



Date: 27 February 2017  
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## GOVERNANCE AND AUDIT COMMITTEE

8 MARCH 2017

A meeting of the Governance and Audit Committee will be held at **7.00 pm on Wednesday, 8 March 2017** 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, Piper and Taylor-Smith

## A G E N D A

### Item No

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 3 - 6)  
To approve the Minutes of the Governance and Audit Committee meeting held on 7 December 16, copy attached.
4. **EXTERNAL AUDIT GRANT CERTIFICATION LETTER 2015/16**  
To follow.
5. **INTERNAL AUDIT 2017-18 AUDIT PLAN AND AUDIT CHARTER** (Pages 7 - 32)
6. **INTERNAL AUDIT QUARTERLY UPDATE** (Pages 33 - 60)
7. **REVIEW OF EFFECTIVENESS OF THE COUNCIL'S INTERNAL AUDIT ARRANGEMENT 2016/17** (Pages 61 - 64)
8. **ANNUAL GOVERNANCE STATEMENT ACTION PLAN QUARTERLY UPDATE** (Pages 65 - 68)

Item  
No

Subject

9. **GOVERNANCE FRAMEWORK AND LOCAL CODE OF CORPORATE GOVERNANCE UPDATE** (Pages 69 - 86)
10. **CORPORATE RISK REGISTER QUARTERLY UPDATE** (Pages 87 - 92)
11. **CHAIRMAN'S REPORT TO COUNCIL - DRAFT** (Pages 93 - 106)

**Declaration of Interests Form**



Please scan this barcode for an electronic copy of this agenda.

## GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 7 December 2016 at 7.00 pm in Council Chamber, Cecil Street, Margate, Kent.

**Present:** Councillor John Buckley (Chairman); Councillors Braidwood, Campbell, Connor, Day, Dexter, Edwards, I Gregory, Hayton, Piper and Taylor-Smith.

**In Attendance:** Councillor Townend

### 1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Dixon, Game and Jaye-Jones.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3. MINUTES OF PREVIOUS MEETING

Councillor Campbell proposed, Councillor Taylor-Smith seconded and Members agreed the minutes of the meeting held on 20 September 2016.

### 4. INTERNAL AUDIT QUARTERLY UPDATE REPORT

Simon Webb, Deputy Head of the East Kent Audit Partnership (EKAP), introduced the report noting that there had been seven internal audit assignments completed since the last committee meeting; three achieved substantial assurance, one achieved a split assurance of substantial/reasonable, two achieved reasonable assurance, and one achieved a limited assurance. Six follow up reviews were also completed during the quarter.

Christine Parker, Head of EKAP, advised that all the EKAP's performance indicators remained on target to be met, and that EKAP were on target to complete delivery of the plan by the end of the 2016/17 year.

During consideration of the item, it was noted that:

- The Overview and Scrutiny Panel could investigate why the Council had not already installed energy saving LED lighting in Mill Lane and Leopold Street car parks, and to enquire whether potential savings could be made elsewhere at the Council.
- Members requested that the relevant Director and Officers responsible for Safeguarding Children and Vulnerable Groups, attend the next Governance and Audit meeting. Members wished to know what improvements had been made since the EKAP's follow up review which remained at limited assurance.
- Tim Howes, Director of Corporate Governance advised that he would investigate whether Members should be DBS checked.
- The project management audit was no longer deferred to the 2017/18 year; instead it would be briefed shortly and ascertained if it could be conducted in January or February 2017.
- The term 'outstanding' should be replaced with the wording 'not completed' to remove any potential for confusion in its meaning.
- Any recommendations still not completed after the EKAP conduct their follow-up review were considered by the Corporate Management Team for senior

management investigation and action. Services that remained a concern could be brought forward in the audit cycle for an early re-audit as part of the Councils management of risk.

- Regarding Public Health Burials, it was reported that the Council would cremate unless there was a written instruction to bury as this method was cheaper. Compared with previous years, the number of burials in Thanet had reduced significantly so far in the 2016/17, and was now comparable to the other East Kent Councils.
- Members wished to invite the Director of Operational Services to the next Governance and Audit meeting to advise Members of what action had been taken to improve in response to the EKAP's findings of limited assurance issued to Street Cleaning, Ground Maintenance and Playgrounds.
- In response to the EKAP's findings, the East Kent Engineering Partnership had been commissioned to undertake a survey of the Viking ship at the Viking play area in Cliftonville.

Councillor Campbell proposed, Councillor Taylor-Smith seconded and Members agreed options 3.1 and 3.3 as shown in the report, namely:

'3.1 That Members consider and note the internal audit update report.

3.3 That Members request 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.'

## **5. ANNUAL GOVERNANCE STATEMENT ACTION PLAN QUARTERLY UPDATE**

Tim Howes, Director of Corporate Governance, introduced the report which provided an update on the Annual Governance Statement 2015/16 action plan.

During consideration of the item it was noted that:

- Appointment of an Information Governance Manager had taken place, and the officer was due to start in mid-February.
- CIGG stood for Corporate Information Governance Group, and comprised of the senior information risk officers from Thanet, Dover and Canterbury council's.
- Consultation had closed on the 16 new information governance policies, these policies would be in place from January 2017.
- The draft asset management plan would be considered for approval in January 2017.

Members Noted the report.

## **6. APPOINTING EXTERNAL AUDITORS**

Tim Willis, Director of Corporate Resources, introduced the item and explained that Public Sector Audit Appointments Ltd (PSSA) were a Local Government Association sponsored organisation who specialised in the procurement of external auditors for local government bodies.

Councillor Campbell proposed, Councillor Taylor-Smith seconded and Members agreed to accept the PSSA offer and to refer agreement to Council.

## **7. MID YEAR TREASURY REPORT 2016-17**

Tim Willis introduced the report which summarised the treasury management activity and prudential/treasury indicators for the first half of the 2016/17.

During consideration of the item it was noted that:

- The treasury management indicators remained on target.
- In recognition of the complexity of the topic it was commented that;
  - While the report was required to be written according to certain reporting criteria, officers intended to simplify the report next year to make it easier to understand.
  - The provision of training for Members by finance officers or Capita could be considered.
- A breakdown of the investments noted at paragraph 5.2 of the report could be included in future for Members' information.

Councillor Gregory proposed, Councillor Edwards seconded and Members agreed the recommendation as shown in the report, namely:

'That the Governance and Audit Committee:

- Approves this report and the prudential and treasury indicators that are shown.
- Recommends this report to Cabinet.'

#### **8. TREASURY MANAGEMENT STRATEGY 2017/18**

Tim Willis introduced the report noting that the treasury management strategy for 2017/18 was very similar to the strategy for 2016/17 in part because the financial and economic outlook remained the same.

Councillor Campbell proposed, Councillor Dexter seconded and Members agreed the recommendation as shown in the report, namely:

'That the Governance and Audit Committee approves this report and annexes and recommends that it is approved by Cabinet and Council'

#### **9. CORPORATE RISK REGISTER QUARTERLY UPDATE**

Tim Willis introduced the report and highlighted where updates had been made. It was noted that the local plan and homelessness both now featured in the risk register.

Members noted the report.

#### **10. ANNUAL AUDIT LETTER 2015-16**

In the absence of a Grant Thornton UK LLP representative, Tim Willis introduced the Annual Audit Letter 2015-16 for Members' information.

During consideration of the item it was noted that:

- Grant Thornton had offered an unqualified opinion on the accounts, and a favourable opinion on value for money.
- Grant Thornton were unable to certify the accounts until they had resolved their investigation into three objections.

Members noted the report.

Meeting concluded: 8.00 pm

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<b>INTERNAL AUDIT PLAN 2017-18</b>
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**8<sup>th</sup> March 2017**

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 Approval</b>
Classification:	<b>Unrestricted.</b>
Key Decision	<b>No</b>

**Executive Summary:**

This report presents the Audit Charter for approval for the next three years and sets out the proposed Internal Audit Plan for 2017/18 detailing a breakdown of audits and an analysis of available days.

**Recommendation(s):**

That the Audit Charter be approved, for a period of 3 years from 2017-18, by Members.  
That the 2017-18 Internal Audit Plan be approved by Members.

**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 2017-18 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 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.
- 1.2 In accordance with current best practice, the Governance and Audit Committee should "review and assess the annual internal audit work plan". The purpose of this report is help the Committee assess whether the East Kent Audit Partnership has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with the professional standards for Internal Auditors.

## 2.0 Audit Charter

- 2.1 The Audit Charter is an important document setting out the expectations of how the Internal Audit function will be delivered. Not only does having a Charter and keeping it up to date assist the Council in complying with best practice, but by considering the Audit Charter, the Governance Committee is also demonstrating its effectiveness by ensuring that these mechanisms are in place and are working effectively.
- 2.2 The Audit Charter establishes the purpose, authority, objectives and responsibility of the East Kent Audit Partnership, it goes on to set out the Terms of Reference, Organisational Relationships and Independence, Competence and Standards of Auditors, the Audit Process and in providing an Internal Audit function to the partner councils; as well as the resources required across the four partnership sites and details how the resource requirements will be met.
- 2.3 The Audit Charter is attached as Annex A to this report. It is essentially the 'Why' and 'How' the East Kent Audit Partnership will provide the Internal Audit Service. It is a document that does not materially change from year to year and consequently it was suggested last year that this be approved for the next three years (to 31<sup>st</sup> March 2020) with the caveat that should any significant changes be required a revised Charter will be presented for consideration. Having undertaken a detailed self-



assessment against the revised Public Sector Internal Audit Standards (PSIAS) certain aspects of the Charter were refreshed, consequently the attached version contains the tracked changes as showing, so that the areas updated can be easily identified. It is proposed again, that subject to there being any future changes to the standard having a knock on effect to the Charter, this document will next be brought back to this Committee in March 2020.

### **3.0 2017-18 Internal Audit Plan**

- 3.1 The Audit Plan for the year 2017 to 2018 is attached as Annex A and has the main components to support the Audit Charter. The Audit Charter was presented to the March 2016 meeting of this Committee at which time it was agreed for a three year period and will therefore be represented in March 2019. The plan is produced in accordance with professional guidance, including the PSIAS 2013. A draft plan is produced from an audit software database (APACE) maintained by the EKAP which records our risk assessments on each service area based upon previous audit experience, criticality, financial risk, risk of fraud and corruption etc. Then following discussions with senior management account of any changes within the Council over the last 12 months, and foreseen changes over the next have been made.
- 3.2 The plan has then been further modified to reflect emerging risks and opportunities identified by the Chief Executive, Directors, and the link to the Council's corporate plans and corporate risk register. This methodology ensures that audit resources are targeted to the areas where the work of Internal Audit will be most effective in improving internal controls, the efficiency of service delivery and to facilitate the effective management of identified risks.
- 3.3 There are insufficient audit resources to review all areas of activity each year. Consequently, the plan is based upon a formal risk assessment that seeks to ensure that all areas of the Council's operations are reviewed within a strategic cycle of audits. In order to provide Members with assurance that internal audit resources are sufficient to give effective coverage across all areas of the Authority's operations, a strategic plan has been included.
- 3.4 To comply with the best practice, the agreed audit plan should cover a fixed period of no more than 1 year. Members are therefore being asked to approve the 2017/18 plan at the present time, and the 2018/19 plan, 2019-20 plan, and the 2020/21 plan are shown as an indicative plan only, to provide Members with assurance that internal audit resources are sufficient to provide effective coverage across all areas of the Authority's operations within a rolling cycle.
- 3.5 The plan has been prepared in consultation with the Directors and the Council's statutory s.151 Officer. The plan is also designed to meet the requirements expected by the External Auditors for ensuring key controls are in place for its fundamental systems. This Committee is also part of the consultation process, and its views on the plan of work for 2017/18 are sought to ensure that the Council has an effective internal audit of its activities and Members receive the level of assurance they require to be able to place assurance on the annual governance statement.
- 3.6 The risk assessment and consultation to date has resulted in;
- 89% Core Assurance Projects - the main Audit Programme
  - 0% Fraud Work – fraud awareness, reactive work and investigating potential irregularities

- 0% Corporate Risk – testing the robustness of corporate risk mitigating action
- 11% Other Productive Work – Corporate meetings, follow up, general advice, liaison

Total number of audits 23.

For 2017/18 the days available for carrying out audit is 300 days. When compared to the resources available and working on the basis that the highest risk areas should be reviewed as a priority, the EKAP has sufficient resources to review all of the high risk areas and all of the medium risk areas this equates to 27 audits.

#### **4.0 Benchmarking the level of Internal Audit Provision.**

4.1 Members should have regard to how audit resources within the Council compare to other similar organisations when considering the adequacy and effectiveness of the internal audit plan. The results of benchmarking show that the average number of internal audit days provided by district councils within Kent is circa 400 days annum. The audit plan of Thanet District Council of 300 days plus their share of the EKS and East Kent Housing audit plans totals 380. The Thanet plan is therefore 5% less than the Kent average.

#### **5.0 Head of Internal Audit Opinion of the 2016/17 Internal Audit Plan.**

5.1 This report is presented to Members by the Council's Corporate Director whose s.151 responsibility it is to maintain an effective internal audit plan. In the interests of openness and transparency and in order to enable Members to make an informed decision on the internal audit plan presented for their approval consideration should also be given to the opinion of the Head of Internal Audit on the effectiveness of the plan.

5.2 Whilst it is recognised that resources are tight, there is no contingency built into the plan for any urgent unforeseen work and there are a small amounts of audits that have fallen outside of the strategic cycle; it is the professional opinion of the Head of the East Kent Audit Partnership that the draft 2017/18 internal plan presented for Members consideration represents an effective internal audit plan which ensures reasonable coverage of the vast majority of the Council's operations within a three year period. The Head of the East Kent Audit Partnership recommends that Members either approve the 2017/18 internal audit plan as drafted.

#### **6.0 Options**

- 6.1 That Members approve Audit Charter and the 2017-18 Internal Audit Plan as drafted.
- 6.2 That Members make suggested amendments to and approve the Audit Charter and 2017-18 Internal Audit Plan.

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 A</i>	<i>Audit Charter (with tracked changes showing)</i>
<i>Annex B</i>	Internal Audit Plan 2017-18

## Background Papers

<b>Title</b>	<b>Details of where to access copy</b>
<i>Audit Charter 2016</i>	Previously presented to and approved at the 15 <sup>th</sup> March 2016 Governance and Audit Committee meeting.
<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.

## 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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## **EAST KENT AUDIT PARTNERSHIP AUDIT CHARTER**

- | 1. Introduction & Vision
2. Terms of Reference
  - 2.1 Strategy & Purpose
  - 2.2 Responsibility & Scope
  - 2.3 Authority
  - 2.4 Avoiding Conflicts of Interest
3. Organisational Relationships and Independence
  - 3.1 Audit Partnership Management and Staffing
  - 3.2 Relationship with Service Managers
  - | 3.3 Relationship with Line Management and Statutory Officers
  - 3.4 Relationship with the Partners
  - 3.5 Relationship with Audit Committees
  - 3.6 Relationship with External Audit
  - 3.7 Relationship with Other Regulators, Inspectors and Audit Bodies
  - 3.8 Relationship with the Public
4. Competence and Standards of Auditors
  - 4.1 Competence
  - 4.2 Standards
5. Audit Process
  - 5.1 Approach
  - 5.2 Planning
  - 5.3 Documentation
  - 5.4 Consultation
  - 5.5 Reporting
  - 5.6 Follow-up
6. Resources
  - 6.1 Staff Resources
  - 6.2 Budget
7. Quality Assurance
8. Additional Services
  - 8.1 Special Investigations and Fraud Related Work
  - | 8.2 Ad Hoc / Consultancy Work / External Bodies
  - 8.3 Value for Money Reviews
9. Amendment to Charter

## **1 Introduction**

- 1.1 This Charter establishes the purpose, authority, objectives and responsibility of the Audit Partnership, in providing an Internal Audit function within the Partner Councils.
- 1.2 The EKAP is committed to the highest standards and prides itself on complying with the definition of Internal Auditing the ethical codes that the profession requires and adopting the International standards.
- 1.3 The Audit Partnership is hosted by Dover District Council. The four East Kent authorities Canterbury City Council (CCC), Dover District Council (DDC), Shepway District Council (SDC), and Thanet District Council (TDC) formed the East Kent Audit Partnership (EKAP) in order to deliver a professional, cost effective, efficient, internal audit function. A key aim for the EKAP is to build a resilient service that provides opportunities to port best practice between the four sites, acting as a catalyst for change and improvement to service delivery as well as providing assurance on the governance arrangements in place.
- 1.4 The Audit Partnership is sufficiently independent of the activities that it audits, and this enables the auditors to perform their duties in a manner, which facilitates impartial and effective professional judgements and recommendations.
- 1.5 The organisational status of the Audit Partnership is such that it is able to function effectively. The Head of Audit Partnership must be able to maintain their independence and report to members. The Head of Audit Partnership has sufficient status to facilitate the effective discussion of audit strategies, plans, results and improvement plans with the senior management and audit committees of the individual partners.
- 1.6 Accountability for the response to the advice and recommendations of the Audit Partnership lies with each partner's own management.
- 1.7 The Audit Partnership reports to those committees charged with governance. The main objective is to independently contribute to the councils' overall process for ensuring that an effective internal control environment is maintained. The work of the Audit Partnership for each of the partner authorities is summarised into an individual annual report, which assists in meeting the requirements to make annual published statements on the internal control systems in operation [as required by Section 6 of the Accounts and Audit Regulations 2015.](#)

## **2 Terms of Reference**

### **2.1 Strategy & Purpose**

Internal Audit is a statutory requirement under the Local Government Act 1972 (Section 151). It is the strategy of the Audit Partnership to comply with best practice as far as possible. The East Kent Audit Partnership has therefore adopted the best practice principles set out in the Public Sector Internal Audit Standards (PSIAS). The definition of Internal Audit taken from their guidance is as follows:

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

This definition sets out the primary purpose of the Audit Partnership, but the guidance also recognises that other work may be undertaken which may include consultancy services and fraud-related work. Where relevant and applicable the Audit Partnership also follows the professional and ethical standards of the Institute of Internal Auditors, being that many of the staff are members of this Institute.

## **2.2 Responsibility & Scope**

2.2.1 Internal Audit is responsible for appraising and reviewing:

- a) the completeness, reliability and integrity of information, both financial and operational,
- b) the systems established to ensure compliance with policies, plans, procedures, laws and regulations, i.e. rules established by the management of the organisation, or externally,
- c) the means of safeguarding assets,
- d) the economy, efficiency and effectiveness with which resources are employed, and
- e) whether operations are being carried out as planned and objectives and goals are being met.

2.2.2 The scope of the Audit Partnership includes the review of all activities of the partner councils, without restriction. In doing this, the purpose of Internal Audit is to:

- a) Advise the Chief Executive, Directors, Senior Managers and Audit Committee on appropriate internal controls and the management of risk,
- b) Assist the Chief Executive, Directors, Senior Manager and Audit Committee with the way that organisational objectives are achieved at operational levels,
- c) Assure the Chief Executive, Directors, Senior Managers and Audit Committee of the reliability and integrity of systems, and that they are adequately and effectively controlled,
- d) Alert the Chief Executive, Directors, Senior Managers and Audit Committee to any system weaknesses or irregularities.

2.2.3 In addition, the Audit Partnership may carry out special investigations as necessary, and agreed with the s.151 Officer or Monitoring Officer as appropriate, in respect of cases of fraud, malpractice or other irregularity, or carry out individual ad hoc projects as requested by management and agreed by the Head of Audit Partnership and the partners' client officer.

2.2.4 Assurance to third parties may be agreed, by the Head of Audit Partnership with the relevant s.151 Officer on a case by case basis; such as acting as the First Level Controller for Inter Reg Grant Claims. The rate charged to a third party for assurance work is set by the Joint s.151 Client Officer Group at £375 per audit day. The decision to provide such a service is informed by

the required timing of the work, whether the skills and resources are available and if it is in the best interest of the EKAP and the Partners to do so, the nature of this work may include, for example the verification of claims or returns.

- 2.2.5 The decision to undertake consultancy services will be made in conjunction with the relevant partner's s.151 Officer and other management as necessary. The EKAP is able to avoid conflicts of interest if carrying out consultancy work due to the flexibility of the arrangements, as auditors may be rotated accordingly. The decision to provide such a service is informed by the required timing of the work, whether the skills and resources are available and if it is in the best interest of the EKAP and the Partners to do so, the nature of this work may include for example, being involved on project teams for new systems development. There are no contingency provisions within the agreed audit plans, therefore if work has not been included in the plan from the outset, a variation will need to be agreed for any consultancy work, to re-allocate time within the relevant partner's own plan, or through buying in additional resource to back-fill whilst partnership staff carry out the assignment.

### 2.3 Authority

- 2.3.1 The procedures for auditing the Council are included within each of the councils' Constitutions. This typically includes words to the effect that the Authority shall:

- a) Make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs, and
- b) Shall maintain an adequate and effective system of Internal Audit of their accounting records and control systems.

Additionally, there may be delegated authority to the Chief Executive and Directors to establish sound arrangements for the planning, appraisal, authorisation and control of the use of resources, and to ensure that they are working properly. Maintaining adequate and effective controls is necessary to:

- a) carry out activities in an orderly, efficient and effective manner,
- b) ensure that policies and directives are adhered to,
- c) ensure compliance with statutory requirements,
- d) safeguard assets & to prevent fraud,
- e) maintain complete and reliable records and information, and
- f) prevent waste & promote best value for money.

- 2.3.2 The Audit Partnership is authorised to complete a programme of audit reviews within the Partner Councils through the delegation of powers to Dover District Council, as the Lead body for the Audit Partnership.

- 2.3.3 The Head of Audit Partnership works principally with a nominated officer, the s.151 Officer, for each of the Partner councils, to ensure that a continuous internal audit review of the accounting, financial and other operations of the Council is performed. Progress on the work undertaken shall be submitted regularly to the appropriate committee with responsibility for Internal Audit.



- 2.3.4 All employees and Councillors shall comply with the requirements of the Council's internal and external auditors who have authority to:-
- a) enter at all reasonable times on any Council premises or land,
  - b) have access to all Council assets such as records, documents, contracts and correspondence, including computer hardware, software and data,
  - c) require and receive such explanations as are necessary concerning any matters under examination, and
  - d) require any employee of the Council to produce cash, stores or any other Council property under his/her control.
- 2.3.5 Employees and Councillors of any of the Partners may report any financial irregularity or suspected irregularities to the Head of Audit Partnership, who shall then ensure that the matter is dealt with in accordance with the individual council's Anti Fraud and Corruption Strategy.

## **2.4 Avoiding Conflicts of Interest**

- 2.4.1 An additional benefit of four councils working in partnership to provide an internal audit service, is providing sufficient staff to give flexibility and the opportunity for the rotation of Auditors. Where consultancy projects are requested and agreed, conflicts of interest will be avoided by preventing the Auditor undertaking that project from reviewing that area of operation for a period of time equivalent to current year plus one (see also paragraph 3.2 below). The EKAP provides a pure audit arrangement and does not have any "non audit" or operational responsibilities that would otherwise have the potential to cause a conflict of interest.

## **3 Organisational Relationships and Independence**

### **3.1 Audit Partnership Management and Staffing**

The audit service is managed by the Head of Audit Partnership, who is responsible for providing a continuous internal audit service under the direction of the Section 151 Officers. The auditor assigned to each individual review is selected by the Head of Audit Partnership, based on their knowledge, skills, experience and discipline to ensure that the audit is conducted properly and in accordance with professional standards.

### **3.2 Relationship with Service Managers**

- It is the responsibility of management, not auditors, to maintain systems of internal control.
- To preserve its independence and objectivity, staff involved in the Audit Partnership shall not have direct responsibility for, or authority over, any of the activities subject to audit review. Staff transferring to EKAP may not review an area they were previously operationally responsible for, for a period of two years (current year plus one).
- The involvement of an auditor through conducting an audit review, or providing advice, does not in any way diminish the responsibility of line management for the proper execution and control of their activities.

- Co-operative relationships will be fostered with management to enhance the ability of the Audit Partnership to achieve its objectives effectively.
- All employees should have complete confidence in the integrity, independence and capability of the Audit Partnership. We recognise that the relationship between auditors and service managers is a privileged one, and information gained in the course of audit work will be treated confidentially, and only reported appropriately.

### 3.3 Reporting Relationship with Line Management and Statutory Officers

3.3.1 The Head of Audit Partnership will have regular meetings with each of the Partner's s.151 Officer / nominated client officer. Any events that may have an adverse affect on the audit plan, or a significant impact on the Council will be reported immediately.

3.3.2 Any high risk matters of concern, which have not been adequately dealt with after an appropriate period of time and after follow up, will be escalated to the s.151 Officer / nominated client officer, who will be asked to decide for each high risk matter whether:

- Resources should be allocated to enable the risk to be reduced in the agreed way, or
- To approve that the risk will be accepted and tolerated, or
- To determine some other action to treat the risk.

The outcome of which will be report to the Audit Committee, whose attention will be drawn to critical or high risk matters outstanding after follow up.

3.3.3 The Head of Audit Partnership has unrestricted access to the s.151 Officer, the Monitoring Officer and the Head of Paid Service as appropriate. Engagement with the statutory officers is not prescribed, however regular attendance at CMT with IA updates is desirable.

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### 3.4 Reporting Relationship with the Partners

- The Head of Audit Partnership has a line reporting relationship directly to the Dover District Council's Director of Finance, Housing and Communities the Council's s.151 Officer. Together under the Collaboration Agreement for the provision of one shared Internal Audit Service, the four s.151 Officers form the "Client Officer Group" which is the key governance reporting line for the EKAP. The s.151 Client Officer Group meets collectively with the Head of Audit Partnership to consider the strategic direction and development of the partnership and any performance matters.

3.4.2 The East Kent Audit Partnership overall performance is reported to all the partner authorities annually. Key performance measures and indicators have been agreed and these are also reported quarterly. As well as individual assurance reports, and the quarterly Audit Committee reports, EKAP will present an Annual Audit Report that ~~can be~~ used to inform the councils' governance statement to:

- Provide an individual summary of the work completed for each Partner,

- Compare actual audit activity with that planned,
- Provide an opinion on the adequacy and effectiveness of the councils framework of governance, risk management and control,
- Summarise the performance of the East Kent Audit Partnership against its performance criteria, and provide a statement of conformance with professional standards, with details of the quality assurance and improvement programme,
- Include the cost of the service for the partner.

The Accounts and Audit Regulations section 5 requires that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Charter sets out how the EKAP will meet this requirement.

### 3.5 Relationship with Audit Committees

Please note the PSIAS refer to the 'board', and it is expected that the audit committee will fulfil the role of the board in the majority of instances.

The East Kent Audit Partnership has a direct relationship with those charged with the responsibility for governance. Consequently, the Head of Audit Partnership issues a report summarising the results of its reviews to each meeting. The Annual Report is the foundation for the opinion given through the Governance Assurance Statement, which is published annually.— The Accounts and Audit Regulations section 3 requires that a relevant authority has a sound system of internal control which

- facilitates the effective exercise of its functions and the achievement of its aims and objectives,
- ensures that the financial and operational management of the authority is effective, and
- includes effective arrangements for the management of risk.

This Charter establishes how the EKAP contributes to complying with the regulations and creates the link to the Annual Governance Statement. The Committee will also approve the ~~Audit Partnership~~ annual work plan for their Council.

The Head of Audit Partnership ~~may will~~ escalate any critical or high-risk matters of concern ~~(that in his opinion have not been adequately actioned by management at the progress report stage) directly to the committee, should this ever become necessary via the quarterly update report, drawing attention to significant matters in the annual report.~~ The Head of Audit Partnership may meet privately with the chair of the audit committee and has direct access to the committee should this be required.

The Audit Committee will note decisions relating to the appointment and removal of the Head of Audit Partnership.

### 3.6 Relationship with External Audit

- The Head of Audit Partnership will liaise with the External Auditors to:
  - Foster a co-operative and professional working relationship,
  - Reduce the incidence of duplication of effort,
  - Ensure appropriate sharing of information, and

- Co-ordinate the overall audit effort.
- In particular the Head of Audit Partnership will:
  - Discuss the annual Audit Plan with the External Auditors to facilitate External Audit planning,
  - Hold meetings to discuss performance and exchange thoughts and ideas,
  - Make all Internal Audit working papers and reports available to the External Auditors,
  - Receive copies of all relevant External Auditors reports to Management, and
  - Gain knowledge of the External Auditors' programme and methodology.

### **3.7 Other Regulators, Inspectors and Audit Bodies**

The Head of Audit Partnership will foster good relations with all other audit bodies, regulators and inspectors. In particular protocols regarding joint working, access to working papers, confidentiality and setting out the respective roles will be agreed where applicable. The EKAP will only become involved with external regulators and inspectors if expressly required by the partner authority as part of the agreed audit plan.

### **3.8 Relationship with the Public**

The councils' Anti-Fraud, Corruption, Bribery and Whistleblowing policies encourage staff, members, contractors and members of the public to raise their concerns in several ways, one of which includes making contact with Internal Audit. This Charter therefore considers the responsibility EKAP has with investigating complaints made from contractors, staff or the general public about their concerns. It is concluded that each case must be assessed on its own merits and agreement with the s.151 Officer reached before EKAP resources are directed towards an investigation.

## **4 Competence and Standards of Auditors**

### **4.1 Competence**

The Head of Audit Partnership will ensure that those engaged in conducting audit reviews, possess the appropriate knowledge, qualifications, experience and discipline to carry them out with due professional care and skill.

### **4.2 Standards**

Regardless of membership, all auditors will be expected to work in accordance with the Public Sector Internal Audit Standard and practice statements issued by the Institute of Internal Auditors and CiPFA. The East Kent Audit Partnership strives to meet best practice as highlighted in paragraph 2.1. The auditors must also observe the Codes of Ethics of the Institute of Internal Auditors and CiPFA, which call for high standards of honesty, objectivity, diligence and loyalty in the performance of their duties and responsibilities. In addition to professional codes of ethics, the EKAP staff are bound to the DDC Code of Conduct through their employment contract.

## **5 Audit Process**

5.1 The EKAP seeks to deliver effective outcomes by;

- Understanding the four partner councils, EKS and EKH their needs and objectives,
- Understanding its position with respect to other sources of assurance and to plan our work accordingly,
- Embracing change and working with the four councils to ensure our work supports management,
- Adding value and assisting the partners in achieving their objectives,
- Being forward looking, knowing where the partners wish to be and being aware of the local and national agenda, and their impact,
- Being innovative and challenging,
- Helping to shape the ethics and standards of the four councils, and
- Sharing best practice and assisting with the joint working agenda.

## 5.2 Planning

5.2.1 The internal audit process is to follow a planned approach based upon risk assessments. The planning framework comprises the following:

- A Strategic Plan, which ensures that coverage of each of the partner councils as a whole, over a time frame of three to five years, is maintained and reviewed annually, to take into account the new priorities and risks of each authority. This focuses internal audit effort on the risks of the four partner's objectives and priorities. It also seeks to add value to the partners by reviewing areas that most support management in meeting their objectives. The Head of Audit Partnership works together with the two Deputy Heads of Audit to consult relevant service managers and heads of service at each site to assist in formulating the strategic audit plans. Each council's corporate aims and objectives, individual service plans, risk registers, time spent on previous audits, any problems encountered, and level and skill of service staff involved are taken into account and information is entered into the audit software. All areas as identified in the strategic plan are then subject to a risk assessment to identify their risk level and whether or not they are to be included in the proposed annual plan. The audit plans are generated from the audit software based on the risk scores of each area of activity identified through the consultation process
- An Annual Plan for each partner, specifying the planned audits to be performed each year, their priority and the resource requirements for each planned audit review.

5.2.2 For each audit review undertaken, the planning framework comprises the following:

- An Audit Brief, specifying the objectives, scope and resources for the audit.
- Where appropriate either a detailed Audit Programme of tests to be conducted, or a CiPFA Audit Matrix of testing to follow.

The Audit Brief is prepared by the Head of Audit Partnership or Deputy Heads of Audit and reviewed and agreed with the client manager prior to the

commencement of the audit review (except where an unannounced visit is necessary).

### 5.3 Documentation

The EKAP is committed to continuous improvement and has standardised all the working practices across the partnership. The Internal Audit team has access to a common Audit Manual to ensure that the same processes are operational across all the partner sites. The Audit Manual is subject to (at least) annual review. Audit working papers contain the principal evidence to support the report and they provide the basis for review of work. The Auditors employ an audit methodology that requires the production of working papers, which document the following:

- The samples of transactions collected when examining the adequacy, effectiveness and application of internal controls within the system.
- The results of the testing undertaken.
- Other information obtained from these examinations.
- Any e-mails, memos or other correspondence with the client concerning or clarifying the findings.
- A report summarising significant findings and recommendations for the reduction of risk or further control improvement.
- The Service Manager's response to the draft report and then agreed recommendations made in the final audit report.

### 5.4 Consultation

5.4.1 Prior to the commencement of an audit, the Head of Audit Partnership or Deputy Heads of Audit will communicate by phone, e-mail or face to face meeting with the relevant Manager to discuss the terms of reference. Having agreed the proposed brief with the Manager, the Head of Audit Partnership or Deputy Heads of Audit will:

- issue a copy of the proposed Audit Brief by e-mail, and
- where appropriate arrange a pre-audit meeting between the Service Manager and the Auditor to discuss the purpose, scope and expected timing of the work.

In the case of special investigations, such prior notification may not be given where doing so may jeopardise the success of the investigation. In such an event, the prior approval of the Chief Executive, s.151 Officer or Monitoring Officer will be obtained.

5.4.2 During the conduct of reviews, Auditors are to consult orally and / or in writing with relevant staff to:

- ensure that information gathered is accurate and properly interpreted,
- allow Management to present adequate/reliable evidence to ensure a balanced judgment is formed,
- ensure recommendations add value, are cost effective and practicable, and
- keep Management informed of the progress of the audit.

### 5.5 Reporting

- 5.5.1 A written discussion document (draft report) is prepared and issued by the responsible Auditor at the conclusion of each audit. Prior to its issue, the appropriate Deputy Head of Audit reviews the draft together with the supporting working papers. The purpose of this document is to allow the service manager the opportunity to confirm factual accuracy and challenge any of the findings of the review.
- 5.5.2 The draft document will contain an outline action plan listing proposed individual recommendations for internal control improvement. These recommendations are categorised to indicate whether there is a high, medium or low risk of the control objectives failing. It is at this stage that the Service Manager accepts or negotiates that the risks are in fact present, that they accept responsibility for the risks and discuss how they proposed to mitigate or control them.
- 5.5.3 The document is then updated, and if changes are required following the discussion, is presented to the Service Manager as a Draft Report. On completion of the Action Plan, a final version of the report containing "Agreed Actions" is issued to the Service Manager with a copy to the relevant Director. Additional copies are circulated as agreed with each Partner Authority.
- 5.5.4 The agreed actions will be followed up, and high priority recommendations will be tested to ensure they have been effective after their due date has passed.
- 5.5.5 Audit reports are to be clear, objective, balanced and timely. They are to be constructed in a standardised format which will include:
- The objectives of the audit,
  - The scope of the audit, and where appropriate anything omitted from the review,
  - An overall conclusion and opinion on the subject area,
  - Proposed actions for improvement,
  - Service Manager's comments (where appropriate), and
  - A table summarising all the Proposed/Agreed Actions, risk category, a due date and any management responses.
- 5.5.6 Each Final Report carries one of four possible levels of Assurance. This is assessed as a snapshot in time, the purpose of which is for all stakeholders to be able to place reliance on that system of internal controls to operate as intended; completely, consistently, efficiently and effectively. Assurance given by Internal Audit at the year end is based on an overall assessment of the assurance opinions it has given during that year, and can only apply to the areas tested. There are insufficient resources to audit every aspect of every area every year.
- 5.5.7 In addition to individual audit reports for each topic, the performance of the East Kent Audit Partnership is analysed and reviewed as described in section 3.4 of this Charter.

## 5.6 Follow Up

- 5.6.1 The Audit Partnership will follow up on management action arising from its assignments. Each individual recommendation is recorded on the specialist auditing software used. Each recommendation is classified as to whether it is

high, medium or low risk. The due date for implementation and the responsible person are also recorded.

5.6.2 Following the last due date within the Action Plan, the auditors follow up whether or not action has been taken to reduce the identified risk. They ask the responsible officer for each individual recommendation whether:

- a. The control improvement has successfully been implemented
- b. Progress is being made towards implementing the control improvement
- c. No action has yet occurred due to insufficient time or resources
- d. That after agreeing the action, the risk is now being tolerated
- e. That the control improvement is no longer relevant due to a system change
- f. Other reason (please specify).

5.6.3 Further testing will be carried out where necessary (e.g. high risk recommendations) to independently confirm that effective action has in fact taken place.

5.6.4 A written summary of the results of the follow up action is issued to the relevant Service Manager and Director, and where appropriate a revised assurance level is issued. The results of follow-up reviews and the revised assurance opinions issued are also reported to ~~members~~the audit committee.

5.6.5 Any areas of concern after follow up, where it is thought that management has not taken appropriate action, will be escalated to senior management and ultimately the Audit Committee as described in paragraph 3.3.2 of this Charter.

## **6 Resources**

### **6.1 Staff Resources**

6.1.1 Dover District Council is the host authority for the shared internal audit service therefore it employs or contracts with all the staff engaged to deliver the service. The current team is made up of full or part time staff all providing a range of skills and abilities within the Internal Audit profession. Those staff accredited to a professional body are required to record their Continued Professional Development (CPD) in order to evidence that they maintain their skills and keep up to date. Additionally, the staff are bound by the professional standards and code of ethics for their professional body, either CIPFA, the ACCA or the CIIA.

6.1.2 A mix of permanent staff and external contractors will provide the resources required to fill the required number of chargeable audit days. Internal Audit staff will be appropriately qualified and have suitable, relevant experience. Appropriate professional qualifications are ACCA, IIA or AAT. The DDC appraisal scheme including an assessment of personal development and training needs will be utilised to identify technical, professional, interpersonal and organisational competencies. Having assessed current skills a personal development plan will be agreed for all EKAP staff intended to fill any skill gaps.



6.1.3 The Dover District Council's Personal Performance Review process will be the key driver to identifying any skill gaps, and training, where appropriate, will be investigated at an individual level, as well as across the team, and on a Kent wide basis (through collaborative arrangements at Kent Audit Group). In the short-term, the specialised computer audit skills gap may be addressed through the engagement of contractors for specialist work, and where possible, a team member will shadow the "expert" to gain additional skills.

## 6.2 Budget

The EKAP budget is hosted by DDC and apportioned between the partners based on the agreed number of audit days. The cost per audit day is a metric reported annually in the Annual Report. The budget for 2017/18 is £396,500 which includes direct and indirect costs to the partnership. The individual salaries paid to the staff, including the Head of the Audit Partnership are standard grades as assessed by the DDC Job Evaluation system.

## 7. Quality assurance

The quality assurance arrangements for the EKAP include all files being subject to review by either the Deputy Head of Audit for the site and/or by the Head of Audit Partnership (particularly if the review has 'no' or 'limited' assurance). The review process is ongoing and includes adequate supervision of the audit staff and of the audit work performed. This review ensures that the work undertaken complies with the standards defined in the Public Sector Internal Audit Standards and with the requirements of this Charter. In addition to the ongoing review of the quality of individual working papers and reports and performance against the balanced scorecard of performance indicators; an annual assessment of the effectiveness of Internal Audit is undertaken separately by each of the partner authorities. To comply fully with the PSIAS the EKAP ~~has will~~ presented the options for an external quality assessment to be undertaken before October 2017. However, the s.151 Client Officer Group at its meeting held 16.11.16 has decided to not spend resources on an External Quality Assessment.

## 8. Additional Services

### 8.1 Special Investigations and Fraud Related Work

The EKAP is, from time to time, required to carry out special investigations, including suspected fraud and irregularity investigations and other special projects. The prevention and detection of fraud and corruption is ultimately the responsibility of management within the four partner authorities. However, EKAP is aware of its role in this area and will be alert to the risk of fraud and corruption when undertaking its work. The EKAP will immediately report to the relevant officer any detected fraud or corruption identified during the course of its work; or the discovery of any areas where such risks exist.

Consequently, a provision for additional time in the event of fraud related work being required has not been included in any of the annual audit plans. Any special investigations which the EKAP is requested to undertake may be accommodated from re-allocating time within the relevant partner's own plan, or through buying in additional resource to either investigate the case, or to

back-fill whilst partnership staff carry out the investigation. The provision of resources decision will be made on a case-by-case basis in conjunction with the relevant partner's s.151 Officer and other management as necessary.

An added advantage due to the flexibility of the arrangements within the EKAP means that we are able to use auditors who are not necessarily known at an authority to complete special investigations as this strengthens independence.

The s.151 Officer will keep the Head of Audit Partnership apprised via the regular meetings of any disciplinary action taken by the council that may be relevant to internal audit planning and risk assessments, if staff have been found to act deceitfully or circumvent controls etc.

## 8.2 Ad Hoc / Consultancy Work/ External Bodies

A contingency has not been included in any of the partners' plans. Therefore if work has not been included in the plan from the outset, a variation will need to be agreed for any subsequently requested work, to re-allocate time within the relevant partner's own plan, or through buying in additional resource, to back-fill whilst partnership staff carry out the assignment. The decision will be made in conjunction with the relevant partner's s.151 Officer and other management as necessary. Conflicts of interest may be avoided if carrying out consultancy work due to the flexibility of the arrangements within the EKAP, as we are able to rotate auditors accordingly. Approval of requests from Management for additional projects are subject to certain criteria, to include whether the EKAP has the relevant skills and capacity to undertake the assignment.

Requests for assurance work from external bodies are not anticipated, nor does the EKAP have capacity or spare resource to deliver such requests. However, in the event that a request is received, the s.151 Client Officer Group would consider and authorise such an undertaking and a separate legal agreement confirming the engagement would be drawn up with DDC as the host authority (EKAP not being a separate legal entity). The Head of Audit Partnership would give the same consideration to conflicts of interest, capacity, skills and competency when assessing the scope of the work, as it if were an internal assignment, before agreeing to undertake the engagement

## 8.3 Value for Money (VFM) Reviews

VFM relates to internal audit work that assesses the economy, efficiency and effectiveness of an activity. The work of EKAP is planned to take account of VFM generally, indeed this is supported by the objective to port best practice between sites where appropriate. Audit plans may have a specific provision for VFM reviews (or a review of VFM arrangements). Where possible VFM reviews will be run concurrently with other sites within East Kent where this is deemed to be most beneficial to participating authorities. The EKAP staff are alert to the importance of VFM in their work, and to report to management any examples of actual or possible poor VFM that they encounter in the course of their duties.

## 9. Amendment to Audit Charter

Amendment of this Charter is subject to the approval of the Partners' Audit Committees, Chief Executives, s.151 Officers and the Head of Audit Partnership.

| February ~~2016~~2017

**References:**

Former Audit Strategy

Audit Manual

Public Sector Internal Audit Standards (PSIAS)

| ~~CIPFA-CIPFA Local Government~~ Application Note to PSIAS

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Plan Area	Corporate Plan, Value and Risk Ref:	Year last audited	Previous Assurance level	2017-18 Planned Days	Quarter Prioritised for 2017-18	2018-19 planned days	2019-20 Planned Days	2020-21 Planned Days
<b>Main Financial Systems:</b>								
Capital		2015-16	Substantial					5
Treasury Management		2015-16	Substantial			5		
Car Parking & Enforcement		2014-15	Substantial	12	3			12
Bank Reconciliation		2015-16	Substantial					5
Creditors and CIS		2014-15	Substantial	10	3			10
External Funding Protocol		2015-16	Reasonable			10		
Main Accounting System		2016-17	Substantial				10	
Income		2014-15	Substantial/ Limited	10	3			10
Budgetary Control	CV1 7 CR1	2016-17	Substantial				10	
VAT		2015-16	Substantial			10		
Insurance and Inventories of Portable Assets		2014-15	Reasonable	12	2			12
<b>Residual Housing Systems:</b>								
Homelessness	CP2	2016-17	Substantial				10	
Housing Allocations	CP2	2015-16	Substantial			10		
HRA Audits	CP2	2016-17	See EKH Plan	15	1 to 4	15	15	15
Right to Buy	CP2	2014-15	Reasonable	8	2			
HRA Business Plan	CP2	2014-15	Substantial			10		
<b>Governance Systems:</b>								
Data Protection, FOI and Information Management	CR3	2014-15	Reasonable /Limited	14	3			15
Members' Code of Conduct, Register of Interests, Gifts and Hospitality, and Standards Arrangement	CV1 7 CR4	2016-17	Substantial					10
Officers' Code of Conduct and Gifts and Hospitality	CV1	2016-17	Reasonable				9	
Local Code of Corporate Governance	CV1	2016-17	2016-17 WIP				7	
Anti-Fraud & Corruption (including: The Bribery Act, Money Laundering and Whistle Blowing Arrangements)		2013-14	Substantial	10	1			
Performance Management	CV1&2	2013-14	Substantial	10	2			10
Complaints Monitoring	CV3	2014-15	Limited			10		
Shared Services Monitoring	CV1	2012-13	Reasonable	10	4			10
Partnerships	CV1	2012-13	Reasonable	8	4			10
Scheme of Officer Delegations	CV1 & CR11	2007-08	Reasonable	8	1			9
Corporate/Governance and Audit Committee	N/A	2016-17	N/A	32	1 to 4	32	32	32
Project Management	CR7	2016-17	2016-17 WIP				10	
Risk Management	Informs all Corporate Risks	2012-13	Substantial	10	2			10
<b>Other:</b>								
Liaison with the External Auditors	N/A	2016-17	N/A	1	1 to 4	1	1	1
Previous Year Work in Progress b/fwd	N/A	2016-17	N/A	5	1	5	5	5
Follow-up	N/A	2016-17	N/A	15	1 to 4	15	15	15
<b>Contract Audits:</b>								
CSO Compliance	CV1	2015-16	Reasonable			10		10
Service Contract Management	CV1	2016-17	2016-17 WIP				10	
Receipt and Opening of Tenders	CV1	2014-15	Substantial	8	1			
Procurement	CV1	2016-17	2016-17 WIP				10	
<b>Service Level Audits:</b>								

Thanet District Council  
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Inward Investment	CP3	New Area	To be Assessed	10	4			10
Cemeteries and Crematoria		2016-17	Substantial				10	
Safeguarding Children and Vulnerable Groups/DBS Checks	CR9	2015-16	Limited			10		
s11 Safeguarding Return to KCC	CR9	Annual	N/A	1	3	1	1	1
Private Sector Housing – HMO Licensing and Selective Licensing	CP2	2016-17	2016-17 WIP				10	
Community Safety	CP2	2014-15	Substantial			10		
Coastal Management		2016-17	Substantial					10
CCTV		2014-15	Reasonable			10		
Dog Warden Service, Street Scene and Litter Enforcement (incl. graffiti and flytipping)	CP1	2014-15	Reasonable /Limited			10		
Electoral Registration & Election Management		2015-16	Limited			10		
Environmental Health – Food Safety		2015-16	Substantial			10		
Environmental Health – Public Health Burials		2016-17	Reasonable				7	
Environmental Health – Pest Control		2014-15	Substantial			10		
Environmental Health – Health and Safety at Work		2015-16	Limited			10		
Environmental Health - Environmental Protection Service Requests		2016-17	Substantial				10	
Environmental Health - Pollution, Contaminated Land, Air and Water Quality		2014-15	Reasonable	10	2			
Business Continuity and Emergency Planning	CR10	2015-16	Reasonable			10		
Playgrounds		2016-17	Limited				8	
Equality and Diversity		2014-15	Reasonable					10
Events Management		Pre 2004-05	To be Assessed				10	
Health and Wellbeing	CP2	New Area	To be Assessed				10	
Grounds Maintenance	CP1	2015-16	Limited			15		
Dalby Square Heritage Grants and Housing Intervention Grants	CP2	2015-16	Substantial				8	
Disabled Facilities Grants	CP2	2016-17	Substantial				8	
Land Charges		2014-15	Substantial	8	1			
Licensing		2014-15	Substantial			10		
Museums		2015-16	Limited			14		
Asset Management	CP3	2010-11	Reasonable	10	4			
Allotments	CP3	2015-16	Reasonable	8	1			
Commercial Properties and Concessions (incl. Industrial estates, Innovation centre etc)	CP3	2015-16	Reasonable				10	
Legal Services		Not audited by EKAP, assurance is instead provided by LEXCEL accreditation						
Ramsgate Marina & Broadstairs Harbour		2016-17	Substantial				10	
Ramsgate Port		New Area	To be Assessed			12		
Members' Allowances and Expenses		2016-17	Substantial				10	
Planning Applications, Income and s106 Agreements		2015-16	Reasonable				10	
Local Plan	CR5	New Area	To be Assessed	10	4			
Building Control		2016-17	Limited				10	
Imprest Floats and Rail Travel Expenditure		2016-17	Substantial				6	

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Phones, Mobiles and Utilities		2016-17	2016-17 WIP				8	
Printing and Post		2014-15	Substantial				10	
YourLeisure - Sports and Leisure	CP2	2014-15	Reasonable /No	12	2			13
Sports Development	CP2	2014-15	Reasonable	8	4			10
Visitor Information Arrangements		2015-16	Substantial				10	
Waste and Street Cleansing Vehicle Fleet Management	CP1	2014-15	Reasonable / Limited	15	1			15
Garden Waste and Recycling Income	CP1	2014-15	Limited	10	1			
Street Cleansing	CP1	2015-16	Limited				10	15
Climate Change		2009-09	To be Assessed					10
Employee Health, Safety and Welfare	CV2 & CR2	2015-16	Reasonable				5	
<b>Total Planned Days:</b>				<b>300</b>			<b>300</b>	<b>300</b>

**Shared Service Audit Plans:**

**East Kent Housing:**

Plan Area	Corporate Risk Reference	Year last audited	Previous Assurance level (before Follow Up)	2017-18 planned days	Quarter Prioritised for 2017-18	2018-19 Planned Days	2019-20 Planned Days
Governance (externally reviewed in 2016-17)	S7 & O7	2011-12	Reasonable				15
Finance Systems and ICT Controls	O4	2011-12	Substantial	15	3		
Data Protection and Information Management	O5	New Area	To be assessed	12	3		
MT/Audit Committee/EA Liaison		2015-16	N/A	4	1 to 4	4	4
Rent Accounting, Collection and Debt Management		2013-14	Reasonable				40
Repairs, Maintenance & Void Property Management		2015-16	Limited			45	
Leasehold Services		2013-14	Limited	15	2	15	15
Health and Safety (Fire, Gas etc)	O8	2014-15	Reasonable /Limited	15	1	15	15
Sheltered and Supported Housing (including Supporting People)		2015-16	Limited			30	
Safeguarding Children and Vulnerable Groups	O3	2015-16	Limited	10	2		
Tenancy and Estate Management		2012-13	Reasonable				20
Fraud Prevention	O10	New Area		10	2		
Contract Letting - CSO Compliance		2015-16	Reasonable				17
Contract Monitoring & Performance - VFM	O10	New Area	To be assessed			17	
Performance and Risk Assurance	O11	New Area	To be assessed	15	1		
Complaints		New Area	To be assessed	10	1		
Insurance Claims		New Area	To be assessed			10	
Single System - Post Implementation Review		New Area	To be assessed	10	4		
Property Services Improvement Action Plan Assurance		New Area	To be assessed	20	4		
Employee Health, Safety & Welfare	O2 & O8	New Area	To be assessed				10
Follow Up / Progress reviews		2016-17	Ongoing	4	1 to 4	4	4
<b>Total Planned Days:</b>				<b>140</b>		<b>140</b>	<b>140</b>

**EK Services:**

Thanet District Council  
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Plan Area	Year lasted audited	Previous assurance level	2017-18 Planned Days	Quarter Prioritised for 2017-18	2018-19 Planned Days	2019-20 Planned Days	2020-21 Planned Days
<b>EK Services - Revenues &amp; Benefits</b>							
Housing Benefits – Payment	2014/15	Substantial	15	1			
Housing Benefits – Overpayments	2016/17	Substantial					15
Housing Benefits – Admin & Assessment	2014/15	Substantial			15		
Housing Benefit - Appeals	2015/16	Substantial				15	
Housing Benefit - DHP	2015/16	Substantial			15		
Housing Benefit - Subsidy	2016						15
Housing benefit Testing (DDC & TDC only)	2015/16	N/A	20	1 to 4	20	20	20
Council Tax	2014/15 (2016)	Substantial				20	
Council Tax Reduction Scheme	2013/14	Substantial	15	3			
Customer Services/Gateway	2016/17	Reasonable					20
Business Rates	2015/16	Reasonable	20	2			
Business Rates reliefs	2015/16	Reasonable			15		
Business Rates credits	2015/16	Reasonable				15	
Debtors and rechargeable Works	2015/16	Substantial			20		
<b>EK Services - Corporate</b>							
Corporate / Audit Plan			8	1 to 4	8	8	8
Follow ups			7	1 to 4	7	7	7
<b>EK Services - ICT</b>							
ICT – Change Controls	2013/14 (2016)	Limited					15
ICT - Data Management	2014/15	Reasonable	15	2			
ICT – Network Security	2012/13 (2016)	Substantial					15
ICT – Procurement and Disposal	2013/14	Reasonable	15	3			
ICT – Internet / e-mail / laptops	2014/15	Reasonable				15	
ICT – Physical and Environment	2014/15	Reasonable				15	
ICT - Software Licensing	2012/13 (2016)	Limited				15	
ICT - PCI-DSS	2015/16	Limited			15		
ICT - Disaster Recovery	2015/16	Sub / Reasonable			15		
<b>EK Services - EKHR</b>							
Recruitment	2016/17	Substantial					15
Absence Management/Annual Leave and Flexi Leave	2015	Reasonable / Limited			15		
Payroll, SMP and SSP	2013 (2016)	Reasonable	15	3	15	15	15
Employee Allowances and Expenses			15	3			
Employee benefits-in-kind	2013 (2016)	Reasonable / Limited				15	
Leavers	2016						15
Employee Health, Safety and Welfare	2015	Reasonable / Limited	15	4			
<b>Total Planned Days:</b>			<b>160</b>			<b>160</b>	<b>160</b>



<b>QUARTERLY INTERNAL AUDIT UPDATE REPORT</b>
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**8<sup>th</sup> March 2017**

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 31<sup>st</sup> December 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 31<sup>st</sup> December 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 nine internal audit assignments completed during the period, of which six concluded substantial assurance, two concluded limited assurance. One additional piece of work comprised housing benefit quarterly testing, for which an assurance opinion is not applicable.
- 2.2 In addition, six follow-up reviews have been completed during the period.
- 2.3 For the nine month period to 31<sup>st</sup> December 2016, 253.17 chargeable days were delivered against the planned target of 295.36 days which equates to 86% 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 – 08-03-2017
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## Background Papers

Title	Details of where to access copy
<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 31<sup>st</sup> December 2016.

### 2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level	No. of Recs.	
2.1	Coastal Management	Substantial	C H M L	0 0 0 0
2.2	Budgetary Control	Substantial	C H M L	0 0 2 2
2.3	East Kent Housing - Tenancy & Estate Management	Substantial	C H M L	0 0 2 1
2.4	Ramsgate Marina	Substantial	C H M L	0 0 4 0
2.5	EKHR - Recruitment	Substantial	C H M L	0 0 0 3
2.6	EK Services ICT Management & Finance	Substantial	C H M L	0 0 0 2
2.7	Building Control	Limited	C H M L	0 7 5 0
2.8	Officers' Code of Conduct and Gifts & Hospitality	Limited (Reasonable after follow-up)	C H M L	0 5 2 3

2.9	EK Services – Housing Benefit Quarterly Testing (Quarter 2 & 3 of 2016-17)	Not Applicable
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## 2.1 Coastal Management – 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 following business objectives are met:

- To reduce the risk to people and the developed and natural environment from flooding and coastal erosion by encouraging the provision of technically, environmentally and economically sound and sustainable defence measures;
- To support the provision of adequate and cost effective flood warning systems.
- To support the provision of adequate, economically, technically and environmentally sound and sustainable flood and coastal defence measures.
- To discourage inappropriate development in areas at risk from flooding and coastal erosion.

### 2.1.2 Summary of Findings

The Technical Services Section is responsible for coastal management along Thanet's 16 miles of coastline. 11 miles of this coastline is protected by concrete sea walls which protect the land behind from erosion or flooding by the sea. About 85% of the Thanet coastline is at risk from erosion, but some low lying areas are at risk of flooding such as the Old Town area of Margate.

The maintenance of Thanet's sea walls and promenades is a continuous job particularly in the tidal zone and the Technical Services Team carry out programmed inspections to monitor the condition of the structures and identify necessary repair work.

The inter-tidal zone is an extremely harsh environment for engineered structures to exist in and regular maintenance is vital if the full design life of structures is to be realised and where practical exceeded to maximise their whole life value.

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

- The Council has an appropriate policy on '*Flood and Coastal Defence*', which was recently reviewed and updated in September 2013, authorised by the Director of Operational Services and a copy placed on the Council's internet.
- The Council has formally adopted the Isle of Grain to South Foreland Shoreline Management Plan.
- The Council has informative pages pertaining to coastal protection on its internet site.
- A comprehensive database is maintained of all coastal zone assets which is cross-referenced to an Ordnance Survey map of the district's coastline.
- All areas of the district's coastline are inspected twice per annum and these inspections are well documented with any identified repairs being prioritised.

- The Council has an excellent track record of delivering major capital flood improvement schemes e.g. the recent Margate Flood and Coast Protection scheme.
- Annual bids are submitted to the Environment Agency for funding for future capital schemes; and
- Effective flood warning systems are in place.

The Head of Maritime and Technical Services is already undertaking a refresh of the Council's *Flood and Coastal Erosion Risk Management Policy Statement*. No additional scope for improvement was identified during this review

## **2.2 Budgetary Control – Substantial Assurance:**

### **2.2.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that budgetary control is exercised across the Council on a corporate wide basis.

### **2.2.2 Summary of Findings**

The Council's opening net base budget for 2016/17 was just over £19m. Given the economic context in which the Council finds itself, the overarching approach to developing the budget was to keep budgetary growth to a minimum to reduce the need to find compensating savings in order to deliver a balanced budget.

The area under review is not directly linked to any corporate objectives but as a service function supports all of them. The area under review has some direct linkage to the corporate risk of managing 'Limited Resources'.

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

- Budgets are controlled in accordance with Service Reporting Code of Practice (SeRCOP) and in accordance with CIPFA guidelines;
- The Budget and Policy Framework is consistently applied;
- Effective financial governance arrangements are in place in terms of the approval of the budget;
- The budget preparation process is well established and documented with clear roles and responsibilities identified throughout.
- Budget monitoring processes are adequate; and
- The process for managing budgetary savings is adequate.

Scope for improvement was however identified in the following areas:

- The Budget Managers' Handbook should be updated and reviewed; and
- Use of the budget preparation timetable could be improved.

## **2.3 East Kent Housing - Tenancy & Estate Management.**

### 2.3.1 Audit Scope

In order to review the organisation's arrangements across the four partner Council sites for tenancy and estate management including looking after housing estates such as managing grass cutting, gardening contracts, cleaning and maintenance of communal areas etc.

### 2.3.2 Summary of Findings

East Kent Housing (EKH) was set up in April 2011 to deliver the council housing services on behalf of Canterbury, Dover, Shepway and Thanet councils. EKH manages over 18.000 properties owned by the four partner councils.

EKH's tenancy and estate management responsibilities include:

- Making sure that tenants adhere to their tenancy agreements.
- Involving and communicating with tenants including producing newsletters, leaflets and supporting community groups and activities.
- Working with the police, the council and other agencies to reduce anti-social behaviour.
- Re-letting empty properties, approving mutual exchanges and changes to tenancies.

EKH's 2016-17 delivery plan includes the following objectives:

- Single system; completing the implementation and planning for changes in service delivery post implementation.
- Improving estate conditions – responding to the aspirations of residents and staff to have better maintained estates.

The 2016-17 delivery plan supports the EKS corporate priorities which, for tenancy and estate management, include to:

- Maintain clean, well looked-after estates.
- Create consistent and targeted customer contact.
- Develop a better insight in to the characteristics and needs of residents.
- Provide consistent and effective customer contact.

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

- All tenants are required to sign a tenancy agreement which clearly sets out the terms of the tenancy, the rights and responsibilities of each party and the consequence of any breaches of the rules.
- There is clear advice to tenants about the consequences of not complying with the tenancy agreement and the sanctions which may be imposed.
- There are clear guidelines addressing mutual exchanges.
- Policies are in place for dealing with terminations and successions.
- Anti-social behaviour (ASB) is clearly defined, identified promptly, recorded accurately, and addressed in accordance with current procedures and policies.



- There are suitable forums in place within each authority and across EKH for sharing information on clients and best practices for dealing with ASB.
- Complaints are addressed quickly and the complainants kept informed of the progress and outcome of their complaint. There is the facility to learn from and to address issues raised within complaints. The Single system will improve standardisation of processes in this area.
- Front line housing staff are suitably trained in effective customer relations.
- There is a clear communication policy in place to promote effective dialogue with tenants on general day to day issues. General communication with tenants and leaseholders involves as many media formats as possible.
- The preferred method of communication with each tenant and leaseholder is to be identified and used wherever possible.
- Tenants and leaseholders are involved in the service decision making process via formal and informal consultation processes.
- There is a regular programme of meetings with tenants and leaseholders to review the individual estates overall condition on cleanliness, graffiti, grounds maintenance and estate improvements (e.g. regular walkabouts etc.).
- There are formal contracts in place for estate cleaning with standards to be achieved clearly defined. There is also a regular review programme to ensure that contracts are kept and standards maintained, and that effective communications with the contractor are maintained.
- There are formal contracts in place for grounds maintenance including the standards to be achieved being clearly defined at three of the four sites.
- There is a regular review programme to ensure that contracts are kept and standards maintained and effective communications with the contractor is maintained.
- EKH are about to commence the roll out of a new single system across all four partner Council sites – a 2016-17 delivery plan objective.
- The Tenant Scrutiny Panel recently undertook a review of EKH's compliance with the Tenant Involvement and Empowerment Standard. The panel found that 13 out of the 17 specific expectations have been met and an action plan has been put in place to deal with the outstanding issues.

Scope for improvement was however identified in the following areas:

- The named Primary Designated Officer (on the sharing protocol) needs to be updated to reflect the change in Chief Executive at EKH.
- As part of the introduction of the new single system the same sign off processes for introductory tenancies should be reviewed in terms of standardisation.

## **2.4 Ramsgate Marina – Substantial Assurance.**

### 2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that all income arising from the Council's maritime operations at Ramsgate Marina is completely and correctly accounted for.

### 2.4.2 Summary of Findings

Thanet District Council is the owner and operator of Ramsgate's Royal Harbour Marina and the adjoining Port. The stunning Royal Harbour Marina was developed in 1976. The Four Gold Anchor Award complex now offers 700 finger moorings,

serviced by first class amenities and security, in a picturesque and historic harbour. This is backed up by the fact that there are 410 permanent boats berthed in the harbour and a waiting list for permanent berths. In addition the Harbour Office and Dockmasters take and process payments in excess of £1.2 million pounds out of an estimated income of over £2 million per annum.

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

- Cash collection and cash receipting arrangements are robust;
- Arrangements in place for invoicing for use of permanent berths, boat lifting, boat parking, commercial fishing boats, storage facilities and car parking are sufficient and well exercised;
- All services provided are well documented (but could be further enhanced); and
- Correct administration of fees and charges was found to be in place

Scope for improvement was however identified in the following areas:

- Fees and charges could be enhanced to show additional increases are applied to some services if they are carried out after hours.
- Carry out an annual review on the fuel surcharge to ensure that is correct for the service provided.
- Consider replacing those containers that are no longer useable with replacement ones to generate additional income from renting them out.
- To reduce the amount of paper records held within the Harbour Office consider utilising the use of scanning documentation and storing it electronically.

## **2.5 EKHR Recruitment - Substantial Assurance:**

### **2.5.1 Audit Scope**

To provide assurance that the partner Councils' internal controls and procedures are robust, in order to ensure that the Council selects the best candidates for the available positions and that those applicants are of good character, experienced and are professionally qualified where required.

### **2.5.2 Summary of Findings**

EK Human Resources (EKHR) is responsible for giving advice on, and the administration of, recruitment across all partners – Canterbury City Council (CCC), Dover District Council (DDC), East Kent Housing (EKH), EK Services (EKS) and Thanet District Council (TDC). Total employees at each of the above partners at 9 September 2016 is:

CCC	748
DDC	308
EKH	195
EKS	306
TDC	440
<b>Total</b>	<b><u>1,997</u></b>

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

- The EKHR SLA is the process of being revised and a 'Recruitment Toolkit' makes clear where responsibilities lie;
- Performance indicators are provided to partners on a quarterly basis;
- The recruitment process is, in the main, consistently documented;
- Pre-employment checks were, in the sample tested, consistently carried out; and
- The recruitment process, in the areas tested, complies with the Equality Act 2010 and Data Protection Act 1998.

Scope for improvement was however identified in the following areas:

- As a shared service, consider the option to arrange a contract for advertising which could bring savings to partners; and
- It would be useful if EKHR requested confirmation/evidence that all vacant posts are approved to be filled, particularly as each partner has a slightly different process in this regard.

## **2.6 EKS ICT Management & Finance - Substantial Assurance:**

### **2.6.1 Audit Scope**

To ensure that the controls over the management tasks and financial administration of the ICT function within EK Services are robust and sufficient to enable the partner councils to place reliance upon them.

### **2.6.2 Summary of Findings**

EK Services is a shared service function which supplies various services to the councils of Canterbury, Dover and Thanet with one of those service functions being ICT.

The ICT annual budget is £2.4M and the total spend on ICT across the partnership is around £4.5M. The EK Services ICT service supports around 1500 users across the partner organisations.

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

- There are formal agreements in place regarding the ICT service, including the Collaboration Agreement and specific ICT Service Level Agreements.
- There are approved staffing structures in place for the service.
- Staffing and financial processes are undertaken in compliance with Thanet Council's approved policies and procedures as the hosting authority.
- There is a risk management system in place regarding ICT specific risks.
- The East Kent Corporate Information Governance Group is currently reviewing and approving the raft of ICT Policies for adoption by the Councils by users.
- Information and performance is supplied to the client officers, East Kent Strategic Board and the East Kent Services Committee.

Scope for improvement was however identified in the following area:

- Additional guidance could be added to the Thanet HR policy regarding disciplinary procedures in respect of ICT officers and system administrators.

## **2.7 Building Control - Limited Assurance.**

### 2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Building Control procedures are operated in accordance with the Building Act 1984, and the Council's Financial Regulations and approved policy.

### 2.7.2 Summary of Findings

Building Control's primary objective is to secure a safe and healthy built environment for the benefit of the community. Building Control charges should be set to "recover the cost" of the fee earning element of Building Control work and local authorities are required to ensure that their income from fees and charges as near as possible equates to the costs incurred in carrying out their chargeable functions, i.e. taking one year with another to break even and achieve full cost recovery over a 3 year period.

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

- The Building Control Policy has not been reviewed since 1994.
- There is no documentation in place to support the Buildings Regulation Charge scheme that requires Member approval as this sets the building control fees. A review of the fees and charges for 2016 has not been carried out, including the hourly rate calculation for quotes.
- The Building Control system (Uniform), which went live in June 2015, has some duplicate plot records, due to issues with the integration of the data from the old system. Because of this, inaccurate multi plot history data is held on the system up until May 2016.
- Staff require training to be able fully utilise the reporting functions available on the Uniform system. Furthermore efficiency benefits may be gained from an assessment to see if mobile technology can be used on site (i.e. tablets) which could give access to the Building Control Officers to applications, plans, documents and a diary system.
- When quotes for building control services are produced there should be a standard template used so that a consistent approach to the calculation is used and to also provide an audit trail if it is challenged.

Effective control was however evidenced in the following areas:

- Processes are in place for taking payments to support applications that have been received.
- Applications are processed in accordance with statutory guidelines.
- Invoice processes have recently been reviewed to ensure that a better routine with supporting documentation is in place for the Building Control Officers to follow.

## **2.8 Officers' Code of Conduct and Gifts & Hospitality – Limited Assurance (increased to Reasonable after follow-up).**

### 2.8.1 Audit Scope

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

The area under review is not directly linked to corporate objectives but does have some linkage to Corporate Value 1: Ensuring that we operate in an open, honest and accountable manner.

### 2.8.2 Summary of Findings

The Nolan Principles, the seven principles of public life, form the basis of the ethical standards expected of all public office holders. The principles are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Every employee has a duty to ensure public funds are safeguarded, whether they are involved with cash or payments systems, receipts, stocks or dealings with contractors or suppliers. As such, all staff are required to comply strictly with all regulations, rules and instructions that are promulgated with the objective of preventing fraud and corruption. Principal amongst these is 'The Employee's Code of Conduct and Gifts and Hospitality rules'.

As stewards of public funds, employees must have, and be seen to have, high standards of personal integrity. Staff should not accept gifts, hospitality or benefits of any kind from a third party that might be seen to compromise this. The Officers' Code of Conduct, last reviewed in August 2015, details the obligations placed upon staff to ensure that the Council and employees are safeguarded.

Other related Council Policies are:

- Contract Standing Orders and Financial Procedure Rules;
- Anti-Fraud & Corruption Policy;
- Anti-Bribery Policy & Procedure; and
- Whistle Blowing Policy.

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

- Awareness of the obligations on staff to declare interests is not being maintained;
- Information on the Code of Conduct was difficult to find, the use of notice boards, clip-frames and intranet is not being utilised to its fullest;
- The declaration forms to be used by staff contain out of date information, are not within the corporate format and are not required to be signed off by line managers before being forwarded to the Monitoring Officer;
- The recording system is a paper-based system and consideration should be given to making this an electronic process;
- Retention schedules are out of date and detailed timescales have not been set out within the Code of Conduct;
- There is no effective monitoring process in place.

Effective control was however evidenced in the following areas:

- There is a robust induction process that managers should implement as part of the recruitment process for new employees; if it is followed and documented correctly, this should raise awareness of officers' responsibilities under the Code of Conduct;
- Recent training has been made available and delivered to Members and heads of service, although there is no evidence that this has filtered down to 'shop floor' level; and
- Politically restricted and sensitive posts have been recognised and adequately documented.

Note: The follow-up audit of this area has been undertaken in the same quarter and has concluded a revised opinion of Reasonable Assurance. Please see below.

## **2.9 EK Services – Housing Benefit Quarterly Testing (Quarter 2 & 3 of 2016-17):**

### **2.9.1 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.

### **2.9.2 Findings:**

For the second and third quarters of 2016/17 financial year (July to December 2016) 40 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.

### **2.9.3 Audit Conclusion:**

Forty benefit claims were checked and of these one (2.5%) had a financial error that impacted on the benefit calculation.

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

- 3.1 As part of the period's work, six 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. Not yet implemented	
a)	Disabled Facilities Grants	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	1	M	1
				L	3	L	1
b)	EKS – ICT PC Controls	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	6	M	0
				L	0	L	0
c)	EKS – ICT External Review	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	7	L	4
d)	Officer Code of Conduct and Gifts & Hospitality	Limited	Reasonable	C	0	C	0
				H	5	H	0
				M	2	M	0
				L	3	L	1
e)	Planning Applications, Income & s106	Reasonable /Limited	Reasonable	C	0	C	0
				H	1	H	0
				M	7	M	0
				L	1	L	0
f)	Playgrounds	Limited	Limited	C	0	C	0
				H	6	H	3
				M	7	M	1
				L	1	L	0

3.2 Details of any individual Critical and High priority recommendations still to be implemented at the time of 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 high-priority recommendation which have not been implemented 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) Playgrounds:

There were a number of high and medium risk control failures identified during the initial audit that needed to be addressed in order to mitigate the risk of public injury and also subsequent financial loss from personal claims particularly if a claim was rejected by the insurance company on the grounds of poor maintenance and inspection controls.

It should be noted that since the initial audit was completed in September 2016 the two staff overseeing the play areas facility have left the Council. The current interim manager has started to affect change; as a result the improvements to the administrative arrangements and resilience within the team are significantly better.

**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: Local Code of Corporate Governance, Project Management, Private Sector Housing (HMO and Selective Licensing), and Homelessness.

**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 nine month period to 31<sup>st</sup> December 2016, 253.17 chargeable days were delivered against the planned target of 295.36 days which equates to 86% 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 not implemented at the time of follow-up.

Appendix 2 Summary of services with Limited / No Assurances.

Appendix 3 Progress to 31<sup>st</sup> December 2016 against the agreed 2016-17 Audit Plan.

Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 31<sup>st</sup> December 2016.

Appendix 5 Definition of Audit Assurance Statements & Recommendation Priorities

**SUMMARY OF CRITICAL & HIGH PRIORITY RECOMMENDATIONS NOT IMPLEMENTED AT THE TIME OF FOLLOW-UP – APPENDIX 1**

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<i>Playgrounds – February 2017:</i>		
<p>All high risk areas outlined in the ROSPA annual report should be addressed as soon as possible after the annual report has been passed to the Open Spaces Officer.</p>	<p>Recommendation accepted.</p> <p>January 2017 – Open Spaces Manager (RW) &amp; Open Spaces Officer (MH)</p>	<p>Since the initial audit the Open Spaces Officer has since left the Council and the position is currently vacant. The responsibility has been passed to a Parks Operative (KH) who has been given formal training on the tier one and tier two inspection routines. The training was completed in November 2016 which is the same time as the RoSPA inspection. As a result there are some high risk defects that still require action. At the next annual inspection 2017 management will ensure RoSPA reports are checked and prioritised as soon as they arrive. Immediate action will be taken to correct, make safe or seal off areas/equipment, that is categorised as ‘high risk’.</p> <p><b><u>Audit Findings:</u></b></p> <p>Examination of the November 2016 annual RoSPA inspection report (at 30<sup>th</sup> January 2017) showed that the Lymington Road Skate Park was still marked as high risk (same as in November 2015) and the Viking Ship in Cliftonville has also had its risk rating increased to high. The Viking Ship Play Area still requires urgent action to be taken.</p>

<b>SUMMARY OF CRITICAL &amp; HIGH PRIORITY RECOMMENDATIONS NOT IMPLEMENTED AT THE TIME OF FOLLOW-UP – APPENDIX 1</b>		
<b>Original Recommendation</b>	<b>Agreed Management Action , Responsibility and Target Date</b>	<b>Manager's Comment on Progress Towards Implementation.</b>
		<b>Recommendation Outstanding – Revised implementation date May 2017.</b>
Management should seek a second professional opinion from a building control officer or inspector or wood rot specialist on the longevity and structural safety of the Viking Ship which forms part of the Viking Play Area in Margate. This professional opinion should be sought annually until the play area is closed or replaced.	Recommendation accepted.  January 2017 – Open Spaces Manager (RW) & Open Spaces Officer (MH)	The Council's Technical Services department have commissioned the East Kent Engineering Partnership to undertake an urgent survey of the Viking Ship at the Viking Play Area in Cliftonville.  <b><u>Audit Findings</u></b> Examination of the November 2016 annual RoSPA inspection report (at 30 <sup>th</sup> January 2017) showed that the Viking Ship in Cliftonville has had its risk rating increased to high. The Viking Ship Play Area still requires urgent action to be taken.  <b>Recommendation Outstanding – Revised implementation date April 2017.</b>
Senior Management should assess and plan for the Viking Play Area to be closed on safety grounds in the near future either due to age related structural damage (wood rot or rust) or due to poor installation or both.	Recommendation accepted.  January 2017 – Open Spaces Manager (RW) & Open Spaces Officer (MH)	See response to recommendation above.  <b>Recommendation Outstanding – Revised implementation date April 2017.</b>

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

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Museums	March 2016	Limited	April 2017 follow-up to be reported to Ctte. in June 2017
Street Cleansing	September 2016	Limited	Work-in-Progress – awaiting evidence from Management
Grounds Maintenance	September 2016	Limited	April 2017
EKS – PCI DSS	September 2016	Limited	Spring 2017
Officers' Code of Conduct and Gifts & Hospitality	March 2017	Limited	Summer 2017
Building Control	March 2017	Limited	Spring 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 31-12-2016	Status and Assurance Level
<b>FINANCIAL SYSTEMS:</b>				
Main Accounting System	10	10	2.31	Work-in-Progress
Budgetary Control	10	10	7.26	Finalised - Substantial
<b>RESIDUAL HOUSING SERVICES:</b>				
Homelessness	10	10	17.63	Work-in-Progress
<b>GOVERNANCE RELATED:</b>				
Member Code of Conduct & Standards Arrangements	10	10	9.04	Finalised - Substantial
Officer Code of Conduct, Register of Interests, and Gifts and Hospitality	10	11	11.25	Finalised - Limited
Local Code of Corporate Governance	7	7	4.15	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	0.24	Work-in-progress
Corporate Advice/CMT	2	2	2.47	Work-in-progress throughout 2016-17
s.151 Officer Meetings and Support	9	9	9.22	Work-in-progress throughout 2016-17
Governance & Audit Committee Meetings and Report Preparation	12	12	10.82	Work-in-progress throughout 2016-17
2017-18 Audit Plan and Preparation Meetings	9	9	5.9	Work-in-Progress
<b>CONTRACT RELATED:</b>				
Service Contract Management	10	10	0	Work-in-Progress
Procurement	10	10	0.17	Work-in-Progress
<b>SERVICE LEVEL:</b>				
Cemeteries & Crematoria	10	10	9.96	Finalised - Substantial
S11 Safeguarding Return to KCC	1	0	0	Not Required
HMO & Selective Licensing	10	10	1.23	Work-in-Progress
Coastal Management	10	10	9.99	Finalised - Substantial
Public Health Burials	6	6	6.59	Finalised - Reasonable

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2016	Status and Assurance Level
Environmental Protection Service Requests	10	10	11.66	Finalised - Substantial
Playgrounds	8	8	9.76	Finalised - Limited
Events Management	10	10	0	Postpone until 2017-18
Disabled Facilities Grants	10	10	9.36	Finalised - Substantial
Asset Management	10	10	0	Work-in-Progress
Ramsgate Marina	12	12	9.6	Finalised - Substantial
Members Allowances & Expenses	10	10	5.53	Finalised - Substantial
Building Control	10	10	12.47	Finalised - Limited
Imprest Floats & Travel Warrants	6	6	6.03	Finalised - Substantial
Phones, Mobiles & Utilities	7	3	0	Work-in-Progress
<b>OTHER :</b>				
Liaison With External Auditors	2	0	0	Work-in-progress throughout 2016-17
Follow-up Reviews	10	10	19.09	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			13.61	Finalised – Reasonable/Limited
Museums			1.28	Finalised - Limited
Recruitment			5.56	Finalised - Substantial
<b>UNPLANNED:</b>				
Car Parking – Key Control Testing	0	2	2.37	Finalised
Dreamland – Post Implementation Review	0	5	12.54	Finalised
CSO Compliance Query	0	0	0.84	Finalised
Safeguarding referral	0	0	3.44	Finalised
Referendum – 1 Presiding Officer	0	1	1	Finalised
<b>EK HUMAN RESOURCES:</b>				
Payroll	5	5	0.2	Work-in-Progress
Employee Benefits-in-Kind	5	5	0	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2016	Status and Assurance Level
Leavers/Disciplinary	5	5	0.34	Work-in-Progress
<b>TOTAL</b>	<b>300</b>	<b>295.36</b>	<b>253.17</b>	<b>86% as at 31-12-2016</b>

**EAST KENT HOUSING LIMITED:**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2016	Status and Assurance Level
<b>Planned Work:</b>				
Governance	15	0	0	Postponed to future audit plan
Finance Systems and ICT Controls	15	10	0	Postponed to future audit plan
Finance & Audit Sub Cttee/Plan/CMT	3	4	3.61	Work-in-progress throughout 2016-17
Follow-up Reviews	3	4	4.96	Work-in-progress throughout 2016-17
Rent Accounting & Collection	15	0	0	Postponed to future audit plan
Tenancy & Estate Management	29	22	20.35	Finalised - Substantial
Days over delivered in 2015-16	0	-18.15		Completed
<b>Unplanned Work:</b>				
Procurement	0	15	14.92	Finalised
Repairs and Maintenance Contract Query	0	0	0.6	Finalised
Performance Indicator Data Quality	0	10	0	Work-in-Progress
Single System Controls	0	15	2.12	Postponed until 2017-18
<b>Total</b>	<b>80</b>	<b>61.85</b>	<b>46.55</b>	<b>75% at 31-12-2016</b>

**EK SERVICES:**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2016	Status and Assurance Level
<b>Planned Work:</b>				

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual days to 31-12-2016</b>	<b>Status and Assurance Level</b>
Housing Benefit Overpayments	15	14	13.85	Finalised - Substantial
Fraud Investigations	15	0	0.64	No longer required
Housing Benefit Subsidy	15	10	0.26	Quarter 4
Council Tax	30	15	0.37	Quarter 4
Customer Services	15	15	15.31	Finalised - Substantial
ICT Change Controls	12	11	3.56	Work-in-progress
ICT Software Licensing	12	11	0.5	Quarter 4
ICT Network Security	12	11	0.37	Quarter 4
Corporate/Committee	8	7	5.4	Ongoing
Follow-up	6	4	2.63	Work-in-progress throughout 2016-17
Housing Benefit +40 testing	0	17	17.95	Completed
DDC / TDC Quarterly Housing Benefit Testing	20	20	9.28	Work-in-progress throughout 2016-17
Finalisation of 2015-16 work-in-progress	0	25	26.25	Completed
Days under delivered in 2015-16	7.33	7.33	7.33	Completed
<b>Total</b>	<b>167.33</b>	<b>167.33</b>	<b>103.7</b>	<b>62% at 31-12-2016</b>



**BALANCED SCORECARD – QUARTER 3**

<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 3</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	76%	75%	<ul style="list-style-type: none"> <li>• + Indirect Costs (Recharges from Host)</li> </ul>	£	£11,700
DDC	72%	75%	<ul style="list-style-type: none"> <li>• - ‘Unplanned Income’</li> </ul>	£	Zero
SDC	68%	75%	<ul style="list-style-type: none"> <li>• = Net EKAP cost (all Partners)</li> </ul>	£	£431,120
TDC	86%	75%	<ul style="list-style-type: none"> <li>• Saving Target</li> </ul>	£	10%
EKS	62%	75%			
EKH	75%	75%			
Overall	73%	75%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> <li>• Issued</li> </ul>	57	-			
<ul style="list-style-type: none"> <li>• Not yet due</li> </ul>	19	-			
<ul style="list-style-type: none"> <li>• Now due for Follow Up</li> </ul>	35	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

**BALANCED SCORECARD – QUARTER 3**

<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 3			Quarter 3	
Number of Satisfaction Questionnaires Issued;	59		Percentage of staff qualified to relevant technician level	83%	75%
Number of completed questionnaires received back;	29		Percentage of staff holding a relevant higher level qualification	36%	32%
	= 49 %		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	0.91	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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## REVIEW OF THE EFFECTIVENESS OF THE COUNCIL'S INTERNAL AUDIT ARRANGEMENTS 2016/17

**Governance & Audit Committee 8<sup>th</sup> March 2017**

Report Author	<b>Tim Willis, Director of Corporate Resources</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:**

The Council is required to have an adequate and effective internal audit function and this report makes recommendations based on a review of those requirements.

**Recommendation(s):**

That Governance and Audit Committee accept the findings of the review of the effectiveness of the council's Internal Audit arrangements for 2016/17.

**CORPORATE IMPLICATIONS**

<b>Financial and Value for Money</b>	There are no financial implications arising from this report
<b>Legal &amp; Corporate</b>	<p>Regulation 4 of the Accounts and Audit (England) Regulations 2011 requires that the findings of the review of the system of internal control shall be considered by a committee of the council, or by the members of the relevant body meeting as a whole, and following that consideration, shall approve a statement on internal control, prepared in accordance with proper practices in relation to internal control.</p> <p>Regulation 6 requires that the council shall, at least once in each year, conduct a review of the effectiveness of its system of internal audit. The findings of the review must be considered, as part of the consideration of the system of internal control referred to in regulation 4, by the committee or meeting referred to in that paragraph.</p>
<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>

	Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.	
	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.	

<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	

## 1. Introduction and Background

1.1 The Accounts and Audit Regulations 2011 impose on councils the need to undertake a regular review of their internal control arrangements; specific requirements are that:

- the findings of the review of the system of internal control are considered by a committee of the relevant body, or by members of the body meeting as a whole [Regulation 4 refers]
- the effectiveness of their system of internal audit are reviewed at least once a year and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of the consideration of the system of internal control referred to in regulation 4 [Regulation 6 refers].

1.2 Subsequent guidance issued by the Department for Communities and Local Government indicates that the actions in paragraph 1.1 above do not require the establishment of an audit committee to undertake the exercise, although such a committee would provide an appropriate means through which to consider the findings of the review. In the case of Thanet District Council this responsibility is within the delegated powers of the Governance and Audit Committee.

1.3 In line with the CIPFA guidance document 'Delivering Good Governance in Local Government' the council is also obliged to publish an Annual Governance Statement (AGS) which accompanies the Annual Accounts. The draft AGS for 2016/17 is presented at the June meeting.

1.4 The AGS reflects the council's overall governance arrangements and the effectiveness of these, based on evidence and assurances gained from a number of different sources, which includes information from the East Kent Audit Partnership (EKAP). The review of the effectiveness of the council's internal audit arrangements is therefore very important in order to add credence to the assurances gained from the findings of the Audit Partnership.

1.5 It should be noted that this review is primarily about effectiveness, not process. In essence the need for the review is to ensure that the opinion in the annual report of the internal auditors may be relied upon as a key source of evidence for the Annual Governance Statement.

1.6 This report presents the findings of the review of the effectiveness of the internal audit arrangements for Thanet District Council for 2016/17.

## **2. Review of the effectiveness of the internal audit function**

2.1 The internal audit function is performed by the East Kent Audit Partnership (EKAP), which provides internal audit services to the councils of Dover, Shepway and Canterbury, as well as to Thanet. As a result of this collaborative approach the partnership is able to be robustly resourced and provides a mechanism for promulgating best practice to the East Kent authorities that use its services.

2.2 The auditors are independent to the management of the council and have direct access to the Chair of the Governance and Audit Committee if required. They provide a regular update to the Committee at each of the quarterly meetings, and attend any special meetings that may be convened during the year.

2.3 As at 31 January 2017 the Internal Auditors completed 278 days of review equating to 94% of planned completions and are likely to achieve circa 98% to 100% completion by the end of March 2017. The EKAP undertake a regular schedule of follow up audits to ensure that management have implemented the action plans arising from each audit. Members can see full details within the Internal Audit Annual report which will be presented to this Committee in June.

2.4 The EKAP have met as a team and considered the Public Sector Internal Audit Standards Checklist for compliance. The results of this self-assessment showed that internal audit is currently working towards full compliance and has agreed an action plan to achieve this.

2.5 As part of EKAP's quality monitoring arrangements Members should be aware that following the completion of each audit, a satisfaction questionnaire is completed by the managers of the service that has been audited enabling the officers involved to comment on the conduct and outcome of the audit. This information is used, in part, to inform the self assessment.

2.6 The EKAP Audit Manager and Head of EKAP regularly meet with the Section 151 Officer to monitor performance against the Audit Plan, but also to discuss any matters arising in relation to the performance of the Audit Partnership. Periodically these meetings are attended by External Auditors, so that they are able to gain assurances as to the effectiveness of the process. The Director of Corporate Resources & Section 151 Officer is pleased to be able to provide Members with assurance that in his opinion the Partnership operates to high professional standards, fostering an excellent working relationship with management without fettering the independence needed to be able to take a sufficiently independent perspective.

2.7 In addition to which, feedback from the audits and any other matters arising from the work of the partnership are considered at regular meetings that are held between the Section 151 or Deputy Section 151 Officers of each of the partnering councils and the auditors to manage any issues arising from the process. These meetings provide an additional opportunity to assess whether the internal audit function is operating in an effective manner and is compliant with the requirements of the CIPFA code.

2.8 Given the consistency of evidence of a quality internal audit service and the assessment outcomes referred to above it is believed that the Council has an effective internal audit function in place providing confidence in the context of their contribution to the council's Annual Governance Statement.

### 3. Options

3.1 That Members accept the findings of the review of the effectiveness of the council's Internal Audit arrangements.

3.2 That Members do not accept the findings of the review of the effectiveness of the council's Internal Audit arrangements.

#### Contact Officer

<b>Contact Officer</b>	Tim Willis, Director of Corporate Resources
<b>Reporting to</b>	Madeline Homer, Chief Executive

#### Corporate Consultation

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



## ANNUAL GOVERNANCE STATEMENT ACTION PLAN PROGRESS REPORT

**Governance and Audit – 8 March 2017**

Report Author	<b>Director of Corporate Governance</b>
Portfolio Holder	<b>Cllr Derek Crow-Brown</b>
Status	<b>For Decision</b>
Classification:	<b>Unrestricted</b>
Key Decision	<b>No</b>
Ward:	<b>All</b>

**Executive Summary:**  
To provide a progress report on the Annual Governance Statement 2015/16 action plan.

**Recommendation(s):**  
That Members note the content of annex 1 and identify any issues on which they require more clarification.

<b>CORPORATE IMPLICATIONS</b>	
<b>Financial and Value for Money</b>	There are no financial issues arising directly from this report or any additional budget requirement
<b>Legal</b>	There are no legal implications arising directly from this report. However failure to comply with statutory timescales may have legal implications.
<b>Corporate</b>	The Annual Governance Statement action plan is a corporate document that addresses the areas of improvement identified as necessary through the Annual Governance Statement process.
<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.	
Compliance with the PSED will be considered in implementing individual elements of the action plan		

<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	✓
Supporting the Workforce	✓
Promoting open communications	✓

## 1.0 Introduction and Background

- 1.1 This report provides Governance and Audit Committee with an update on progress in implementing the Annual Governance Statement 2015/16 action plan.

## 2.0 The Current Situation

- 2.1 For the period 2015/16, the Council prepared an Annual Governance Statement (AGS) which was agreed by the Governance and Audit Committee on the 20th September 2016.
- 2.2 Within the Annual Governance Statement 2015/16 areas of concern identified from the numerous assessments into our governance arrangements were detailed as 'Significant Governance Issues'.
- 2.3 The council proposed to take steps to address these matters and report on the action plan to this committee on a regular basis. The action plan is attached as appendix 1 for Members' information.

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

## Annex List

Annex 1	Action plan
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## Background Papers

Title	Details of where to access copy
None	

## Corporate Consultation

<b>Finance</b>	Tim Willis, Director of Corporate Resources
<b>Legal</b>	Tim Howes, Director of Corporate Governance

AGS Significant Issue 2015/2016 (March Update)	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>	Feb 2017  June 2017  Jan 2017	COMPLETED  To be undertaken by CIGG in partnership with other LAs tbc COMPLETED
<b>Rationalise assets</b>	Director of Corporate Governance	<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>	Nov 2016 Dec 2016 Dec 2016	COMPLETED O&S Panel 14/02/17 Process being developed by Head of Asset Management
<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>	Jan 2017  Mar 2017 June 2017  Mar 2017	On-going  On-going Local Code of Corporate Governance at March Meeting tbc
<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>	On-going  Aug 2017 Aug 2017	Training commenced

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<b>LOCAL CODE OF CORPORATE GOVERNANCE</b>
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**Governance and Audit Committee - March 2017**

Report Author	<b>Director of Corporate Governance</b>
Portfolio Holder	<b>Cllr Derek Crow-Brown</b>
Status	<b>For Decision</b>
Classification:	<b>Unrestricted</b>
Ward:	<b>All</b>

**Executive Summary:**

Every council is obliged to prepare a Local Code of Corporate Governance. The revised code is presented to committee for approval.

**Recommendation(s):**

It is recommended that the revised Local Code of Corporate Governance for is approved.

**CORPORATE IMPLICATIONS**

<b>Financial and Value for Money</b>	There are no additional budgetary implications													
<b>Legal</b>	Local Authorities must be able to demonstrate compliance with the statutory principles of good governance. Local government has been undergoing significant change and the environment in which it works is increasing in complexity. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with control and the management of risk.													
<b>Corporate</b>	This report relates to a statutory and audit requirement and supports the development of an effective and efficient council.													
<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" style="width: 100%; margin-top: 10px;"> <tr> <td colspan="3">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td style="width: 70%;">Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: center;">✓</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 style="text-align: center;">✓</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></td> </tr> </table>		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.		
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.														

	When taking into account the Public Sector Equality Duty, the Local Code of Corporate Governance supports the main aims of the duty. There are no specific equalities issues identified for protected or vulnerable groups. Improvements to communications and consultation processes will enhance existing procedures.
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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	✓
Supporting the Workforce	✓
Promoting open communications	✓

## **1.0 Introduction and Background**

- 1.1 This report presents a revised Local Code for Corporate Governance.
- 1.2 The council's Code of Corporate Governance is reviewed every year. The code attached to this report is proposed for adoption and has been revised to reflect the latest guidance in the CIPFA/SOLACE Framework published April 2016.

## **2.0 Preparation of the Local Code of Corporate Governance**

2.1 In 2016 CIPFA/SOLACE carried out a review of the Framework for Corporate Governance 2007 (as amended by the 2012 addendum). As a result in April 2016 CIPFA/SOLACE published a new framework document "Delivering Good Governance in Local Government Framework 2016 Edition" with the key focus of governance processes and structures centred on the attainment of sustainable economic, social and environmental outcomes.

2.2 The CIPFA/SOLACE Framework 2016 now has a revised set of principles (A-G) taken from the "International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014)":

A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law;

B - Ensuring openness and comprehensive stakeholder engagement;

C - Defining outcomes in terms of sustainable economic, social and environmental benefits;

D - Determining the interventions necessary to optimize the achievement of the intended outcomes;

E - Developing the entity's capacity, including the capability of its leadership and the individuals within it;

F - Managing risks and performance through robust internal control and strong public financial management;

G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

The International Framework notes that principles A and B permeate implementation of principles C to G.

- 2.3 Although the principles have been updated they remain similar in nature to the previous principles as set out in the 2007 Framework and 2012 addendum.
- 2.4 Each Local Authority should have a code that reflects these principles and be committed to improving governance on a continuing basis through a process of evaluation and review.
- 2.5 Accordingly the Local Code has been revised and reviewed by the Monitoring Officer to ensure that it reflects the current governance arrangements of the council and complies with the CIPFA/SOLACE Framework 2016 edition.

### 3.0 Options

- 3.1 Failure to undertake these processes or review the attached document will impact on the council's approach to corporate governance, and our ability to demonstrate compliance with our own corporate processes.
- 3.2 Committee may adopt or choose not to adopt the Local Code of Corporate Governance. Given the expectation on local authorities to adopt a code, failure to do so could lead to reputational damage.

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

### Annex List

Annex 1	Local Code of Corporate Governance
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### Background Papers

Title	Details of where to access copy
Delivering Good Governance in Local Government Framework 2016 Edition	CIPFA

### Corporate Consultation

<b>Finance</b>	Tim Willis, Director of Corporate Resources
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# Thanet District Council

## Local Code of Corporate Governance

Version 11  
March 2017



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Thanet District Council would like to acknowledge CIPFA / SOLACE in providing the ‘Delivering Good Governance in Local Government’ framework and guidance documents

## 1. Introduction

(1) The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) have published a framework document for Corporate Governance in Local Government published April 2016.

(2) Thanet District Council is committed to the principles of good corporate governance and wishes to confirm its ongoing commitment and intentions through the development, adoption and continued maintenance of a Local Code of Corporate Governance, as recommended by the CIPFA/SOLACE Framework.

(3) This document, Thanet District Council's "Local Code of Corporate Governance", therefore sets out and describes the Council's commitment to corporate governance, and identifies the arrangements that have been made, will continue to be made or need to be made, to ensure its effective implementation and application in all aspects of the Council's work.

## 2. What is Corporate Governance?

(1) For the purpose of this Local Code, Thanet District Council has accepted the definition of Governance as stated within the CIPFA/SOLACE Framework, as follows:

"Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entities objectives while acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders".

(2) Thanet District Council recognises that effective local government relies upon establishing and maintaining the confidence of the public in both the elected members and officers of the Council.

(3) Thanet District Council recognises that the setting of high standards of self-governance provides a clear and demonstrable lead to both our existing and potential partners, and therefore provides the basis of effective community governance.

## 3. The Principles

(1) Thanet District Council positively recognises and accepts the following seven core principles of good governance, as identified within the CIPFA/SOLACE Framework:

- a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- b) Ensuring openness and comprehensive stakeholder engagement.
- c) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- d) Determining the interventions necessary to optimise the achievement of the intended outcomes.

e) Developing the entity’s capacity, including the capability of its leadership and the individuals within it.

f) Managing risks and performance through robust internal control and strong public financial management.

g) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

(2) The seven core principles each have a number of supporting principles, which in turn have a range of specific requirements that apply across the Council’s business.

**A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the law.**

(1) Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

(2) The sub principles supporting this core principle are:

<p><b>Behaving with integrity</b></p>	<ul style="list-style-type: none"> <li>• Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</li> <li>• Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</li> <li>• Leading by example and using the above standard operating principles or values as a framework for decision making and other actions</li> <li>• Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</li> </ul>
<p><b>Demonstrating strong commitment to ethical values</b></p>	<ul style="list-style-type: none"> <li>• Seeking to establish, monitor and maintain the organisation’s ethical standards and performance</li> <li>• Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation</li> <li>• Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</li> <li>• Ensuring that external providers of services on behalf of</li> </ul>

<b>Respecting the rule of law</b>	<p>the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation</p> <ul style="list-style-type: none"> <li>• Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> <li>• Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</li> <li>• Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</li> <li>• Dealing with breaches of legal and regulatory provisions effectively</li> <li>• Ensuring corruption and misuse of power are dealt with effectively</li> </ul>
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**B. Ensuring openness and comprehensive stakeholder engagement**

(1) Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders

(2) The sub principles supporting this core principle are:

<b>Openness</b>	<ul style="list-style-type: none"> <li>• Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness</li> <li>• Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</li> <li>• Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</li> <li>• Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</li> </ul>
<b>Engaging comprehensively with institutional stakeholders</b>	<p>NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.</p> <ul style="list-style-type: none"> <li>• Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended</li> </ul>

<p><b>Engaging with individual citizens and service users effectively</b></p>	<p>outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p> <ul style="list-style-type: none"> <li>• Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</li> <li>• Ensuring that partnerships are based on:             <ul style="list-style-type: none"> <li>- Trust</li> <li>- a shared commitment to change</li> <li>- a culture that promotes and accepts challenge among partners</li> </ul> </li> </ul> <p>and that the added value of partnership working is explicit</p> <ul style="list-style-type: none"> <li>• Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</li> <li>• Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</li> <li>• Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</li> <li>• Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account</li> <li>• Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> <li>• Taking account of the impact of decisions on future generations of tax payers and service users</li> </ul>
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**C. Defining outcomes in terms of sustainable economic, social and environmental benefits**

(1) The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

(2) The sub principles supporting this core principle are:

<p><b>Defining outcomes</b></p>	<ul style="list-style-type: none"> <li>• Having a clear vision, which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions</li> <li>• Specifying the intended impact on, or changes for,</li> </ul>
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<p><b>Sustainable economic, social and environmental benefits</b></p>	<p>stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p> <ul style="list-style-type: none"> <li>• Delivering defined outcomes on a sustainable basis within the resources that will be available</li> <li>• Identifying and managing risks to the achievement of outcomes</li> <li>• Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available</li> <li>• Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision</li> <li>• Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</li> <li>• Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</li> <li>• Ensuring fair access to services</li> </ul>
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**D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

(1) Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

(2) The sub principles supporting this core principle are:

<p><b>Determining interventions</b></p>	<ul style="list-style-type: none"> <li>• Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided</li> <li>• Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</li> </ul>
<p><b>Planning interventions</b></p>	<ul style="list-style-type: none"> <li>• Establishing and implementing robust planning and control cycles that cover strategic and operational plans,</li> </ul>

<p><b>Optimising achievement of intended outcomes</b></p>	<p>priorities and targets</p> <ul style="list-style-type: none"> <li>• Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</li> <li>• Considering and monitoring risks facing each partner when working collaboratively, including shared risks</li> <li>• Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances</li> <li>• Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</li> <li>• Ensuring capacity exists to generate the information required to review service quality regularly</li> <li>• Preparing budgets in accordance with objectives, strategies and the medium term financial plan</li> <li>• Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</li> </ul> <ul style="list-style-type: none"> <li>• Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> <li>• Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</li> <li>• Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</li> <li>• Ensuring the achievement of 'social value' through service planning and commissioning</li> </ul>
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**E. Developing the council's capacity including the capability of its leadership and the individuals within it.**

(1) Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

(2) The sub principles supporting this core principle are:



<p><b>Developing the entity's capacity</b></p>	<ul style="list-style-type: none"> <li>• Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently</li> <li>• Recognising the benefits of partnerships and collaborative working where added value can be achieved</li> <li>• Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</li> </ul>
<p><b>Developing the capability of the entity's leadership and other individuals</b></p>	<ul style="list-style-type: none"> <li>• Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</li> <li>• Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</li> <li>• Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</li> <li>• Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> <li>- ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>- ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> <li>- Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> </ul> </li> </ul>

## **F. Managing risks and performance through robust internal control and strong public financial management**

(1) Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed

as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

(2) The sub principles supporting this core principle are:

<p><b>Managing risk</b></p>	<ul style="list-style-type: none"> <li>• Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> <li>• Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</li> <li>• Ensuring that responsibilities for managing individual risks are clearly allocated</li> </ul>
<p><b>Managing performance</b></p>	<ul style="list-style-type: none"> <li>• Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</li> <li>• Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook</li> <li>• Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation’s performance and that of any organisation for which it is responsible</li> <li>• Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</li> <li>• Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)</li> </ul>
<p><b>Robust internal control</b></p>	<ul style="list-style-type: none"> <li>• Aligning the risk management strategy and policies on internal control with achieving objectives</li> <li>• Evaluating and monitoring risk management and internal control on a regular basis</li> <li>• Ensuring effective counter fraud and anti-corruption arrangements are in place</li> <li>• Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</li> <li>• Ensuring an audit committee or equivalent group/ function, which is independent of the executive and</li> </ul>

<p><b>Managing data</b></p> <p><b>Strong public financial management</b></p>	<p>accountable to the governing body:</p> <ul style="list-style-type: none"> <li>- provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> <li>- that its recommendations are listened to and acted upon</li> </ul> <ul style="list-style-type: none"> <li>• Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>• Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</li> <li>• Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</li> <li>• Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</li> <li>• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</li> </ul>
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**G. Implementing good practices in transparency, reporting and audit to deliver effective accountability**

(1) Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

(2) The sub principles supporting this core principle are:

<p><b>Implementing good practice in transparency</b></p> <p><b>Implementing good practices in reporting</b></p>	<ul style="list-style-type: none"> <li>• Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</li> <li>• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> <li>• Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>• Ensuring members and senior management own the results reported</li> <li>• Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the</li> </ul>
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<p><b>Assurance and effective accountability</b></p>	<p>annual governance statement)</p> <ul style="list-style-type: none"> <li>• Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate</li> <li>• Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> <li>• Ensuring that recommendations for corrective action made by external audit are acted upon</li> <li>• Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</li> <li>• Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> <li>• Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> <li>• Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met</li> </ul>
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**4. Annual Review and reporting**

- (1) The Council accepts that in order to comply with the principles of good governance it must undertake to ensure that systems and processes are continually monitored and reviewed, and are kept up to date.
- (2) An annual review of the Council’s Corporate Governance arrangements will be carried out using the guidance contained in the CIPFA/SOLACE Framework. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively or to identify action which is planned to ensure effective governance in the future. The results of the review will take the form of an Annual Governance Statement prepared on behalf of the Leader of the Council and the Chief Executive. It will be submitted to the Governance and Audit Committee for consideration and review.
- (3) The preparation and publication of the Annual Governance Statement will meet the statutory requirement of the Accounts and Audit Regulations which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare an annual governance statement “in accordance with proper practices in relation to internal control”. As such the Annual Governance Statement will be prepared in accordance with the timetable for the preparation of financial statements in accordance with the Audit and Accounts Regulations.

## Document History

Version	Date	Agreed by	Minute ref
V1	10 Nov 2004 20 Jan 2005 17 Feb 2005	Cabinet Standards Council	CR/74 75 84
V2	5 Nov 2007 12 Dec 2007 31 Jan 2008 21 Feb 2008	Governance Group Governance and Audit Committee Cabinet Council	GG/07-08/4 R189 C16 86
V3	10 Nov 2008 9 Dec 2008 12 Mar 2009 23 Apr 2009	Governance Group Governance and Audit Committee Cabinet Council	Gov05 (10/11/08) R191 54 30
V4	16 Nov 2009 8 Dec 2009	Governance Group Governance and Audit Committee	Gov07 51.
V5	7 Dec 2010 13 Jan 2011	Governance Group Governance and Audit Committee	Gov04. 117.
V6	8 Nov 2011 13 Dec 2011	Governance Board Governance and Audit Committee	6. 200.
V7	22 Nov 2012 11 Dec 2012	Corporate Management Team Governance and Audit Committee	N/A 262.
V8	11 Dec 2013	Governance and Audit Committee	
V9	10 Dec 2014	Governance and Audit Committee	
V10	25 Mar 2016	Governance and Audit Committee	Min. 11
V11	March 2017	Governance and Audit Committee	

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<b>CORPORATE RISK UPDATE</b>
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**Governance & Audit Committee – 8 March 2017**

Report Author	<b>Tim Willis, Director of Corporate Resources</b>
Portfolio Holder	<b>Cllr Derek Crow-Brown, Portfolio Holder (Corporate Governance)</b>
Status	<b>For information</b>
Classification:	<b>Unrestricted</b>
Key Decision	<b>No</b>
Ward:	<b>All</b>

**Executive Summary:**

This report provides Governance & Audit Committee with an update of corporate risk, in accordance with the Risk Strategy.

**Recommendation(s):**

To note the report.

**CORPORATE IMPLICATIONS**

<b>Financial and Value for Money</b>	The way in which the council manages risks has a financial impact on the cost of insurance and self-insurance. The council maintains reserves including a risk reserve, the size of which is commensurate with the financial impact of current and future risks. There are no specific financial implications arising from this report.
<b>Legal</b>	Whilst the corporate risk register includes consideration of legal matters in as far as they relate to risks to the Council, there are no legal implications for the recommendation required by this report.
<b>Corporate</b>	Governance & Audit Committee approved the Risk Management Strategy on 9 December 2015 which includes a requirement to provide regular corporate risk updates to G&A Committee.
<b>Equalities Act 2010 &amp; Public Sector Equality Duty</b>	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.

	Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.	
	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.	
There are no equality or equalities issues arising from this report. The risk register identifies a number of activities designed to control risks and these will each need to be assessed for equality impact in their own right.		

<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	✓
Supporting the Workforce	
Promoting open communications	

## 1.0 Introduction and Background

- 1.1 Risk Management is a fundamental element of the Council's arrangements for ensuring goals are achieved and opportunities are taken up. To this end the Council has established its Risk Management Strategy and Process and has assigned responsibility to councillors and officers to ensure that the Council uses its resources effectively, and all that can be reasonable done, is done, to mitigate risk.
- 1.2 Whilst primary member oversight on risk is provided by G&A Committee, Cabinet also has a member Risk Champion (the Portfolio Holder for Corporate Governance) who promotes risk management and its benefits throughout the council. At staff level, the high-level corporate risk register is regularly considered by Corporate Management Team (CMT) and risk is a permanent item on its agenda. G&A Committee considers changes to the corporate risk register, the reasons for the changes and the actions being taken to mitigate the likelihood and impact of those risks. A view is also taken regarding the extent to which the risks should be tolerated. Looking beyond the corporate level, Heads of Service are responsible for maintaining service-level risks and project managers are responsible for project risks.

## 2.0 Key risk events

- 2.1 Major recent changes that justify a review of specific corporate risks include:
- The Council approved the 2017-18 Budget and 2017-21 Medium Term Financial Strategy on 9 February 2017. The budget requires that significant new income is generated and savings achieved. The council's reserves are low, which means that there is little scope to cushion the impact of a worsening budget position, especially as £450,000 of reserves are already



being used in 2017-18 to ease the pressure on delivering the income/savings. There would be a major impact on the council if there was a failure to deliver the actions required to stay within budget. CMT is focused on ensuring these actions are closely monitored and if it becomes likely that an income generation or cost saving initiative will fail to deliver its objectives, then a replacement project will be identified.

### 3.0 Corporate risk register

3.1 A summary of the latest Corporate Risk Register is set out below, together with the risk scores noted by Governance & Audit Committee on 7 December 2016. The scores are arrived at by multiplying the “likelihood” score by the “impact” score, where the maximum score for each is four, so the maximum total score is sixteen.

Description	Dec 16 risk score	Mar 17 risk score	Lead
Limited Resources	12	12	Tim W
Health and Safety at Work	12	12	Gavin
Political Stewardship	12	12	Madeline
Local Plan	12	12	Rob
Homelessness	12	12	Rob
Information Governance	12	9	Tim H
Dreamland Operator	9	9	Madeline
Maximising Digital Delivery	9	6	Tim W
Project Management	9	9	Gavin
Safeguarding Vulnerable People	8	8	Rob

3.2 Each corporate risk is the responsibility of a member of CMT and they manage risk mitigation plans with the aim of reducing the likelihood and/or impact of each risk to a manageable level. As time moves on, the external environment changes and this can have an impact on the effectiveness of mitigating actions as well as on the likelihood and impact of a risk: hence the need to maintain vigilance in respect of mitigation plans as well as new and changing risks.

3.3 It is more difficult to take action to reduce the impact of a risk occurring, than it is to take action to reduce its likelihood. Hence in some cases, the scores after mitigation will remain relatively high.

### 4. New/escalated and elevated risks

4.1 None

### 5. Highest-scoring risks

5.1 **Limited Resources:** The high score for Limited Resources reflects the fact that it is one of the few risks that in extremis could result in the council losing control of its own

destiny. This, coupled with the challenging and uncertain external financial environment, the savings required in 2017-18 and beyond, and the low level of reserves has resulted in a continuing high overall score.

- 5.2 The council is establishing a track record of managing its resources, e.g. some £1.2m of budget savings were delivered as part of the 2016-17 budget process; and plans are under way to deliver income generation and cost savings projects to fund the £2.7m budget gap in 2017-18. There are also plans for further compliance training.
- 5.3 However, the severity of the impact of the risk becoming manifest (e.g. TDC having to terminate services, make large-scale redundancies and/or be externally governed or managed) has not diminished. The management of this risk is further compounded by the uncertainty created by the changing external environment, e.g. the review of local government funding.
- 5.4 **Health and Safety at Work:** there is a risk that the council and its staff will cause harm as a result of a lack of robust Health & Safety procedures, failure to embed those procedures, and failure to comply with the procedures. Despite the recent conclusion to the prosecution by the Health and Safety Executive, there remain substantial risks pending the mitigating actions including the implementation of a H&S management system.
- 5.5 **Political Stewardship:** This continues to represent a risk to the council, especially in light of the need to approve publication of the Local Plan. There are actions being delivered through the Strategic Development Group to help develop the role of members; and the council continues to pursue opportunities for cross-party working.
- 5.6 **Local Plan:** “Unsound” Plan; CLG intervention; delay in adopting Plan; risk to planning decisions; loss of Appeals; award of costs; risk of JR; loss of control of development process and provision of infrastructure; possible “special measures”. The main control measures are to maintain a timely programme and ensure CLG aware; ensure all Local Plan decisions are based on the available evidence.
- 5.7 **Homelessness:** Homelessness is increasing, both locally and nationally. This represents a significant risk to the council, increasing the costs associated with securing temporary and emergency accommodation and impact on the outcomes for residents. The council has reviewed and is delivering its homelessness strategy action plan, is regularly monitoring the levels of homelessness and has commissioned new services to address the increasing need for support. The council has also submitted bids for new government funding to support homelessness services locally. This work will continue.

## 6. De-escalated risks

- 6.1 Over time and/or as a result of control measures or a change in risk tolerance, some risks will diminish in comparison to other risks, and hence be removed from the corporate risk register. The risks of Recruitment and Retention, Business Continuity and Officer Decision-Making were de-escalated following the last G&A Committee, as their relative risk diminished. This does not mean they won't still be monitored and managed by the relevant managers.
- 6.2 The risk score for failing to maximise the benefits of digital delivery has been reduced from 9 to 6, based on a reduced score for likelihood. A new digital strategy has been approved by CMT and an implementation plan has been developed. The main risks now are regarding issues such as oversight of the implementation plan, and

delivering the change needed to channel-shift towards digital transactions and communications.

- 6.3 The risk score for information governance has been reduced from 12 to 9. The council has now a whole raft of new information governance policies in place and has been carrying out training for all staff on a range of information governance issues. Further, the council has recently appointed a qualified Information Governance Manager and we have already seen the results from the investment and steps taken to ameliorate this particular risk. It is expected that this risk will reduce further as systems and practices become further embedded.

## 7.0 Recommendation

- 7.1 To note the report.

Contact Officer:	Tim Willis, Director of Corporate Resources
Reporting to:	Madeline Homer, Chief Executive

### Background Papers

Title	Details of where to access copy
G&A report 9 December 2015: Review of corporate approach to risk management	<a href="http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=4078&amp;Ver=4">http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=4078&amp;Ver=4</a>
G&A report 7 December 2016: Update report on the corporate risk register	<a href="http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=4397&amp;Ver=4">http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=4397&amp;Ver=4</a>

### Corporate Consultation

<b>Finance</b>	Tim Willis, Director of Corporate Resources
<b>Legal</b>	Tim Howes, Director of Corporate Governance

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## REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE AND AUDIT COMMITTEE AND ANNUAL REPORT FOR 2016/17

Governance and Audit	<b>23 March 2017</b>
Report Author	<b>Chair of the Governance and Audit Committee</b>
Portfolio Holder	<b>Councillor Crow-Brown, Cabinet Member for Corporate Governance</b>
Status	<b>For Information</b>
Classification:	<b>Unrestricted</b>
Key Decision	<b>No</b>
Reasons for Key	<b>N/A</b>
Previously Considered by	<b>None</b>
Ward:	<b>Thanet Wide</b>

**Executive Summary:**

The annual report summarises the achievements of the Governance and Audit Committee against its terms of reference for the 2016-17 financial year and details the impact that it has made on the overall system of internal control in operation for that period.

**Recommendation(s):**

Members are invited to discuss and note the report.

**CORPORATE IMPLICATIONS**

<b>Financial and Value for Money</b>	There are no financial implications arising directly from this report.
<b>Legal</b>	The Council is meeting best practice by having in place a Governance and Audit Committee, as this is not a mandatory or statutory function. In adopting the CIPFA guidance for the terms of reference for the Committee the Council is meeting the standards set out for the public sector.
<b>Corporate</b>	Under the Local Code of Corporate Governance accepted by Governance and Audit Committee on the 10 December 2014, 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. The functions of the Governance and Audit Committee contribute to the overall internal control environment for the Council and feed into the Annual Governance Statement process..
<b>Equalities Act 2010 &amp; Public Sector</b>	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

<b>Equality Duty</b>	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.	
	Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.	
	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.		
There no equity and equalities issues arising directly from this report but the Council needs to retain a strong focus and understanding on issues of diversity amongst the local community and ensure service delivery matches these.		

<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	✓
Supporting the Workforce	
Promoting open communications	✓

## 1.0 Introduction

- 1.1 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.
- 1.2 To comply with best practice the Committee considers annually how it has met its terms of reference and how it has impacted on the internal control environment. The purpose of this report is to consider the self-assessment that has been undertaken and summarise any improvement opportunities for the forthcoming year.

## 2.0 Background

- 2.1 The annual report attached at Annex 1 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.

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

## Annex List

Annex 1	Governance and Audit Committee Annual Report 2016/17
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## Background Papers

Title	Details of where to access copy
None	N/A

## Corporate Consultation

<b>Finance</b>	Tim Willis, Director of Corporate Resources & S151 Officer
<b>Legal</b>	Tim Howes, Director of Corporate Governance & Monitoring Officer

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# Governance and Audit Committee

ANNUAL REPORT 2016/17



## Foreword by Councillor John Buckley, Chairman of the Governance and Audit Committee

This report provides an overview of the Governance and Audit Committee's activity during the municipal year 2016/17.

I am pleased to report that the Committee continues to make progress in terms of discharging its responsibilities to provide independent assurance on the adequacy of the council's risk management framework and the associated control environment, and in providing robust scrutiny and challenge of the Authority's financial performance.

As outlined in the body of this report, the Committee has been actively engaged with both internal and external audit, and I would like to thank all the Members who served on the Committee during 2016/17. My thanks also go to the Council officers who have supported the work of the Committee and more specifically to me in my role as Chairman.

In looking forward to 2017/18 and beyond, and given the continued financial pressures facing the Council, the importance of an effective Governance and Audit Committee remains critical.

### 1.0 Introduction and Background

- 1.1 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.
- 1.2 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.
- 1.3 There are many benefits to be gained from an effective Audit Committee. In fulfilling its role the Committee will:
  - reduce the risks of illegal or improper acts;
  - reinforce the importance and independence of internal and external Audit;
  - increase confidence in the objectivity and fairness of financial reporting.
- 1.4 Stricter internal control and the establishment of a Governance and Audit Committee can never eliminate the risks of serious fraud, misconduct or misrepresentation of the financial position. However, it will:
  - give additional assurance through a process of independent and objective review; and
  - raise awareness of the need for internal control and the implementation of audit recommendations.

## 2.0 Membership

- 2.1 For the majority of the 2016/17 year, the Governance and Audit Committee comprised of 15 Members (14 Members between 14 July 2016 and 13 October 2016), and met on five occasions. Committee agenda papers and minutes are available on the council's website ([www.thanet.gov.uk](http://www.thanet.gov.uk)).

	Members	22/06/16	11/08/16	20/09/16	07/12/16	08/03/17
Committee Members	Cllr Ashbee (up to 14/7/16)	✓				
	Cllr Buckley (Chairman)	✓	A	✓	✓	
	Cllr Braidwood	✓	✓	✓	✓	
	Cllr Campbell	✓	✓	✓	✓	
	Cllr Connor	✓	✓	A	✓	
	Cllr Day	A	✓	A	✓	
	Cllr Dexter	✓	✓	A	✓	
	Cllr Dixon	✓	✓	✓	A	
	Cllr Edwards	✓	✓	✓	✓	
	Cllr Game	A	✓	✓	A	
	Cllr I Gregory	✓	✓	✓	✓	
	Cllr Hayton (Vice Chairman)	✓	✓	✓	✓	
	Cllr Jaye-Jones	✓	✓	✓	A	
	Cllr Larkins	✓	A	✓	Ab	
	Cllr L Piper (from 13/10/16)				✓	
	Cllr Taylor-Smith	✓	✓	✓	✓	
Reserve Committee Members	Cllr Elenor(R)					
	Cllr Evans (R)					
	Cllr Fenner (R)					
	Cllr Grove (R)					
	Cllr Howes (R)					
	Cllr Partington (R)	S		S		
	Cllr R Potts (R from 14/7/16)					
	Cllr Savage (R)			S		
	Cllr Taylor (R)			IA		
	Cllr Crow-Brown	IA	IA	IA		
	Cllr Townend			IA	IA	

### Key

C	Chairman	VC	Vice Chairman	S	Present as Substitute
A	Apologies	IA	In Attendance	Ab	Absent

## 3.0 Programme of reports 2016/17

- 3.1 Detailed below is the programme of reports considered by Governance and Audit Committee during 2016/17, and how they relate to the Committees terms of reference.

Function/Issue	Responsible officer/ body	22/06/16	11/08/16	20/09/16	07/12/16	08/03/17
<b>Audit activity</b>						
External Audit Fee Letter 2016/17	GT	✓				
External Audit Annual Letter 2015/16	GT				✓	
Annual Fraud Report 2015-16	EKAP/DCR	✓				
External Audit Grant Certification Letter 2015/16	GT					✓
Internal Audit Annual Report	EKAP	✓				
External Audit Findings Year Ending March 2016	GT			✓		
External Audit Plan 2016/17	GT					✓
Internal Audit 2017-18 Audit Plan and Audit Charter	EKAP					✓
Internal Audit Quarterly Update Report	EKAP	✓		✓	✓	✓
Draft Audit Committee Assurance Statement	DCR	✓				
Government report in respect of ERDF grant claim, 2005 - 2008	DCR	✓				
Appointing External Auditors	DCR				✓	
<b>Regulatory framework</b>						
Annual Governance Statement 2015/16	DCG			✓		
Annual Governance Statement Action Plan Update	DCG	✓		✓	✓	✓
Annual Treasury Management Review 2015/16	DCR	✓				
Corporate Risk Register Annual Review	DCR	✓				
Corporate Risk Register Update	DCR				✓	✓
Draft Annual Governance Statement	DCG		✓			
Governance Framework and Local Code of Corporate Governance Update	DCG					✓
Review of Effectiveness of the Council's Internal Audit Arrangement 2016/17	FSM					✓
Treasury Management Strategy 2016-17	DCR				✓	
Mid-Year Treasury Report 2016-17	DCR				✓	
Final Statement of Accounts	DCR			✓		

### **Key**

DCG Director of Corporate Governance and Monitoring Officer

DCR Director of Corporate Resources and Section 151 Officer

EKAP East Kent Audit Partnership

FSM Financial Services Manager (Dep S151 Officer)

GT Grant Thornton

## **4.0 Review of the Governance and Audit Committee's effectiveness**

- 4.1 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.
- 4.2 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.

## **5.0 Annual Report**

- 5.1 The Governance and Audit Committee is assured on the integrity and reliability of data held in the financial statement. It receives clear, concise reports and actions are dealt

with in an appropriate timescale. The members of the Committee receive specific training in order to assist them with their role in receiving comprehensive assurance from the accounting officer.

- 5.2 The work of internal and external audit provides detailed assurance on the reliability and integrity of the information held in the financial statements as well as on the key control framework in operation across the council.
- 5.3 The assurances from the accounting officer, the work of internal and external audit together support the Committee in forming their opinion of the financial statements, enabling them to agree to sign them off in accordance with regulations.
- 5.4 The Committee receives a regular report on agreed actions from the Annual Governance Statement process. It also reviews the Council's Governance Framework and Local Code of Corporate Governance.
- 5.5 The Committee reviews the Risk Management Strategy on a regular basis and considers the effectiveness of the risk management process both through the work of internal audit and through receiving quarterly risk management reports.
- 5.6 The Committee considers the effectiveness of the internal audit arrangements by reviewing the annual assessment of the Director of Corporate Resources, the view of external audit and the quality of reports, actions and follow-ups through the quarterly reports submitted throughout the year to Committee.
- 5.7 The Committee is able to request service managers and, where necessary, the relevant portfolio holder to attend the Committee to give an update on progress against agreed actions to reduce risk and/or improve governance.
- 5.8 The Chairman and Officers have considered the effectiveness of the Committee. The self-assessment evidence demonstrating achievement of the Committee's terms of reference is attached at Appendix 1.
- 5.9 The recommended actions are listed in Appendix 2 attached to this report. They will be incorporated into the council's Annual Governance Statement (AGS) for 2016/17 and then reviewed on a quarterly basis through the AGS action plan.

## **6.0 Future Challenges**

- 6.1 The Governance and Audit Committee will continue with its existing duties whilst continually striving to achieve best practice where this is feasible and affordable. In the forthcoming year, the Committee will need to:
  - address the implications of the Local Accountability and Audit Act 2014 and the appointment of new auditors
  - oversee corporate risk management within the context of potential change arising from strategic discussions regarding local government structural change
  - maintain effective internal control in a period of government funding reductions and service change.
  - Adopt the delivering good governance in local government framework 2016

## **7.0 Appendices**

Appendix 1 Governance and Audit Committee Annual Assessment for the period 2016/17

Appendix 2 Governance and Audit Committee Action Plan from 2016/17 assessment to be actioned in 2017/18

### Governance and Audit Committee Self-assessment of good practice

Good practice questions	Yes	Partly	No	Comments/Action
<b>Audit Committee purposes and governance</b>				
1. Does the council have a dedicated Audit Committee?	✓			
2. Does the Audit Committee report directly to full council?	✓			Annual Report of Governance and Audit Committee that goes to Annual Council
3. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?		✓		<b>Action;</b> Review the terms of reference against the CIPFA's Position Statement
4. Is the role and purpose of the audit committee understood and accepted across the authority?	✓			Set out in the constitution and understood by Members and officers
5. Does the audit committee provide support to the authority in meeting the requirements of good governance? Is an annual calendar of meetings/reports prepared to ensure all duties noted in the terms of reference are fulfilled?	✓			Meeting dates are arranged with deadline dates in mind to ensure they are met. Council protocol to issue agenda at least 5 clear working days prior to the meeting.
6. Are the arrangements to hold the committee to account for its performance operating satisfactorily?		✓		<b>Action;</b> Undertake a more detailed review of the committee's operation in the coming year
<b>Functions of the committee</b>				
7. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	✓			
• Good governance	✓			
• Assurance framework	✓			
• Internal audit	✓			
• External audit	✓			
• Financial reporting	✓			
• Risk management	✓			
• Value for money or best value		✓		Covered by work provided by internal and external audit
• Counter-fraud and corruption	✓			
8. Is an annual evaluation undertaken to assess whether	✓			Annual report sets out the work undertaken in

Good practice questions	Yes	Partly	No	Comments/Action
the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?				accordance with the committee terms of reference. This includes all core areas.
9. Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?		✓		<b>Action:</b> To be undertaken as part of the terms of reference review
10. Where coverage of core areas has been found to be limited, are plans in place to address this?	n/a	n/a	n/a	Core areas sufficiently covered
11. Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓			
<b>Membership and support</b>				
12. Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> <li>• Separation from the executive</li> <li>• An appropriate mix of knowledge and skills among the membership</li> <li>• A size of committee that is not unwieldy</li> <li>• Where independent members are used, that have been appointed using an appropriate process</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>n/a</li> </ul>	n/a	n/a	Members of the Committee are independent of the Executive.
13. Does the chair of the committee have appropriate knowledge and skills	✓			Chair has undertaken training
14. Are arrangements in place to support the committee with briefings and training?	✓			Governance and Financial section within formal Induction Programme for Members following Elections. Training sessions provided throughout the year, especially for the Statement of Accounts. Members also request training when required.
15. Has the membership of the committee been assessed against the core knowledge and skills framework and be found to be satisfactory?			✓	<b>Action:</b> Assess the Committee against the core knowledge and skills framework to inform any future training plans.



Good practice questions	Yes	Partly	No	Comments/Action
16. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief finance officer?	✓			
17. Is adequate secretariat and administrative support to the committee provided?	✓			
<b>Effectiveness of the committee</b>				
18. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓			The Charter and Strategy cover these areas. Also Customer Feedback which is detailed in the quarterly Internal Audit update reports and the Internal Audit Annual Report.
19. Has the committee evaluated whether and how it is adding value to the organisation?		✓		Partly through the Annual Report
20. Does the committee have an action plan to improve any areas of weakness?	✓			See actions recommended above.

**Governance and Audit Committee Action Plan 2016/17**

Following the completion of an annual assessment of the performance of the Governance and Audit Committee for the period May 2016 to April 2017, the issues below were identified and action will be undertaken during the period May 2017 to April 2018 to address these.

<b>Ref</b>	<b>Good practice principle / description / issue identified</b>	<b>Proposed Action</b>	<b>Proposed completion date</b>	<b>Responsible officer / body</b>
15-16/01	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Review the terms of reference against the CIPFA's Position Statement	June 2017	DCG
15-16/02	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	To be undertaken as part of the terms of reference review	June 2017	DCG
15-16/03	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Undertake a more detailed review of the committee's operation in the coming year via Member workshop.	June 2017	DCG and DCR
15-16/04	Has the membership of the committee been assessed against the core knowledge and skills framework and be found to be satisfactory?	Assess the Committee against the core knowledge and skills framework to inform any future training plans. Linked to training and development planning.	tbc	DCG and DCR

**Key:**

DCG Director of Corporate Governance & Monitoring Officer  
 DCR Director of Corporate Resources/S151 Officer  
 CE Chief Executive

## 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 £25 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 Committee Services 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.