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GOVERNANCE & AUDIT COMMITTEE

Minutes of the meeting held on 3 March 2021 at 5.00 pm by video conference.

Present: Councillor Mike Garner (Chairman); Councillors Dexter, Boyd, Crittenden, Currie, Shrubbs and Towning

In Attendance: Cllr Rattigan

1. APOLOGIES FOR ABSENCE

Apologies were received from Cllr Kup, Cllr Braidwood, Cllr Pat Moore and Cllr Pugh, for whom Cllr Rattigan was a substitute.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETINGS

Councillor Garner proposed, Councillor Dexter seconded and members agreed the minutes as a correct record of the meetings held on 25 November 2020 and 10 February 2021.

4. QUARTERLY INTERNAL AUDIT UPDATE

Mr Webb, Deputy Head of the East Kent Audit Partnership, introduced the report and made the following comments:

- There were 9 new pieces of audit work undertaken in this quarter, to 31 December 2020.
- Substantial assurance was concluded in 5 areas, there were 2 areas of reasonable assurance. The last 2 pieces of work weren't given an assurance as they were work to ensure processes are followed correctly and to test for fraudulent activity.
- Follow-up is a key part of Internal Audit. The EKAP undertook 2 follow-ups during this quarter, both showing reasonable assurance levels before and after follow up.
- Appendix 3 shows that there are no critical or high-priority recommendations outstanding at the time of follow-up.
- Appendix 4 shows a list of areas that require following up. These are areas with an initial assurance score of 'limited' or 'nil' and will remain on the list until completed.
- Appendix 5 is a balanced score-card of performance indicators for the EKAP. In addition to this, a client satisfaction questionnaire is used at the end of individual audits, and feedback is very encouraging.

In response to questions from members it was noted that:

- The areas covered in Appendix 4 would be concluded as the recommendations fall due, some will be in time to present to the next meeting of the Governance & Audit committee.
- EKAP monitor staff testing positive for Covid-19 or self-isolating but other than that there has been no change to processes as a result of the pandemic.

Councillor Garner proposed, Councillor Dexter seconded and members approved the Quarterly Internal Audit report, with the following actions noted:

- That the changes to the agreed 2020-21 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.

5. DRAFT INTERNAL AUDIT PLAN

Christine Parker introduced the report and made the following comments:

- The Governance & Audit Committee is required to review and assess the Internal Audit work plan for the forthcoming year.
- A considerable amount of work has gone to prepare this draft plan, covering all areas of risk management within the authority.
- The plan is concerned with looking inwards at TDC risks and more broadly considers external influences.
- Key risks are considered against the information gathered and timelines for the proposed reviews against the risks are provided.
- There is a rolling cycle of audits, shown in this report across multiple years. Members are only being asked to consult on the work plan for the following 12 months.
- The level of audit provision, averaging 400 days, compares well against the average in Kent.

During discussion it was commented that:

- Discussions take place between EKAP and Grant Thornton in order to avoid any duplication of effort in work plans.
- This plan is based on what we know now and it may be required to be flexible according to future pressures as the year unfolds.
- It has been proposed by the management team that external auditors cover some specific risks outlined. This is shown in the report and it is the role of the Governance and Audit Committee to agree that there is assurance that all risks are covered.
- Information management and data protection work is underway and hoping to be completed this year, coming into the plan at a later date.
- The Committee considered that they would like a governance and culture review begun during quarter 1. An error in the published Annex was noted, the 10 day provision against this heading should in fact be against the Cloud Computing/Digital review. It is proposed that Grant Thornton undertake the governance and culture review.
- The effects of the global pandemic on third party risk, specifically the risk of contractor non-performance, is a consideration going forward.

The report author advised that the annex in the agenda pack was an older copy of the Internal Audit Plan 2020-21 than intended, and as such was missing some information. An overview of the updates was shared with members. The correct version is attached to these minutes.

Councillor Garner proposed, Councillor Dexter seconded and members agreed that the report be approved with the amendment that:

- Progress of a Governance and Culture review, undertaken by Grant Thornton, is assessed at the next meeting of the Governance & Audit Committee.

6. **CORPORATE RISK MANAGEMENT - QUARTERLY UPDATE**

Mr Blundell, Director of Finance, introduced the report.

During consideration of the item it was noted that:

- There has been no change to risk scores since November.
- The risk related to EKH performance and transition is no longer considered a key risk, but will continue to be monitored by officers.
- Clarification was given on the political stewardship risk; that it is purely about the issue of no overall political control in the council and the associated difficulties in decision making etc. It is not connected to member and officer relations, as they do not currently present issues.

Councillor Garner proposed, Councillor Dexter seconded and members approved the review of corporate risks.

7. **21/22 ACCOUNTING POLICIES**

Chris Blundell introduced the report and made the following comments:

- There are no significant changes to accounting policies from the 2019-20 report.
- The housing debt write-off policy is being reviewed and there may be a subsequent amendment brought to the committee in due course.

Councillor Garner proposed, Councillor Dexter seconded and the committee agreed the following:

1. That the committee agrees the policies as set out in Annex 1 of this report;
2. That the committee notes the proposed changes to the statutory audit deadlines for 2020-21.

8. **AUDIT FINDINGS REPORT**

Officers explained that items 8, 9 & 10 had been deferred from the November meeting of the Governance & Audit Committee, making the following points:

- Due to accounting issues in relation to the sale of Dreamland, that arose very late in the process, the accounts couldn't be signed off at the meeting in November.
- At the end of 2019/2020, the sale of Dreamland was uncertain and the settlement of the Compulsory Purchase Order was ongoing.
- During the process the figure connected to the CPO fluctuated considerably, based on advice from external lawyers.
- They are now confirmed and we can finalise the accounts based on reliable figures.
- The Council issued a report on these matters, which can be viewed on the website: <https://www.thanet.gov.uk/sale-of-dreamland-achieved/>

Ms Ironmonger, Director - Grant Thornton, introduced the report and highlighted the following:

- Grant Thornton is intending to issue an 'unqualified opinion' and an 'emphasis of matter' paragraph. This is not a qualification, but highlights the disclosure in the

accounts relating to the material uncertainty issued by property valuers in March 2020.

- Grant Thornton is not giving a value for money conclusion for 2020 at the moment. This is due to an unresolved objection to the 2018/19 accounts, which prevented the value for money conclusion being made.
- Ongoing financial sustainability was highlighted as a significant challenge that TDC needs to keep a focus on to ensure we are able to replenish reserves in the future.
- In terms of governance, Grant Thornton are going to specify the terms of reference for areas that they can look at, which don't impact any ongoing enquiries.
- Acting promptly to bring EK Housing back in house when issues were raised has made TDC's arrangements more robust.

During discussion the Committee was advised of the following points:

- GT's responsibility is to review the arrangements TDC has in place to manage issues such as ongoing financial sustainability.
- TDC has very low reserves, however, year on year we are improving our position. Covid will have impacted this, but up to 2020 the balance sheet position has been edging in the right direction.
- It was clarified that the 'unsustainable level of reserve' mentioned is there to note that repeatedly relying on reserves is a risk and should be avoided.
- The Council's existing Medium Term Financial Strategy sets out a policy to begin replenishing our reserves in 2022/23. Officers will consider bringing the draft medium term financial strategy to G&A in the future.
- TDC has already started replenishing the funds identified to address the financial implication of Covid and the situation isn't as bad as first thought. This is due to a combination of action taken in-year to mitigate the effect of Covid and government support given in addition to that.
- The report on objections relating to the port of Ramsgate is nearing a conclusion, a definitive timeframe cannot be given at this stage.
- Grant Thornton will comment on the process of the Investigations and Disciplinary Sub-Committee after it has reached a conclusion.

Members noted the report.

9. AUDIT COMMITTEE ASSURANCE STATEMENT

Chris Blundell introduced the report and make the following comments:

- There are requirements of the external auditor to establish an understanding of management processes and how the Governance & Audit Committee maintains oversight of these processes.
- This is detailed in a letter addressed to the previous Chair and it is required that the response comes from the Chair of the committee, not an officer. Therefore, the committee needs to be assured that the information proposed to be submitted to the external auditor, compiled by officers in collaboration with the Chair, is sufficient.

Councillor Garner proposed, Councillor Dexter seconded and the committee agreed to note and approve the responses to the letter from Grant Thornton as set out in Annex 2.

10. STATEMENT OF ACCOUNTS

Chris Blundell presented the statement of accounts with the following notes:

- This report was initially deferred because of the issues surrounding the sale of Dreamland.
- Therefore the council didn't make the target deadline of 30 November 2020 and subsequently published a statement on the website to explain why.
- More than half of local authorities didn't meet this deadline due to the pandemic.
- The Government is considering recommendations to make accounts more accessible in future.
- The comprehensive income and expenditure statement shows a 42m net cost of services (including a 19.5 million pound valuation change of Dreamland assets). However, the majority of this net expense is adjusted to non-usable reserves and does not impact on our usable reserves.
- Our net usable reserves increased by £678k to £48m.
- There was a 1 million pound increase in the general fund reserves (to 13.5 million), but it should be noted that this was pre-Covid and it is anticipated that we will need to use reserves in this year's accounts also.
- The Council's net worth reduced from £196m to £178m. Mainly due to the reclassification of Dreamland, but there was also an increase in our pension liability.

There were no questions from members. Councillor Garner proposed, Councillor Dexter seconded and the committee agreed the following:

1. That the Committee approves the Statement of Accounts for 2019-20.
2. That the Committee notes the Letter of Representation to Grant Thornton issued by the Deputy Chief Executive and s151 Officer.

Meeting concluded : 6.20 pm

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Plan Area	Corporate	Year last	Previous	2021-22	Quarter	2022-23	2023-24	2024-25
Financial Governance:								
Capital		2019-20	Substantial				10	
Treasury Management		2019-20	Substantial				10	
Car Parking & Enforcement	Env.	2018-19	Substantial			15		
Bank Reconciliation		2018-19	Substantial			10		
Creditors and CIS		2017-18	Substantial	10	3			
External Funding Protocol		2019-20	Substantial				10	
Main Accounting System		2016-17	Substantial			10		
Income & Cash Collection		2017-18	Substantial/	10	3			
Budgetary Control		2016-17	Substantial	10	3			
VAT		2018-19	Substantial			12		
Insurance and Inventories of Portable Assets		2019-20	Substantial				12	
Housing Systems:								
Homelessness	Comm.	2016-17	Substantial					10
Temporary Accommodation - charging and income generation		New Area	To be Assessed	12	2			
Housing Allocations and Housing Needs	Comm.	2018-19	Substantial			12		
Private Sector Housing – HMO Licensing and Selective Licensing	Comm.	2016-17	Substantial					10
Right to Buy	Comm.	2017-18	Reasonable	10	1			
Responsive Repairs & Maintenance		2019-20	Various	15	4			15
Decent Homes		New Area	To be Assessed					10
Void Property Management		2019-20	Various			10		
Garage Deposits/Management		New Area	To be Assessed					8
Tenant Health & Safety		2019-20	Various	10	4	10		
Rent Accounting, Collection & Recovery		2019-20	Substantial				15	
Leasehold Services		2017-18	Reasonable			15		

Plan Area	Corporate	Year last	Previous	2021-22	Quarter	2022-23	2023-24	2024-25
Rechargeable Works		New Area	To be Assessed	10	2			
Capital Programme, Planned Maintenance		New Area	To be Assessed				12	
Contract Monitoring & Management		2018-19	Limited				10	
Contract Letting/Procurement Process/Specifications		New Area	To be Assessed			10		
Tenancy Fraud		2017-18	Limited					10
Resident Involvement		New Area	To be Assessed	10	4			10
Tenancy & Estate Management and Inspections		2012-13	Reasonable	10	2			
Anti-Social Behaviour		2012-13	Reasonable				10	
New Capital Build Programme		New Area	To be Assessed				10	
Energy Efficiency, Carbon Reduction & Fuel Poverty Programmes		New Area	To be Assessed				12	
HRA Business Plan	Comm.	2014-15	Substantial				10	
Information Governance:								
Data Protection, FOI and Information Management		2017-18	Limited					10
Technology/Cyber Risks:								
Cloud Computing/Digital		New Area	To be Assessed	10	3			
Corporate Governance:								
Governance & Culture		Not audited by EKAP, assurance is instead to be provided by External Audit						
Members' Code of Conduct, Register of Interests, Gifts and Hospitality, and Standards Arrangement		2020-21	Reasonable					10
Officers' Code of Conduct and Gifts and Hospitality		2016-17	Reasonable					10
Local Code of Corporate Governance		2016-17	Limited					8

Plan Area	Corporate	Year last	Previous	2021-22	Quarter	2022-23	2023-24	2024-25
Complaints Monitoring		2018-19	Limited			10		
Shared Services Monitoring		2012-13	Reasonable				10	
Partnerships		2012-13	Reasonable				10	
Scheme of Officer Delegations		2017-18	Substantial				10	
Corporate/Governance and Audit Committee		Annually	N/A	32	1 to 4	32	32	32
Project Management		2016-17	Limited					10
Performance Management & Data Quality:								
Performance Management		2017-18	Reasonable/Limited	10	3			
Fraud Risk:								
Anti-Fraud & Corruption Assurance Mapping		2019-20	N/A			15		
Risk Management:								
Risk Management	Informs all Corporate Risks	2017-18	Reasonable	10	4		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
Procurement & Contract Management:								
CSO Compliance		2019-20	Reasonable				12	
Service Contract Management		2016-17	Limited	12	2			
Receipt and Opening of Tenders		2017-18	Substantial					10
Procurement		2016-17	Substantial					10
Asset Management:								

Plan Area	Corporate	Year last	Previous	2021-22	Quarter	2022-23	2023-24	2024-25
Asset Management; Commercial Properties and Concessions (incl, Industrial estates, Innovation centre etc)	Growth	2017-18	Limited	10	1		10	
Commercial Properties - Compliance		New Area	To be Assessed					
Service Level Audits:								
Cemeteries and Crematoria		2020-21	Reasonable					12
Thanet Lottery		New Area	To be Assessed	15	4			
Safeguarding Children and Vulnerable Groups/DBS Checks		2018-19	Reasonable			12		
Community Safety	Comm.	2018-19	Reasonable			10		
Coastal Management		2016-17	Substantial					10
CCTV	Comm.	2018-19	Substantial			10		
Dog Warden Service, Street Scene and Litter Enforcement (incl. graffiti and flytipping)	Env.	2018-19	Reasonable			10		
Electoral Registration & Election Management		2018-19	Reasonable	10	2			
Environmental Health – Food Safety	Env.	2018-19	Substantial			10		
Environmental Health – Public Health Burials	Env.	2020-21	Limited					7
Environmental Health – Health and Safety at Work	Env.	2015-16	Limited					10
Environmental Health - Environmental Protection Service Requests	Env.	2016-17	Substantial				10	
Environmental Health - Pollution, Contaminated Land, Air and Water Quality	Env.	2017-18	Substantial			10		
Business Continuity and Emergency Planning		2018-19	Reasonable			12		

Plan Area	Corporate	Year last	Previous	2021-22	Quarter	2022-23	2023-24	2024-25
Playgrounds		2016-17	Limited	10	2			
Equality and Diversity		2014-15	Reasonable	10	1			
Grounds Maintenance	Env.	2019-20	Reasonable/Limited			15		
Dalby Square Heritage Grants and Housing Intervention Grants	Comm.	2015-16	Substantial				10	
Disabled Facilities Grants	Comm.	2020-21	Substantial					10
Land Charges		2017-18	Substantial	10	1			
Licensing		2018-19	Substantial			10		
Museums		2015-16	Limited			10		12
Allotments		2017-18	Reasonable				10	
Legal Services		Not audited by EKAP, assurance is instead provided by LEXCEL accreditation						
Ramsgate Port, Marina & Broadstairs Harbour	Growth	2019-20	Substantial	12	3			
Ramsgate Harbour Accounts	Growth	2019-20	Not Applicable	5	2	5	5	5
East Kent Opportunities	Growth	2018-19	N/A			12		
Members' Allowances and Expenses		2016-17	Substantial					10
Planning Applications, Income and s106 Agreements	Env.	2019-20	Reasonable				12	
Building Control	Env.	2019-20	Limited				10	
Phones, Mobiles and Utilities		2020-21	Reasonable					10
Printing and Post		2019-20	Substantial				10	
YourLeisure - Sports and Leisure	Comm.	2014-15	Reasonable/Limited					13
Event Management, Sports & Community Development	Comm.	2014-15	Reasonable	10	4			
Visitor Information Arrangements	Growth	2015-16	Substantial				10	

Plan Area	Corporate	Year last	Previous	2021-22	Quarter	2022-23	2023-24	2024-25
Waste and Street Cleansing Vehicle Fleet Management	Env.	2017-18	Reasonable					15
Garden Waste and Recycling Income	Env.	2017-18	Reasonable	12	2			
Refuse Collection	Env.	2016-17	Reasonable					12
Street Cleansing	Env.	2018-19	Limited	14	4			
Climate Change	Env.	2009-10	To be Assessed				7	
Employee Health, Safety and Welfare		2018-19	Reasonable			12		
Total Planned Days:				320		320	320	320

Plan Area	Year	Previous	2021-22	2022-23	2023-24	2024-25
EK Services - Revenues & Benefits (CIVICA)						
Housing Benefits – Payment	2017/18	Substantial	15			
Housing Benefits – Overpayments	2020/21	Substantial				15
Housing Benefits – Admin & Assessment	2018/19	Substantial			15	
Housing Benefit - Appeals	2019/20	Substantial			15	
Housing Benefit - DHP	2018/19	Reasonable		15		
Housing Benefit - Subsidy	2020/21	Substantial				15
Housing Benefit Testing	2019/20	N/A	15	15	15	15
Council Tax	2014/15	Substantial	15			
Council Tax Reduction Scheme	2017/18	Substantial			15	
Customer Services/Gateway	2016/17	Substantial	15			
Business Rates	2017/18	Substantial		15		
Business Rates reliefs / credits	2019/20	Substantial				15
Debtors and rechargeable Works	2018/19	Substantial		15		
Key Performance Indicators	2020/21	New	5	5	5	5
Sub-Total EKS Civica			65	65	65	65
EK Services Corporate						

Plan Area	Corporate	Year last	Previous	2021-22	Quarter	2022-23	2023-24	2024-25
Meetings/ Agree Audit Plan	N/A	Annually	5	5	5	5		
Carried forward / Follow Up Reviews	N/A	Annually	15	15	15	15		
Sub-Total EKS Corporate			20	20	20	20		
EK Services - ICT								
ICT – Change Controls / Updates	2016/17	Substantial	15					
ICT - Data Management	2017/18	Substantial		15				
ICT – Network Security	2018/19	Substantial		15				
ICT – Procurement and Disposal	2017/18	Reasonable	15					
ICT – Physical and Environment	2019/20	Substantial			15			
ICT - Software Licensing	2016/17 (2020)	Reasonable				15		
ICT - PCI-DSS	2018/19	Reasonable / Limited			15			
ICT - Disaster Recovery	2015/16	Sub /				15		
Sub -Total EKS ICT			30	30	30	30		
EK Services - EKHR								
Absence Management/Annual Leave and Flexi Leave	2018/19	Reasonable		15				
Payroll, SMP and SSP	2019/20	Reasonable	15	15	15	15		
Employee Allowances and Expenses	2017/18	Sub / Reasonable	15			15		
Employee Benefits-in-kind	2019/20	Substantial / Limited			15			
Leavers / Recruitment	2016/17	Substantial	15			15		
Disclosure & Barring Service	2020/21	Limited			15			
Apprenticeships	2018/19	Sub / Reasonable		15				
Sub-Total EKS HR			45	45	45	45		
Overall EKS Plan total			160	160	160	160		

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