

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 25 July 2018 at 7.00 pm in Council Chamber, Cecil Street, Margate, Kent.

Present: Councillor Simon Day (Chairman); Councillors Buckley, Braidwood, Campbell, Connor, Evans, Larkins, Messenger, Pugh and Townend

In Attendance: Councilors Jaye-Jones and Gregory

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Dennis and Bambridge.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETING

Councillor Campbell proposed, Councillor Larkins seconded and Members agreed the minutes of the meeting held on 6 March 2018.

4. INTERNAL AUDIT- QUARTERLY UPDATE REPORT

Mr Webb, Deputy Head of the East Kent Audit Partnership (EKAP), introduced the report noting that there had been twelve internal audit assignments completed since the last committee meeting; two achieved substantial assurance, seven concluded reasonable assurance, one achieved reasonable/limited assurance, and two did not require an assurance rating. Five follow up reviews had also been completed, one of which remained limited assurance after follow up. EKAP's performance was shown in appendix 4 of the report.

During consideration of the item, it was noted that:

- EKAP continued to audit the elements of East Kent Services that moved to Civica in February 2018.
- Results of a follow up review of East Kent Services – ICT Data Management, would be reported to a future meeting of the Committee. The report would confirm if a data protection officer had been appointed.
- A comparison of garden waste collection charges between local councils had not formed part of the scope of the Garden Waste and Recycling audit.
- The relevant Director or Head of Service would be invited to the next Committee meeting. They would provide further information about two internal control questionnaires that had not been completed for the Service Contract Monitoring audit, and would provide an update regarding grounds maintenance which remained at limited assurance after follow up review of its last audit.
- A follow up review was scheduled for the East Kent Housing Safeguarding Children and Vulnerable Groups audit; this would be reported to a future meeting of the committee.

Members agreed to note report, and agreed that changes to the 2018-19 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of Annex 1 of the report be approved.

5. INTERNAL AUDIT - ANNUAL REPORT

Ms Parker, Head of the EKAP introduced the report which provided Members with a summary of the impact of the work of the EKAP for the year up to 31 March 2018.

During consideration of the item, it was noted that:

- Responsibility for employee health and safety had been transferred from East Kent Human Resources to the Council, following the employment of a Health and Safety officer.

Speaking under council procedure 20.1, Cllr Gregory asked if utilities had been audited as part of Phones, Mobile and Utilities audit. Mr Webb advised that he believed that it had been included and would send the relevant report to Cllr Gregory following the meeting.

Members noted the report.

6. ANNUAL GOVERNANCE STATEMENT

Mr Howes, Director of Corporate Governance and Monitoring Officer introduced the report which presented the draft Annual Governance Statement 2017/18 for consideration by the Committee.

During consideration of the item it was noted that:

- The council had been referred to the Ombudsman 47 times. Mr Howes would see how this figure compared to previous years and advise Councillor Messenger following the meeting.

It was proposed by Councillor Larkins, seconded by Councillor Campbell and Members agreed the draft Annual Governance Statement 2017/18 which would be shared with the external auditors for amendment (if necessary) prior to publication.

7. ANNUAL REVIEW OF CORPORATE RISKS INCLUDING QUARTERLY UPDATE

Mr Prashar, Head of Financial and Procurement Services, introduced the report which provided an annual review of corporate risks and included a quarterly update of progress since the last meeting.

During consideration of the item it was noted that:

- The risk score for information governance had increased from 9 to 12 as a result of the introduction of GDPR regulations.
- The risk score for the Local Plan could be expected to reduce in future following Council's recent agreement of the plan.
- The risk score for the Harbour flap gates would reduce once repair work had been completed. Mr Prashar offered to provide Councillor Buckley with a time scale for expected completion of this work following the meeting.
- A review of the medium term financial strategy was due and income generation activities would be considered to help balance the council's budget in the future.

Members noted the report.

8. ANNUAL TREASURY MANAGEMENT REVIEW 2017/18

Mr Prashar introduced the report that provided a summary of the treasury management activity and prudential/treasury indicators for 2017/18.

During consideration of the item it was noted that:

- Actual capital expenditure was significantly less than budgeted for in 2017/18 because the costs a number of projects had carried over into the 2018/19 year.

It was proposed by Councillor Campbell, seconded by Councillor Larkins and Members agreed:

That the Governance and Audit Committee:

- Notes the actual 2017-18 prudential and treasury indicators in this report.
- Approves the Annual Treasury Management report for 2017-18.
- Recommends this report to Council.

9. EXTERNAL AUDIT - AUDIT FINDINGS REPORT

Mr Dean, Grant Thornton UK LLP (GT) provided Members with a brief summary of the External Audit Findings report, he noted that GT expected to offer an unqualified opinion on the Council's financial statements and an unqualified opinion on the Council's value for money conclusion.

During consideration of the item it was noted that:

- Mr Prashar offered to provide Councillor Messenger with details on how an omission of 'in year depreciation costs' had led to an increase in expenditure incurred at the Council's harbours.

Members noted the report.

10. AUDIT COMMITTEE ASSURANCE STATEMENT

Mr Prashar introduced the report which included a draft response to questions posed by the external auditors, Grant Thornton UK LLP.

It was proposed by Councillor Campbell, seconded by Councillor Larkins and Members agreed to note and approve the responses to the letter from Grant Thornton as set out in Annex 2 of the report.

11. FINAL STATEMENT OF ACCOUNTS 2017-18 AND MANAGEMENT'S LETTER OF REPRESENTATION

Mr Prashar, introduced the item noting that in accordance with the Accounts and Audit Regulations 2015, the Committee was required to approve the Statement of Accounts for 2017-18.

During consideration of the item it was noted that:

- Thanks were offered to those Members who attended the recent briefing session on the statement of accounts.
- The council had confidence in its medium term capital programme which would be monitored more closely than in previous years.
- Ramsgate Port costs did not feature in the core statements at page 49 of the agenda because these costs were reported elsewhere. Mr Prashar offered to forward information regarding port costs to Councillor Messenger after the meeting.
- The Finance, Budget and Performance Scrutiny Panel could review the councils allocation of business rate receipts compared with the other councils in the partnership trial. It was noted that the rules regarding business rate receipts, as set by central government, were expected to continue to change each year.

It was proposed by Councillor Larkins, seconded by Councillor Campbell and Members agreed:

- That the Committee approves the Statement of Accounts for 2017-18.

- That the Committee notes the Letter of Representation to Grant Thornton issued by the Deputy Chief Executive and s151 Officer.

Meeting concluded: 8.05 pm