

GOVERNANCE & AUDIT COMMITTEE

Minutes of the meeting held on 25 November 2020 at 5.00 pm.

Present: Councillor Simon Day (Chairman); Councillors Dexter, Boyd, Currie, Garner, Kup, Shrubbs and Towning

In Attendance: Councillors D Saunders and Ashbee

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Campbell and Councillor Crittenden.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETING

Councillor Garner proposed, Councillor Kup seconded and Members agreed the minutes as a correct record of the meeting held on 23 September 2020.

4. QUARTERLY INTERNAL AUDIT UPDATE REPORT

Mr Webb, Deputy Head of the East Kent Audit Partnership (EKAP), introduced the report, during which it was noted that:

- Five internal audit assignments and two follow up reviews, had been completed since the last meeting of the Committee.
- The assurance level for the East Kent Housing, Health and safety – Fire Safety audit, had increased from no assurance to limited assurance, when the follow up review was carried out. Improvements were expected to continue as controls became embedded.
- Progress against the 2020-21 internal audit plan had fallen behind schedule due to the Covid 19 pandemic, however this was expected to be rectified by the end of March 2021.

In response to questions from Members, it was noted that:

- The management response to EKAP's recommendations following the Grounds Maintenance audit, agreed that key performance indicators would be implemented.
- Although the cost of telephones had seen a significant rise in 2019-20 compared to the previous year, EKAP's audit had offered a significant assurance level based on the strength of the internal controls and practices that it found in place..

Mr Willis offered to enquire into the increase in telephone costs and would advise Councillor Dexter outside of the meeting.

Councillor Towning proposed, Councillor Shrubbs seconded and Members agreed the following:

1. That the report be received by Members;
2. That any changes to the agreed 2020-21 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of Annex 1 of the report be approved.

5. AUDIT FINDINGS REPORT

Mr Blundell, Director of Finance - TDC and Ms Ironmonger, Director - Grant Thornton UK LLP advised Members that the Audit Findings Report, the Audit Committee Assurance Statement and the Statement of Accounts should be withdrawn from the agenda. This was due to an unresolved issue with the valuation of a specific asset that could potentially have a material impact upon the accounts.

These items would come to a future meeting of the Committee once the matter had been resolved. The 30 November deadline for signing off the accounts would not be met.

The item was withdrawn from the agenda.

6. AUDIT COMMITTEE ASSURANCE STATEMENT

The item was withdrawn from the agenda.

7. STATEMENT OF ACCOUNTS

The item was withdrawn from the agenda.

8. MID YEAR REVIEW 2020-21: TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY

Mr Blundell introduced the report which summarised the treasury management activity and prudential/treasury indicators for the first half of the 2020/21.

During consideration of the item it was noted that:

- There had been no exceptional activities outside of the agreed framework.
- A key part of the report recommended that the Council reduced the required credit rating standard for investments from organisations with an 'A' rating to an 'A-' rating'. This change matched the downgrading of a number of high street banks, and would help to maintain the Council options for investment.

Councillor Dexter proposed, Councillor Shrubbs seconded and Members agreed the recommendations as shown in the report, namely:

'That the Governance and Audit Committee recommends this report and annexes, including the prudential and treasury indicators that are shown, and the proposed changes to the 2020-21 Treasury Management Strategy Statement, to Council for approval.

9. TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2021-22

Mr Blundell, introduced the report which included the proposed Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement, Annual Investment Strategy, Capital Investment strategy and non-treasury Investments report for 2021/22.

Councillor Currie proposed, Councillor Dexter seconded and Members agreed the recommendation as shown in the report, namely:

'That the Governance and Audit Committee Recommends this report and annexes, including each of the key elements listed below, to Council for approval:

- The Capital Plans, Prudential Indicators and Limits for 2021-22 to 2023-24, including the Authorised Limit Prudential Indicator.
- The Minimum Revenue Provision (MRP) Policy.
- The Treasury Management Strategy for 2021-22 to 2023-24 and the Treasury Indicators.

- The Investment Strategy for 2021-22 contained in the Treasury Management Strategy, including the detailed criteria.
- The Capital Strategy for 2021-22.
- The Non-Treasury Investments Report for 2021-22.'

10. CORPORATE RISK MANAGEMENT - QUARTERLY UPDATE

Mr Blundell, introduced the report providing a quarterly update of progress since the last meeting.

During consideration of the item it was noted that:

- Cyber security was a risk that had been escalated in importance. It now appeared on the corporate risk register, following a number of cyber attacks on other Councils.
- The East Kent Housing risk had reduced from 16 to 9, this reflected the successful initial transition to an in-house service.
- The political stewardship risk was present because there was not a single party with enough members to have overall control of the Council. At any point there could potentially be a change to the leadership, leading to a change in direction and policy.

Members noted the report.

Meeting concluded: 5.40pm