

## GOVERNANCE & AUDIT COMMITTEE

Minutes of the meeting held on 8 March 2023 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

**Present:** Councillor Kerry Boyd (Chair); Councillors Dexter, Austin, Duckworth, Garner, Leys, Shrubbs and Towing

**In Attendance:**

### 1. APOLOGIES FOR ABSENCE

Apologies received from Councillor Whitehead.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3. MINUTES OF PREVIOUS MEETING

Councillor Garner proposed, Councillor Shrubbs seconded and members AGREED to approve the minutes of the meeting held on 30 November 2022.

### 4. QUARTERLY INTERNAL AUDIT UPDATE REPORT

Simon Webb, Deputy-Head of Internal Audit of East Kent Audit Partnership provided his report with the following key points:

- Six new audits were completed this period, with a “Substantial” grade being awarded as the assurance level for three of the areas, including: “Business Rates”, “Discretionary Housing Payments” and “Officer Code of Conduct, Register of Interests & Gifts & Hospitality”
- “Reasonable” assurance levels have been given to “Safeguarding” and “Dog Warden and Fly Tipping”
- “Litter Enforcement” had no assurance level, this was due to the Council not undertaking any little enforcement activity at the current time
- “Complaints Monitoring” also received a no assurance level, however the Council has updated its complaints procedures
- Under the period of review, five follow-ups were carried out for “CCTV”, “Recruitment”, “Climate Change”, “Tenancy & Estates Management” and “ICT Procurement & Disposal”. None of them were given a limited or no assurance level
- Progress to Date Against the Agreed Thanet District Council 2022-23 Audit Plan, shows that as of the 28th February 2023, these were up to 95% complete
- Services given limited or no assurance level had been detailed which included “Complaints Monitoring” and these would be followed up in July
- In regards to the Balanced Scorecard which is the KPIs for East Kent Audit Partnership, progress against the plan was at 75% as of the 31st December 2022

Following the report, members engaged in discussion and the following points were made:

- Members expressed disappointment in regards to the “Dog Warden, Fly Tipping and Litter Enforcement” assurances. It was explained that finding individuals to fill

these roles could be difficult through reasons of confrontation. However part of the budget had gone towards coastal enforcement, where officers could enforce litter activity during the quieter months

- Interest was expressed by Members regarding the topics of “Corporate Leak Investigation”, “PIR – Berth 2-5” and “Staff Matter” under the Responsive Assurance section of the Audit Progress table. “PIR – Berth 2-5” was said to be in the stages of being finalised and would be brought back to the committee at a later date
- Members also commented on the section of the report regarding consideration of training and program routes for staff development to ask if it came under Civica or TDC staff. Civica would be providing some training and would also be implementing recommendations from TDC

Councillor Leys proposed, Councillor Dexter seconded and Members AGREED:

1. That the report be received by Members;
2. That any changes to the agreed 2022-23 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of Annex 1 of the attached report be approved;
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;
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.

## **5. INTERNAL AUDIT CHARTER & DRAFT INTERNAL AUDIT PLAN 2023-24**

Simon Webb, Deputy-Head of Internal Audit of East Kent Audit Partnership provided his report with the following key points:

- East Kent Audit Partnership were seeking approval for the Audit Charter for the next three years as well as the 23-24 internal audit plan. The plan was laid out until 2026-27, however committee members were asked only to approve the 2023-24 audit plan for the time being
- The plan had been broken down into several categories that include: Financial Governance, Housing Systems, Human Resources, Corporate Governance, Performance Management, Fraud Risk, Procurement & Contract Management; ICT and Service Level Audits
- ICT services were coming back inhouse in April 2023
- It was explained that the Audit Charter detailed what the East Kent Audit Partnership does for Thanet District Council and why that is
- High up on the risk register was Cyber Security, which had been highlighted due to the increase of cyber attacks following the conflict in Ukraine. This had been prioritised for the first quarter of 2023-24

Councillor Leys proposed, Councillor Shrubbs seconded and members AGREED:

1. That the report be received by Members;
2. That the Audit Charter and draft 22-23 Internal Audit Plan be approved.

## **6. QUARTER 3 REVIEW 2022-23: TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY**

Chris Blundell, Deputy Chief Executive Officer and Section 151 Officer provided his report with the following key points:

- In the 2022-23 third quarter, capital expenditure on long term assets were £10.5 million against a full year budget of £49.8 million, that's due to the profiling of the budget and the way it's been set out as funds will carry over into the future
- The position of debt remains relatively unchanged at £19.9 million as compared to £20.2 million following the end of 2021
- The financing of the capital program was coming out of internal resources rather than going external
- TDC had £55 million in balances which were currently invested mainly in money market funds, which were considered as low risk investments. The average rate of return on these investments was 1.74%
- It was budgeted that Thanet District Council expected £167,000 in return for these investments, performance for the first 9 months of the year had returned £739,000

Following the report, members engaged in discussion and the following points were made:

- Members wanted to know, relating to the £2 million in a deposit fund being sustained, where the rest of the funds were going, e.g. fossil fuels. It was explained that factors taken into account for these funds are security, liquidity of investments and yield
- Members asked if the framework of the treasury management was a legislative one. Officers responded that there's certain rules to be complied with, including some statutory guidance that needs to be followed
- Members brought up external auditors as the officer explained that the 2021-22 account was still to be published. This was due to mitigating factors such as staff turnover, recruitment and previous mistakes that needed to be fixed. However, the completion of draft accounts was expected around April time. Outstanding as well, was the audit of the 2021 account, which was due to resourcing issues, but this was expected to be published by the end of March or beginning of April. Both of these were expected to come back to Governance & Audit in July
- Members were concerned about possible penalties being made and not following statutory requirements. It was explained that Thanet District Council was not the only council having these issues and that the repercussions were minimal. Reassurances were made as the interim account currently being used by Thanet District Council has proven to be a reliable person

Councillor Towning proposed, Councillor Dexter seconded and members AGREED that the Governance & Audit Committee notes, the report.

## **7. PROCUREMENT WAIVERS 2022-23**

Chris Blundell, Deputy Chief Executive Officer and Section 151 Officer provided the report with the following key points:

- This was the second time this had been brought to the committee with the first time being last year
- The report showed instances of TDC not following out the guidelines of the constitution, but also acting transparently with suppliers. It also showed the different limits and rules to follow for contracts of different values
- There was one instance of a waiver being presented to the council and although the contract went ahead, it was not compliant
- Changes were looking to be made regarding the rules in place in regards to contract values, moving the bottom limit from £10,000 to £25,000. This would

reduce administration for officers and also fit in with the posts on the council website that details the contracts above £25,000

Following the report, members engaged in discussion and the following points were made:

- Members asked how TDC compared to other councils, an example being how there was an urgency to buy rubbish collection vehicles. It was explained that comparisons are hard to make between different council authorities, however whenever a waiver is presented as urgent, the council will question its validity. It was expected that once a full senior management team had been established, the Council should have a reduction of urgent waivers coming in
- Officers said that an Internal Contracts Register was currently being developed, which would be a tool for officers to manage waivers through the current procurement process in one centralised place
- The Council was also offering refresher training for officers regarding roles and responsibilities
- The issue regarding agency staff was brought up and the question of their contracts and how they're formed. The current framework in place, applied to the whole council's agency workers, however TDC was looking into more specialised contracts, depending on the type of work being taken up
- Questions were asked about compliance officers who work in the council and was explained that it would depend on the contract with more areas being focused on than others, such as Housing which requires a higher level of scrutiny. Members were also assured any terms and conditions that come in via the waivers are looked at by the Legal team who go through them carefully

Councillor Leys proposed, Councillor Towing seconded and members AGREED to note the report.

## **8. CORPORATE RISK MANAGEMENT - QUARTERLY UPDATE**

Chris Blundell, Deputy Chief Executive Officer and Section 151 Officer, introduced Aimee Munden-Jackson, Insurance Officer who provided the report with the following key points:

- The scoring system of the risk register had changed, this was to remain agile with the way risks were managed. Officers and managers had been asked to move their information into Risk Management. Responses for this was around 40-50% last year, but this year, that had gone up to 96%
- Corporate Risks had now been presented as "Current, Emerging and Future" risks
- The scores of the current corporate risks had mainly remained the same in March 2023 as they were in November 2022. The only exceptions were the Environmental Act 2021 which had gone from a score of 12 to 16 and Manston Road Depot Building which had dropped from 16 to 12
- There were no new risks, but some were removed, including Old Workshop - Jackie Bakers and Inappropriate Watercraft Use

Following the report, members engaged in discussion and the following points were made:

- Further clarification was asked about the cyber market which was no longer conducive of our security profile. It was explained that the cyber market had gone into a "hard cycle" which meant that the restrictions and contingencies that insurers were expecting the council to have was prohibitive and expensive
- Members asked about voter ID and the upcoming elections as well as the struggles of finding staff and training those staff to work on those elections.

Assurances were made that the numbers of staff had been gradually climbing to a level the council was happy with, but the possibility of hiring externally was still available

Councillor Duckworth proposed, Councillor Leys seconded and members AGREED to approve the review of corporate risks and discuss annexed risks.

**9. HOMES ENGLAND AUDIT - NEW BUILD**

Chris Blundell, Deputy Chief Executive Officer and Section 151 Officer introduced the report on behalf of Bob Porter, Director of Place with the following key point:

- Grant Thornton had provided the compliance audit grade and summary, which showed as “Green” with no issues

Councillor Shrubbs proposed, Councillor Towning seconded and Members AGREED to note the final grade award of Green, no breaches identified.

**10. EXCLUSION OF PUBLIC AND PRESS**

Councillor Shrubbs proposed, Councillor Leys seconded and members AGREED:

That the public and press be excluded from the meeting for agenda item 11 as it contains exempt information as defined in Paragraph 7 of Schedule 12A Part 1 of the Local Government Act 1972:

Paragraph 7: Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

**11. ICT SECURITY UPDATE**

Dan Evans, Head of ICT provided his report.

Following the report, members engaged in discussion.

Councillor Leys proposed, Councillor Austin seconded and members AGREED to note the report.

Meeting concluded: 8.34 pm