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## GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 24 June 2015 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

**Present:** Councillor Vince Munday (Chairman); Councillors Buckley, Campbell, Collins, Connor, Dexter, I Gregory, Larkins and Partington

**In Attendance:** Councillor Smith

### 1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3. MINUTES OF PREVIOUS MEETING

Councillor Campbell proposed, the Chairman seconded and Members agreed the minutes of the Governance and Audit Committee held on 17 March 2015.

### 4. ANNUAL INTERNAL AUDIT REPORT

Christine Parker, Head of the East Kent Audit Partnership (EKAP) introduced the report which gave an annual review of the work carried out by internal audit for the year up to 31 March 15.

In response to comments and questions it was noted that:

- The table on page nine of the report showed that 20.31 days were to be bought forward into 2015/16. This indicated that EKAP had not completed 20.31 of the days allocated for TDC audits in 2014/15 but these had been delivered in April 2015. In addition, the table showed that the number of planned days had generally fallen since 2008/9. This was partly due to efficiencies made by EKAP, but also because audits of the services provided by East Kent Housing and East Kent Services no longer formed part of this report since becoming a shared service.
- CCTV received a reasonable/limited assurance, this was partly due to inadequate public notices/signage, and because there was no formal arrangement in place between TDC and Birchington Town Council. EKAP would conduct a follow up review and the findings would be reported to a future Governance and Audit committee meeting.
- Since initial planning the number of days budgeted for an equality and diversity audit had doubled. This was because the scope of the audit had been increased. Findings would be reported to Members at the meeting in September.
- Members commented that to receive just 34% of post audit questionnaires back from managers was not good. It was suggested that competition and return of the questionnaires should be mandatory. Tricia Marshall, Director of Corporate Resources and Section 151 Officer, offered to highlight this issue to Corporate Management Team.

Members noted the report.

## 5. QUARTERLY INTERNAL AUDIT UPDATE REPORT

Simon Webb, Deputy Head of EKAP, introduced the report which provided an update of the work conducted by EKAP since the last meeting of the Governance and Audit committee.

In response to comments and question it was noted that:

- Members commented that thirteen days was the average annual absence despite a target of eight days. The audit was currently on-going however the findings would be presented to the September meeting.
- There would not be an additional cost to retrospectively fit the sacrificial floors to six refuse vehicles; however the disruption to the fleet while the floors are fitted would need careful management. Once installed the floors were expected to last the lifetime of the vehicle.
- Waste vehicle fleet management was originally given a reasonable/limited assurance, however due to improvements made, EKAP have revised their assurance level to 'Reasonable'.
- The employee benefits-in-kind audit was in progress and looked at any benefit that employees would need to declare to HM Revenues and Customs.

Members noted the report.

## 6. ANNUAL FRAUD REPORT

Christine Parker, Head of EKAP, presented the report which provided a summary of the impact of the counter fraud work for the year up to 31 March 2015.

In response to comments and questions in was noted that:

- EKAP offered to provide the Governance and Audit Members an anti-fraud and whistle blowing training session.
- Normally benefit overpayments were recovered through a reduction of future payments. Therefore the percentage of overpayments being recovered was quite good although recovery was often spread over a long period of time.

Members agreed that the Chairman would write to the Chairman of the Overview and Scrutiny Panel, on behalf of the Governance and Audit committee, to request that an investigation took place into the use of public bins by businesses.

Members noted the report.

## 7. CORPORATE RISK REGISTER

Christine Parker, Director of EKAP introduced the report which provided Members with an update on the Corporate Risk Register.

In response to comments and questions it was noted that:

- The risk register was in a phase of transition and would change once the new administration had finalised the corporate plan.
- Manston featured on the register because managers felt that it posed a potential risk to the Council's reputation.

Members noted the report.

**8. EXTERNAL AUDIT FEE LETTER 2015/16**

Terry Blackman, Engagement Manager at Grant Thornton introduced the fee letter advising that it was advanced notice for 2015/16. He added that the fee had reduced by 25% from the 2014/15 fee and that the audit of the 2014/15 accounts would commence soon.

Members noted the report.

**9. ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE**

It was noted that this item would be deferred to the meeting scheduled for 24 September 2015.

**10. ANNUAL TREASURY MANAGEMENT REVIEW 2014/15**

Tricia Marshall, Director of Corporate Resources and 151 Officer, introduced the report which summarised the treasury management activity and prudential/treasury indicators for the year ending 31 March 2015.

In response to questions and comments it was noted that:

- The transfer of property from the housing revenue account (HRA) to the general fund (GF) as shown in paragraph 4.5 of the report, related to a number of shops within the HRA that no longer met the requirements of the housing act. A report regarding this transfer was recommended by Cabinet and agreed at Council towards the beginning of 2014.
- Any non-residential council property could be disposed of through the asset disposal process whether that asset was included in the HRA or GF.
- Members would be offered treasury management training by Capita the Council's external advisors and this was likely to take place towards the end of August or the beginning of September in preparation for the mid-year treasury report that would be considered at the September meeting.
- Many of the borrowings shown at 9.1 of the report relate to historic borrowings, rather than being for a specific project, these loans are often taken out to pay off higher rate older loans when lower rates become available.

Councillor Campbell proposed, seconded by Councillor Buckley and Members agreed the recommendations as set out at paragraph 15.1 of the report, namely:

'That the Governance and Audit Committee:

1. Notes the actual 2014/15 prudential and treasury indicators in this report.
2. Approves the annual treasury management report for 2014/15.
3. Recommends this report to Cabinet.'

**11. EXTERNAL FUNDING AND GRANTS PROTOCOL**

Nicola Walker, Head of Financial Services introduced the report noting that this revised report had come back to Governance and Audit Committee for approval as a result of amendments suggested by the Overview and Scrutiny Panel.

In response to questions and comments it was noted that:

- Town grants were reviewed by the community development team, and that town councils should be required to follow TDC's protocol as a matter of courtesy.
- Tricia Marshall offered to share the protocol with the Parish and Town Councils.

- European funding bids are very resource intensive to administer, therefore any bid with a value under £50,000 required financial sign off before the bid was drafted to ensure the benefit of the bid outweighs the administration cost. Overall TDC had been successful in obtaining a large amount of European funding.

It was proposed by Councillor Larkins, seconded by Councillor Campbell and Members agreed the recommendation as set out at paragraph 4.5.1 of the report, namely:

'That Governance and Audit approve the adoption of the revised External Funding and Grants Protocol.'

Meeting concluded: 8.45 pm