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## GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 22 June 2016 at 7.00 pm in Council Chamber, Cecil Street, Margate, Kent.

**Present:** Councillor John Buckley (Chairman); Councillors Ashbee, Braidwood, Campbell, Connor, Dexter, Dixon, Edwards, I Gregory, Hayton, Jaye-Jones, Larkins, Taylor-Smith and Partington

**In Attendance:** Councillor Crow-Brown

### 1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Day, for whom Councillor Partington was a substitute; apologies were also received from Councillor Game.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3. MINUTES OF PREVIOUS MEETING

Councillor Campbell proposed, Councillor Ashbee seconded and Members agreed the minutes of the meeting held on 15 March 2016.

### 4. EXTERNAL AUDIT FEE LETTER 2016/17

Darren Wells, Engagement Lead, Grant Thornton UK LLP introduced the audit fee letter, advising that it was proposed that the fee would remain the same as the previous years in accordance with the scale of fees set by PSSA (Public Sector Audits Appointments Limited).

Members noted the audit fee letter.

### 5. QUARTERLY INTERNAL AUDIT UPDATE REPORT

Christine Parker, Head of East Kent Audit Partnership, introduced the report noting that there had been four internal audit assignments completed since the last committee meeting; three achieved substantial assurance and one achieved reasonable assurance. In addition, there had been nine follow-up reviews.

During consideration of the item it was noted that:

- The use of the word 'outstanding' in the *Manager's Comment on Progress Towards Implementation* column of appendix 1 indicated that work was still to be done. Ms Parker agreed that in future a different expression would be used to provide more clarity of meaning.
- The East Kent Housing – Sheltered and Supported Housing follow up, shown in appendix 2 as *work in-progress*, was now complete.
- With regard to the reviews shown in appendix 2, Ms Parker offered to provide Cllr Taylor-Smith with indicative dates by which follow up actions would be due.

Members noted the report.

### 6. ANNUAL INTERNAL AUDIT REPORT

Christine Parker, introduced the report which provided Members with a summary of the impact of the work of the East Kent Audit Partnership (EKAP) for the year up to 31 March 2016.

During consideration of the item it was noted that:

- EKAP had performed well against its targets.
- Reference to audits of East Kent Housing and East Kent Services were included in the annual report as Thanet District Council (TDC) hosted these services.
- EKAP did not achieve full compliance with Public Sector Internal Audit Standards. To achieve full compliance would have required an external quality assessment, however it was felt by the Section 151 officers across East Kent that the provision of an external quality assessment would not offer sufficient value for money.
- The percentage of completed satisfaction questionnaires across East Kent was 27%, Ms Parker offered to provide Councillor Campbell with the percentage returned from TDC after meeting, and agreed to include TDC's percentage of completed questionnaires on future reports.

Members noted the report.

## **7. ANNUAL FRAUD REPORT 2015/16**

Christine Parker, Head of East Kent Audit Partnership, introduced the report which provided a summary of the counter fraud work completed by the Council during the year up to 31 March 2016.

During consideration of the item it was noted that:

- Investigation of housing benefit fraud was currently included in the report, however it had now become a responsibility of the Department for Work and Pensions and would therefore not appear in future reports.
- Tackling housing tenancy fraud would remain a TDC function.
- In addition to reporting on the number of prosecutions for housing tenancy fraud, the 2016/17 report would include information on the number of investigations conducted and the number of properties subsequently made available as a result of these investigations.

Members noted the report.

## **8. CORPORATE RISK REGISTER - ANNUAL REVIEW**

Tim Willis, Director of Corporate Resources and Section 151 Officer, introduced the report which provided an annual review of corporate risks and included a quarterly update of progress since the last meeting.

During consideration of the item it was noted that:

- Each identified risk had a corporate management team (CMT) officer allocated to it.
- The annual review was to go on to be considered by Cabinet at its next meeting.
- Gavin Waite, Director of Operational Services was the designated CMT officer allocated responsibility for the Health and Safety at Work risk. Mr Waite advised of a number of mitigation strategies and actions which had led to the risk score reduction from 12 to 9.

Members noted the report.

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

Tim Howes, Director of Corporate Governance and Monitoring Officer, introduced the report and highlighted updates since the last Governance and Audit Committee meeting.

During consideration of the item it was noted that:

- Changes had been tracked to show where updates had been made.
- 'tbc' at the bottom of the table in annexe 1 stood for 'to be completed'.
- There was a typo on page 67 of the agenda, the reference to October 2106 should read October 2016.

Members noted the report.

#### **10. ANNUAL TREASURY MANAGEMENT REVIEW 2015/16**

Jo Miller, Head of Finance introduced the report that provided a summary of the treasury management activity and prudential/treasury indicators for 2015/16.

During consideration of the item it was noted that:

- Consultation was underway on the proposal to transfer the functions of the Public Works Loan Board to the HM Treasury. TDC would continue to monitor the situation however there was no intention to review the treasury management strategy at this stage.

It was proposed by Councillor Campbell, seconded by Councillor Larkins and Members agreed:

'That the Governance and Audit Committee:

- Notes the actual 2015/16 prudential and treasury indicators in this report.
- Approves the annual treasury management report for 2015/16.
- Recommends this report to Cabinet.'

#### **11. DRAFT AUDIT COMMITTEE ASSURANCE STATEMENT**

Jo Miller introduced the report which included a draft response to questions posed by the external auditors, Grant Thornton UK LLP.

During consideration of the item it was noted that:

- Members had received some antifraud training as part of the Members induction process, however in response comments it was agreed and additional antifraud training for the committee would be scheduled into the next round of Members training.

It was proposed by Councillor Campbell, seconded by Councillor Jaye-Jones and Members agreed:

'That the committee notes and endorses the responses to the letter from the external auditor.'

#### **12. GOVERNMENT REPORT IN RESPECT OF ERDF GRANT CLAIM, 2005 - 2008**

Tim Willis introduced the report which provided Members with a summary of the events following an ERDF grant claim, the findings of the government investigation and actions taken since the claim.

Members noted the report.

Meeting concluded: 8.05 pm