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Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 29 September 2016 at 6.00 pm.

Present:

Chairman: Councillor P G Heath

Councillors: P I Carter  
D Hannent  
S J Jones  
A S Pollitt  
A F Richardson

Also Present: Liz Jackson, Grant Thornton

Officers: Director of Governance  
Director of Finance, Housing and Community  
Head of Audit Partnership (East Kent Audit Partnership)  
Deputy Head of Audit Partnership (East Kent Audit Partnership)  
Head of Finance  
Democratic Support Officer

## 14 APOLOGIES

There were no apologies for absence received from Members.

## 15 APPOINTMENT OF SUBSTITUTE MEMBERS

There were no substitute Members appointed.

## 16 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

## 17 MINUTES

The Minutes of the meeting of the Committee held on 30 June 2016 were approved as a correct record and signed by the Chairman.

## 18 RISK MANAGEMENT REPORT

The Director of Governance presented the Risk Management Report to Members. The Risk Management Framework was reviewed annually and the Governance Committee was asked to review its processes and provide assurances that sound risk management strategies were in place.

RESOLVED: That the Risk Management report be noted and accept the Council's current risk management procedures.

19 QUARTERLY INTERNAL UPDATE REPORT

The Deputy Head of Audit Partnership (East Kent Audit Partnership) introduced the Quarterly Internal Audit Update report. There had been twelve internal audits undertaken during the period of which four were classified as providing Substantial Assurance, three as Reasonable Assurance and one as Limited Assurance. The remaining audits relating to EK Services Quarterly Benefit Testing (Quarter 4 of 2015-16 and Quarter 1 of 2016-17) were not applicable to an assurance level.

The Limited Assurance awarded to EK Services Payment Card Industry Data Security Standards (PCIDSS) was reviewed against new, more robust industry standards. Despite the good work carried out across the three authorities (Dover District, Canterbury City and Thanet District Councils) the review concluded a Limited Assurance due to the Council not being fully compliant with the latest legislation. It was anticipated that the Council would become compliant and sustain compliance by the end of 2016/17.

There were six follow up reviews completed during the period. Two audits which had previously received Limited Assurances, following sufficient management action were awarded Reasonable Assurances.

Members were advised that in order to allow the current digitalisation work in Regulatory Services to be completed, 50 audit days had been postponed from that service area and 50 days reassigned, brought forward from the draft 2017/18 plan.

RESOLVED: That the Quarterly Internal Update report be noted.

20 TREASURY MANAGEMENT YEAR END REPORT

The Head of Finance introduced the Treasury Management Year End report to the Committee. The Committee was advised that as at 31 March 2016 the Council's in-house investment portfolio totalled £32.5m. Following Investec's withdrawal, additional accounts were opened during Quarter 3 in order to deal with the higher level of in-house funds available for investment and whilst performance for the year was £313k (£20k below the Council's budget), it was better than the £29k estimated shortfall reported at the end of December.

The Council had remained within its Treasury Management guidelines, except following the return of funds as a result of Investec's withdrawal, and within the Prudential Code guidelines during the period.

RESOLVED: That the Treasury Management Year End Report be received.

21 TREASURY MANAGEMENT QUARTER ONE REPORT 2016/17

The Head of Finance introduced the Treasury Management report for Quarter One, advising the Committee that the Council had remained with its Treasury Management and Prudential Code guidelines during the period.

The Council's investment return for the quarter was 0.59% which outperformed the benchmark by 0.23%. Performance for the full year was estimated to be on budget, and officers would be looking at other opportunities for investing money wisely and carefully.

RESOLVED: That the Treasury Management Quarter One Report 2016/17 be noted.

## 22 AUDIT FINDINGS REPORT

The Engagement Lead – Grant Thornton presented the Audit Findings report which highlighted the key matters arising from the audit of financial statements for the year ended 31 March 2016.

The opinion on the Council's Financial Statements and the conclusion on Value for Money were unqualified. Three internal control weaknesses were identified which were not fundamental and management had agreed to put in place the recommendations.

Members expressed their thanks to the officers and external auditors for their work in producing the report.

RESOLVED: That the Audit Findings report be noted.

## 23 FINANCIAL OUTTURN REPORT 2015/16

The Head of Finance presented the report on the Financial Outturn 2015/16 to the Committee, advising Members that it needed to be considered in conjunction with both the Statement of Accounts and the Audit Findings Report. Members were advised of the key points in the financial outturn for the year as set out in the report.

RESOLVED: That the Financial Outturn Report 2015/16 be received and noted.

## 24 STATEMENT OF ACCOUNTS

The Head of Finance presented the report on the Statement of Accounts 2015/16. The auditors, Grant Thornton had awarded the Council an unqualified opinion in respect of the Statement of Accounts for 2015/16.

RESOLVED: (a) That the audited Statement of Accounts for 2015/16 be approved and signed by the Chairman of the committee.  
(b) That the Committee authorise the Chairman to sign the Letter of Representation.

25      AUDIT COMMITTEE UPDATE REPORT

The Engagement Lead – Grant Thornton presented the update to the Committee which provided Members with the progress of the external auditors, Grant Thornton, in delivering their responsibilities.

RESOLVED: That the Audit Committee Update report be noted.

The meeting ended at 6.38 pm.