of the internal audit arrangements in place.
- The council's Governance and Audit Committee considers the draft Annual Governance Statement in June and is afforded the opportunity to give its input to the statement and to consider whether it accurately reflects the council's control environment.
- The Governance and Audit Committee approves the Annual Governance Statement in September and it is signed off by the Chief Executive / Section 151 Officer and Leader of the Council.

#### **4.0 THE GOVERNANCE FRAMEWORK**

4.1 There are a number of key elements to the systems and processes that comprise the council's governance arrangements, which are set out below.

4.1.1 There is a clear vision of the council's purpose and intended outcomes for citizens and service users that is clearly communicated.

- The Vision for Thanet was adopted by Council in July 2009. This document sets out the future plans for what Thanet will look and be like in 2030. It was consulted on widely with staff and members, the residents' panel, partners and stakeholders.
- The council identified and communicated its aims and ambitions for Thanet in October 2015 for the next four years when a new Corporate Plan was approved. The plan contains three priorities and three corporate values which are supported by measures of success.

4.1.2 Arrangements are in place to review the council's vision and its implications for the council's governance arrangements.

- The Corporate Plan will be reviewed annually to take into account progress against the priorities and outcomes of the annual budget setting process. Each review will evaluate and determine if there are any implications for the council's

governance arrangements with appropriate amendments being made as necessary.

- 4.1.3 Arrangements exist for measuring the quality of services, ensuring they are delivered in accordance with the council's objectives and that they represent the best use of resources.

Performance progress is tracked through monthly monitoring of key performance indicators, service tasks and projects. Progress against the council's Corporate Plan is reported quarterly to Cabinet. Additionally, monthly service reports summarise all key projects, tasks and performance measures specific to each service. The performance framework is operated on Inphase™, a performance management system.

The Council's data quality framework sets out the Council's requirement that any data used by the authority should be fit for purpose. Fitness for purpose of performance data is assured through the following activity:

- Challenge of measure definition when new indicators are identified through service planning;
- Set up of measures at denominator and numerator level to ensure that calculations are not carried out manually;
- Calculation checking through the data entry process;
- Manager review of data entered by staff;
- Training provided to managers and staff on how to use the data entry and reporting system;
- Challenge through the target setting process;
- Challenge through monthly monitoring of performance data;
- Advice and support provided to staff and managers as requested on the capture and use of management data.

- 4.1.4 The roles and responsibilities of the executive, non-executive, scrutiny and officer functions are clearly defined, with clear delegation arrangements and protocols for effective communication.

Roles and responsibilities for Cabinet, Council, Overview and Scrutiny and all committees of the council, along with officer functions are defined and documented, with clear delegation arrangements and protocols for effective communication within the council's Constitution. The Constitution is regularly reviewed and updated.

- 4.1.5 Codes of conduct defining the standards of behaviour for members and officers are in place, conform to appropriate ethical standards and are communicated and embedded across the council.

Codes of conduct defining the standards of behaviour for members and staff have been developed and communicated and are available (as part of the Council's constitution) on the council's website and intranet site, Thanet Online Matters (TOM). These include Members' Code of Conduct, Code of Conduct for Staff, Anti-fraud and Corruption Policy, member and officer protocols and regular performance appraisals linked to service and corporate objectives.

- 4.1.6 Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks.

The council has established policies and procedures to govern its operations. Key within these are the Financial Procedure Rules, Procurement Strategy and Contract Standing Orders, Risk Management Strategy, Codes of Conduct for Members and Officers, Anti-

Fraud and Corruption Policy, Anti-Bribery Policy, Whistleblowing Code and Human Resources policies. Ensuring compliance with these policies is the responsibility of everyone throughout the council. These key controls are subject to periodic review, including that by Internal Audit, and are updated to ensure that they are relevant to the needs of the organisation.

Contract Standing Orders set out the rules governing the procurement process to ensure that value for money is achieved whilst meeting all legal and statutory requirements and minimising the risk of fraud or corruption. The council's Procurement Strategy is a high level view of how to promote effective procurement across the whole organisation. It outlines what good procurement means in Thanet and details the supporting framework. This Strategy is underpinned by the Procurement Code of Practice which is a step-by-step guide for all purchasing activities providing information, advice and guidance for officers responsible for spending the council's money.

A risk management framework has been in place across the council for some years with the objective of embedding effective risk management practices at both strategic and operational levels. The Risk Management Strategy and Process documents are reviewed on an annual basis and approved by the Governance and Audit Committee.

- 4.1.7 The council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The council's financial management arrangements conform to CIPFA standards. The Director of Corporate Resources has statutory responsibility for the proper management of the council's finances. The management of the council's finances within departments is devolved to directors / service managers through the Scheme of Delegation for Financial Authority and Accountability. Directors / service managers further devolve decision making to managers and business unit managers through departmental schemes of management.

The Financial Services Team provide detailed finance protocols, procedures, guidance and training for managers and staff. The structure of the Financial Services Team ensures segregation of duties and all committee reports are reviewed by the appropriate Financial Services staff.

The internal audit function is an independent appraisal process and is provided by the East Kent Audit Partnership, who have direct access to members. They undertake reviews which provide management with a level of assurance on the adequacy of internal controls and of risks to the council's functions / systems. They give sound objectivity as well as benefiting from a large resource-pool which brings with it a good level of robustness. Throughout the year, the internal auditors perform a wide range of reviews covering both financial matters and other more service / output specific objectives, including value for money assessments. The conclusion is a report that is produced for management, which includes an assessment of the level of assurance that can be derived from the system of internal controls related to the service that is reviewed.

- 4.1.8 The core functions of an audit committee are undertaken.

The role of the Governance and Audit Committee is set out in the Constitution and one of its key roles is to provide independent assurance of the adequacy of the risk management framework and the associated control environment. It is a committee comprising nine council members independent of the executive which oversees the internal audit function and considers all relevant reports of the external auditor.

The terms of reference for the Governance and Audit Committee are prepared in line

with 'CIPFA's Audit Committees – Practical Guidance for Local Authorities' and are reviewed annually whilst undertaking the self-assessment into the committee's effectiveness and achievements against its terms of reference.

- 4.1.9 Arrangements exist to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The council has in place a Monitoring Officer and Deputy Monitoring Officer. The Monitoring Officer has a duty to report on any actual or likely decision which would result in an unlawful act or maladministration. All decisions to be taken by members are supported by a legal assessment provided by the appropriate officer.

The council has in place a Responsible Finance Officer and Deputy under Section 151 of the Local Government Act 1972. This role ensures lawfulness and financial prudence of decision making, has responsibility for the administration of the financial affairs of the council and provides advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues.

- 4.1.10 Arrangements for whistleblowing and for receiving and investigating complaints from the public are in place and well publicised.

The council has in place a Whistleblowing Code whereby staff and others can report concerns about various sorts of wrongdoing or alleged impropriety. The Whistleblowing Code was approved by Governance and Audit Committee, as part of the council's Anti-Fraud and Corruption Policy. The Code is available on the website and is also proactively communicated to those contracting with the council.

Thanet District Council wants to provide the best service it can to the community and has a Customer Feedback process in place, which includes complaints, compliments, service requests, member contact and comments. Service improvements take place as a direct result of customer feedback received and are published on the council's website and Members' Portal.

- 4.1.11 Arrangements exist for identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Member Briefing sessions are programmed on a regular basis to ensure that members are properly equipped to effectively fulfil their responsibilities in the governance of the council's operations.

As part of the annual appraisal process, training and development needs of staff are identified and a development plan is drawn up to meet those needs.

- 4.1.12 Clear channels of communication with all sections of the community and other stakeholders are in place, ensuring accountability and encouraging open consultation.

The council has increased the level of community input into its decision making processes by increasing the number and variety of opportunities made available to the community. This includes online conversations and feedback as well as focus groups, workshops and the more traditional methods such as postal questionnaires. A greater emphasis is being placed on online consultation and social media.

The council has a well-established and effective consultation function which includes a wide range of consultation methods to ensure that as many groups and individuals as possible are able to participate. Before undertaking any consultation or communication, action plans are completed to detail exactly how key groups will be

targeted. The council delivers an extensive programme of consultations throughout the year.

The council also regularly communicates and consults with residents online via the council website, through social media such as Twitter and Facebook, through local press, via secondary and primary schools, through local forums and organisations.

- 4.1.13 Governance arrangements in respect of partnerships and other group working incorporate good practice and are reflected in the council's overall governance arrangements.

Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The council ensures that all are fit for purpose and the council's interests are protected.

## 5.0 REVIEW OF EFFECTIVENESS

- 5.1 Thanet District Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the East Kent Audit Partnership's annual report, and also by comments made by our External Auditors and other review agencies and inspectorates.

- 5.2 The process that has been applied by the council in maintaining and reviewing the effectiveness of the governance framework, includes the following:

### 5.2.1 The Authority

The Council comprises 56 Members and, as a whole, takes decisions on budget and policy framework items as defined by the Constitution.

### 5.2.2 The Cabinet

The Cabinet is responsible for the majority of the functions of the authority, within the budget and policy framework set by Full Council. Executive decisions can be taken by the Leader or Cabinet and Cabinet Members acting under delegated powers, depending upon the significance of the decision being made.

The Forward Plan lists the key decisions to be taken by Cabinet over the forthcoming four months. The plan is updated around the middle of each month to take effect from the 1st of the following month.

### 5.2.3 The Governance and Audit Committee

The council has an established Governance and Audit Committee, which is independent of the executive function of the council, and is responsible for overseeing internal and external audit, risk management processes and reviewing the adequacy of internal controls.

### 5.2.4 The Overview and Scrutiny Panel

The Overview and Scrutiny Panel consists of non-executive members and is appointed on a proportional basis, with political groups represented in the same proportion as on Full Council. It does not have any decision-making powers, but monitors the performance of the Leader and Cabinet and scrutinises services and policies throughout

the district (both member and officer).

5.2.5 The Standards Committee

The Standards Committee is established by Full Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the council on the adoption and revision of the Members' Code of Conduct and for monitoring the operation of the Code.

5.2.6 The Chief Financial Officer

The role of the Chief Financial Officer is a fundamental building block of good corporate governance. The two critical aspects of the role are stewardship and probity in the use of resources; and performance, extracting the most value from the use of those resources.

5.2.7 The Monitoring Officer

The Monitoring Officer has a duty to: report on matters he/she believes are, or are likely to be, illegal or amount to maladministration, be responsible for matters relating to the conduct of Councillors and Officers and keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.

5.2.8 The Internal Audit function

The internal audit function is undertaken by the East Kent Audit Partnership, which provides this service to not only Thanet District Council but also Dover and Shepway District Councils, and Canterbury City Council. Internal audit is an independent appraisal function, which seeks to provide management with a level of assurance on the adequacy of internal controls and of risks to the council's functions / systems.

5.2.9 Management and officers

The council's internal management processes are reviewed regularly and any changes or updates are communicated through the Heads of Service, Managers' forum and staff development sessions, and any management training that is undertaken.

## 6.0 INTERNAL AUDIT STATEMENT

6.1 The original audit plan for 2015-16 included a total of 26 projects. We have communicated closely with the s.151 Officer, CMT and this Committee to ensure the projects actually undertaken continue to represent the best use of resources. As a result of this liaison some changes to the plan were agreed during the year. A few projects (5) have therefore been pushed back in the overall strategic plan, to permit some higher risk projects to come forward in the plan (1). The total number of projects undertaken in 2015-16 was 22, with 5 being WIP at the year-end to be finalised in April. Five projects were able to be delivered from the 14.44 savings days rolled forward from 2014-15.

6.2 During 2015-16, 121 recommendations were made in the agreed final audit reports to Thanet District Council. These are analysed as being High, Medium or Low risk. Naturally, more emphasis is placed on recommendations for improvement regarding high risks. Any high priority recommendations where management has not made progress in implementing the agreed system improvement are brought to management and Members' attention through Internal Audit's quarterly update reports. During 2015-16 the EKAP has raised and reported to the quarterly Governance and Audit Committee meetings 121 recommendations, and whilst 84% were in the High or Medium Risk categories, none are so significant that they need to be escalated at this time.



6.3 There are no major areas of concern, which would give rise to a qualified audit statement regarding the systems of internal control concerning either the main financial systems or overall systems of corporate governance. The Council can have a very good level of assurance in respect of all of its main financial systems and a good level of assurance in respect of the majority of its Governance arrangements. Many of the main financial systems that have been covered, which feed into the production of the Council's Financial Statements, have a Substantial assurance level following audit reviews. The Council can therefore be very assured in these areas. This position is the result of improvements to the systems and procedures over recent years and the willingness of management to address areas of concern that have been raised.

There were five areas where only a limited assurance level was concluded and these reflect a lack of confidence in arrangements, and these were brought to officers' attention. These reviews are shown in the Internal Audit Annual Report along with the details of planned follow up activity for other areas awaiting a progress report.

6.4 From the work undertaken during 2015-16, there were no instances of unsatisfactory responses to key control issues raised in internal audit reports by the end of the year. There are occasions when audit recommendations are not accepted for operational reasons such as a manager's opinion that the associated costs outweigh the risk, but none of these are significant and require reporting or escalation at this time. The EKAP has been commissioned to perform only one follow up, there were two reviews that remained either fully or partially Limited Assurance after follow up and twenty-eight recommendations that were originally assessed as high risk, which remained a high priority and outstanding after follow up were escalated to the Governance and Audit Committee during the year.

6.5 The EKAP assesses the overall system of internal control in operation throughout 2015-16 as providing reasonable assurance. No system of control can provide absolute assurance, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there is an ongoing process for identifying, evaluating and managing the key risks.

## **7.0 ACTIONS UNDERTAKEN DURING 2015/16**

7.1 Throughout 2015/16 managers within the council have met on a regular basis through the Heads of Service meetings and Managers Forum, and updates to the following corporate processes, strategies or policies have been communicated, which are then shared with all staff through Staff Briefing Sessions:

- EK Audit - Risk Management Workshop
- EKHR - Service Development Workshops
- Local Plan Working Group
- Risk Register
- LGA Asset Management Efficiency Review
- Safeguarding
- Corporate Policy on "Out of Hours remuneration"
- Invoice Processing and Payment
- Corporate Risk Register
- Health & Wellbeing
- Corporate Priorities and Values
- Community Asset Strategy
- Commercialisation Strategy

- Member/Officer Protocol Information Management
- Corporate priorities/measures of success/service planning
- Kent Environmental Strategy
- Service Planning - Cross Cutting Themes
- Corporate Newsletter
- E-Learning Audit
- FOI requests
- Sickness Absence
- Performance Reporting
- Asset Management
- Health and Safety
- Out of Hours Service
- Appraisal Moderation Process
- Contracting Standing Order Waivers
- Sickness Policy Equalities and Judicial Review
- Volunteer Policy
- Compliance Reporting
- Project Management
- Reporting Partner Performance
- Universal Credit
- Benchmarking
- E-learning
- Self-Authorisation
- Digitalisation
- Flexi-time
- Short Term Frequent Absence Process
- Establishment Change Request Process
- Election and Induction Programme
- Contract Standing Orders
- East Kent People (Payroll System)
- Emergency Planning
- Constitution - Officer Delegations
- Member/Officer Protocol
- Peer Review
- Appraisals System Process
- Service Plans
- Whistleblowing and Anti-Fraud
- Anti-Bribery
- Managing Safely
- SMART objectives
- Corporate Requirements For Reports
- Constitution
- Staff Survey Feedback
- Out of Hours Consultation
- Roles and Responsibilities
- Workforce Strategy

7.2 The following corporate processes, strategy or policy documents were considered and approved by the Governance and Audit Committee:

- Annual internal audit report – 6/15
- Quarterly internal audit report update – 6/15
- Annual Fraud Report – 6/15
- Corporate Risk Register – 6/15
- External Audit fee letter – 6/15

- Annual Treasury Management Review 2014/15 – 6/15
- External Funding and Grants Protocol – 6/15
- Draft Annual Governance Statement – 6/15
- Final Annual Governance Statement – 6/15
- Internal Audit Quarterly updates – 6/15, 9/15, 12/15, 3/16
- Audit Committee Assurance Statement – 9/15
- Corporate Risk Register Quarterly Update – 9/15, 3/16
- Annual Governance Statement Action Plan Quarterly update – 6/15, 9/15, 12/15, 3/16
- The External Audit Findings for Thanet District Council – year ended March 2015 – 9/15
- Final Statement of Accounts – 9/15
- Treasury Management updates – 9/15
- Anti-Fraud and Corruption Policy and Anti-Bribery Policy – 9/15
- Review of Corporate Approach to Risk Management – 12/15
- Mid-Year Treasury Management Report – 12/15
- Treasury Management Strategy 2016/2017 – 12/15
- Local Audit and Accountability Act 2014 – 12/15
- Annual Audit Letter – 12/15
- External Audit 2015/16 Audit Plan – 3/16
- External Audit Grant Certification Letter 2014/15 – 3/16
- Empty Property Refurbishment – 3/16
- Internal Audit 2016-2017 Audit Plan and Audit Charter – 3/16
- Review of Effectiveness of the Council's Internal Audit Arrangements 2015-2016 – 3/16
- Governance Framework and Local Code of Corporate Governance update – 3/16

7.3 Cabinet considered and approved the following corporate or service related strategy or policy documents:

- Credit Methodology Changes – 4/15
- East Kent Homelessness Prevention Strategy 2014-19 – 4/15
- Thanet Community Safety Plan for 2015-2016 – 4/15
- Corporate Performance Report for April 2014 - March 2015 – 6/15
- Proposed Neighbourhood plan Area for Ramsgate – 6/15
- Proposed Neighbourhood Plan Area for Broadstairs and St. Peters – 6/15
- Budget Outturn Report 2014/15 – 7/15
- Budget Monitoring Report 2015/16 – 7/15, 11/15, 3/16
- Annual Treasury Review – 7/15
- Selective Licensing in Cliftonville West and Margate Central – 7/15, 1/16
- Empty Property Refurbishment – 7/15
- Corporate Priorities 2015-2019 – 9/15
- Corporate Risk Register – 9/15
- Adoption of Local Development Scheme – 9/15
- Designation of the Proposed Conservation Areas, Cliftonville West - 9/15
- Corporate Performance Quarterly Report Qtr 1 and 2 - 10/15
- Asset Management – Disposal of Assets – 11/15
- General Fund Capital Programme Monitoring and Changes – 11/15
- Fees and Charges 2016/17 – 11/15
- Budget Strategy 2016-17 – 11/15
- Mid-Year Treasury Report 2015-16 – 1/16
- Treasury Management Strategy 2016-17 – 1/16
- Council Tax Base Calculation for 2016-2017 – 1/16
- Budget 2016-17 and Medium Term Financial Plan 2016-2020 – 1/16
- Thanet Community Safety Plan 2016-2017 – 1/16, 3/16
- Corporate Performance Quarterly Report Qtr 3 - 3/16
- Housing Revenue Account New Build Programme – 3/16
- Proposed Adoption of East Kent MOU on Local plan Duty to Cooperate – 3/16

7.4 The corporate or service related strategy or policy documents detailed below were considered and approved by Full Council:

- Revision to the Treasury Strategy – Credit Methodology Changes – 4/15
- East Kent Homelessness Prevention Strategy 2014-2019 – 4/15
- Annual Report- Chairman of Overview and Scrutiny Panel – 4/15
- Annual Report – Chairman of Governance and Audit Committee – 4/15
- Annual Report – Chairman of Standards Committee – 4/15
- Thanet Community Safety Plan for 2015-2016 – 4/15
- Member’s Allowances Scheme 2015/16 – 4/15, 5/15
- Responsibility for Executive Functions – 5/15
- Scheme of Officer Delegations – 5/15
- Appointment of Independent Standards Members – 5/15
- Report of the Chairman of the Overview and Scrutiny Panel – 7/15, 12/15, 3/16
- Report on Sign-Up to the Code of Conduct – 7/15
- Council’s Response to LGBCE Consultation – 7/15
- Corporate Priorities 2015-2019 – 10/15
- 2014/15 Year-End Treasury Report – 10/15
- The Determination of the Licensing Policy Statement For The Next Five Years – 12/15
- The Determination of the Gambling Policy Statement For the Next Three Years- 12/15
- General Fund Capital Programme Monitoring and Changes – 12/15
- Fees and Charges 2016-17 – 12/15
- East Kent Joint Independent Remuneration Panel – 12/15
- Treasury Management Strategy 2016-17 – 2/16
- Members Allowances Scheme 2016-17 – 2/16
- Budget 2016-17 and Medium Term Financial Plan 2016-2020 – 2/16
- Mid-Year Treasury Management Report 2015-16 – 2/16
- Council Tax 2016-17 - 2/16
- Constitution Review – 2/16
- Agreement of Community safety Partnership Plan for 2016-17 – 3/16
- Pay Policy Statement – 3/16
- Member’s Allowances Scheme 2016/17 – 3/16

**8.1 ANNUAL REPORTS – GOVERNANCE AND AUDIT COMMITTEE AND OVERVIEW AND SCRUTINY PANEL**

- 8.1.1 To comply with best practice, the Governance and Audit Committee determined that it would consider annually whether it meets its terms of reference and how it has impacted on the internal control environment.
- 8.1.2 The council established a Governance and Audit Committee in March 2006. Whilst there is no statutory obligation to have an Audit Committee, they are widely recognised as a core component of effective governance. In recent years there has been a significant amount of regulation and guidance issues in governance arrangements for private and public sector bodies, the common feature of governance arrangements being the existence of an Audit Committee.
- 8.1.3 The purpose of the Council's Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- 8.1.4 The Governance and Audit Committee should ensure it has effective communication with the authority, to include the Executive, the Head of Internal Audit, the External Auditor and other stakeholders. Consequently it is considered to be best practice for the Committee to be self-aware and to submit an annual report to Council.
- 8.1.5 The annual report summarises the work of the Committee for the year and concludes that it has received clear, concise and relevant information, regular training events on topics specific to the business of the Committee, and has done all that it can to meet the aims and objectives for the Committee in the best way that it can.
- 8.1.6 The Chairman and Officers have considered the effectiveness of the Committee. The evidence demonstrating achievement of the Committee's terms of reference is contained in Appendix 1 of the Annual Report to the Council on the effectiveness of the Committee.
- 8.2 Thanet District Council's Overview & Scrutiny Panel is entitled to make an annual report to the Annual Meeting of Council. This report summarises the key achievements of the Overview & Scrutiny Panel during 2015/16 and indicated the Panels' suggested priorities for 2016/17.
- 8.2.1 The Panel unanimously agreed at the beginning of the 2015/16 to disregard political proportionality when setting out the membership of the working parties/task & finish groups. Members established three working parties which were the Corporate Performance Review Working Party, Community Safety Partnership Working Party and Electoral Registration Process Review Task & Finish Group.
- 8.2.2 During this municipal year, the Chairman of the Panel presented to Council five reports on the scrutiny activities being undertaken. The main focus of the reports came from the work activities of the Corporate Performance Working Party and Community Safety Working Party.
- 8.2.3 The Panel carried out its work during 2014/15 through a number of Working Parties and maintained a 'watching brief' on two other matters:
- Community Safety Partnership Working Party which undertakes the statutory scrutiny functions of the Community Safety Partnership on behalf of the Panel.
  - Corporate Performance Review Working Party which reviewed the corporate performance reports and the Improvement Board's Improvement Plan,

- Electoral Registration Process Review Task and Finish Group which maintained a watching brief on Individual Electoral Registration.
- Watching Brief Issue: QEQM Hospital Services Review by East Kent Hospitals University Foundation Trust (EKHUFT)
- Watching Brief Issue: TDC Artefacts Collection Management Review at the Margate Museum

8.2.4 The Panel called-in one Cabinet decision in 2015/16, on Manston Airport. The report required Cabinet Members to make a decision on the way forward regarding identifying an indemnity partner if Council were to go ahead with making an application for the Compulsory Purchase Order (CPO) of Manston Airport. The Panel agreed to take no further action regarding this matter. Both the Cabinet and Panel meetings generated a significant level of public interest and Member debate.

8.2.5 The Panel engaged the Leader of Council and the Cabinet Member for Operational Services at two separate meetings on 18 August and 15 December 2015 respectively. The Leader shared the Cabinet vision with regards to the Council's new corporate priorities and values for 2015/19. This debate was significant in that it established the executive's position for the new budget proposals for 2016/17.

8.2.6 The Operational Services Portfolio Holder presentation advised the Panel that Cabinet were working on a new Open Spaces and Parks Strategy for Thanet for the next twenty years. The Panel awaits the public consultation process and the finalised Strategy document.

## 9.0 IMPROVEMENT BOARD

9.1 The council commissioned a Local Government Association (LGA) Peer Review in March 2014. This voluntary process offered by the LGA seeks to benefit councils through constructive feedback from peers in other local authorities. The review focused on:

- understanding the local context and priority setting
- financial planning
- political and managerial leadership
- governance and decision making
- organisational capacity

For Thanet, there was also a request that the team look at the council's approach to Economic Development and its customer services strategy as these are priority areas for the council.

9.2 The Improvement Board met seven times during the year and dealt with the following issues:

- Improvement Plan updates
- Member/Officer Protocol
- Training
- Constitution Review
- Terms of Reference review and agreement
- Member Induction Feedback
- Communications
- Corporate Peer Challenge
- Follow-Up Review
- Media Monitoring and Reports
- Residents' Survey Feedback
- Roles and Behaviours Training

- Budget Survey Feedback

9.3 In February 2016 a follow-up review was undertaken by the LGA. The conclusions of that review were:

‘Overall you have made significant progress since the original corporate peer challenge in 2014. We commend you for this. Celebrate your success. There is now a strong and capable Corporate Management Team (CMT) in place with respected political leadership from the Council Leader. This has contributed greatly to the good progress over the past two years.

We found generally good conduct with improved and respectful cross-party relationships and strength in the senior management team. You have a substantial number of new councillors following the election last May and serious effort has gone into equipping those councillors with the right knowledge and skills to discharge their roles. Officers feel valued and staff confirm that Thanet is a better place to work. Your Improvement Board has helped to ensure that there is cross-party involvement in addressing the challenges faced by the council. These improved working relationships between members and with officers will help to shape your future culture with new organisational behaviours and values.

Notwithstanding this progress you are self-aware and fully recognise that you have some tough challenges ahead particularly with your finances. These challenges must be faced head on and your focus must now be on implementation and delivery.

The peer team strongly recommend that you give immediate thought to what type of an organisation Thanet will be in 2020 and beyond and start to articulate your preferred organisational structure with the appropriate skills and competences. This will require a re-alignment of resources and priorities and implementation of a robust Workforce Strategy.

Partnership working needs to be further enhanced to build future capacity and deliver core priorities. The council should look to be more outward facing and venture beyond Thanet District and Kent for best practice, opportunities for collaboration and to exercise influence.

The key recommendations following the follow up review were:

- Continue to invest in member development and ensure greater impact can be made through scrutiny
- Focus on getting an up to date Local Plan approved
- Rationalise your assets and keep a clear focus on your medium term financial plans
- Think through and decide on the future organisational structure and business model for Thanet
- Review the way you manage projects, rationalising where possible and using a lighter touch where risk is lower
- Build on your communications work by increasing the ways in which the council communicates the full range of information about its activities

## 10. ACTIONS TO ADDRESS THE 2013/14 SIGNIFICANT GOVERNANCE ISSUES

The following section reflects the actions completed to address the 2013/14 Annual Governance Statement recommendations.

### The council's reputation is of critical importance

- Member development workshops - Commenced and on-going
- Community Leadership Training (LGA) - Completed
- Group Discipline Training – Values and behaviours workshop - Completed
- Social Media Training – Completed

- Benchmark approach to Member development – Completed
- Visits to other Councils focussed on specific activities – Postponed
- Peer support for Cabinet members – Offered to Cabinet members
- Develop measures to track changes in reputation – Commenced and continuing
- Consider alternative survey approaches – On-going
- Conduct resident's survey (twice-yearly) – Completed
- Conduct staff survey – Completed
- Review media coverage – On-going monthly and quarterly media reports

Clarify what we want to achieve and how we are going to do it and then put the appropriate resources in place

- Cabinet agree draft priorities – Completed
- Consultation on priorities with Members, Stakeholders, Staff - Completed
- O & S consider revised priorities - Completed
- Council approve new priorities - Completed
- Communicate priorities - Completed
- Review Consultants recommendations on PM – Completed
- Implement standard project approach – Completed
- Build PM cadre – Moved to September 2016
- Train staff on PM – Moved to September 2016
- Create new governance arrangements for PM – Moved to September 2016

Develop and then implement our understanding of appropriate member and officer roles in a strong organisation

- Draft Revised Constitution - Completed
- Review levels of delegation and empowerment - Completed
- Train in scheme of delegation & roles/responsibilities – Completed
- Incorporate revised sanctions - Completed
- Engage with Group Leaders – On-going
- Appoint Director of Corp Gov; Dir of Community Svcs; Head of Financial Svcs; Head of Operational Svcs; Head of Legal Svcs - Completed
- Reorganisations following appointments - Completed
- Review ED team in light of new priorities – Due October 2016
- Develop vision for future workforce – Planned June 2016
- Collect workforce data – Planned June 2016
- Define workforce gap – Linked to vision
- Define workforce plan – Linked to emerging people strategy

Clear messages – well communicated

- Restructure Communications team - Completed
- Draft revised communications strategy – Planned Sept 2016
- Define key stakeholders - Completed
- Consult with staff and key stakeholders – Commenced and on-going
- Develop stakeholder engagement plan - Completed
- New Staff newsletter – Completed

Information Governance

- Raise profile of Information Governance – Commenced with CMT and Heads of Service
- Secure appropriate resources - Identified
- Review Policies and Procedures – Commenced with Corporate Information Governance Group (CIGG)
- Create action plan – Commenced awaiting audit
- Secure appropriate training including e-learning – Commenced and on-going
- Learn from other authorities – Working with CIGG
- Use induction training – Commenced and on-going



Equalities and Diversity and our delivery of the public sector equality duty

- Review policies – Due August 2016
- CMT appoint equality and diversity champion - Completed
- Refresh section champions – Not required
- Report to CMT on compliance with PSED and action plan - Completed
- Obtain data on discrimination complaints and publish with equality data – Completed and on website
- Publish EIA's where appropriate – On-going
- Ensure publication of all required data annually - Completed
- Agree training plan including e-learning - Completed
- Use surveys and the collected data – Due June 2016
- Use induction training - Completed
- Review Information and Service delivery strategy – Completed

Workplace Risk Assessments

- Raise with Managers at Forum and ensure report back on progress – via elearning on TOM
- Encourage training including e-training – Monitored by CX and CMT
- Report on progress – Monitored by CX and CMT

Review the delivery of the staff induction process

- Look at corporate programme for shared learning - completed
- Include Information Management and Equalities/Diversity - completed

Staff exceeding contracted hour

- Raise with Manager's at forum – Guidance/advice provided
- Report from EKS – Part of workforce strategy

## 11.0 SIGNIFICANT GOVERNANCE ISSUES

11.1 The identified areas detailed below have arisen from our numerous assessments into the council's governance arrangements for 2015/16 including the Peer Review and its associated action plan, and have been deemed to be significant by the Senior Management Team. They will be addressed during 2016/17:

1. Information Governance
  - Appoint Information Governance Manager and Officer
  - Undertake review of readiness for General Data Protection Regulations
  - Create action plan following review
  - Secure appropriate training including e-learning
  - Approve new Information Governance policies
2. Rationalise assets
  - Complete draft asset management plan
  - Secure Cabinet approval
  - Put in place mitigation and control measures around compliance
3. Delivery of Annual Governance Statement
  - Review and refresh documents in the assurance statements
  - Improve timeliness of assurance statements
  - Implement Delivering Good Governance in Local Government 2016 Framework
  - Access to policies and e-learning for frontline staff

4. Public Sector Equality Duty (PSED)
  - Provide training on evidence of compliance with PSED in decision-making
  - Put in place programme to review policies
  - Identify training needs and create training plan

## 12.0 ASSURANCE SUMMARY

- 12.1 Good governance is about running things properly. It is the means by which the council shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet all local people’s needs. It is fundamental to showing that public money is well spent. Without good governance, councils will struggle to improve services.
- 12.2 From the review, assessment and monitoring work undertaken and supported by the ongoing work undertaken by Internal Audit, we have reached the opinion that, overall, key systems are operating soundly and that there are no fundamental control weaknesses.
- 12.3 We can confirm, to the best of our knowledge and belief, and there having been appropriate enquiries made, that this statement provides an accurate and fair view.

Signed by:

Signed by:

Councillor Chris Wells  
Leader of the Council  
by the 30 September 2016

Madeline Homer  
Chief Executive  
by the 30 September 2016

AGS Significant Issue 2015/2016	Suggested Action Heading & (Owner)	Task List	Timescale	Progress
<b>Information Governance</b>	Director of Corporate Governance	<ul style="list-style-type: none"> <li>• Appoint Information Governance Manager and Officer</li> <li>• Undertake review of readiness for General Data Protection Regulations</li> <li>• Create action plan following review</li> <li>• Secure appropriate training including e-learning</li> <li>• Approve new Information Governance policies</li> </ul>		
<b>Rationalise assets</b>	Director of Corporate Resources	<ul style="list-style-type: none"> <li>• Complete draft asset management plan</li> <li>• Secure Cabinet approval</li> <li>• Put in place mitigation and control measures around compliance</li> </ul>		
<b>Delivery of Annual Governance Statement</b>	Director of Corporate Governance	<ul style="list-style-type: none"> <li>• Review and refresh documents in the assurance statements</li> <li>• Improve timeliness of assurance statements</li> <li>• Implement Delivering Good Governance in Local Government 2016 Framework</li> <li>• Access to policies and e-learning for frontline staff</li> </ul>		
<b>Public Sector Equality Duty</b>	Director of Corporate Governance	<ul style="list-style-type: none"> <li>• Provide training on evidence of compliance with PSED in decision-making</li> <li>• Put in place programme to review policies</li> <li>• Identify training needs and create training plan</li> </ul>		

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## THANET DISTRICT COUNCIL DECLARATION OF INTEREST FORM

### Do I have a Disclosable Pecuniary Interest and if so what action should I take?

Your Disclosable Pecuniary Interests (DPI) are those interests that are, or should be, listed on your Register of Interest Form.

If you are at a meeting and the subject relating to one of your DPIs is to be discussed, in so far as you are aware of the DPI, you **must** declare the existence **and** explain the nature of the DPI during the declarations of interest agenda item, at the commencement of the item under discussion, or when the interest has become apparent

Once you have declared that you have a DPI (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must:-**

1. Not speak or vote on the matter;
2. Withdraw from the meeting room during the consideration of the matter;
3. Not seek to improperly influence the decision on the matter.

### Do I have a significant interest and if so what action should I take?

A significant interest is an interest (other than a DPI or an interest in an Authority Function) which:

1. Affects the financial position of yourself and/or an associated person; or  
Relates to the determination of your application for any approval, consent, licence, permission or registration made by, or on your behalf of, you and/or an associated person;
2. And which, in either case, a member of the public with knowledge of the relevant facts would reasonably regard as being so significant that it is likely to prejudice your judgment of the public interest.

An associated person is defined as:

- A family member or any other person with whom you have a close association, including your spouse, civil partner, or somebody with whom you are living as a husband or wife, or as if you are civil partners; or
- Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; or
- Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000;
- Any body of which you are in a position of general control or management and to which you are appointed or nominated by the Authority; or
- any body in respect of which you are in a position of general control or management and which:
  - exercises functions of a public nature; or
  - is directed to charitable purposes; or
  - has as its principal purpose or one of its principal purposes the influence of public opinion or policy (including any political party or trade union)

An Authority Function is defined as: -

- Housing - where you are a tenant of the Council provided that those functions do not relate particularly to your tenancy or lease; or
- Any allowance, payment or indemnity given to members of the Council;
- Any ceremonial honour given to members of the Council
- Setting the Council Tax or a precept under the Local Government Finance Act 1992

If you are at a meeting and you think that you have a significant interest then you **must** declare the existence **and** nature of the significant interest at the commencement of the

matter, or when the interest has become apparent, or the declarations of interest agenda item.

Once you have declared that you have a significant interest (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote (unless the public have speaking rights, or you are present to make representations, answer questions or to give evidence relating to the business being discussed in which case you can speak only)
2. Withdraw from the meeting during consideration of the matter or immediately after speaking.
3. Not seek to improperly influence the decision.

### **Gifts, Benefits and Hospitality**

Councillors must declare at meetings any gift, benefit or hospitality with an estimated value (or cumulative value if a series of gifts etc.) of £100 or more. You **must**, at the commencement of the meeting or when the interest becomes apparent, disclose the existence and nature of the gift, benefit or hospitality, the identity of the donor and how the business under consideration relates to that person or body. However you can stay in the meeting unless it constitutes a significant interest, in which case it should be declared as outlined above.

### **What if I am unsure?**

If you are in any doubt, Members are strongly advised to seek advice from the Monitoring Officer or the Democratic Services and Scrutiny Manager well in advance of the meeting.

## **DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS, SIGNIFICANT INTERESTS AND GIFTS, BENEFITS AND HOSPITALITY**

**MEETING** .....

**DATE**..... **AGENDA ITEM** .....

**DISCRETIONARY PECUNIARY INTEREST**

**SIGNIFICANT INTEREST**

**GIFTS, BENEFITS AND HOSPITALITY**

**THE NATURE OF THE INTEREST, GIFT, BENEFITS OR HOSPITALITY:**

.....  
.....  
.....

**NAME (PRINT):** .....

**SIGNATURE:** .....

Please detach and hand this form to the Democratic Services Officer when you are asked to declare any interests.