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GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 17 March 2015 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 and W Scobie

393. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Tomlinson.

394. DECLARATIONS OF INTEREST

There were no declarations of interest.

395. MINUTES OF PREVIOUS MEETINGS

- (a) To approve the Minutes of the Governance and Audit Committee meeting held on 24 September 2014

Councillor Campbell proposed, Councillor Saunders seconded and Members AGREED the minutes of the meeting held on 24 September 2014.

- (b) To Approve the Minutes of the Governance and Audit Committee Meeting held on 10 December 2014

Councillor Campbell proposed, Councillor Saunders seconded and Members AGREED the minutes of the meeting held on 10 December 2014.

396. INTERNAL AUDIT 2015-16 AUDIT PLAN AND AUDIT CHARTER

Christine Parker, Head of the East Kent Audit Partnership, introduced the Audit Plan and Audit Charter. She noted that it was best practice for the Governance and Audit Committee to review the work of East Kent Audit Partnership (EKAP). Christine added that the Audit Charter explained how and why EKAP carried out their duties, and the Audit Plan focused on what would be audited. The plan had been drafted following discussion with Directors and Senior Officers to identify emerging risks and opportunities.

In response to comments and question from Members, Christine advised that;

- Equality and Diversity, and Leasehold Services were both scheduled for audit in 2017/18 as they were last audited in 2014/15. The scheduling could be reviewed;
- it was standard practice to conduct a follow up review after each audit, therefore there would be a follow up review for both Equality and Diversity, and Leasehold Services.

It was proposed by Councillor Scobie, seconded by Councillor Campbell and Members AGREED that the Council's Internal Audit Plan for 2014/15 be approved.

397. EXTERNAL AUDIT 2014/15 AUDIT PLAN

Daren Wells, Director, Grant Thornton UK LLP, introduced the report, noting that the document initially identified the challenges and opportunities facing Thanet District

Council and Local Government more generally in order to provide context. The report then noted key risks and detailed the programme of work to be done.

In response to comments and questions from Members, Darren agreed that it was true that fraud could occur in any organisation, however the presumption that an organisation might overstate its income to meet a financial targets was less relevant for a local government body.

It was proposed by Councillor Campbell, seconded by Councillor Binks and Members AGREED to note the report.

398. EXTERNAL AUDIT GRANT CERTIFICATION LETTER 2013/14

Daren Wells advised that the letter summarised the results of the 2013/14 external audit, and set out amendments made during the year.

It was proposed by Councillor Campbell, seconded by Councillor Bink and Members AGREED to note the report.

399. EXTERNAL AUDIT PROGRESS REPORT

Daren Wells, introduced the report and clarified that the 'challenging questions' detailed under each emerging issue were designed as suggestions for consideration by Officers and Members.

Paul Cook, Director of Corporate Resources added to the information on page 13 of the report by advising that it was expected that the revenue support grant would virtually disappear as part of the proposals in the Independent Commission's final report.

It was proposed by Councillor Campbell, seconded by Councillor Saunders and Members AGREED to note the report.

400. INTERNAL AUDIT QUARTERLY UPDATE

Simon Webb, Deputy Head of East Kent Audit Partnership, introduced the report. He noted that the assurance level for the HRA Business Plan on page one of the update report should read 'Substantial/Reasonable'.

Simon advised that CCTV had received a split assurance as there were some areas that required improvement. He added that Thanet District Council were conducting a tender process to renew the CCTV system.

Authorisation of overtime within Waste, Recycling and Street Cleansing received no assurance, this was due to a failure to implement authorisation controls for overtime time sheets. East Kent Audit would conduct a prompt follow up to assess the corrective measures that had been introduced.

In response to comments and questions from Members, Simon advised;

- that limited assurance was achieved for East Kent Housing Leasehold Services, this audit looked at all four Councils in the shared service. All four Councils contributed to the rating of limited assurance;
- while many of the limited assurances seemed to revolve around a lack of documented procedures, often staff were doing what was expected. The procedures needed to be written down and formalised;
- that there would be a follow up to the audit on Sports Development which would, among other things, look at grants.

It was suggested that improving controls did not always result in an increase demand on resources, often it could lead to increased efficiency.

Councillor Scobie proposed, Councillor Campbell seconded and Members AGREED the recommendations as set out in paragraph 6.1 and 6.2 of the report, namely:

- “6.1. That the report be received by Members;
- 6.2. That any changes to the agreed 2013-14 internal audit plans, resulting from changes in perceived risk, detailed at point paragraph 5.0 of the report be approved.”

401. REVISION TO TREASURY STRATEGY - CREDIT METHODOLOGY CHANGES

Paul Cook introduced the report noting that the proposed credit methodology changes were as a result of advice received from Capita Asset Services (Capita), who were the Council’s external treasury management advisor.

Paul offered to clarify the reference to ‘part nationalised’ banks and email Members with an update.

It was noted that Capita automatically updated the Council of any changes in credit rating.

Councillor Binks proposed, Councillor Scobie seconded and Members AGREED;

‘That the Governance & Audit Committee approves option 3.1 of the report, namely:

“That the Governance & Audit Committee recommends that (i) the LCD assessment no longer be included in the Council’s TMSS, and accordingly that (ii) the Council’s TMSS for 2015/16 be amended as per the relevant extracts (sections 4.2 and 5.2) shown in Annex 1.”

402. TREASURY MANAGEMENT UPDATE FOR THE QUARTER ENDED 31 DECEMBER 2014

Paul Cook introduced the report which provided an update on treasury activity during the quarter which ended 31 December 2014.

Councillor Campbell proposed, Councillor Binks seconded and Members AGREED the recommendation as set out in paragraph 9.1 of the report, namely:

“That the Governance & Audit Committee approves this report”

403. CORPORATE RISK REGISTER

Paul Cook introduced the report, and noted that it had been agreed with East Kent Audit Partnership (EKAP) that they would facilitate the Corporate Risk Register on the Council’s behalf. Senior TDC Officers would have responsibility for the Register. It was felt that this would improve the Register as it complimented the current work of EKAP, and could allow for a more arm’s length assessment of risk.

In response to questions and comments from Members Paul advised that:

- there was an investigation underway into a potential health and safety failing. Once the investigation had reached conclusion a report would be brought to the Governance and Audit Committee for review;

- the Risk Register had been produced by the Corporate Resources Department in the past;
- he would relay to the Acting Chief Executive, the suggestion from Members that a control measure such as the creation of a task force to respond to cases such as the closure of Manston Airport, should be included in the Risk Register;
- with regard to 'major projects', as detailed on page 13 of the Register, it was the role of the Governance and Audit Committee to ensure adequate protocols were in place. It was noted that there is a provision in the Audit Plan where EKAP would be looking at project management in 2015/16, and that a report on project management protocol could be brought to a future Governance and Audit Committee meeting.

Members NOTED the Corporate Risk Register Progress Report.

404. GOVERNANCE ACTION PLAN UPDATE

Paul Cook introduced the report which provided an update on the Annual Governance Statement Action Plan.

Members suggested that the away day held in November 2014 for Cabinet and CMT could, in future, be extended to include additional Members outside of the Cabinet such as all the group leaders. This was something to be considered after the elections in May.

Members NOTED the Governance Statement Action Plan update.

405. REVIEW OF EFFECTIVENESS OF THE COUNCIL'S INTERNAL AUDIT ARRANGEMENT 2014/15

Paul Cook introduced the report noting that it was produced in accordance with good practice guidance from the Chartered Institute of Public Finance and Accountancy.

Councillor Campbell proposed, councillor Binks seconded and Members AGREED to accept the findings of the review of the effectiveness of the council's internal audit arrangement for 2014/15.

Meeting concluded : 8.30 pm