

Public Document Pack

Date: 25 February 2019
Ask For: James Clapson
Direct Dial: (08143) 577200
Email: james.clapson@thanet.gov.uk



GOVERNANCE AND AUDIT COMMITTEE

6 MARCH 2019

A meeting of the Governance and Audit Committee will be held at **7.00 pm on Wednesday, 6 March 2019** in the Council Chamber, Cecil Street, Margate, Kent.

Membership:

Councillor Day (Chairman); Councillors: Bambridge, Buckley, Braidwood, Campbell, Connor, Dennis, Dexter, Dixon, Evans, Larkins (Vice-Chairman), Messenger, R Potts, Pugh and Townend.

AGENDA

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 5 December 2018, copy attached.
4. **EXTERNAL AUDIT ANNUAL CERTIFICATION LETTER 2017/18** (Pages 7 - 8)
5. **EXTERNAL AUDIT 2018/19 AUDIT PLAN** (Pages 9 - 24)
6. **INTERNAL AUDIT QUARTERLY UPDATE** (Pages 25 - 52)
7. **INTERNAL AUDIT 2019-20 AUDIT PLAN** (Pages 53 - 62)
8. **CORPORATE RISK REGISTER QUARTERLY UPDATE** (Pages 63 - 72)
9. **RISK MANAGEMENT STRATEGY** (Pages 73 - 84)
10. **THE LOCAL CODE OF CORPORATE GOVERNANCE UPDATE** (Pages 85 - 104)
11. **CHAIRMAN'S ANNUAL REPORT TO COUNCIL** (Pages 105 - 118)

Declaration of Interests Form

Item
No

Subject



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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.

Agenda Item 3

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

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Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG
T +44 (0)20 7728 5100
www.grant-thornton.co.uk

Tim Willis
Deputy Chief Executive and Section 151 Officer
Thanet District Council
Cecil Street
Margate
Kent
CT9 1XZ

10 January 2019

Dear Tim

Certification work for Thanet District Council for the year ended 31 March 2018

We are required to certify the Housing Benefit Subsidy Claim submitted by Thanet District Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) took on the transitional responsibilities for HBCOUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit Subsidy Claim for the financial year 2017/18 relating to the subsidy claimed of £57.4 million. Further details are set out in Appendix A.

We identified several issues from our certification work which we wish to highlight for your attention. Additional testing was completed in several areas, all of which relate to issues reported in previous years. Full details of these areas and the issues identified can be seen in Appendix A. The extrapolated financial impact on the claim from the errors found, as reported to the DWP, was £1,378. As a result of the errors identified, the claim was amended and qualified. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

As in the previous year, we would like to highlight the efforts made by the Council in 2017/18 to complete the required 40+ testing, particularly given the level of work required. The work performed by the Council was of a good standard and required minimal amendments, which helped ensure we were able to complete this work in advance of the deadline.

The indicative fee for 2017/18 for the Council was based on the final 2015/16 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by PSAA for the Council for 2017/18 was £31,836. This is set out in more detail in Appendix B.

Yours sincerely

A handwritten signature in blue ink that reads "Grant Thornton UK LLP".

Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2017/18

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing Benefits Subsidy Claim	£57,418,921	Yes	£1,103	Yes	Qualification letter reported errors found in several areas, more details on which can be seen below.

Findings from Certification of Housing Benefits Subsidy Claim

Claimant Earnings

We identified several errors where assessors had incorrectly calculated the claimants' earnings from the evidence provided in respect of claims for both HRA Rent Rebates and Rent Allowance cases. In respect of HRA Rent Rebates, whilst no issues were identified from our initial testing, as errors were also found in the prior year this was brought forward to our work in 2017-18. During our additional testing we identified two cases where benefit had been overpaid, leading to an extrapolated error of £1,265. A further three errors identified that benefit had been underpaid, but errors of this type are not classified as errors for subsidy purposes.

In respect of Rent Allowances, again whilst no issues were identified from our initial testing, as errors were found in the prior year this was brought forward to our work in 2017-18. This additional work identified one claim where benefit had been overpaid, leading to an extrapolated error of £113. Two further errors identified in this area either had no impact on the benefit paid, or identified that benefit had been underpaid, neither of which is classified as an error for subsidy purposes.

Application of Non-Dependant Deductions

In previous years we have identified issues in the application of non-dependant deductions included on HRA Rent Rebates benefit claims. Whilst no issues were identified from our initial testing in 2017-18, our additional testing identified one case where the Council was unable to determine whether the correct non-dependant deduction had been applied based on the evidence they held at the date of our work. As a result, we have reported this issue to the DWP and it will be up to the Department whether any additional work or testing is needed in this area.

Recommended actions for officers

We recommend that the Council, as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing. Under the HBCOUNT methodology, all of these areas will require additional testing in 2018-19 to determine whether the actions undertaken by officers have been successful in resolving the issues identified.

Appendix B: Fees for 2017/18 Certification Work

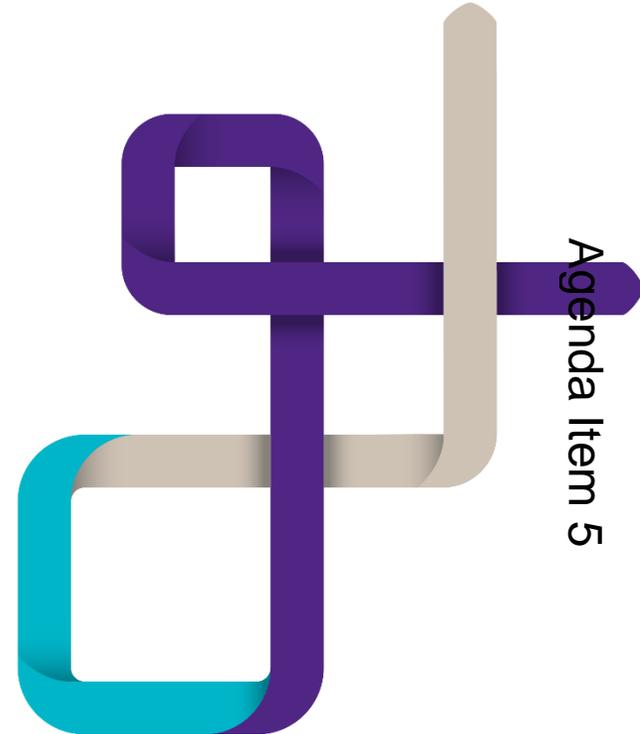
Claim or return	2015/16 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing Benefits Subsidy Claim (BEN01)	£31,836	£31,836	£31,836	N/A	N/A
Total	£31,836	£31,836	£31,836	N/A	

External Audit Plan

Year ending 31 March 2019

Thanet District Council

6 March 2019



Contents



Your key Grant Thornton
team members are:

Darren Wells

Engagement Lead

T: 01293 554 120

E: Darren.J.Wells@uk.gt.com

Matt Dean

Engagement Manager

T: 020 7728 3181

E: Matthew.Dean@uk.gt.com

Simon Holloway

Executive

T: 01293 554037

E:

Simon.R.Holloway@uk.gt.com

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Thanet District Council ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out [in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Thanet District Council. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Governance and Audit Committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Governance and Audit Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based. We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

Significant risks	<p>Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:</p> <ul style="list-style-type: none">• Fraud in revenue recognition – this risk has been rebutted for the Council as documented on page 5.• Management override of controls;• Valuation of property, plant and equipment;• Valuation of the Pension Fund net liability. <p>We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.</p>
Materiality	<p>We have determined planning materiality to be £2.257m (PY £2.579m) for the Authority, which equates to 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £112k (PY £128k).</p>
Value for Money arrangements	<p>Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:</p> <ul style="list-style-type: none">• The Council's Financial Sustainability, including the Council's arrangements for addressing risks arising from Brexit.
Audit logistics	<p>Our interim visit will take place in March and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.</p> <p>Our fee for the audit will be £51,048 (PY: £66,296) for the Authority, subject to the Authority meeting our requirements set out on page 10.</p>
Independence	<p>We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..</p>

Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. For the Council, whilst it is receiving additional funding from the Kent Business Rates Pool, this is being offset by reductions in other areas. The Council has identified a £1.8m budget gap for 2019-20, for which it is currently identifying mitigations to resolve.

At a national level, the government continues its negotiation with the EU over Brexit, and future arrangements remain clouded in uncertainty.

Locally, the Council recognises a high risk within its corporate risk register for political stewardship reflecting the number of political parties represented and the minority administration.

Changes to the 2018/19 CIPFA Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

The Council will need to determine the impact of these new standards on this year's Accounts, and ensure these impacts are clearly disclosed.

The Impact of Brexit

The UK is expected to leave the European Union on 29 March 2019 (Brexit). The arrangements for the UK following our withdrawal are not yet clear. There is a risk that many aspects of life will be affected by Brexit and the uncertainty it is causing. There may be implications for financial planning for the Council resulting from this uncertainty including an impact on the value of the Council's assets and investments post 31 March 2019.

The Council has recognised a high risk associated with Brexit within its corporate risk register, noting the potential impact on the transport network, service delivery, funding and the port.

Our response

We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.

- We will consider whether your financial position leads to material uncertainty about the going concern of the Council and will review related disclosures in the financial statements.

- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

- We will review the Authority's consideration of the risks of Brexit on the delivery of services and asset values as part of our Value for Money audit procedures and financial reporting procedures respectively.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the normal course of business, as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
The revenue cycle includes fraudulent transactions (rebutted)	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; • the culture and ethical frameworks of local authorities, including Thanet District Council, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for Thanet District Council.</p>	

Significant risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Valuation of Property, Plant and Equipment</p>	<p>The Council revalues its land and buildings on an rolling five-year basis to ensure that carrying value is not materially different from current or fair value. This represents a significant estimate by management in the financial statements.</p> <p>Brexit may also have an impact on the valuations included within the Accounts, and the Council will need to work closely with its experts to ensure any impact is reflected within the Accounts.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. This will include ensuring the impact of Brexit is considered as part of this assessment; • evaluate the competence, capabilities and objectivity of the valuation experts; • Write to the valuer to confirm the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • test revaluations made during the year to see if they had been input correctly into the Council's asset register; • evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.
<p>Valuation of the Pension Fund net liability</p>	<p>The Council's Pension Fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£97 million in the Council's Statement of Financial Position) and the sensitivity of the estimate to changes in key assumptions. Brexit could have an impact on the values included within the Accounts at year end so this will need to be factored into the considerations as well.</p> <p>We therefore identified valuation of the Council's Pension Fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Pension Fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Pension Fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the Pension Fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. We will ensure Brexit has been considered when arriving at the values included within the Accounts.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.

We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

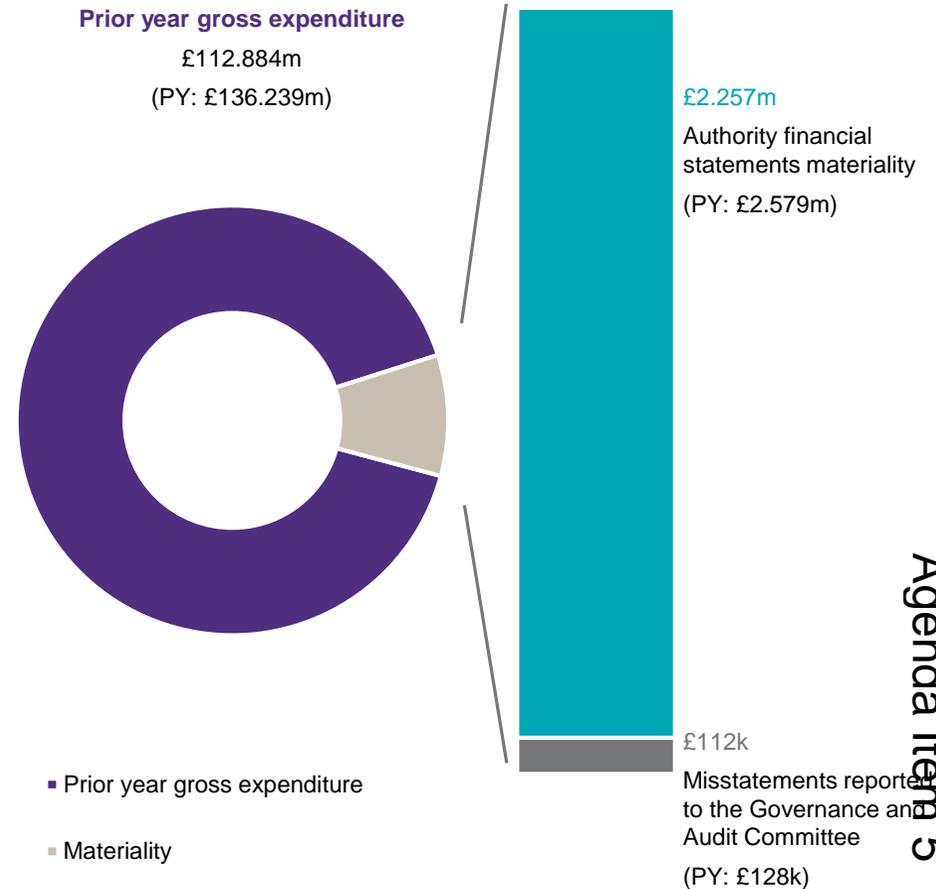
We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £2.257m (PY £2.579m) for the Authority, which equates to 2% of your prior year gross expenditure for the year.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Governance and Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £112k (PY £128k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Governance and Audit Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

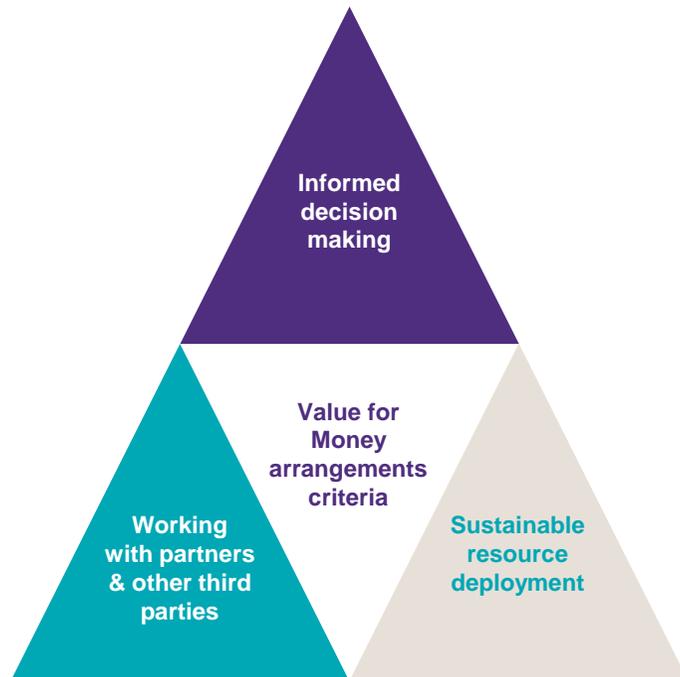
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.



Ongoing Financial Sustainability

Risk

The Council is continuing to face pressure on its financial budget in a number of areas, including the demand for temporary accommodation and the impact of nil resource to public funds. A budget gap of £1.8m was identified for 2019/20 in the MTFS 2019-23. Budget gaps exist in the following years covered by the MTFS. The Council needs to manage its resources carefully to ensure a sustainable future ahead of the 2020 Funding Settlement. Brexit potentially adds another unknown factor to this challenge.

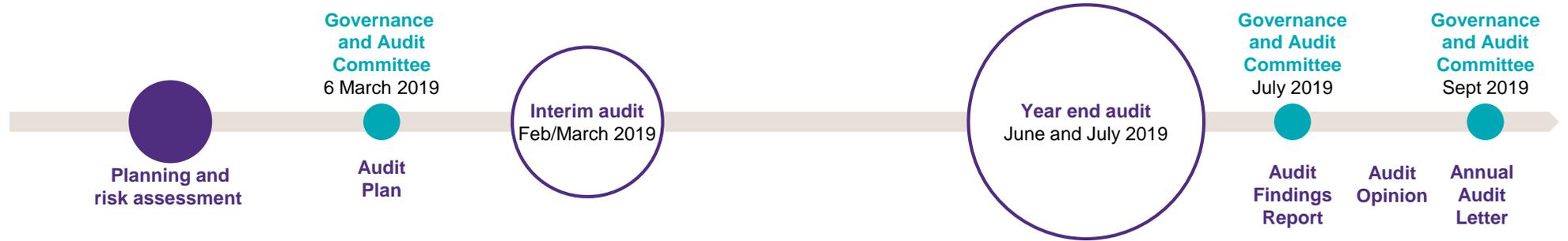
Planned Response

To gain assurance over this risk we are planning to undertake work in the following areas:

- review the 2018-19 Outturn, including details of performance against both the Revenue and Capital Budgets;
- review progress against the 2019-20 financial plan up to the completion of our audit; and
- obtain an update on the Council's Medium Term Financial Strategy, including progress on identifying the savings required in coming years including discussions with Management on progress to date.

We will also consider the impact of any financial issues arising as the position over Brexit develops. These may include changes in property values, adverse changes to investment and borrowing rates, changes to business rate income and the impact on the Authority's workforce.

Audit logistics, team & fees



Darren Wells, Engagement Lead

Darren will be the main point of contact for the Chief Executive, the Section 151 Officer and Members. Darren will share his wealth of knowledge and experience across the sector providing challenge, sharing good practice, providing pragmatic solutions and acting as a sounding board with Members and the Governance and Audit Committee. Darren will ensure our audit is tailored specifically to you and is delivered efficiently. Darren will review all reports and the team's work.



Matt Dean, Senior Audit Manager

Matt will work with the senior members of the finance team ensuring early delivery of testing and agreement of accounting issues on a timely basis. Matt will attend Governance and Audit Committees, undertake reviews of the team's work and draft reports ensuring they remain clear, concise and understandable to all. Matt will work with Internal Audit to secure efficiencies and avoid any duplication, providing assurance for your Annual Governance Statement.

Audit fees

The planned audit fees are £51,048 (PY: £66,296) for the financial statements audit completed under the Code, which are inline with the scale fee published by PSAA. In setting your fee, we have assumed that the scope of the audit, and the Authority and its activities, do not significantly change.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 10). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified:

Service	£	Threats	Safeguards
Audit related			
Certification of Housing benefit subsidy grant	32,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence in comparison to the total fee for the audit of £51,048 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Capital Receipts Grant	3,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £3,000 in comparison to the total fee for the audit of £51,048 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Authority's policy on the allotment of non-audit work to your auditors. All services have been approved by the Governance and Audit Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings Report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Appendices

A. Audit Approach

Audit approach

Use of audit, data interrogation and analytics software

LEAP

Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- A cloud-based industry-leading audit tool developed in partnership with Microsoft



IDEA

- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively



Appian

Business process management

- Clear timeline for account review:
 - disclosure dealing
 - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on



Inflo



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST & SHARE

- Communicate & transfer documents securely
- Extract data directly from client systems
- Work flow assignment & progress monitoring



ASSESS & SCOPE

- Compare balances & visualise trends
- Understand trends and perform more granular risk assessment



VERIFY & REVIEW

- Automate sampling requests
- Download automated work papers



INTERROGATE & EVALUATE

- Analyse 100% of transactions quickly & easily
- Identify high risk transactions for investigation & testing
- Provide client reports & relevant benchmarking KPIs



FOCUS & ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons



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QUARTERLY INTERNAL AUDIT UPDATE REPORT

6th March 2019

Report Author **Head of the Audit Partnership: Christine Parker**

Portfolio Holder **Cllr Ian Gregory; Cabinet Member for Financial Services & Estates**

Status **For Information**

Classification: **Unrestricted.**

Key Decision **No**

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 31st December 2018.

Recommendation(s):

That the report be received by Members.

That any changes to the agreed 2018-19 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of Annex1 of the attached report be approved.

CORPORATE IMPLICATIONS

Financial and Value for Money	There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2018-19 budgets.
Legal	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.
Corporate	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.
Equalities Act 2010 & Public Sector Equality Duty	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.

Agenda Item 6

	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>	

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

CORPORATE VALUES (tick those relevant)✓	
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 31st December 2018.
- 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 eight internal audit assignments completed during the period.
- 2.2 In addition, seven follow-up reviews have been completed during the period.
- 2.3 For the six-month period to 31st December 2018, 243.16 chargeable days were delivered against the revised target of 323.36 days which equates to 75.2% 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 2018-19 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, Deputy Chief Executive (S151 Officer), Ext. 7617

Annex List

<i>Annex 1</i>	East Kent Audit Partnership Update Report – 06-03-2019
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Background Papers

Title	Details of where to access copy
<i>Internal Audit Annual Plan 2018-19</i>	Previously presented to and approved at the 6 th March 2018 Governance and Audit Committee meeting
<i>Internal Audit working papers</i>	Held by the East Kent Audit Partnership

Corporate Consultation

Finance	Tim Willis, Deputy Chief Executive (S151 Officer)
Legal	<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 31st December 2018.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level	No. of Recs.	
2.1	Value Added Tax	Substantial	C H M L	0 0 0 0
2.2	Car Parking & Enforcement	Substantial	C H M L	0 0 0 0
2.3	CCTV	Substantial	C H M L	0 0 0 0
2.4	Performance Management*	Reasonable/Limited	C H M L	5 4 3 1
2.5	Complaints Monitoring	Limited	C H M L	0 2 1 5
2.6	CIVICA – Housing Benefit Quarterly Testing	Not Applicable		
2.7	Tenancy Fraud & Right to Buy Fraud	Limited	C H M L	0 9 8 2
2.8	Anti-Fraud Assurance Mapping	Not Applicable	C H M L	0 6 0 0

* Reasonable Assurance after follow-up – see section 3 below.

2.1 VAT – Substantial Assurance:

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that VAT is completely and correctly accounted for in a timely manner in accordance with the prevailing legislation.

2.1.2 Summary of Findings

The Council applies output tax, where applicable, to the services it provides and reclaims input tax on expenditure. Like any other business the Council is required to keep account of both the VAT paid (input) and the VAT received (output) from its transactions and detail these in a monthly return to HMRC. The Council tends to pay more VAT than it receives which results in a net monthly refund from HMRC. The Council must observe VAT legislation and ensure the correct treatment of VAT as this, and effective recovery of VAT, impacts upon Council budgets.

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

- Up to date VAT guidance is available to all staff.
- A suitably qualified and experienced officer is available to advise about VAT.
- Knowledge of VAT legislation is maintained via a subscription to KPMG.
- External VAT advice is available.
- Option to tax treatment is regularly reviewed.
- Partial exemption is calculated on a yearly and half yearly basis, including sensitivity analysis, and seven year averages are monitored.
- All of the debtor invoices tested as part of this audit were found to be in order.

2.2 Car Parking & Enforcement – Substantial Assurance:

2.2.1 Audit Scope

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

- Car park machine income (on-street and off-street), should be adequately monitored and reconciled to expected income and that income trends are monitored for individual car parks for management information.
- Income due to the Council from PCNs should be adequately monitored and reconciled to expected income and that income trends are monitored for management information.
- Income arising from car parking should be appropriately accounted for in accordance with the Road Traffic Regulation Act 1984 and the Department for Transport document Traffic Management Act 2004 Operational Guidance to Local Authorities: Parking Policy and Enforcement.
- Effective enforcement arrangements for dog fouling and littering.

2.2.2 Summary of Findings

Car parking generates a significant amount of income for the Council and is often a sensitive issue amongst residents and visitors. The majority of parking charges were not increased in 2018/19; some charges were increased in the range of 10-25%.

The Council has 105 parking machines installed across the district, 93 of which are Parkeon machines which link to a sophisticated back office system which improves controls and efficiency. The remaining 12 machines are currently the original metric style and these will be replaced by September 2019.

The table below shows the main parking income streams for the last two years, year to date (October 2018) and, the bottom line (surplus)/deficit balance:

Income	2016/17 £	2017/18 £	Variance £	2018 to date £
On-street pay & display	(835,595)	(871,157)	(35,562)	(538,719)
On-street PCN	(379,801)	(408,576)	(28,775)	(316,758)
Balance after costs	(133,353)	(87,011)	46,342	TBC
Off-street pay & display	(1,139,770)	(1,146,412)	(6,642)	(904,891)
Season Tickets	(112,440)	(158,000)	(45,560)	(130,923)
Off-street PCN	(99,719)	(77,906)	21,813	(51,891)
Balance after costs	(468,195)	(290,204)	177,991	TBC

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

- Income and expenditure is closely monitored by the Finance department;
- The back office system provides details of cash held and received, including denominations, at 93 out of 105 Parkeon machines. The 12 remaining metric machines will be replaced by Parkeon machines by September 2019;
- Many manual processes are removed by the 3Sixty System with regard to recovering PCN income through the various stages and this service is provided by a contractor;
- The introduction of a new permit system in April 2019 will provide more efficiency and self-service.

2.3 CCTV – Substantial Assurance

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the CCTV operation is undertaken in accordance with the Code of Practice and all prevailing legislation such as the GDPR and the Human Rights Act.

2.3.2 Summary of Findings

The Council has made a significant investment in the recent installation of new high definition CCTV cameras across the district, and a new CCTV control room. There are currently 170 CCTV cameras installed in the district and these are monitored for 24 hours per day, 7 days per week. Installation of the new cameras started around April 2018 and completed in November 2018.

An annual report is yet to be produced for the new system to assess the full benefit, however the skill of the operators in recognising suspicious behaviour, enabling the police to make arrests, is evident. High quality recorded images also assist in prosecutions.

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

- The CCTV system is operated in accordance with the ICO: '*Data protection code of practice for surveillance cameras and personal information*'.
- The Council has a Code of Practice based on the ICO data protection code, which is publicly available on its website. The Council's Code of Practice is also supported by a CCTV manual.
- The CCTV equipment is brand new and very effective.
- Access to the CCTV room is restricted to authorised personnel and strict procedures are in place around requests for, and removal of, data.
- Signage within the CCTV surveillance zones appears to be adequate but may benefit from a peer review.

2.4 Performance Management – Reasonable/Limited Assurance

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council is taking action in response to actual performance to make outcomes for users and the public better than they would otherwise be.

2.4.2 Summary of Findings

Performance Management is one of the most important mechanisms and processes within organisations as it underpins the governance framework and measures and drives performance against corporate objectives. Effective performance management strengthens responsibility and accountability through a process of ensuring senior officers and elected members get the right information, at the right time in the right way.

There are 29 Key Performance Indicators in place which are reported quarterly to CMT, the Corporate Performance Working Party (now the Finance, Budget and Performance Scrutiny Panel) and the Cabinet. These performance indicators help measure success in terms of achievement against the three Corporate Priorities and three Corporate Values.

- CP1 - A Clean and Welcoming Environment;
- CP2 - Supporting Neighbourhoods;
- CP3 - Promoting Inward Investment and Job Creation;
- CV1 - Delivering Value for Money;

- CV2 - Supporting the Workforce; and
- CV3 - Promoting Open Communications.

Management can place Reasonable Assurance on the system of internal controls in operation but Limited Assurance on the effectiveness of the staff appraisal arrangements, which it is acknowledged that the staff appraisals process had changed recently.

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

- There is a Performance Management Framework in place to sustain the good governance arrangements in place;
- Performance is sufficiently monitored and reported to CMT and elected members as part of the quarterly performance monitoring process; and
- All but one Key Performance Indicator are in place and are deemed appropriate and effective for measuring performance.

Scope for improvement was however identified in the following areas:

- The Performance Management Framework should be reviewed to ensure all roles and responsibilities, particularly in relation to managing risks, are clearly communicated;
- A number of Performance Targets should be introduced for performance indicators in place which are measuring Corporate Objective 1 – A Clean and Welcome Environment;
- The Council should re-look at one of its performance indicators ‘% streets with detritus below acceptable levels’ to provide clarity over what is deemed ‘acceptable’; and
- Service Plan information should be reviewed to ensure the plans are well documented and information sufficiently communicated.

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

- In six out of fourteen (43%) of the appraisals samples selected the Head of Service sampled could not or did not produce appraisal documentation for examination; and
- The new appraisal template does not provide enough clarity about how long the appraisal documentation should be retained nor does it record the date staff objectives are set and agreed.

2.5 Complaints Monitoring – Limited Assurance:

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council records, monitors, reports upon and learns from all complaints, comments and compliments that they receive.

2.5.2 Summary of Findings

The Local Government & Social Care Ombudsman (LGSCO) guidance advises that complaints systems should be an integral part of a council's service provision and not a mechanism for apportioning blame; but an important part of a council's learning and development.

'The purpose of a complaints system is to put right what has gone wrong and to learn from it, LGSCO Guidance on running a complaints handling system.

Improvements have been made since the management of complaints, compliments and feedback was centralised to the Executive Support Unit; the complaints procedure has been reduced to two distinct stages; and management have determined the Council's corporate definition of a complaint. For the period 02/05/2018 to 31/10/2018 the Council received 462 complaints.

Directorate	Service	No of complaints
Corporate Resources	Housing & Planning	6
	Housing Options	10
	Planning	19
	Strategic Procurement	1
Corporate Governance	Asset Management	4
	Facilities Management	1
	Kent Innovation and Media Centres	1
	Legal Services	3
Operational & Commercial Services	Cemeteries and Crematorium	3
	Civil Enforcement	10
	Coastal Tourism & Development	2
	Community Safety and leisure	1
	Environmental Protection	1
	Maritime Operations	1
	Open Spaces	4
	Operational Services	32
	Port & Technical Services	3
	Recycling and Waste	288
	Regulatory Services	3
	Safer Neighbourhoods	4
	Street Cleaning	48
	Street Scene Enforcement	15
	Tourism	1
Other	1	

The Council has defined a complaint as: *'A complaint is an expression of dissatisfaction or concern about the delivery of a service which makes that individual feel like the Council has let them down; either by doing something wrong or failing to meet service standards.'*

The new processes are currently embedding and the Council is yet to corporately begin monitoring themes of complaints and compliments and therefore identify where improvements can be made or strengths can be shared.

Some councils log notifications of single service failures, such as a missed refuse collection, as complaints whereas others log these as service requests. Collecting information about this kind of avoidable contact is a useful way of assessing service delivery. Whether the contact is logged as a service request or complaint, there

should be clarity and consistency and some mechanism for ensuring that repetition of such failures can be identified, as they may indicate more systemic problems.

Whilst there is emerging evidence to suggest a direction of travel towards an overall Reasonable Assurance opinion, at the present time processes need further time to be developed and become embedded within Council working practices. Consequently, due to the infancy of complaints analysis to identify lessons that can be learnt to assist in driving improvements in services; this leads us to conclude Limited Assurance at the present time.

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

- Although a new centralised two stage complaints process is now in place the policy is yet to be updated to reflect this; and communicated to staff and stakeholders.
- Monitoring of lessons that can be learnt from complaints and compliments is yet to be effectively developed; and used to drive forward improvement in services.
- Clarification for staff and stakeholder should be issued on how complaints in respect of the performance of Council contractors will be dealt with and by whom.
- The Council does not have a policy or guidance for staff on when a goodwill or compensation payment will be made
- The corporate definition of a complaint is not publicised on either the Intranet as a reminder to staff, nor on the Council's public facing web pages for complaints.
- The application of the Council's definition of a complaint is arguably subjective. As an example, for the Waste and Recycling Section anything that is reported for their service is only treated as a complaint if they have reported the same issue three times in the past six months i.e. there are three recorded instances on M3 of the customers' bin being missed; otherwise the email is treated as a service request. Given the corporate definition of a complaint many members of the public may regard any missed bin as a complaint.
- At present any compliments received via social media are not passed onto the ESU for recording centrally on the Civica system.
- No monitoring of compliments has yet taken place, although this is a target for the future.

Effective control was however evidenced in the following areas:

- The new centralised processes enable complaints monitoring, and ensure a consistency of responses.
- Management have determined the Council's corporate definition of a complaint.
- A consistent approach is applied to what is dealt with as a service request and what is a complaint.
- In the majority of cases responses are issued within the Council's prescribed timescales and this is being monitored.
- Complaints are being effectively escalated through the new two stage process.

2.6 CIVICA – Housing Benefit Quarterly Testing

2.6.1 Introduction

Over the course of 2018/19 financial year the East Kent Audit Partnership will complete a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

2.6.2 Findings

For the first 2 quarters of 2018/19 financial year (April to September 2018) 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 now categorised as an error that impacts on the benefit calculation. However data quality errors are still to be shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

2.6.3 Audit Conclusion

For this period forty benefit claims were checked and two (5%) had a financial error and there were no data quality errors.

2.7 Tenancy Fraud & Right to Buy Fraud – Limited Assurance:

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that effective arrangements are in place between the four councils and East Kent Housing Ltd (EKH) to ensure that housing tenancy and right to buy fraud is being tackled.

2.7.2 Summary of Findings

Individuals who commit tenancy fraud prevent those who are legally entitled to social housing from being housed.

The most common types of tenancy fraud include:

- Moving out of social housing and renting it to someone else (sub-letting);
- Moving out of social housing and leaving it empty;
- Providing false information to obtain a tenancy (deception);
- Making a fraudulent application to 'succeed' – i.e. obtain rights to remain in the property, after the current tenant dies;
- Illegally passing a social housing to someone else; and
- Taking (or making) a payment for a mutual exchange.

The CiPFA Fraud and Corruption Tracker Summary report 2018 estimates that for local authorities in the UK 71.4% of fraud prevented or detected in 2017/2018 was Housing Fraud. The estimated total value lost from housing fraud investigated in 2017/2018 is £216m. None of the four partner councils contributed to this fraud survey due to the tight deadline and the fact that the survey is very lengthy and requires data that simply is not gathered in one place. The Transparency agenda requires some of the data to be published on the Council's website, however when a search was made none of the four partner councils has published a complete set of fraud data. (Please see separate Anti-Fraud Assurance Mapping Report 2018.)

To enable effective mitigation of losses through tenancy fraud, the partner Council's and EKH need to have assessed or measured their potential risk without any controls

in place. Through their Anti-Fraud policies all four councils have expressed the sentiment that 'no' fraud will be tolerated.

Below the fraud risk based at the levels of 1%, 2% and 5% of the total housing stock and net housing services expenditure has been calculated for each Council.

Council	Housing Dwelling Stock Rental Income (gross) *	Fraud Risk at 1%	Fraud Risk at 2%	Fraud Risk at 5%
CCC	23,167,000	231,670	463,340	1,158,350
DDC	19,005,000	190,050	380,100	950,250
F&HDC	14,716,000	147,160	294,320	735,800
TDC	12,754,000	127,540	255,080	637,700
	Housing Stock (in property numbers**)			
CCC	5,475	55	110	275
DDC	4,730	47	95	237
F&HDC	3,533	36	72	178
TDC	3,203	33	66	165

(* housing stock rental income for 2017/2018 from statement of accounts and **Stock numbers as at 31st March 2018 as provided by EKH.)

Whilst there is an acknowledgement to all the good work that has been undertaken and in accepting the certainty that there is the will within EKH to do more, Management can place Limited Assurance on the controls in place to prevent tenancy and right to buy housing fraud; taking into account the resource currently available to EKH. It is likely that without some skilled enforcement and investigation resources being committed by the four partner Councils the effectiveness of preventative action and enforcement against tenancy and right to buy fraud that EKH may take would have a very limited impact.

In addition, the most effective control against tenancy and right to buy fraud is having thorough and stringent controls in place at the housing application and allocation stage; this work is undertaken within the Councils own service and is not within the remit of EKH, and so each Council must satisfy themselves that these preventative controls are sufficient to reduce the risk of tenancy fraud being perpetrated.

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

- The four councils in liaison with EKH must assess their housing fraud risk fully in order to determine the level of resources required to effectively prevent, detect and investigate tenancy and right to buy fraud.
- There is a lack of skilled fraud investigative resources and services available to EKH from the four partner councils; without which EKH may be aware of possible indications of fraud in specific cases but have no specialist resource to investigate as a result EKH may have no option but take no further action to prevent a Right to Buy (RTB) or recover a property.
- There is no regular reporting on the level of suspected frauds notified, investigated and the outcome, without transparent reporting fraud is not discussed or highlighted at management level.
- Further work is required to focus tenancy audits towards areas at high risk of fraud and identifying resources that can deliver tenancy audits in addition to their day to day work.

- Use is not made of anti-fraud and credit check services available i.e. NAFN and Experian to validate identity, financial circumstances and residencies prior to allocation of social housing as part of the Council's role.
- Use is not made of anti-fraud and credit check services available i.e. NAFN and Experian to validate identity, financial circumstances and residencies prior or acceptance of RTB, succession, mutual exchange etc. Although undertaking these checks would serve no purpose without a resource being provided by the four partner Councils to investigate any discrepancies in a timely manner.
- Although Anti-money Laundering declarations are required to be completed as part of the RTB process, limited checks are made to verify the information provided. As the responsible parties the Money Laundering Officers at each council should provide resources to assist with these checks.

Effective control was however evidenced in the following areas:

- EKH are proactive in identifying possible fraud and take action to recover property where they have evidence to support a breach of tenancy agreement; however, action is not taken to prosecute where fraud may have occurred due to a lack of skilled investigative resources within the client Council's.
- EKH have restructured its teams by service provision, with the aim of strengthening focus, standardising processes and utilising officer skills and experience more effectively.
- Training needs of the Regulation & Enforcement Teams in respect of tenancy fraud have been identified; although the broader awareness training needs/ programme of all EKH officers in this respect is not documented.
- Evidence based identity and tenancy history checks are undertaken as part of the RTB application process; with challenges being made where concerns are raised, however use of specialist resources i.e. Experian and NAFN is not made.
- There is a tenancy fraud policy in place, although this is overdue a review and update.
- The anti-fraud message is proactively publicised, although action must be taken to ensure that contact numbers and email addresses are valid, and innovations including more use of social media could be made.

2.8 Anti-Fraud Assurance Mapping – Not Applicable:

2.8.1 Audit Scope

The first step for this review, was to identify and map all the various assurances built into the anti-fraud framework, the second step was then to evaluate them, and in so doing identify any gaps or duplication; and then to evaluate their overall effectiveness.

2.8.2 Summary of Findings

The latest set of government estimates indicate that fraud costs the public sector at least £20.6bn annually, with local government fraud accounting for £2.1bn of this. The most recent CIPFA Fraud and Corruption Tracker (CFaCT) report has found that fraud continues to pose a major financial threat to local authorities, with £302m detected or prevented by councils in 2017/18. While this was £34m less than last

year's total, of £336.2m, there was an overall increase in the number of frauds detected or prevented – up to 80,000, from the 75,000 cases found in 2016/17.

The objective of this review is to map all of the counter fraud sources of assurance currently operating, identify any gaps or overlaps and comment on the effectiveness of the anti-fraud assurance process in place.

The review also sought to review best practice principles, and test where other councils were investing in counter fraud teams, what examples of results are being achieved, and what else might be possible.

The review also sought to establish how the collective work of the Kent Intelligence Network fits in with the overall assurance being achieved to date.

The review concludes that the East Kent councils have strong internal control environments, but also notes that Local Authorities provide a variety of services to its residents and visitors; both statutory and discretionary. Many of these require an application to be completed and submitted before the service can be provided. This is to assist the council with ensuring the service is given to legitimate applicants. It also helps us to use the limited resources we have in an effective way. The application stage is in effect, the 'gateway' to that service provision. This is also the stage at which the process is most vulnerable to fraud by way of false statements and/or omissions of information, and as a result it is possible for a deception to occur. Furthermore, with the advent of new technology and the increased use of oral applications via the contact centres, this also exposes us to this and other sorts of Fraud.

Whilst Local Authorities usually have a robust system of checks to detect and prevent fraud, what is done when fraud is detected? At present, the only area where fraud is dealt with by a qualified Fraud Investigator is within the Revenues Service Area as it relates to Single Occupier Discounts, in Folkestone and Hythe District Council. And similarly the work of the Compliance Officers working for Canterbury, Dover and Thanet councils through Civica, via EK Services, have investigated NNDR and CTax cases.

There are however, other areas of the Council where residents and visitors have applied for and been given a council service where they have made a false statement or have omitted information that might affect the outcome or decision. If detected, this may be referred to Internal Audit for further investigation. Each council has a solid policy and strategy on what it will do if fraud or corruption is detected.

This report is able to conclude that there are gaps in the current process, and best practice being applied elsewhere is achieving good results. Should additional resources be deployed on an 'invest to save' basis they should be self-funding in a very short timescale.

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

- 3.1 As part of the period's work, seven 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)	Environmental Protection	Substantial	Substantial	C	0	C	0
				H	1	H	0
				M	2	M	0
				L	2	L	1
b)	Scheme of Officer Delegations	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	3	L	1
c)	East Kent Housing – Leasehold Services	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	5	M	1
				L	1	L	0
d)	Risk Management	Reasonable	Reasonable	C	0	C	0
				H	3	H	0
				M	5	M	1
				L	2	L	0
e)	East Kent Housing – Performance Indicator Data Quality	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	2	L	0
f)	Car Parking & Enforcement	Reasonable	Reasonable	C	0	C	0
				H	1	H	0
				M	2	M	0
				L	1	L	0
g)	Performance Management	Reasonable /Limited	Reasonable	C	0	C	0
				H	4	H	0
				M	3	M	0
				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.

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: Cash Collection, Income & Bank Rec, Business Continuity and Emergency Planning, Street Cleansing, Dog Warden, and Street Scene Enforcement.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2018-19 internal audit plan was agreed by Members at the meeting of this Committee on 6th March 2018.
- 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.

5.4 UNPLANNED WORK:

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

5.4 INTERNAL AUDIT PERFORMANCE

- 8.1 For the six-month period to 31st December 2018, 243.16 chargeable days were delivered against the revised target of 323.36 days which equates to 75.2% 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.
- 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.

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 31st December 2018 against the agreed 2018-19 Audit Plan.
- Appendix 4 Balanced Scorecard to 31st December 2018.
- 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>None this Quarter</i>		

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

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Compliance with General Data Protection Regulations	December 2018	Limited	Work-in-Progress
Asset Management	December 2018	Limited	Spring 2019
East Kent Housing – Contract Management	December 2018	Limited	Work-in-progress



PROGRESS TO DATE AGAINST THE AGREED 2018-19 AUDIT PLAN – APPENDIX 3

THANET DISTRICT COUNCIL:

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2018	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & Enforcement	10	17	17.44	Finalised - Substantial
VAT	10	10	9.81	Finalised - Substantial
RESIDUAL HOUSING SERVICES:				
Housing Allocations	10	10	10.49	Finalised - Substantial
HRA Business Plan	10	10	0	Quarter 4
GOVERNANCE RELATED:				
Anti-Fraud & Corruption Assurance Mapping	10	10	4.07	Finalised – N/A
Complaints Monitoring	10	13	13.11	Finalised - Limited
Corporate Advice/CMT	2	2	0.27	Work-in-progress throughout 2018-19
s.151 Officer Meetings and Support	9	9	10.47	Work-in-progress throughout 2018-19
Governance & Audit Committee Meetings and Report Preparation	12	12	9.01	Work-in-progress throughout 2018-19
2019-20 Audit Plan and Preparation Meetings	9	9	4.16	Work-in-progress
SERVICE LEVEL:				
Thanet Lottery	10	10	0	Quarter 4
Safeguarding Children & Vulnerable Groups	10	0	0	Postpone to accommodate unplanned work
Community Safety	10	10	13.07	Work-in-progress
CCTV	10	10	6.97	Finalised - Substantial
Dog Warden & Environmental Crime Enforcement	10	10	0.31	Work-in-progress
Electoral Registration & Election Management	10	10	14.17	Finalised
Food Safety	10	10	9.72	Finalised - Substantial



Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2018	Status and Assurance Level
Pest Control	7	7	0	Quarter 4
Business Continuity & Emergency Planning	10	10	11.27	Work-in-progress
Equality & Diversity	10	10	0.18	Work-in-Progress
Events Management	10	10	0	Quarter 3
Grounds Maintenance	15	15	0	Quarter 4
Licensing	10	10	7.79	Work-in-Progress
Museums	10	10	0.23	Postponed
East Kent Opportunities	10	10	11.26	Work-in-Progress
Street Cleansing	10	10	0.18	Work-in-progress
Employee Health, Safety & Welfare	10	10	0	Quarter 4
OTHER :				
Liaison With External Auditors	1	1	0.17	Work-in-progress throughout 2018-19
Follow-up Reviews	15	15	10.18	Work-in-progress throughout 2018-19
FINALISATION OF 2017-18 AUDITS:				
Days under delivered in 2017-18	0	38.36		Allocated
Service Contract Management	5	5	0.95	Finalised - Reasonable
Compliance with GDPR			14.36	Finalised - Limited
Creditors & CIS			9.79	Finalised - Substantial
Cash Collection, Income & Bank Reconciliation			15.89	Finalised – Substantial/Limited
Performance Management			14.46	Finalised – Reasonable
Asset Management			16.67	Finalised - Limited
Your Leisure			0.54	Postponed
Inward Investment			0.22	Postponed
RESPONSIVE WORK:				
Duplicate Payments	0	0	1.15	Finalised



Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2018	Status and Assurance Level
SHL Accounts Inspection	0	0	1.32	Finalised
Google Access Review	0	0	3.48	Finalised
TOTAL	285	323.36	243.16	75.20% as at 31-12-2018

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	3.95	Work-in-progress throughout 2018-19
Follow-up Reviews	4	4	12.88	Work-in-progress throughout 2018-19
Repairs & Maintenance	30	30	2	Work-in-progress
Void Property Management	20	20		
Health & Safety	20	20	0	Quarter 4
Contract Monitoring	17	17	27.41	Finalised - Limited
Staff Performance Management	15	15	5.66	Work-in-progress
Welfare Reform	10	10	0.35	Quarter 4
Resident Involvement	10	10	0.35	Quarter 4
Service Level Agreements	10	10	15.09	Work-in-progress
Finalisation of 2017-18 Audits:				
Days under delivered in 2017-18	0	10.94		Allocated
Complaints Management	0	0	0.36	Finalised - Reasonable
GDPR & Information Management	0	0	4.14	Finalised - Reasonable
Leasehold Services	0	0	1.15	Finalised - Reasonable
Tenancy & RTB Fraud Prevention	0	0	14.22	Finalised - Limited
Property Services Action Plan	0	0	8.14	Finalised - Reasonable



Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
Responsive Work:				
Contract Management supplementary work	0	0	4.74	Finalised
Single System Maintenance Module	Planned 0	0	0.18	Finalised
Total	140	150.94	100.59	66.64% at 31-12-2018

EKS, EKHR & CIVICA:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
EKS & Civica Reviews:				
Housing Benefit Assessment	15	15	0.18	Quarter 4
Housing Benefit Testing	15	17	17.08	Finalised
Housing Benefits – DHPs	15	17	17.15	Finalised - Reasonable
Debtor Accounts	20	20	0.47	Work-in-Progress
ICT – Network Security	15	0	0.32	Replaced by PSN
ICT – PSN Review	0	16	16.11	Finalised – N/A
ICT – PCI-DSS Compliance	15	15	0	Quarter 4
KPIs	5	0	0.10	No Longer Required
EKHR Reviews:				
Payroll	15	15	0	Quarter 4
Apprenticeships	15	15	16	Finalised - Reasonable
Absence Management	15	15	6	Work-in-Progress
Other;				
Corporate/Committee	8	8	4.71	Work-in-progress throughout 2018-19
Follow up	7	7	4.76	Work-in-progress throughout 2018-19
Days under delivered in 2017-18	0	47.79		Allocated



Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
Finalisation of 2017/18 Audits:				
Housing Benefit Testing	0		6.82	Finalised – N/A
Payroll			4.96	Finalised - Substantial
Employee Allowances & Expenses			1.28	Finalised - Reasonable
ICT Procurement & Disposal			14.92	Finalised – Reasonable
Council Tax Reduction Scheme			9.92	Finalised - Substantial
Total	160	207.79	120.79	58% at 31/12/2018

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2018-19 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2018-19 Actual</u>	<u>Original Budget</u>
	Quarter 3		Reported Annually		
Chargeable as % of available days	86%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£300.38
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£385,970
CCC	63%	75%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	74%	75%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
F&HDC	63%	75%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£396,500
TDC	75%	75%	<ul style="list-style-type: none"> • Saving Target (10% of 2016-17) 	£34,620	10%
EKS	58%	75%			
EKH	67%	75%			
Overall	67%	75%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	43	-			
<ul style="list-style-type: none"> • Not yet due 	23	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	26	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2018-19 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2018-19 Actual</u>	<u>Target</u>
	Quarter 3				
Number of Satisfaction Questionnaires Issued;	37		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	16		Percentage of staff holding a relevant higher level qualification	36%	36%
	= 43%		Percentage of staff studying for a relevant professional qualification	14%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	2.37	3.5
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner • The audit report was 'Good' or better • That the audit was worthwhile. 	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	36%
	100%	90%			
	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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INTERNAL AUDIT PLAN 2019-20

6th March 2019

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

Executive Summary:

This report presents the proposed Internal Audit Plan for 2019/20 detailing a breakdown of audits and an analysis of available days.

Recommendation(s):

That the 2018/19 Internal Audit Plan be approved by Members.

CORPORATE IMPLICATIONS

Financial and Value for Money	There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2019/20 budgets.													
Legal	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.													
Corporate	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.													
Equalities Act 2010 & Public Sector Equality Duty	<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 & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.</p> <table border="1" style="width: 100%;"> <tr> <td colspan="3">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td style="width: 50px;"></td> <td style="width: 50px;"></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></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.														

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

CORPORATE VALUES (tick those relevant)✓	
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 2019-20 Risk Based Internal Audit Plan

- 2.1 The Audit Plan for the year 2019 to 2020 is attached as Annex A and has the main components to support the Audit Charter. The Audit Charter was presented to the March 2017 meeting of this Committee at which time it was agreed for a three year period and will therefore be represented in March 2020. The plan is produced in accordance with professional guidance, including the Public Sector Internal Audit Standards (PSIAS) 2013. A draft risk based 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 amendments have been made following discussions with senior management, taking account of any changes within the Council over the last 12 months, and foreseen changes over the next.
- 2.2 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 Plan 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.
- 2.3 Furthermore, wider risks are considered, by keeping abreast of national issues and advice from the auditing profession / firms. Over the last year, incidents of money laundering, sexual misconduct at the workplace, fraud, cyberattacks, and data privacy scandals grabbed news headlines, and provided a reminder of why effective governance, risk management, and compliance are so important. For this year we have considered the inclusion of the top ten Institute of Internal Audit identified risks;

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- 1 **GDPR** – the data protection regulations that come in to being in May 2018 affect information governance, and audits have been built into the plan to provide assurance on these risks.
 - 2 **Cyber Security** – we have a number of ICT reviews built into the EKS audit plan to support the network and digital environment; where possible we will buy in specialist contractors to undertake technical ICT reviews.
 - 3 **Brexit** – we have considered this risk and determined that it is too early for us to include anything specific relating to Brexit in the 19-20 audit plan, but will re-consider it next year.
 - 4 **Vendor Risk & Third Party Assurance** – the non-performance of contractors and suppliers is always a risk to the Council, events such as the collapse of Carillion focus the mind indeed. We are consequently proposing reviews of Contract Management in the plan.
 - 5 **Culture** – this risk is an emerging area for assurance, only 30% of bodies have audited this despite honesty and personal conduct being behind several big headlines in 2018. Reviews that we have typically carried out in this area include Gifts and Hospitality, Anti fraud, whistleblowing, Ethics and compliance with Codes of Conduct. We will keep a watching brief on developments for future consideration
 - 6 **Internal Audit Profession Evolving**- this risk is regarding our service keeping up with the new professional standards and changes in technology. It is not built into the 19/20 plan as a separate issue; it is however addressed by keeping up to date with the profession, colleagues in Kent Audit Group, and through Continued Professional Development.
 - 7 **Pace of Innovation** – the Council is undertaking various development and digital projects, we have specifically considered this risk, it has been agreed that provision for EKAP to become involved at key stages of projects will be agreed on a case by case basis. Key areas to keep abreast of are 'big data', data mining and cloud computing.
 - 8 **Workforce Planning** – this has been considered and a review is not proposed for 19/20 as significant work has been undertaken recently by the Council with the help of EKHR and needs time to embed, therefore this will be revisited for next year.
 - 9 **Regulatory** – this is a constant risk as the external environment throws new laws at a council and it has to respond. New legislation is something we consider for each area within the audit plan, and thus a separate 'cross cutting' review has not been proposed for 19/20.
 - 10 **Fraud** – is an ongoing risk assessed in every area of activity that the Council undertakes. Typically we have assessed the Counter Fraud Framework within which the Council operates. This year a provision for 2 days has been set aside undertake some targeted testing.
- 2.4 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.
- 2.5 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 2019/20 plan at the present time, and the future years are shown as an indicative plans 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.

2.6 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 2019/20 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.

2.7 The risk assessment and consultation to date has resulted in;

- 75% Core Assurance Projects - the main Audit Programme
- 4% Fraud Work – fraud awareness, reactive work and investigating potential irregularities
- 4% Corporate Risk – testing the robustness of corporate risk mitigating action
- 17% Other Productive Work – Corporate meetings, follow up, general advice, liaison

Total number of audits 24.

For 2019/20 the days available for carrying out audit is 285 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 24 audits.

3.0 Benchmarking the level of Internal Audit Provision.

3.1 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 285 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.

4.0 Head of Internal Audit Opinion of the 2019/20 Internal Audit Plan.

4.1 This report is presented to Members by the Council's Deputy Chief Executive 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.

4.2 It is the professional opinion of the Head of the East Kent Audit Partnership that the draft 2019/20 internal plan presented for Members consideration will allow for an opinion to be given on the Council's key risk areas and systems. This should be sufficient coverage to inform the Annual Governance Statement. The Head of the East Kent Audit Partnership recommends that Members approve the 2019/20 internal audit plan as drafted.

5.0 Options

6.1 That Members approve the 2019/20 Internal Audit Plan as drafted.

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6.2 That Members make suggested amendments to and approve the 2019/20 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, Deputy Chief Executive & s151 Officer, Ext. 7617

Annex List

<i>Annex A</i>	Internal Audit Plan 2019/20

Background Papers

Title	Details of where to access copy
<i>Audit Charter 2017</i>	Previously presented to and approved at the 8 th March 2017 Governance and Audit Committee meeting.
<i>Internal Audit Annual Plan 2018/19</i>	Previously presented to and approved at the 6 th March 2018 Governance and Audit Committee meeting.

Corporate Consultation

Finance	Tim Willis, Deputy Chief Executive & s151 Officer
Legal	<i>Tim Howes, Director of Corporate Governance</i>

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Plan Area	Corporate Plan, Value and Risk Ref:	Year last audited	Previous Assurance level	2019-20 Planned Days	Quarter Prioritised for 2019-20	2020-21 Planned Days	2021-22 Planned Days	2022-23 planned days
Main Financial Systems:								
Capital		2015-16	Substantial	10				
Treasury Management		2015-16	Substantial	10				
Car Parking & Enforcement		2018-19	Substantial			12		10
Bank Reconciliation		2018-19	Substantial			5		
Creditors and CIS		2017-18	Substantial				12	
External Funding Protocol		2015-16	Reasonable	10				
Main Accounting System		2016-17	Substantial			10		
Income & Cash Collection		2017-18	Substantial/ Reasonable/ Limited				10	
Budgetary Control	CV1 7 CR1	2016-17	Substantial			10		
VAT		2018-19	Substantial					10
Insurance and Inventories of Portable Assets		2015-16	Substantial	12	3		12	
Residual Housing Systems:								
Homelessness	CP2	2016-17	Substantial			10		
Housing Allocations	CP2	2018-19	Substantial					10
Right to Buy	CP2	2017-18	Reasonable				10	
HRA Business Plan	CP2	2014-15	Substantial	10				10
Governance Systems:								
Data Protection, FOI and Information Management	CR3	2017-18	Limited	13			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			10		
Local Code of Corporate Governance	CV1	2016-17	Limited			8		
Anti-Fraud & Corruption Assurance Mapping		2018-19	N/A	2				10
Performance Management	CV1&2	2017-18	Reasonable/ Limited				10	
Complaints Monitoring	CV3	2018-19	Limited					10
Shared Services Monitoring	CV1	2012-13	Reasonable	10				
Partnerships	CV1	2012-13	Reasonable	8				
Scheme of Officer Delegations	CV1 & CR11	2017-18	Substantial			8		
Corporate/Governance and Audit Committee	N/A	Annually	N/A	32	1 to 4	32	32	32
Project Management	CR7	2016-17	Limited			10		
Risk Management - Review of Mitigation Controls	Informs all Corporate Risks	2017-18	Reasonable	10			10	
Other:								
Liaison with the External Auditors	N/A	Annually	N/A	1	1 to 4	1	1	1
Previous Year Work in Progress b/fwd	N/A	Annually	N/A	5	1	5	5	5
Follow-up	N/A	Annually	N/A	15	1 to 4	15	15	15
Contract Audits:								
CSO Compliance	CV1	2015-16	Reasonable	12			12	
Service Contract Management	CV1	2016-17	Limited			10		
Receipt and Opening of Tenders	CV1	2017-18	Substantial				10	
Procurement	CV1	2016-17	Substantial			10		
Service Level Audits:								
Inward Investment	CP3	New Area	To be Assessed				15	
Cemeteries and Crematoria		2016-17	Substantial			12		
Thanet Lottery		2018-19	2018-19 WIP					10
Safeguarding Children and Vulnerable Groups/DBS Checks	CR9	2018-19	2018-19 WIP					10
Private Sector Housing – HMO Licensing and Selective Licensing	CP2	2016-17	Substantial			10		
Community Safety	CP2	2018-19	Reasonable					10

Coastal Management		2016-17	Substantial			10		
CCTV		2018-19	Substantial					10
Dog Warden Service, Street Scene and Litter Enforcement (incl. graffiti and flytipping)	CP1	2018-19	2018-19 WIP					10
Electoral Registration & Election Management		2018-19	Reasonable					10
Environmental Health – Food Safety		2018-19	Substantial					10
Environmental Health – Public Health Burials		2016-17	Substantial			7		
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		2017-18	Substantial				10	
Business Continuity and Emergency Planning	CR10	2018-19	2018-19 WIP					12
Playgrounds		2016-17	Limited			10		
Equality and Diversity		2018-19	2018-19 WIP					10
Events Management		Pre-2004-05	To be Assessed					10
Grounds Maintenance	CP1	2015-16	Limited	12				15
Dalby Square Heritage Grants and Housing Intervention Grants	CP2	2015-16	Substantial	10				
Disabled Facilities Grants	CP2	2016-17	Substantial			10		
Land Charges		2017-18	Substantial				10	
Licensing		2018-19	2018-19 WIP					10
Museums		2015-16	Limited					10
Asset Management	CP3	2017-18	Limited				10	
Allotments	CP3	2017-18	Reasonable				10	
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	12			12	
Ramsgate Harbour Accounts		New Area	To be Assessed	3				
East Kent Opportunities		2018-19	N/A					10
Members' Allowances and Expenses		2016-17	Substantial			10		
Planning Applications, Income and s106 Agreements		2015-16	Reasonable	12			12	
Building Control		2016-17	Reasonable	10				
Phones, Mobiles and Utilities		2016-17	Substantial			10		
Printing and Post		2014-15	Substantial	10				
YourLeisure - Sports and Leisure	CP2	2014-15	Reasonable/Limited				15	
Sports & Community Development	CP2	2014-15	Reasonable	10			10	
Visitor Information Arrangements		2015-16	Substantial	10	3			
Waste and Street Cleansing Vehicle Fleet Management	CP1	2017-18	Reasonable	10			15	
Garden Waste and Recycling Income	CP1	2017-18	Reasonable				12	
Refuse Collection	CP1	2016-17	Reasonable			15		
Street Cleansing	CP1	2018-19	2018-19 WIP			15		15
Climate Change		2009-10	To be Assessed	6				
Employee Health, Safety and Welfare	CV2 & CR2	2018-19	2018-19 WIP					10
Total Planned Days:				285		285	285	285

EAST KENT HOUSING

Plan Area	Corporate Risk Reference	Year last audited	Previous Assurance level	2019-20 Planned Days	2020-21 planned days	2021-22 Planned Days
Governance (externally reviewed in 2016-17)		2011-12	Reasonable			
Finance Systems and ICT Controls		2011-12	Substantial		15	
Data Protection and Information Management		2017-18	Reasonable		15	
CMT/Audit Committee/EA Liaison		2017-18	N/A	4	4	4
Rent Accounting, Collection and Debt Management	S10	2013-14	Reasonable	40		
Rechargeable Works	S1	New Area	To be assessed	10		
Repairs, Maintenance including contract variations		2018-19	2018-19 WIP			30
Void Property Management		2015-16	2018-19 WIP			20
Leasehold Services		2017-18	Reasonable		20	
Tenants' Health and Safety (Gas, Fire, Lifts, Legionella and Asbestos)	S13	2017-18	Reasonable	15	15	20
Sheltered and Supported Housing (including Supporting People)		2015-16	Reasonable		15	
Safeguarding Children and Vulnerable Groups		2017-18	Reasonable/Limited		15	
Customer Contact		New Area	To be assessed	12		
East Kent Housing Improvement Plan	S1	New Area	To be assessed	10		
Estate Management Inspections		2012-13	Reasonable	15		
Anti-Social Behaviour		New Area	To be assessed	15		
Tenancy Fraud		2017-18	Limited		15	
Contract Letting - CSO Compliance	S11	2015-16	Reasonable			
Contract Monitoring	S14	2018-19	Limited			17
Performance Management		2018-19	2018-19 WIP			15
Risk Management	ALL RISKS	2017-18	Reasonable		12	
Complaints	S16	2017-18	Reasonable		10	
Welfare Reform	S10	2018-18	2018-19 WIP			10
Resident Involvement	S9	2018-19	2018-19 WIP			10
Service Level Agreements		2018-19	Not Applicable			10
Employee Health, Safety & Welfare		New Area	To be assessed	15		
Follow Up / Progress reviews	ALL RISKS	2018-19	Ongoing	4	4	4
Total Planned Days:				140	140	140

EKS/EKHR/CIVICA

Plan Area	Year lasted audited	Previous assurance level	2019-20 Planned Days	2020-21 Planned Days	2021-22 Planned Days	2022-23 Planned Days
EK Services - Revenues & Benefits (CIVICA)						
Housing Benefits – Payment	2017/18	Substantial			15	
Housing Benefits – Overpayments	2016/17	Substantial		15		
Housing Benefits – Admin & Assessment	2014/15 (18/19)	Substantial				15
Housing Benefit - Appeals	2015/16	Substantial	15			
Housing Benefit - DHP	2018/19	Reasonable				15
Housing Benefit - Subsidy	2016/17	Substantial		15		
Housing Benefit Testing	2018/19	N/A	15	15	15	15
Council Tax	2014/15	Substantial	20			
Council Tax Reduction Scheme	2017/18	Substantial			15	
Customer Services/Gateway	2016/17	Substantial		20		
Business Rates	2017/18	Substantial			20	
Business Rates reliefs / credits	2015/16	Reasonable	15			
Debtors and rechargeable Works	2015/16 (18/19)	Substantial				20
Key Performance Indicators	New Area		5	5	5	5
Sub-Total EK Services Planned Days			70	70	70	70
EK Services Corporate						
Meetings/ Agree Audit Plan / Follow Up			15	15	15	15
Total EK Services Corporate			15	15	15	15
EK Services - ICT						
ICT – Change Controls	2016/17	Substantial		15		
ICT - Data Management	2017/18	Substantial			15	
ICT – Network Security	2012/13 (18/19)	Substantial				15
ICT – Procurement and Disposal	2017/18	Reasonable			15	
ICT – Physical and Environment	2014/15	Reasonable	15			
ICT - Software Licensing	2016/17	Reasonable		15		
ICT - PCI-DSS	2015/16 (18/19)	Limited				15
ICT - Disaster Recovery	2015/16	Sub / Reasonable	15			
EKS ICT Total			30	30	30	30
EK Services - EKHR						
Recruitment	2016/17	Substantial	15			15
Absence Management/Annual Leave and Flexi Leave	2015/16 (18/19)	Reasonable / Limited			15	
Payroll, SMP and SSP	2017/18	Substantial	15	15	15	15
Employee Allowances and Expenses	2017/18	Sub / Reasonable		15		
Employee Benefits-in-kind	2016/17	Substantial / Limited	15			15
Leavers	2016/17	Substantial		15		
Apprenticeships	2018/19	Sub / Reasonable			15	
Total EK Services HR			45	45	45	45
Overall total			160	160	160	160

CORPORATE RISK MANAGEMENT - QUARTERLY UPDATE

6 March 2019	Governance and Audit Committee
Report Author	Tim Willis, Deputy Chief Executive and s151 Officer
Portfolio Holder	Councillor Ashbee, Portfolio Holder for Corporate Governance and Coastal Development
Status	For information
Classification:	Unrestricted
Key Decision	No
Ward:	All

Executive Summary:

This report provides Governance & Audit Committee with a quarterly review of corporate risks.

Recommendation(s):

To note the report.

CORPORATE IMPLICATIONS

Financial and Value for Money	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.
Legal	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.
Corporate	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.
Equalities Act 2010 & Public Sector Equality Duty	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

	<p>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 & maternity. Only aim (i) of the Duty applies to Marriage & 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.	
	<p>There are no equity 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.</p>	

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

CORPORATE VALUES (tick those relevant) ✓	
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 and Coastal Development) 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). 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.

- 1.3 The Risk Strategy requires that there is a high-level review of corporate risk; this report presents the quarterly update of the corporate risk register.

2.0 Corporate risk register

- 2.1 A summary of the highest scoring corporate risks on the register is set out below, together with the comparative scores noted by Governance & Audit Committee on 5 December 2018. 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.

Ref	Description	Dec 18 Score	Mar 19 Score	Change
CR-05	Political Stewardship	16	16	No change
CR-01	Limited Resources	12	16	Increased
CR-09	Brexit	12	12	No change
CR-02	Homelessness	12	9	Reduced

- 2.2 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, see **Annex 1**. 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.
- 2.3 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.

3.0 Highest-scoring risks

- 3.1 **Political Stewardship:** This continues to represent a risk to the council due to the number of political parties represented and the minority administration. Even though the Local Plan was recently adopted, it is still evident that there remain ongoing issues which could have a significant effect on the council. The council continues to pursue opportunities to support cross-party working and member training.
- 3.2 **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.

There remains continued uncertainty regarding the external funding environment and

challenges still exist with delivering the 2018-19 budget. Although decisions were made to set the 2018-19 budget, there still remains the challenge of staying within that budget, as evidenced by the quarterly monitoring reports. Quarter 1 forecast a £750k overspend, quarter 2 was £680k after Corporate Resources brought forward efficiencies that were originally identified for 2019-20. Quarter 3 will be reported to Cabinet on 14 March but indications are that the forecast overspend will be closer to £900k. This shows the lack of action that has been taken to reduce the overspending areas. The only solution on offer is the windfall from the additional business rate income this year, which is the one-off benefit of being in the Kent Business Rate Retention pilot. Other pilot authorities have been able to set this aside for reserves, or investment; Thanet has effectively spent the windfall, even before it has accrued.

Cabinet received an updated Medium Term Financial Strategy for 2019-23 in September showing that savings of £1.8m were estimated to be required to deliver the 2019-20 budget and steps were taken as part of the 2019-20 budget preparation to bridge the gap. However, the budget report to Council on 7 February was withdrawn by Cabinet, and at the time of writing this report, there is uncertainty regarding the process, timetable and content of the budget. There is the practical risk that this brings, given the extremely limited time available to complete the work and carry out appropriate consultation and the likely late delivery of some of the budget saving actions. But it also increases the general risk regarding financial stewardship: despite publishing dates in the Forward Plan, consulting and briefing on the budget - the most important financial event of the municipal year - the Council did not go through with considering and approving the budget on 7 February. This, coupled with the poor performance on budget monitoring, is the type of backdrop that leads to, at worst, intervention and potentially, a qualified audit opinion for value for money.

Legally, the Council must set a budget by 11 March. It would be normal for Council to approve the budget in early February, then agree the Council Tax in late February, allowing sufficient time for the Accountancy and Revenues teams to calculate and reconcile all the Council Tax levels and precepts, prepare bills and send them out. It is likely that the Council that sets the budget will now also have to agree the Council Tax, which increases uncertainty; and if that date goes beyond the scheduled Council Tax setting date of 28 February, it increases pressure to complete this work.

All of this is being undertaken within the context of an uncertain financial environment. For example, the government will be conducting a Spending Review in 2019; local government is subject to a Fair Funding Review, planned to be implemented in 2020-21; and the Business Rates Review, also planned for 2020-21, is another unknown.

Therefore, the likelihood and 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 increased - regardless of whether or not the Council sets a balanced budget and Council Tax this year.

- 3.3 **Homelessness:** Homelessness has grown as a challenge for many local authorities over the last year, Thanet included. There are additional pressures on Housing as the gap between supply and demand increases but plans have been developed to ensure that this pressure is minimised. The council has reviewed and is delivering its homelessness strategy action plan, is regularly monitoring the levels of homelessness

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and has commissioned new services to address the increasing need for support. This work will continue. The council has successfully bid for new government funding to support homelessness services locally, and has been awarded an additional flexible homelessness grant.

The Homelessness Reduction Act came into force in April 2018 and its implications have been incorporated in changed processes and structures. The council is also looking at introducing charges for residents in temporary and emergency accommodation to help with cost recovery with a Temporary Accommodation Officer leading on collection of charges, maximising housing benefit income and supporting households to move on to permanent homes.

One of the options to increase the supply of permanent homes for homeless families is the new housing acquisition programme which is being implemented. The capital programme includes provision for TDC developing or acquiring its own emergency and temporary accommodation to help reduce cost and improve quality.

- 4.1 **Brexit** - The UK is due to leave the European Union on 29 March 2019. UK Government is continuing to work on arriving at an agreed deal on exit. Significant risk prevails should no deal be agreed within the timescale. Whilst there are national concerns that must be addressed, the council must focus primarily on managing those risks which have a local and regional impact in particular. The scale of its effect should not be underestimated and the council has already begun some contingency planning for a disorderly Brexit. The significant issues to consider are those concerning the strategic transport network, funding and the port. In addition, the council has identified a number of issues that could potentially impact on the council's ability to deliver its services.

6.0 Risk management strategy and processes

- 6.1 The Risk Management Strategy requires review and updating: this is the subject of a separate item on this agenda.

7.0 Recommendation

- 7.1 To note the report.

Contact Officer:	Matthew Sanham, Interim Head of Financial and Procurement Services
Reporting to:	Tim Willis, Deputy Chief Executive and s151 Officer

Annex List

Annex 1	Mitigation Plans
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Corporate Consultation

Finance	Matthew Sanham, Interim Head of Financial and Procurement Services
Legal	Tim Howes, Director of Corporate Governance

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Corporate Risk Register - mitigating actions (control measures)						
Corporate risk:		Political Stewardship				
Risk ID No.:		CR-05				
Description:		Although the Local Plan has now been approved by the Council for publication it (and Manston) remains a sensitive issue; combine this with a minority administration and four separate political groups political stewardship remains challenging.				
Owner:		Madeline Homer				
Date first identified:		01/07/2015				
Date last reviewed:		12/02/2019				
		<u>Current risk scores</u>		<u>Previous risk</u>	Date changed:	n/a
		Score before controls		Score before controls		
		Likelihood:	4	Likelihood:	3	
		Impact:	4	Impact:	4	
		Total:	16	Total:	12	
		Score after controls		Score after controls		
		Likelihood:	4	Likelihood:	3	
		Impact:	4	Impact:	4	
		Total:	16	Total:	12	

Agenda Item 8 Annex 1

Corporate Risk Register - mitigating actions (control measures)						
Corporate risk:		Limited resources				
Risk ID No.:		CR-01				
Description :		Within the context of limited ongoing resources and minimal reserves, the council will face a substantial liability which cannot be funded without unplanned actions that could damage services. Also, lack of resources could undermine the council's ability to exploit opportunities and/or develop services.				
Owner:		Tim Willis				
Date first identified:		01/07/2015				
Date last reviewed:		08/02/2019				
		<u>Current risk scores</u>		<u>Previous risk</u>	Date changed :	8/2/19
		Score before controls		Score before controls		
		Likelihood:	4	Likelihood:	3	
		Impact:	4	Impact:	4	
		Total:	16	Total:	12	
		Score after controls		Score after controls		
		Likelihood:	4	Likelihood:	3	
		Impact:	4	Impact:	4	
		Total:	16	Total:	12	

Agenda Item 8 Annex 1

Corporate Risk Register - mitigating actions (control measures)					
Corporate risk:	BREXIT				
Risk ID No.:	CR-09				
Description:	<p>The UK is due to leave the European Union on 29 March 2019. UK Government is continuing to work on arriving at an agreed deal on exit. Significant risk will prevail should no deal be agreed within the timescale. Whilst there are national concerns that must be addressed, the council needs to focus on managing those risks which have a local and regional impact in particular. The scale of its effect should not be under estimated and the council has already begun some contingency planning. The significant issues are those concerning the strategic transport network, funding and the port. In addition, the council has identified a number of issues that could potentially impact on the council's ability to deliver its services.</p>				
Owner:	Madeline Homer				
Date first identified:	12/11/2018				
Date last reviewed:	12/11/2018				
	<u>Current risk scores</u>		<u>Previous risk</u>	Date changed:	n/a
	Score before controls		Score before controls		
	Likelihood:	4	Likelihood:	n/a	
	Impact:	4	Impact:	n/a	
	Total:	16	Total:	#VALUE!	
	Score after controls		Score after controls		
	Likelihood:	4	Likelihood:	n/a	
	Impact:	3	Impact:	n/a	
	Total:	12	Total:	#VALUE!	

Agenda Item 8 Annex 1

Corporate Risk Register - mitigating actions (control measures)						
Corporate risk:		Increased homelessness				
Risk ID No.:		CR-02				
Description:		Increased homelessness causing additional service pressures, increased general fund costs and poor outcomes for customers. Increased difficulty in securing suitable emergency housing				
Owner:		Tim Willis				
Date first identified:		01/07/2015				
Date last reviewed:		06/02/2019				
		<u>Current risk scores</u>		<u>Previous risk</u>	<u>Date changed:</u>	n/a
		Score before controls		Score before controls		
		Likelihood:	3	Likelihood:	3	
		Impact:	4	Impact:	4	
		Total:	12	Total:	12	
		Score after controls		Score after controls		
		Likelihood:	3	Likelihood:	3	
		Impact:	3	Impact:	3	
		Total:	9	Total:	9	

RISK MANAGEMENT STRATEGY

6 March 2019 **Governance & Audit Committee**

Report Author **Tim Willis, Deputy Chief Executive & S151 Officer**

Ward: **All**

Executive Summary:

This report seeks approval for a revised Risk Management Strategy, the existing strategy having been approved in 2015.

Recommendation(s):

To approve the revised Risk Management Strategy.

CORPORATE IMPLICATIONS

Financial and Value for Money	There are no direct cost implications. Strategic financial considerations are contained in the report.						
Legal	Local Authorities must be able to demonstrate compliance with the statutory principles of good governance. Local government operates in an ever changing environment with increasing complexity. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with internal control and the management of risk.						
Corporate	Governance & Audit Committee approved the Risk Management Strategy on 9 December 2015 which includes a requirement to renew the Strategy in 2018. This was deferred to March at the last meeting of G&A Committee.						
Equalities Act 2010 & Public Sector Equality Duty	<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 & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.</p> <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td colspan="2">Please indicate which is aim is relevant to the report</td> </tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table>	Please indicate which is aim is relevant to the report		Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,	<input type="checkbox"/>	Advance equality of opportunity between people who share a protected characteristic and people who do not share it	<input checked="" type="checkbox"/>
Please indicate which is aim is relevant to the report							
Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,	<input type="checkbox"/>						
Advance equality of opportunity between people who share a protected characteristic and people who do not share it	<input checked="" type="checkbox"/>						

	Foster good relations between people who share a protected characteristic and people who do not share it.	
There are no equity 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.		

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

CORPORATE VALUES (tick those relevant) ✓	
Delivering value for money	✓
Supporting the Workforce	
Promoting open communications	

1.0 Introduction and Background

- 1.1 Risk Management (RM) 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 has assigned responsibility to councillors and officers to ensure that resources are used effectively and all that can reasonably be done, is done, to mitigate risk. Once approved, the next strategy will be reviewed in four years' time, unless there is a reason to do so at an earlier date.

2.0 Risk Context

- 2.1 Many of the general context and themes that were present in 2015 are still applicable today. There are many external stresses and demands on the council, but there are also some risks that have been, and are, internally generated. Perhaps the single most positive change since 2015 is that some substantial financial liabilities have been unearthed and fully provided for. This includes the cost of settling Hand Arm Vibration Syndrome claims, making full provision for uncollectible income from Transeuropa, settling and making provision for live animal export claims and identifying and funding the cost of the Dreamland CPO and associated works. For 2019-20, after an extensive period of debate and dialogue, the source of much of these risks as well as an ongoing drain on council resources - Ramsgate Port - has begun to address its operating costs and focus on servicing existing port contractors.
- 2.2 At the time of writing, Brexit remains a significant risk for the council. In common with many public bodies, the council can do very little to mitigate the likelihood of an adverse outcome, as this is in the hands of a few national politicians and of Parliament. Mitigating the local impact is possible, but there is wide-scale uncertainty about what the impacts could be, depending on different Brexit scenarios, so it is difficult to be sure of how these adverse impacts should be mitigated. Additionally, there are particular risks related to the geographic location of Thanet, being near the Port of Dover, the Channel Tunnel and containing the site identified as a major lorry park.
- 2.3 The council has for years identified Limited Resources as one of its top risks. This continues to be the case. There may have been some stabilisation of council finances

in recent years, and a recognition (publicly and financially, in the accounts) of mistakes and liabilities. But Thanet remains a local authority with very low reserves and very little scope to do anything, year on year, other than reduce running costs and to fund investment in assets from selling other assets. Some other authorities have been able to create some headroom and risk appetite to invest in new or expanded services and/or buy assets, both of which can earn a long-term return. This can support the revenue budget and so help to mitigate the losses in external government funding. Thanet has lived a hand-to-mouth existence for many years, trapped in a cycle of cost-cutting and a dependency on ever-depleting government funding, without the wherewithal to take the radical steps needed to lift the council out of this cycle.

- 2.4 Recent events have further increased finance-related risks, which can be characterised as financial stewardship as distinct from limited resources. Poor financial stewardship can lead to lower resources - the best example being the likely budget overspend in 2018-19. In the past, Thanet has been able to point to tightly-managed budgets as an example of how, despite very little to work with, it has shown good stewardship. But the overspend is forecast to be close to £1m. In practice, this can at least partially be funded by a one-off windfall from Thanet's participation in the 2018-19 Kent Business Rates Retention pilot. What is frustrating is that whilst other Kent districts are able to bank their windfalls to help create a fund to invest in assets and services, Thanet will have spent the windfall before having received it.
- 2.5 A further concern is in relation to the budget. Despite publication in the Forward Plan, extensive briefings and consultation on the budget contents, and with 15 January Cabinet setting out the options, Council failed to consider the annual budget report on 7 February. This obviously increased the risk of breaking the law by failing to agree a balanced budget. But it also delayed the implementation of budget savings, which were awaiting Council budget approval, potentially creating in-year budget problems before 2019-20 have even started. Finally, it will have caught the attention of the public, media, potential partners, government and external audit. This type of negative attention does not send messages that the council is a reliable partner or trustworthy custodian of public funds.

3.0 Changes to the RM Strategy

- 3.1 In 2015 a RM Strategy and RM Process were approved. Although these documents have been of value since that date, there was some degree of overlap and one objective of the revised RM Strategy was to substantially reduce the 28 pages that comprises the current documents. It is also the intention that the new Strategy clearly sets out the way in which the organisation manages risk, and who is responsible for what.
- 3.2 A key part of the integration of the RM Strategy is through communication and training. The new cohort of 2019 members, particularly those that sit on Governance & Audit Committee, will be inducted into their role in relation to RM. Cabinet will also be invited to nominate a new member Risk Champion.

3.3 Council officers will be refreshing the format of corporate and service risk registers over the coming months. Additionally, the role of risk management in respect of projects will be reviewed. The new RM Strategy will inform these new approaches.

4.0 Recommendation

4.1 To approve the revised Risk Management Strategy.

Contact Officer:	Tim Willis, Deputy Chief Executive and S151 Officer
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	http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&MId=4078&Ver=4

Corporate Consultation

Finance	Tim Willis, Deputy Chief Executive and S151 Officer
Legal	Tim Howes, Director of Corporate Governance

Risk Management Strategy 2019 - 2023

Version 2.2

February 2019

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Definition of Risk

Risk is defined as the uncertainty of outcome, whether positive opportunity or negative threat, of actions and events.

A local authority's purpose is generally concerned with the delivery of service or with the delivery of a beneficial outcome in the public interest. The delivery of these objectives is surrounded by uncertainty which both poses threats to success and offers opportunity for increasing success.

Definition of Risk Management

Risks have to be assessed in respect of the combination of the likelihood of something happening, and the impact which arises if it does actually happen. Risk management includes identifying and assessing risks and then responding to them.

Risk is unavoidable, and every organisation needs to take action to manage risk in a way which it can justify to a level which is tolerable. The amount of risk which is judged to be tolerable and justifiable is the "risk appetite".

TDC's Appetite for Risk

Risk appetite is best summarised as "the amount of risk an organisation is willing to accept".

In order for TDC to deliver its strategic aims, it is recognised that it will have to take and manage certain business risks. It is recognised that senior management's approach towards risk management has the greatest impact on organisational appetite.

It is not realistic for TDC, with its diverse range of services, to have one definitive application of risk appetite across the entire organisation. Instead, risk appetite is determined with reference to the strategy for service delivery in each particular area. That said, examples of risks that would be seen as intolerable are those that are likely to:

- Adversely affect the safety of employees or our customers.
- Have a negative impact on our reputation.
- Endanger the future operations of the council.
- Lead to breaches of laws and regulations.

Roles and Responsibilities

All senior leaders, employees and partner organisations have a role to play in ensuring that risk is effectively managed. Risk management is only considered to be truly embedded when it functions as part of the council's day to day operations. In order for this to be achieved, it is vital that clarity exists to determine the various roles and responsibilities of individuals involved throughout the council in the risk management process and this strategy formalises those responsibilities. The table below outlines the key responsibilities for each group/stakeholder.

Stakeholder	Responsibilities
Member Risk Champion	<ul style="list-style-type: none"> ● Lead responsibility to provide member input into strategic risk management issues ● Sounding board for changes to the Strategy and member training.
Governance & Audit Committee	<ul style="list-style-type: none"> ● Responsibility for the operation of the risk management system, including consideration of the council's risk appetite. ● Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.
	<ul style="list-style-type: none"> ● Ensure that risk management and internal control systems are in place that are adequate for purpose, and are effectively and efficiently operated.
Section 151 Officer	<ul style="list-style-type: none"> ● Active involvement in all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered.
CMT (Corporate Management Team)	<ul style="list-style-type: none"> ● To ensure the council manages risks effectively through the Risk Management Strategy and actively consider, own and manage key strategic risks affecting the council through the Corporate Risk register. ● Keep the council's Risk Management Strategy under regular review and approve and monitor delivery of the annual risk work programme. ● Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability. ● Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.

<p>SMT (Senior Management Team)</p>	<ul style="list-style-type: none"> • Ensure that effective risk management arrangements are in place in their areas of responsibility to minimise the council’s exposure to risk and uncertainty. • Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability. • Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.
<p>All staff members</p>	<ul style="list-style-type: none"> • Identify risks and contribute to their management as appropriate. Report inefficient, unnecessary or unworkable controls. Report loss events or near-miss incidents to management.

Guidance & Training

CMT will ensure appropriate training is delivered to ensure that senior managers have a thorough understanding of risk. This training will be supplemented by training which will be delivered to directorates and business units if requested and where capacity allows.

Risk management e-learning is mandatory for all managers with responsibility for a risk register.

Attendance at training sessions will be monitored to ensure that risk management capability is consistently embedded across all areas of the council. Training will also be evaluated by attendees to facilitate continual improvement.

Identifying a Risk

Risks should be considered under the following headings:

- **Corporate** - those which could impact across the whole council including those relating to partnerships. These should be assessed by CMT and the Member Risk Management Champion and then reported to the Governance and Audit Committee on a regular basis.
- **Service** - those resulting from the council’s activities focusing on risks arising from the people, systems and processes through which we operate. These are considered within the council’s service plans. In some instances operational risks may escalate to become corporate.
- **Project** - those associated with achieving a project within the required time, costs and resources, regardless of its size. Risks and opportunities associated with the project

must be clearly identified and managed. (Further information can be obtained from the Project Management Toolkit).

Risk Assessment

Once identified, risks need to be assessed and assigned a score. It is important to rate a risk before and after mitigating actions are taken into account. The ratings are a reflection of their impact and probability – the combined outcome of this produces the risk rating.

When rating a risk, whether it is at a corporate, service or project level, it is important that all impacts are considered - e.g. political, social, reputational, legal and environmental. **Particular consideration needs to be given to the financial impact of a risk.** The ‘risk matrix’ below is the tool we use to assign a score:

			Impact			
			Minor	Moderate	Major	Critical
			1	2	3	4
Probability	4	Almost Certain	Medium (4)	High (8)	Very High (12)	Very High (16)
	3	Likely	Medium (3)	High (6)	High (9)	Very High (12)
	2	Possible	Low (2)	Medium (4)	High (6)	High (8)
	1	Unlikely	Low (1)	Low (2)	Medium (3)	Medium (4)

Mitigation and Control

The purpose of addressing risks is to remove organisational uncertainty by constraining threats. Any action that is taken by the organisation to address a risk forms part of what is known as an “internal control”. There are four key aspects of addressing risk:

APPROACH	DESCRIPTION
Terminate	A decision is made not to undertake the activity that is likely to trigger the risk. Where the risks outweigh the possible benefits, terminate the risk by doing things differently and thereby removing the risk.
Transfer	Share the exposure, either totally or in part, with a partner or contractor, or through insurance. Any partnership will need to be carefully monitored as it may not be possible to transfer all risks and certain aspects may remain, such as loss of reputation.
Treat	The most common approach is to introduce preventative actions (called control measures) to reduce the probability or impact if the risk occurs and maximise the potential for success.
Tolerate	The ability of an effective action against some risks may be limited or the cost of taking such action may be disproportionate to the potential benefits gained, which might mean the risk is worth taking..

Once a mitigating action has been taken into account the risk should be rated again.

Risk Escalation

In the event that mitigating actions aren’t able to reduce a risk to an acceptable level then the risk should be escalated to a more senior level via the pre-agreed procedure. The risk owner will initially be responsible for either deciding on a course of action or escalating. Similarly it should also be clear where a risk can be delegated to a lower level for action.

Monitor & Review

Few risks remain static. New issues and risks are likely to emerge and existing risks may change. Having identified the risks, assessed them and put control measures in place, it is essential that they are routinely monitored.

Risk management needs to be seen as a continuous process. It is essential that the incidence of risk be reviewed to see whether it has changed over time. Risk management is a dynamic process – new risks will be identified, some will be terminated and control measures will need

to be updated in response to changing internal and external events. The assessment of probability and impact will also need to be reviewed, particularly in light of our own management actions.

Risk Process Timeline

<u>Stage</u>	<u>Who</u>	<u>When</u>
E-mail to be sent to HOS (with deadline) to update Service Level Risk Registers	Insurance Officer	6 weeks before G&A committee deadline
Reminder sent to HOS (if app.) to update registers	Finance Manager	4 weeks before G&A committee deadline
E-mail sent to Directors to review their service level registers and update corporate level risk registers	Insurance Officer	3 weeks before G&A committee deadline
Reminder sent to Directors (if app.) to update registers	Finance Manager	2 weeks before G&A committee deadline
Reports to HOS/S151 ready for SMT Review	Finance Manager	1 weeks before G&A committee deadline
CMT Review	S151 Officer	3 days before G&A committee deadline
Governance & Audit Committee report deadline	N/A	N/A

CODE OF CORPORATE GOVERNANCE

Governance and Audit Committee - 6 March 2019

Report Author	Director of Corporate Governance and Monitoring Officer
Portfolio Holder	Councillor Ash Ashbee - Cabinet Member for Corporate Governance and Coastal Development
Status	For Decision
Classification:	Unrestricted
Ward:	All

Executive Summary:

This report recommends the adoption of a revised Code of Corporate Governance and Governance Framework

Recommendation(s):

The Committee adopt the revised Code of Corporate Governance

CORPORATE IMPLICATIONS

Financial and Value for Money	There are no direct financial implications from the adoption of this revised Code.
Legal	The Accounts and Audit Regulations 2015 require the Council, every financial year to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement. This report and documents reflect the CIPFA/SOLACE Good Governance Framework for Local Government 2016
Corporate	This report relates to a statutory and audit requirement and supports the development of an effective and efficient council.
Equality Act 2010 & Public Sector Equality Duty	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.	✓
	Engaging local communities including hard to reach groups meets a core principle of the CIPFA/ SOLACE guidance.	

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

CORPORATE VALUES (tick those relevant) ✓	
Delivering value for money	✓
Supporting the Workforce	✓
Promoting open communications	✓

1.0 Introduction and Background

1.1 Governance is about our organisational frameworks, responsibilities, systems, processes, culture and values. Good governance happens when these things come together to make us an effective organisation – doing the right things in the right way for the right people. Good governance is also about ensuring what we do is done in a timely, inclusive, honest and accountable manner.

2.0 Code of Corporate Governance

2.1 Our Code of Corporate Governance is the document that sets out the governance principles which we are committed to and within which we conduct our business and affairs. The Code forms part of our overall governance framework which brings together legislative requirements, governance principles and management processes. This ensures that, the way the council operates is based on sound decision making with an effective process to support it.

2.2 The council challenges on an ongoing basis the application and adherence to the Code of Corporate Governance and conducts an annual review which results in the preparation of an Annual Governance Statement (AGS). As a result of this annual review, the AGS also includes an action plan to ensure that we continually improve.

3.0 Future Work

3.1 It is good practice to include within the Code, future planned work in developing the council's governance arrangements and these future plans will be reported to this committee in due course.

3.2 Over the coming year we will move to producing a web-based version of the code which will be more readily available to the public, members and staff.

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

Annex List

Annex 1	Revised Code of Corporate Governance
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Background Papers

Title	Details of where to access copy
CIPFA/SOLACE Good Governance Framework for Local Government 2016	Copy available from Director of Corporate Governance
The Accounts and Audit Regulations 2015	http://www.legislation.gov.uk/uksi/2015/234/pdfs/uksi_20150234_en.pdf

Corporate Consultation

Finance	Head of Finance
Legal	Tim Howes Director of Corporate Governance

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Thanet District Council Local Code of Corporate Governance

Approved on 6 March 2019

Agenda Item 10
Annex 1

LOCAL CODE OF CORPORATE GOVERNANCE

INTRODUCTION

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) defines governance as follows: “Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved”

The International Framework also states that: “To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s 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”

GOOD CORPORATE GOVERNANCE

Thanet District Council is committed to achieving good corporate governance and this Local Code describes how the Council intends to achieve this in an open and explicit way. The local code is based upon the CIPFA SOLACE framework “Delivering Good Governance in Local Government” (April 2016) which replaced the document published in 2007. As laid out in the guidance it “is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities”. Consequently the local Code has been written to reflect the Council’s own structure, functions, and the governance arrangements in existence.

The local code is based on the following 7 principles, the first 2 of which underpin the remaining 5 with the overall aim of “Achieving the intended outcomes while acting in the public interest at all times”.

The principles are as follows:

Acting in the public interest requires a commitment to and effective arrangements for:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:

- 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

Many of the requirements of the code are included in the Council's constitution and the Council's key strategies and policies.

<https://www....>

<https://www.thanet.gov.uk/your-services/how-do-we-make-decisions/decision-making-at-the-council/the-constitution/>

MONITORING AND REVIEW

The Code of Corporate Governance is subject to annual review. This review includes an assessment as to the effectiveness of the processes contained within the Code. This includes annual assessments such as:

- Annual review of the Constitution
- Annual report of the Standards Committee
- Overview and Scrutiny Panel Annual Report
- Head of Internal Audit Annual Report
- Governance and Audit Committee Annual Report
- External Audit Annual Letter

The outcome of this review is reported in the Annual Governance Statement.

The following details how the Council meets the core principles and the systems, policies and procedures it has in place to support this.

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Rational: 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.

- To demonstrate its commitment to achieving good governance, Thanet district Council has:**
- Behaving with integrity**
- A well-established Code of Conduct for Members to ensure that high standards of conduct are maintained.
 - All new members are made aware of the Code as part of their induction process.
 - A 'Declaration of Acceptance of Office' that is signed by Members once elected which makes reference to the Code.
 - Established procedures for dealing with breaches of the Member Code of Conduct.
 - Promoted the Kent Code of Conduct to Town and Parish councils which all have adopted.
 - A Standards Committee responsible for overseeing the conduct of members and identifying learning and development for members in relation to the Code of Conduct.
 - The Committee receives a report at each meeting on the progress of complaints/investigations.
 - An annual report is presented to the Standards Committee on councillors' compliance with the ethical standards framework.
 - An Employee Code of Conduct that sets out standards of behaviour and conduct the council expects of its employees to ensure that public business is conducted with fairness and integrity. This is signposted as part of staff induction. A standard decision making report format to ensure that all those responsible for taking decisions have the necessary information on which to do so.
 - A Code of Practice for Employees for declaring interests and registering gifts and hospitality..
 - On its website a register of Members' is published.
 - A Members' policy for acceptance and registration of gifts and hospitality.
 - A standing agenda item to record members' declaration of interests.
 - Minutes show declarations of interest were sought and appropriate declarations made.
 - A Customer Complaints and Compliments Policy that is published on the council's website.
 - A Whistleblowing Policy in place to enable individuals to raise concerns about malpractice or wrongdoing.
 - Member and Staff induction policies

	<ul style="list-style-type: none"> ● Job Descriptions are provided to Officers and Members to provide clarity on their roles and responsibilities ● We have a protocol on Member/Officer Relations to manage the different but complementary roles of Members and Officers ● A specific Protocol for Planning Committee Members to ensure probity and robust decision making ● Compulsory training for members of the Licensing, Planning and General Purposes Committees to ensure lawful and robust decision making <p>Demonstrating strong commitment to ethical values</p> <ul style="list-style-type: none"> ● A regularly reviewed and externally validated Constitution which sets out how the council operates and how it makes decisions. It also states that the council will exercise all its duties in accordance with the law. ● Terms of Reference for all committees and decision making meetings. ● Policies and procedures that are updated, to ensure adherence to ethical standards including online HR resources, Contract Procedure Rules . ● Many council staff are also subject to the ethics of their professional body. <p>Respecting the rule of law</p> <ul style="list-style-type: none"> ● Clearly defined the statutory roles to designated posts, set out in the Constitution, including the role of Monitoring Officer responsible for ensuring the council operates within the law and decisions are administered correctly. ● Set out Role Descriptions for all councillors in the Constitution. ● An Anti-Fraud and Corruption Policy which is supported by the Whistleblowing Policy and a hotline for employees to report irregularity and fraud. ● A Safeguarding Policy to protect children and vulnerable adults
<p>Core Principle B: Ensuring openness and comprehensive stakeholder engagement</p>	
<p>Rational: Local government is run for the public good, organisations</p>	<p>To demonstrate its commitment to achieving good governance, Thanet District Council has: Openness</p>

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.

- A range of annual reports that summarise achievements for the year across a range of functions that set out outcomes achieved for Thanet residents.
- Its annual statement of accounts published annually prior to external audit and post audit.
- A Publication Scheme that describes the kinds of information available and provides guidance about how to access personal information and submit a Freedom of Information request.
- Systems in place to ensure that relevant decisions taken by officers are published in accordance with legislative requirements.
- A standard decision making report format is used to ensure the decision maker is presented with all the information necessary to inform the decision including outcomes of consultation.
- Where appropriate background papers are cited in the standard report format.
- Agendas, reports and minutes are published on the council's website.
- Meetings are open to the public unless there are good reasons for not doing so on the grounds of confidentiality.
- Dates for submitting, publishing and distributing timely reports are set and adhered to.
- Corporate Priorities 2015-2019 and Corporate Values 2015-2019 that sets out the vision and priorities for Thanet and strategic direction for the council.
- A copy of the Constitution is available on the council's website.

Engaging comprehensively with institutional stakeholders

- Established strong partnerships with the public sector, business and community and voluntary sector across Thanet, including statutory arrangements for Community Safety, Health and Wellbeing and Safeguarding.
- Mechanisms in place to consult where necessary with public sector bodies such as Police, Fire, including a Parish & Town Councils liaison meeting.
- Working through the Thanet Leadership Group (a forum for Chief Officers of member public sector organisations) to work collectively as 'Place Leaders' to improve outcomes for people and place.
- Engaging stakeholders effectively including individual citizens and service users
- Information is provided to the public about Council activities and its business
- Public consultations are conducted using online tools, via the Council website. A Public Engagement Framework, which sets out the plan for public engagement development.
- Established mechanisms to seek the views from individuals, organisations and businesses on

	<p>a number of areas.</p> <ul style="list-style-type: none"> • A petitioning process for the public to bring concerns to the council's attention.
<p>Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefit</p>	
<p>Rationale: 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.</p>	<p>To demonstrate its commitment to achieving good governance, Thanet District Council has:</p> <p>Defining Outcomes</p> <ul style="list-style-type: none"> • A Council Plan that sets out the council's ambitions and defines the outcomes for people and place. • A strategic planning framework that links all strategies and plans to the Council Plan and needs assessment. • A Community Safety Partnership Plan 2017-20 which includes a Thanet wide approach to community safety • An Economic Growth Strategy 2016 • We work with others through structures like the thanet Leadership Group and Margate Task Force to collectively improve the wellbeing of Thanet residents. <p>Set the budget around the outcomes.</p> <ul style="list-style-type: none"> • Where appropriate background papers are cited in the standard report. • A Business Case Framework that is used for projects that meet the key decision definition. • An agreed set of principles for the purposes of budget setting.
<p>Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	
<p>Rationale: 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</p>	<p>To demonstrate its commitment to achieving good governance, Thanet District Council has:</p> <p>Determining interventions</p> <ul style="list-style-type: none"> • A financial planning process that determines level of resources to achieve Council priorities and outcomes and meet statutory duties • A standard decision report format to ensure relevant information to be considered as part of the decision making process of members and officers

<p>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.</p>	<p>Planning interventions</p> <ul style="list-style-type: none"> ● A Strategic planning framework to ensure that service delivery is aligned to the Council Plan ● Annual work programmes developed by Overview and Scrutiny committees ● Reviewed the performance management framework which provides reporting at operational, strategic and executive ● Financial management and reporting processes that enable regular and timely reporting to budget holders, leadership team and Cabinet <p>Optimising achievement of intended outcomes</p> <ul style="list-style-type: none"> ● Annually updated Procurement and Plans, ● Service Plans that identify service developments and specification. ● A medium term financial strategy agreed and reviewed annually based upon Council Plan ambitions and priorities ● Securing continuous improvement through engagement with external and peer review mechanisms ● Annual Performance and Finance reports ● Capital Programme and Treasury Investment Strategy 2017-18 ● Corporate Asset Management Plan 2017 ● Organisation Plan ● Performance Framework ● Risk Management Policy
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Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

<p>Rationale: Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes</p>	<p>To demonstrate its commitment to achieving good governance, Thanet District Council has:</p> <p>Developing the entity’s capacity</p> <ul style="list-style-type: none"> ● Regularly reviewed and published employee policies ● Mechanisms established for staff engagement, for example Manager’s Forum, team briefings and the Chief Executive’s coffee mornings ● Governance structures for strategic planning of workforce development including the People
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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.

Strategy 2017-20 and Organisation Plan 2017-20

- We have a council wide Appraisal System which is reviewed regularly

Developing the capability of the entity’s leadership and other individuals

- Strong Leader and Cabinet political management model is well established
- Opposition groups within the council have their own CMT briefing meetings
- The political management model provides opportunities for non-executive members to focus on their key roles in overview and scrutiny, on regulatory committees, outside bodies and as local community representatives.
- Protocols are in place for governing Members’ and statutory officers’ responsibilities.
- Member role descriptions are set out in the Constitution.
- A Scheme of Delegation to Officers and Appointment of Proper Officers that are reviewed annually in light of legal and organisational changes.
- A Constitution that sets out financial management arrangements through the Financial Regulations and Contract Procedure Rules
- Tracking of new government legislation, announcements, consultations and bills via the tracker system on a weekly basis and circulated to key individuals.
- Adoption of an Employee Appraisal systems, supervision protocols and induction programmes for staff to ensure staff know what is expected of them
- Member induction and development programme to ensure specific and specialist roles have up to date training to effectively carry out role.
- E-learning packages are available for members and officers.
- Specific training for officers is made available through the annual Corporate Training Programme.
- The Leadership and Management Framework is being developed.
- Health & Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored.
- Adoption of an Apprenticeship Programme offering training, skills and experience in Local Government.
- To ensure best practice, the council have obtained the SEE Member Development Charter

Core Principle F: Managing risks and performance through robust internal control and strong public financial management

Rationale: 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,

To demonstrate its commitment to achieving good governance, Thanet District Council has:

Managing risk

- The Governance and Audit Committee which provides strategic oversight of the processes in place to manage risk and to identify and manage council and strategic risk.
- The Council has in place a Risk Management Strategy and Process
- Risk management arrangements in place including robust systems of identification, evaluation and control of risks which threaten the council's ability to meet its objectives to deliver services.
- Responsibilities for managing individual risks are devolved through CMT to Service Managers.
- The Audit Committee is responsible for considering the effectiveness of the authority's risk management arrangements.

Managing performance

- A well-established performance management framework, with various levels and frequencies for reporting.
- Performance monitoring reports that are produced periodically throughout the year.
- Dates for submitting, publishing and distributing reports are set and adhered to.
- The format of decision making reports ensure that all relevant information is considered such as analysis of options, resource implications etc..
- Reports and minutes and decisions under member consideration are published on the website and are available in hard copy in a variety of formats on request.
- Work Programmes are developed involving all members and co-opted members of panels apply the overview and scrutiny disciplines of policy review and development, call-in, added items and monthly review meetings with Cabinet Members and Directors.
- Agenda, minutes of scrutiny meetings and any associated reports with recommendations to the Executive are published on the council's website.
- Overview and Scrutiny training for members is provided initially at induction, also on an annual basis or on specific subjects within scrutiny panel meetings.

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.

Robust internal control

- An annual report is produced by Internal Audit which provides an opinion on the council's control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit.
- Anti Fraud and Corruption Strategy which is subject to regular review and is approved by the Audit Committee.
- An annual fraud report summaries anti-fraud activity in the year.
- AGS that provides a high level summary of how the council is meeting the principles of good governance.
- The AGS is reviewed annually by the Audit Committee and the external auditors alongside our annual financial statements.
- An effective internal audit service is resourced and maintained through EKAP
- Internal Audit prepares and delivers a risk based audit plan which is kept under review to reflect changing priorities and emerging risks.
- The council is subject to External Audit and inspection regimes which require action plans which are assigned to officers.
- The Governance and Audit Committee, which is independent of the Executive, oversees the management of governance issues, internal controls, risk management and financial reporting.
- Its performance is subject to annual self-assessment.
- Audit Committee Terms of Reference are reviewed annually and revised to reflect professional bodies' expectations and best practice.
- Training is provided to new Audit Committee members on their role and responsibilities.
- The Constitution, through its Overview and Scrutiny Procedure Rules has opportunities for the council's scrutiny panels to challenge and debate policy and objectives before, during and after decisions are made.

Managing data

- Information Governance Framework sets out the roles, responsibilities, policies and procedures for managing the council's information assets. This is subject to an annual review.
- Effective information sharing is undertaken in accordance with the Data Protection Act and the council's Data Protection & Confidentiality Policy.
- The council's ICT and Information Security Standards provide guidance on the arrangements

	<p>that must be in place to ensure personal data is kept protected and secure.</p> <ul style="list-style-type: none"> ● Information governance and security awareness with officers and members through mandatory information governance training, annual information governance campaign, council wide messages ● Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the council's overall Privacy Notices published on the website and individual Privacy Statements ● Information Sharing Agreements are reviewed on a regular basis, are in place to document the sharing of information using national agreements, or inter-council protocols and agreements ● Data verification and validation processes are integrated within systems and processes. ● A system for Data Protection Impact Assessments has been put in place to ensure that data protection is considered in relevant reports ● The council completes external self-assessments when required ● The council has appointed a Data Protection Officer and Senior Information Risk Owner <p>Strong public financial management</p> <ul style="list-style-type: none"> ● The Medium Term Financial Plan makes a realistic assessment of the resource that growth allows and allocates that resource to create a sustainable council capable of delivering council priorities and outcomes. ● Underpinned by a set of principles which guide the council in its budget setting decisions In a 'one council' culture of shared responsibility encourages the sharing of good practice and secures cross-council synergies. ● With effective financial management secured through budget planning and control using a system of devolved budget management. ● Contract Procedure Rules and Financial Regulations set out the council's arrangements and ensure that processes continue to operate consistently. ● Financial accountability applied through a hierarchy of reporting arrangements up to council level. ● Financial procedures documented and available for reference on the council's TOM intranet ● Annual Performance and Finance reports
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Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Rationale: 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.

To demonstrate its commitment to achieving good governance, Thanet District Council has:

Implementing good practice in transparency

- Agendas, reports and minutes are published on the council's website.

Implementing good practices in reporting

- Production of an Annual Reports summarising achievements in the year published on the council's website.
- Annual Financial Statements are produced to meet legal requirements on timeliness and accuracy; are subject to independent external audit; and published on the council's website.

Assurance and effective accountability

- Governance and Audit Committee produces an Annual Report
- AGS that sets out the council's governance framework and the results of the annual review of the effectiveness of the council's arrangements.
- The AGS includes areas for improvement.
- An effective internal audit service is resourced and maintained.
- The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the council's internal control arrangements.
- An annual report is produced by Internal Audit which includes a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit.
- External Audit provides an annual opinion on the council's financial statement and arrangements for securing Value for Money.
- Outcome to leaning through external review e.g. LGA corporate peer challenge - such reviews are reported to cabinet.
- The Council responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies.
- The respective roles of officers and associated responsibilities are set out in the Constitution.

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**REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE
AND AUDIT COMMITTEE AND ANNUAL REPORT FOR
2018/19**

Council	28 March 2019
Report Author	Chair of the Governance and Audit Committee
Portfolio Holder	Cabinet Member for Corporate Governance
Status	For Information
Classification:	Unrestricted
Key Decision	No
Reasons for Key	N/A
Previously Considered by	None
Ward:	Thanet Wide

Executive Summary:

The annual report summarises the achievements of the Governance and Audit Committee against its terms of reference for the 2018-19 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

Financial and Value for Money	There are no financial implications arising directly from this report.
Legal	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.
Corporate	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..

Equalities Act 2010 & Public Sector Equality Duty	<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 & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td colspan="2" style="padding: 2px;">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td style="padding: 2px;">Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td style="width: 50px;"></td> </tr> <tr> <td style="padding: 2px;">Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> <td></td> </tr> <tr> <td style="padding: 2px;">Foster good relations between people who share a protected characteristic and people who do not share it.</td> <td></td> </tr> </table> <p>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.</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.	
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.									

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

CORPORATE VALUES (tick those relevant) ✓	
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,

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training 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 2018/19
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Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation

Finance	Tim Willis, Deputy Chief Executive & S151 Officer
Legal	Tim Howes, Director of Corporate Governance & Monitoring Officer

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Governance and Audit Committee

ANNUAL REPORT 2018/19

Foreword by Councillor Simon Day, Chairman of the Governance and Audit Committee

This report provides an overview of the Governance and Audit Committee's activity during the municipal year 2018/19.

I am pleased to report that the Committee continues to discharge its responsibilities to provide independent assurance on the adequacy of the council's risk management framework and the associated control environment, and provides 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 2018/19. My thanks also go to the Council officers who have supported me in my role as Chairman, and in the work of the Committee.

In looking forward to 2019/20 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.

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2.0 Membership

2.1 The Governance and Audit Committee comprised of 15 Members. Committee agenda papers and minutes are available on the Council's website (www.thanet.gov.uk).

	Members	25 Jul 2018	26 Sept 2018	05 Dec 2018	06 Mar 2019
C o m m i t t e e M e m b e r s	Cllr Bambridge	A	✓	✓	
	Cllr Buckley	✓	✓	✓	
	Cllr Braidwood	✓	✓	Ab	
	Cllr Campbell	✓	✓	✓	
	Cllr Connor	✓	✓	✓	
	Cllr Day (C)	✓	✓	✓	
	Cllr Dennis	A	A	A	
	Cllr Dexter	Ab	✓	Ab	
	Cllr Dixon	Ab	✓	Ab	
	Cllr Evans	✓	✓	Ab	
	Cllr Larkins (VC)	✓	✓	✓	
	Cllr Messenger	✓	✓	✓	
	Cllr R Potts	Ab	Ab	✓	
	Cllr Pugh	✓	✓	✓	
	Cllr Townend	✓	Ab	Ab	
R e s e r v e s	Cllr G Coleman-Cooke(R)				
	Cllr Dellar (R)				
	Cllr Edwards (R)				
	Cllr L Fairbrass (R)				
	Cllr Fenner (R)				
	Cllr Grove (R)				
	Cllr Jaye-Jones (R)	IA			
	Cllr Savage (R)				
	Cllr Shonk (R)			IA	
Cllr Wells (R)					
	Cllr Gregory	IA	IA	IA	
	Cllr L Piper		IA	IA	
	Cllr Rev. S Piper		IA	IA	

Key

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

3.0 Programme of reports 2018/19

3.1 Detailed below is the programme of reports considered by Governance and Audit Committee during 2018/19, and how they relate to the Committees terms of reference.

Function/Issue	Responsible officer/body	25 Jul 2018	26 Sept 2018	05 Dec 2018	06 Mar 2019
Audit activity					
External Audit Annual Letter 2017/18	GT		✓		
External Audit Grant Certification Letter 2017/18	GT				✓
Internal Audit Annual Report	EKAP	✓			
External Audit Findings Report	GT	✓			
External Audit Plan 2018/19	GT				✓
Internal Audit 2019-20 Audit Plan	EKAP				✓
Internal Audit Quarterly Update Report	EKAP	✓	✓	✓	✓
External Audit Update Report	GT			✓	
Audit Committee Assurance Statement	DCR	✓			
Regulatory framework					
Annual Governance Statement	DCG	✓			
Annual Treasury Management Review 2017/18	DCR	✓			
Annual Review of Corporate Risks Including Quarterly Update	DCR	✓			
Corporate Risk Register Quarterly Update	DCR		✓	✓	✓
Governance Framework and Local Code of Corporate Governance Update	DCG				✓
Risk Management Strategy	DCR				✓
Treasury Management Strategy Statement and Annual Investment Strategy - Mid Year Review Report 2018-19	DCR			✓	
Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy for 2019-20	DCR			✓	
Final Statement of Accounts 2017-18 and Management's Letter of Representation	DCR	✓			

Key

DCG Director of Corporate Governance and Monitoring Officer
DCR Director of Corporate Resources and Section 151 Officer
EKAP East Kent Audit Partnership
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, 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 reviews the Council's Governance Framework as appropriate and Local Code of Corporate Governance annually.
- 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 quality of reports, actions and follow-ups through the quarterly reports submitted during the year to the 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 Due to pressure on staff and resources recommended actions from last year have not been fully implemented. The work has therefore been rolled over into next year. The recommended actions are listed in Appendix 2 attached to this report. They will be incorporated into the council's Annual Governance Statement (AGS).

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:
- oversee corporate risk management within the context of change arising from the continued reduction in resources

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- maintain effective internal control in a period of government funding reductions and service change.
- make the Code more of a forward facing document by identifying and planning future changes in governance arrangements
- moving documents to the Council's website and provide links to those documents in reports

7.0 Appendices

Appendix 1 Governance and Audit Committee Annual Assessment for the period 2018/19

Appendix 2 Governance and Audit Committee Action Plan 2019/20

Governance and Audit Committee Self-assessment of good practice - Appendix 1

Good practice questions	Yes	Partly	No	Comments/Action
Audit Committee purposes and governance				
Does the council have a dedicated Audit Committee?	✓			
Does the Audit Committee report directly to full council?	✓			Annual Report of Governance and Audit Committee that goes to Annual Council
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?		✓		Action; Review the terms of reference against the CIPFA's Position Statement
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
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.
Are the arrangements to hold the committee to account for its performance operating satisfactorily?		✓		Action; Undertake a more detailed review of the committee's operation in the coming year
Functions of the committee				
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	✓			
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that	✓			Annual report sets out the work undertaken in accordance with the committee terms of reference. This includes all core areas.

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adequate consideration has been given to all core areas?				
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?		✓		Action: To be undertaken as part of the terms of reference review
Where coverage of core areas has been found to be limited, are plans in place to address this?			n/a	Core areas sufficiently covered
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?	✓			
Membership and support				
Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none">• Separation from the executive• An appropriate mix of knowledge and skills among the membership• A size of committee that is not unwieldy• Where independent members are used, that have been appointed using an appropriate process	✓	✓	✓	Members of the Committee are independent of the Executive.
	n/a	n/a	n/a	
Does the chair of the committee have appropriate knowledge and skills	✓			Chair has undertaken training
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.
Has the membership of the committee been assessed against the core knowledge and skills framework and be found to be satisfactory?	✓			
Does the committee have good working relations with key people and organisations, including external audit, internal	✓			

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audit and the chief finance officer?				
Is adequate secretariat and administrative support to the committee provided?	✓			
Effectiveness of the committee				
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.
Has the committee evaluated whether and how it is adding value to the organisation?		✓		Partly through the Annual Report
Does the committee have an action plan to improve any areas of weakness?	✓			See actions recommended above.

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Governance and Audit Committee Action Plan 2019/20 - Appendix 2

Following the completion of an annual assessment of the performance of the Governance and Audit Committee for the period May 2018 to April 2019, the issues below were identified and action will be undertaken during the period May 2019 to April 2020 to address these.

Ref	Good practice principle / description / issue identified	Proposed Action	Proposed completion date	Responsible officer / body
18-19/01	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	September 2019	DCG
18-19/02	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	September 2019	DCG
18-19/03	Make the Code a more forward face document	Reviewing with Committee recommendations for future work	December 2019	DCG
18-19/04	Move to make the Code web rather than paper based	Create a dedicated web page on the internet site	July 2019	DCG

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.