

## GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 5 December 2018 at 7.00 pm in Council Chamber, Cecil Street, Margate, Kent.

**Present:** Councillor Simon Day (Chairman); Councillors Bambridge, Buckley, Campbell, Connor, Larkins, Messenger, R Potts and Pugh.

Councillor Shonk

### 1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Dennis.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3. MINUTES OF PREVIOUS MEETING

Councillor Larkins proposed, Councillor Campbell seconded and Members agreed the minutes of the meeting held on 26 September 2018.

### 4. EXTERNAL AUDIT UPDATE REPORT

Mr Dean, Grant Thornton UK LLP, introduced the External Audit Update for the 2019-20 financial year. The report set out what work had been completed, and the timetable for future work to be carried out.

During consideration of the item it was noted that:

- The workshops mentioned in the report were designed for finance officers.
- Mr Willis offered to provide Councillor Messenger with information regarding the percentage of services that were outsourced, and the percentage of services that were done by local authority trading companies.

Members noted the report.

### 5. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY – MID YEAR REVIEW REPORT 2018-19

Mr Willis Deputy Chief Executive and Section 151 Officer introduced the report which summarised the treasury management activity and prudential/treasury indicators for the first half of the 2018/19.

During consideration of the item it was noted that:

- The capital expenditure estimate had been revised from £9.2million to £20.9million due to the funding of programmes that had slipped from 2017/18 in to the 2018/19 year.
- There was a lot of economic uncertainty which made future predictions of the financial markets, and their impact upon on the capital programme difficult.
- The Council was looking at the options in response to the demand for housing within the District.

Councillor Campbell proposed, Councillor Larkins 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.'

**6. TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2019-20**

Mr Willis, introduced the report which included the proposed Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement, Annual Investment Strategy, Capital Investment strategy and Non-treasury Investments report for 2019/20.

Councillor Campbell proposed, Councillor Larkins 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'

**7. CORPORATE RISK MANAGEMENT - QUARTERLY RISK REVIEW**

Mr Willis introduced the report and highlighted where updates had been made. Mr Willis advised that the current Risk Management Strategy had been in place for three years and was due to be reviewed. It was expected that Members would have the opportunity to consider the updated Strategy following its revision in spring 2019.

During consideration of the item it was noted that:

- Political stewardship had been given the maximum risk rating of 16.
- Brexit had been added to the register and had been given a high risk rating of 12.
- The harbour flap gate risk had reduced to 4. It was expected that it would be removed from the risk register as the work to replace the flap gates had been completed.
- Preparations were ongoing to mitigate the potential risks surrounding a disorderly Brexit.

Members noted the report.

**8. EXCLUSION OF PRESS AND PUBLIC**

Members agreed that the public and press be excluded from the meeting for consideration of agenda item 9 annex 2 as it contained exempt information as defined in Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

**9. INTERNAL AUDIT QUARTERLY UPDATE REPORT**

Mr Webb, Deputy Head of the East Kent Audit Partnership (EKAP), introduced the report noting that there had been eight internal audit assignments completed since the last committee meeting; two achieved substantial assurance, one achieved a substantial/reasonable assurance, two achieved a reasonable assurance, two achieved limited assurance and one assignment did not require an assurance. In addition, four follow up reviews had been completed. EKAP's performance was shown in appendix 4 of annex 1 of the report.

During consideration of the report and annex 1, it was noted that:

- The risk rating categories from A to F shown in the food safety audit, were not a reflection of hygiene or cleanliness at the premises. The type of food prepared and sold at the premises determined the risk rating.
- The Council had challenges to meet the Government's of having 2.3% of the workforce enrolled in apprentice schemes by March 2020.
- Mr Howes offered to investigate and advise Councillor Messenger whether there were compatibility issues between the computer systems used by the Estates department and Legal Services department that would impact upon the asset disposal process.
- Audits of Your Leisure and Museums had been postponed until 2019/20 as these areas were undergoing an internal review.
- The satisfaction surveys were made as simple as possible in order to encourage the maximum number of responses. Senior managers were regularly reminded to encourage their teams to complete the surveys.
- It was agreed that a representative from operational services should be present at future meetings of the committee.

The meeting went into closed session and Members considered annex 2 of the report.

Members noted the report.

Meeting concluded: 8.20pm