

## **GOVERNANCE AND AUDIT COMMITTEE**

**Minutes of the meeting held on 6 March 2018 at 7.00 pm in Council Chamber, Cecil Street, Margate, Kent.**

**Present:** Councillor John Buckley (Chairman); Councillors Braidwood, Campbell, Connor, Dexter, Evans, I Gregory, Larkins, L Piper, Pugh, Rusiecki and Taylor-Smith

**In Attendance:** Councillor Rev. S Piper

### **1. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Game for whom Councillor Taylor-Smith was present as substitute, and Councillor Venables for whom Councillor Campbell was present as a substitute.

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3. MINUTES OF PREVIOUS MEETING**

Councillor Larkins proposed, Councillor L Piper seconded and Members agreed the minutes of the meeting held on 6 December 2017.

### **4. EXTERNAL AUDIT GRANT CERTIFICATION LETTER 2016/17**

Mr Dean, Grant Thornton UK LLP (GT) introduced the item which advised of the certification of Thanet District Council's Housing Benefit Subsidy claim.

During consideration of the item it was noted that:

- Elements of housing benefit maybe incorporated into universal credit in future, however for the time being, GT would audit housing benefit and continue to have access to the data they needed following the move of the service to Civica.

Members noted the certification letter.

### **5. EXTERNAL AUDIT PLAN**

Mr Dean introduced the item which provided an overview of the scope and timing of the audit for the year ending 31 March 2018.

During consideration of the item it was noted that:

- The deadline for publication of the audited accounts had been brought forward to 31 July 2018. This posed a significant challenge however both the Council and GT were confident that publication would be achieved before this deadline.
- Business rate pooling was a pilot scheme involving Kent Councils. Mr Willis, Director of Corporate Resources offered to brief Members on the subject, when the details are agreed with Government.
- The term 'materiality' was used to determine the value above which a discrepancy would be regarded as important. The threshold is calculated as a proportion of the Council's gross expenditure for the year.

Members noted the report.

## **6. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE**

Mr Dean introduced the item which provided a summary of the work done by GT, some emerging national issues relevant to the Council, and some challenge questions for consideration by the Committee in relation to these national emerging issues.

During consideration of the item it was noted that:

- An external audit of utility and telecommunication costs maybe considered in the future, however telecommunications had recently been subject to an internal audit and achieved a substantial assurance rating.

Members noted the report.

## **7. INTERNAL AUDIT PLAN 2018-19**

Christine Parker, Head of the East Kent Audit Partnership (EKAP) introduced the Internal Audit Plan 2018-19.

Councillor Rev. S Piper spoke under council procedure rule 20.1.

During consideration of the item, it was noted that:

- The previous assurance levels detailed in annex 1, showed the assurance level following the initial audit. Many of the areas given limited assurance had demonstrated an improvement when the follow up was conducted.
- Items 7 and 8 in paragraph 2.3 of the report referred to DDC in error; however these issues had been considered with regards to the TDC Audit plan which reflects these national issues, trends and factors.
- The Health and Safety at Work audit was an audit of environmental health and safety at work which assessed health and safety at external organisations. This was different from Employee, Health, Safety and Welfare which was due to be audited separately in 2018.
- The follow up of the street cleaning audit had been reported to the Committee in June 2017. The area had continued to have a limit assurance and a further follow up review was planned to take place during the 2018-19 year.
- A recent audit of risk management had concluded a reasonable assurance level, there would be a follow up to this audit during the 2018-19 year.
- Mr Howes, Director of Corporate resources would make enquires and arrange for a response to Councillor Taylor-Smith's question regarding whether there had been any cyber security breaches.

Councillor Campbell proposed, Councillor Gregory seconded and Members agreed that the 2018-19 Internal Audit Plan be approved.

## **8. INTERNAL AUDIT QUARTERLY UPDATE**

Mr Webb, Deputy Head of the EKAP, introduced the report noting that there had been five internal audit assignments completed since the last committee meeting; three achieved reasonable assurance, one achieved limited assurance, and one assignment regarding housing benefit testing, did not require an assurance rating. Four follow up reviews had also been completed, one of which continued to have a limited assurance. EKAP's performance was shown in annex 4 of the report.

Councillor Rev. S Piper spoke under council procedure rule 20.1.

During consideration of the item, it was noted that:

- Mr Willis would make enquires and confirm to Councillor Gregory whether the requirement to consult on parking fee increases would have an impact on the Council's expected income.
- The East Kent Housing – Fire Risk Assessment Processes and Records Management audit was an audit designed to look at the processes and procedures in place for Type 3 Risk Assessments. The scope of the audit did not duplicate work carried out by others, and therefore did not include a physical inspection of buildings and did not review building cladding. An inspection of building cladding had been conducted by other professional bodies following the Grenfell Tower tragedy in 2017. Members had received detailed briefings on this work at the time that it was undertaken by TDC officers. The audit had concluded a limited assurance level which improved to a reasonable assurance after a follow up review. Three of the four agreed recommendations were completed, with one ongoing.
- East Kent Housing had commissioned EKAP to conduct a further review of Health & Safety during the 2018-19 year. This would include an element to provide assurance on the work undertaken regarding building cladding.
- The audit of insurance and inventories of portable assets had been postponed because the follow up review completing the last audit of this area had taken place fairly recently.
- The follow up review of grounds maintenance had been report to the last meeting of the Committee and therefore was not shown in the agenda.

Councillor Campbell proposed, Councillor Gregory seconded and Members agreed the recommendations in the report, namely:

- That Members consider and note the internal audit update report.
- That the changes to the agreed 2017-18 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of Annex 1 of the attached report be approved.

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

Mr Willis introduced the report which provided the Committee with an update of corporate risk in accordance with the risk strategy.

During consideration of the item it was noted that:

- Following the recent internal audit on risk management, future reports would include more detail regarding the mitigation work that occurred behind each of the risks shown.
- The mitigation work had enabled the risk scores to remain unchanged.
- The highest possible risk score was 16.
- Following Council's decision not to adopt the local plan, senior officers reviewed the risk score for this area and it was felt that a risk score of 12 remained appropriate.

Members noted the report.

## **10. REVISED CODE OF GOVERNANCE**

Mr Howes introduced the report during which it was noted that the code had been revised to reflect recommendations from the recent audit of corporate governance and the latest CIPFA guidance. The code detailed the procedures and documents that were in place to demonstrate the Council's compliance with the principles of good governance.

It was proposed by Councillor Larkins, seconded by Councillor Campbell and Members agreed to adopt the revised Code of Corporate Governance.

**11. CHAIRMAN'S REPORT TO COUNCIL - DRAFT**

The Chairman introduced the report and requested comments from the Committee.

During discussion of the item it was noted that:

- The wording in the Chairman's foreword should be amended to clarify to whom the Chairman offered thanks.

Members noted the Chairman's report.

Meeting concluded : 8.15 pm