

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 24 July 2019 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor Simon Day (Chairman); Councillors Boyd, Crittenden, Dexter, Garner, Scott, Shrubbs and Yates

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Campbell, Councillor Farrance for whom Councillor Currie was present as a substitute, Councillor Kup, Councillor Pat Moore and Councillor S Piper.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETING

Councillor Day proposed, Councillor Dexter seconded and Members agreed the minutes of the meeting held on 6 March 2019.

4. INTERNAL AUDIT QUARTERLY UPDATE REPORT

Mr Webb, Deputy Head of the East Kent Audit Partnership (EKAP), introduced the report noting that there had been seven internal audit assignments completed since the last committee meeting; two achieved substantial assurance, three concluded reasonable assurance, one achieved a mixture of reasonable/limited and substantial assurance, and one did not require an assurance rating. Six follow up reviews had also been completed.

During consideration of the item, it was noted that:

- Housing benefit was audited more than other services. This was because a significant amount of money went through that department's systems.
- Six follow up reviews were detailed in the table at paragraph 3.1 of annex 1. The table displayed the original assurance level and the revised level after follow up review.
- There was one high priority recommendation outstanding after follow up review that related to garden waste.

Members agreed to note the report, and agreed that changes to the 2019-20 internal audit plan, resulting from changes in perceived risk, detailed at paragraph 5.0 in Annex 1 of the report be approved.

5. INTERNAL AUDIT ANNUAL REPORT

Mr Webb introduced the report which provided Members with a summary of the impact of the work of the EKAP for the year up to 31 March 2019.

During consideration of the item, it was noted that:

- This was a summary of the four previous quarterly reports. The report detailed the number of recommendations made and a breakdown of the number of audits by assurance level achieved.
- 64% of audits achieved either reasonable or substantial assurance.

- The number of planned days had reduced since 2008-09 because some services were no longer carried out by the Council. If the days allocated to these lost services were removed, then the number of planned days for the Council would remain largely unchanged since 2008-09.
- In summary the EKAP assessed the overall system of internal control in operation throughout 2018-19 as providing reasonable assurance.

Members noted the report.

6. ANNUAL GOVERNANCE STATEMENT 2018-2019

Mr Howes, Director of Corporate Governance and Monitoring Officer introduced the report which presented the draft Annual Governance Statement 2018/19 for consideration by the Committee.

During consideration of the item it was noted that:

- The statement was backward looking up to 31 March 2019.
- The following amendments to the statement were noted:
 - On page two it should refer to the 'Accounts and Audit (England) Regulations 2015'.
 - On page two the in place governance arrangements were for the year ending 31 March 2019.
 - On page ten a paragraph should be included about the failure of the Council to declare a vacancy in the office of Councillor under the heading Significant Governance Issues.
 - On page 11 'Areas for Improvement' should be added as a heading.

Subject to these amendments it was proposed by Councillor Dexter, seconded by Councillor Day and Members agreed the draft Annual Governance Statement 2018/19 which would be shared with the external auditors for amendment (if necessary) prior to publication.

7. HOMES ENGLAND AUDIT 2017/18

Mr Willis, Deputy Chief Executive and Section 151 Officer introduced the report which provided Members with a summary of the audit results.

During consideration of the item, it was noted that:

- No breaches had been identified and the Council had met all its contractual requirements.

Members noted the report.

8. CORPORATE RISK REVIEW - QUARTERLY UPDATE

Mr Blundell, Head of Financial Services, introduced the report which provided a quarterly update of progress since the last meeting.

During consideration of the item it was noted that:

- This was a standard quarterly report that Committee would receive at each meeting.
- There were four main corporate risks.
- There was no change to the political stewardship risk which had the highest possible rating.
- Limited resources had reduced from 16 to 12.

- East Kent Housing Health and Safety had been identified as a new risk and had the highest possible rating.
- The Brexit risk was ongoing and remained unchanged.

Members noted the report.

9. ANNUAL TREASURY MANAGEMENT REVIEW 2018-19

Mr Blundell introduced the report that provided a summary of the treasury management activity and prudential/treasury indicators for 2018/19.

During consideration of the item it was noted that:

- The Committee will be given some treasury management training during the year.
- This was a backward look and showed that the Council had operated within the parameters agreed in treasury management strategy.

It was proposed by Councillor Dexter, seconded by Councillor Day and Members agreed:

That the Governance and Audit Committee:

- Notes the actual 2018-19 prudential and treasury indicators in this report.
- Approves the Annual Treasury Management report for 2018-19.
- Recommends this report to Council.

10. EXTERNAL AUDIT - AUDIT FINDINGS REPORT

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

During consideration of the item it was noted that:

- The report summarised the work to date.
- The quality of the draft accounts presented by GT was good, and GT's work was substantially completed. The valuation of housing assets was to be finalised.
- Four objections had been received from the public which would be investigated before GT could formally conclude the audit and issue an audit certificate. This was expected to be done in December 2019.

Members noted the report.

11. AUDIT COMMITTEE ASSURANCE STATEMENT

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

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

12. FINAL STATEMENT OF ACCOUNTS 2018-19 AND MANAGEMENT'S LETTER OF REPRESENTATION

Mr Blundell, introduced the item noting that the report was before the Committee in accordance with the Accounts and Audit Regulations 2015.

During consideration of the item it was noted that:

- The audit of the statement of accounts would be complete once the valuation of the housing stock had been finalised and agreed with GT.
- A couple of minor amendments had been made to the statement of accounts since the draft accounts had been produced.

It was proposed by Councillor Dexter, seconded by Councillor Day and Members agreed that the approval of the 2018/19 statement of accounts be delegated to the Section 151 Officer, or their deputy, in consultation with the Chair, or Vice Chair, of the Governance and Audit Committee.

Meeting concluded : 7.50 pm