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GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 9 December 2015 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor John Buckley (Chairman); Councillors Ashbee, Campbell, Connor, Day, Edwards, Game, I Gregory, Jaye-Jones, Larkins and Taylor-Smith

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Dexter.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETING

Councillor Campbell proposed, Councillor Day seconded and Members agreed the minutes of the meeting held on 24 September 2015.

4. INTERNAL AUDIT QUARTERLY UPDATE REPORT

Simon Webb, Deputy Head of the East Kent Audit Partnership introduced the report noting that six audits had been completed, four of which obtained a substantial assurance rating. Christine Parker, Head of the East Kent Audit Partnership then detailed the performance of the Audit Partnership up to 30 September 2015.

In response to comments and questions it was noted that:

- The audit of food safety considered procedures and staff resources.
- The employee health and safety audit report was in its draft stage and was expect to be completed in time for the March 2016 Governance and Audit committee meeting.
- It was acknowledged that officers intended to revise the project management framework, however it was suggested that the Governance and Audit committee should look at the current arrangements in place to ascertain if they were fit for purpose. Tim Willis, Director of Corporate Resources offered to look into this and report back to Members.
- Tim Howes, Director of Corporate Governance was Thanet District Council's officer equality champion, there currently was not a Member equality champion.
- The equality and diversity audit achieved a limited assurance, a follow up audit would take place in three to six months.

It was proposed by Councillor Campbell, seconded by Councillor Gregory and Members agreed the recommendations at paragraphs 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 2015-16 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.'

5. ANNUAL GOVERNANCE STATEMENT ACTION PLAN QUARTERLY UPDATE

Tim Howes, Director of Corporate Governance introduced the report which updated Members on progress in implementing the Annual Governance Statement 2014/15 Action Plan. In response to comments and questions it was noted that:

- Staff exceeding contracted hours continued to be an issue, East Kent Services Human Resources were to produce a report which would be used to identify options to address the problem.
- Member peer support would remain available to Members, although to date this support had not been taken up by any Members.
- Members wished to receive a Members newsletter.
- The report on Member/Officer protocol had been delayed, it was due to go to Council for approval in December, however it would now be considered at Council in February.

Members noted the report.

6. REVIEW OF CORPORATE APPROACH TO RISK MANAGEMENT

Tim Willis introduced the report noting that the changes had been tracked to allow Members to see where the documents had been updated. In response to comments and questions it was noted that:

- The term 'regularly' at the top of on page 7 of the strategy document would be amended to read 'every three years'.
- Councillor Crow-Brown was the Member champion, and Tim Willis was the officer champion. While all officers should have an awareness of risk, not everyone should have the responsibility to manage the Council's risks. Relevant officer's were offered corporate training on risk management.

Councillor Campbell proposed, the Chairman seconded and Members agreed the recommendation at paragraph 6.1 of the report, namely;

'6.1 That Members approve the changes to the Risk Management Process and Strategy documents for the next three years with a provision that they be revised sooner if required.'

7. MID-YEAR TREASURY MANAGEMENT REPORT

Nicola Walker, Head of Financial Services introduced the report which gave a summary of treasury management activity and prudential/treasury indicators for the first half of 2015/16. In response to comments and questions it was noted that:

- Officers would look into options to allow more information to be included in the report regarding how the figures had been calculated, while continuing to comply with the CIPFA code.

It was proposed by Councillor Jaye-Jones, seconded by Councillor Campbell and Members agreed the recommendations as set out at paragraph 11.1 of the report, namely:

'11.1 That the Governance and Audit Committee:

- Approves this report and the prudential and treasury indicators that are shown.
- Recommends this report to Cabinet.'

8. TREASURY MANAGEMENT STRATEGY 2016/17

Nicola Walker introduced the report which provided Members with the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy for 2016/17. In her introduction Mrs Walker noted that the figures shown in the table at the bottom of page 12 of the report for 'investments only', had been revised from 45.000 to 50.000 since the report had been produced. In response to comments and questions it was noted that:

- Some investments were made overseas in order to spread the risk of loss to the Council.
- The Council used treasury management software and advice from Capita when making investment decisions.
- Mrs Walker offered to investigate what indemnity policy was in place with Capita that insured the Council against loss as a result of poor advice from Capita. She would then respond to Councillor Ashbee outside of the meeting.

It was proposed by Councillor Campbell, seconded by Councillor Larkins and Members agreed the recommendation at paragraph 8 of the report, namely:

- '8. The Governance and Audit Committee is recommended to approve this report, including each of the key elements of this report listed below, and recommend them to Cabinet and Council:
- The Capital Plans, Prudential Indicators and Limits for 2016/17 to 2018/19, including the Authorised Limit Prudential Indicator.
 - The Minimum Revenue Provision (MRP) Policy.
 - The Treasury Management Strategy for 2016/17 to 2018/19 and the Treasury Indicators.
 - The Investment Strategy for 2016/17 contained in the Treasury Management Strategy, including the detailed criteria.'

Subject to the amendment of the figures in table at the bottom of page 12 of the report from 45.000 to 50.000 as shown below:

| <i>£m</i> | <i>2016/17</i> | <i>2017/18</i> | <i>2018/19</i> |
|--|--------------------------|--------------------------|--------------------------|
| <i>Interest rate exposures</i> | | | |
| | <i>Upper</i> | <i>Upper</i> | <i>Upper</i> |
| Limits on fixed interest rates: | | | |
| • <i>Debt only</i> | 66.000 | 66.000 | 66.000 |
| • <i>Investments only</i> | 45.000 | 45.000 | 45.000 |
| Limits on variable interest rates | | | |
| • <i>Debt only</i> | 66.000 | 66.000 | 66.000 |
| • <i>Investments only</i> | 45.000 50.000 | 45.000 50.000 | 45.000 50.000 |

9. APPOINTMENT OF EXTERNAL AUDITORS AND AN AUDITOR PANEL - LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

Tim Howes introduced the report which advised Members of the need to create an auditor panel, nominations to the panel would be done at Council in due course.

Members noted the report.

10. ANNUAL AUDIT LETTER

Tim Willis introduced the report as Darren Wells, Director at Grant Thornton was unavailable. In response to comments and questions it was noted that:

- Grant Thornton offered an unqualified opinion on the Council's 2014/15 financial statements, and value for money conclusion for 2014/15.

Members noted the report.

11. PROGRESS REPORT AND EMERGING ISSUES UPDATE

Tim Willis introduced the report as Darren Wells was unavailable. In response to comments and questions it was noted that:

- The basis of the report was generic for all of Grant Thornton's clients, it would be more useful if it was tailored specifically to Thanet District Council.

Members noted the report.

Meeting concluded: 8.35 pm