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GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 24 September 2014 at 7.00 pm in Austen Room, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor John Worrow (Chairman); Councillors Lodge-Pritchard, Binks, Campbell, D Saunders, S Tomlinson and M Tomlinson

In Attendance: Mr Mack and Blackman

367. TRAINING PRESENTATIONS:- 6.30PM START

368. APOLOGIES FOR ABSENCE

Apologies were received from the following Members:
Councillor W. Scobie;
Councillor Gibson;
Councillor Day substituted by Councillor M. Tomlinson.

369. DECLARATIONS OF INTEREST

There were no declarations of interest.

370. MINUTES OF PREVIOUS SCHEDULED MEETING

Councillor Campbell proposed, Councillor Worrow seconded and Members agreed the minutes of the meeting held on 30 July 2014.

371. MINUTES OF THE EXTRAORDINARY MEETING

Councillor Lodge-Pritchard proposed, Councillor Binks seconded and Members agreed the minutes of the extraordinary meeting held on 15 July 2014.

372. THE AUDIT FINDINGS FOR THANET DISTRICT COUNCIL - YEAR ENDED MARCH 2014

Andy Mack, Director at Grant Thornton introduced the item. He said that the main focus of the external audit was on the Council Accounts and Value for Money.

Council Accounts

The preparation of the accounts was a complex process and thanked Council officers for the help they offered during that process. The results of the audit were good and the state of accounts match up to the audit requirements. The only adjustments that were needed were of a technical nature and will not affect the position of the audit report. Grant Thornton were now prepared to issue unqualified comments regarding the Council Accounts.

Value for Money

Mr Mack made positive comments on the resilience of the Council's financial plans and efficiency over a given period of time. He noted the difficult external economic environment and suggested that the next 3-5 years would continue to be pose difficult challenges for Council. However despite these challenges, Council managed to deliver on its budget. Council has got in place a solid financial plan. Mr Mack gave credit to the hard work put in by both Members and officers.

Mr Mack commended the Council for conducting a peer review. He expressed concern over the conduct of some (but not all) behaviour of Members in 2013/14. As a result,

Grant Thornton were proposing to issue a qualified value for money conclusion. Mr Mack noted that there was evidence that a current action plan was in place and steps were being taken by the Leader of Council to address the concerns raised in the peer Review Report. The Improvement Board had been set up to move forward the recommendations of the Peers.

Although Grant Thornton did not audit the Peer Review Report, they talked to officers about it, read the report and triangulated the evidence. With regards to the Audit findings in relation to computer errors that were experienced on the 'Welfare Expenditure', Mr Mack said that a more comprehensive review was underway and the outcome will be reported at the next meeting of the Committee.

Councillor M. Tomlinson proposed, Councillor Lodge-Pritchard seconded and Members accepted the external audit report.

373. ANNUAL GOVERNANCE REPORT

The item was considered as part of the Annual Governance Statement 2013/14 (Minute item 375).

374. INTERNAL AUDIT PROGRESS REPORT

Simon Webb, Deputy Head of EK Audit Partnership introduced the report highlighting the reviews completed in the period and the follow up reviews undertaken. He highlighted the areas of that required closer attention by the Council. This included the Waste Vehicle Fleet Management report where overloading of refuse vehicles has recently improved as remedial action had been put in place by management. He said that there was now a need to embed the controls after which the levels of the audit assurance would be moved up to levels that reflected the improvement.

In respect of the FOI, Data Protection and Information Management audit Mr Webb also advised that the Council needs to delete information stored in CIVICA as holding such information indefinitely would be in breach of the Data Protection Act. Such information would still be subject to freedom of information requests. Mr Webb noted that management were addressing the issue.

Dave Ashby, EK Housing Head of Asset Management was in attendance to comment on the Tenant's Health and Safety review, he said that with regards to the audit comment on 'no assurance' given for the lifts managed by EK Housing, repairs were currently underway. He said that this issue arose due to a change in process; the new electronic reports were not being picked up. EK Housing management have implemented 17 of the 29 recommendations and 5 were on target to be completed by the end of September.

Members asked whether Internal Audit were satisfied with quality of the Procurement Team to which Mr Webb said that the current audit assurance for TDC was good compared to other local Councils. They also asked for audit information relating to complaints received by the Planning Department. Mr Webb said that such information was not part of the audit report under discussion but rather a separate review of complaints/complements was due to be presented to a future meeting of the Governance & Audit Committee.

He also advised the Committee that an audit of the equality and diversity matters in Council was currently underway, with the aim to complete the work by December and bringing the report to the Committee in March 2015. Mr Paul Cook, Interim Director of Corporate Resources was asked to encourage managers to respond to the brief online questionnaire for Internal Audit to compile the responses. Madeline Homer said that she would share this information with managers at the Managers Forum on Thursday, 30 September 2014.

Councillor Campbell proposed, Councillor Lodge-Pritchard seconded and Members agreed that:

1. The report be received by Members;
2. Any changes to the agreed 2013-14 internal audit plans, resulting from changes in perceived risk, detailed at point 5.0 of the report are approved.

375. ANNUAL GOVERNANCE STATEMENT 2013/14

Nikki Morris, Maritime Services Manager introduced the item for discussion and said that the Committee was responsible for monitoring progress regarding the implementation of the action plan. Some Members noted that Corporate Plan had eleven priorities and this needed reviewing in order for Council to focus on few priorities that could realistically be implemented successfully.

Councillor Campbell proposed, Councillor Lodge-Pritchard seconded and Members approved the Annual Governance Statement for 2013/14 and associated action plan.

376. CORPORATE RISK REGISTER

Councillor Campbell proposed, Councillor Binks seconded and Members received and noted the report.

377. RISK MANAGEMENT STRATEGY AND PROCESS

Councillor Campbell proposed, Councillor Binks seconded and Members approved the changes to the Risk Management Process document and recommended that the Strategy be sent to the 13 November 2014 Cabinet for approval.

378. TREASURY MANAGEMENT UPDATE FOR QUARTER 1, 2014

Councillor Campbell proposed, Councillor Lodge-Pritchard seconded and Members agreed to approve the report.

379. EXTERNAL FUNDING AND GRANTS PROTOCOL

Mr Cook introduced the report and said that Council would need to review more carefully so that a charge is placed on any properties. Members were concerned that there were individuals who applied for grants and were also associated with organisations that had previously had their business rates debts written-off.

In response, Mr Cook said that it would be difficult to take legal action against individuals for debts linked to organisations that may be associated with these individuals because the business rates agreement would be with the company rather an individual person. Members suggested that the Grants application Processing Protocol ought to be reviewed to make it more robust and ensure that the funds advanced to applicants was used as envisaged. Madeline Homer agreed to the review of the protocol to bring in some aspects of due diligence tests to processing of applications.

This protocol could include criteria for events that would be required to go through the due diligence test. She agreed to report back to the Committee. Mr Cook suggested that the protocol focuses on the following:

1. Due diligence;
2. Delivery of activities;

3. Proportionality in addressing the issue of monitoring mechanism for use of the grant by applicants.

There was a suggestion by some Members that Ward Councillors ought to monitor the events. This could be done through setting up a cross party ward committee on events to process the grant applications. Christine Parker, Head of EK Audit Partnership proposed that Internal Audit could include into their work programme a review of events/grants. Members agreed to this proposal.

Councillor Campbell proposed, Councillor Lodge-Pritchard seconded and Members adopted the revised external funding and grants protocol subject to amendments agreed as reflected above.

380. FINAL AUDITED STATEMENT OF ACCOUNTS 2013/14

Paul Cook, Interim Director of Corporate Resources introduced the report. He said that Council was working towards the value for money qualification removed. An Action plan addressing issues raised by the Peer Review had been drawn up. The East Kent Audit Partnership had been requested to give advice on implementing some aspects of the action plan. Members were concerned that there were limited powers to deal with unbecoming behaviour by some Members. There was a need for a robust approach to managing this situation as this will address some of the issues raised in the Peer Review report.

Members requested for information regarding the amount of the legal fees that had been paid to date for the case involving the movement of live animals through the Port of Ramsgate High Court Case. Paul Cook advised the Committee that when officers prepared the 2015/16 Council budget, they will report on the Council tax base and provide adequate information for Parish and Town Councils to submit their precepts.

Councillor Worrow proposed, Councillor Lodge-Pritchard seconded and Members agreed:

1. To approve the Statement of Accounts for 2013/14;
2. To note Grant Thornton's letter;
3. To note and minute the letter of representation to Grant Thornton issued by the Chief Executive and Director of Corporate Resources.

Meeting concluded: 8.20 pm