

Minutes of the meeting of the **GOVERNANCE** Committee held at the Council Offices, Whitfield on Thursday 30 September 2010 at 6.00 pm.

Present:

Chairman: Councillor D A Mayes

Councillors: B W Bano
M D Conolly
M R Eddy
C E Kirby
D R Lloyd-Jones

Officers: Director of Finance and ICT
Director of Governance
Financial Services Manager
Audit Manager, Audit Commission
Principal Auditor, Audit Commission
District Auditor, Audit Commission
Taxation and Enforcement Manager (Minute No 238 only)
Senior Valuer (Minute No 239 only)
Community Safety and Anti-Social Behaviour Manager (Minute No 246 only)
Senior Democratic Support Officer

An apology for absence was received from Councillor J C Record.

236 APPOINTMENT OF SUBSTITUTE MEMBERS

It was noted that in accordance with Rule 4 of the Council's Procedure Rules, Councillor D R Lloyd-Jones had been appointed as substitute for Councillor J C Record.

237 MINUTES

The Minutes of the meeting of the Committee held on 30 June 2010 were approved as a correct record and signed by the Chairman.

238 INTERIM REPORT ON WRITE-OFF OF INVOICES DEEMED IRRECOVERABLE (Minute No 83)

As requested by Committee at its meeting on 16 June 2010, the Taxation and Enforcement Manager submitted a report giving details of aged and irrecoverable debts in respect of Council Tax and Business Rates. The total Council Tax bad debt over the period 1993 to 2010 was £3,406,494.08 and of this amount £92k was at the billing stage; £1.4m was with bailiff companies; £30k comprised charging orders on properties; £343k was attached to income support payments and earnings; and £64k was on warrant with Court action pending. These sums totalled £2.7m and it was hoped that most would be collected by the end of the Financial year.

The total outstanding debt in respect of Non Domestic Rates as at 31 August 2010 was £1,592,258.80 and Committee was reminded that the Council acted as a collecting agent for the Government and therefore this did not reflect monies owed to the Council. Divisional re-structuring and reduced resources were being off-set

by working with Thanet Council, employing two tracing companies, and using call-centre agents to deal with issues raised by customers at the point of enquiry.

In response to questions the Taxation and Enforcement Manager explained that 59%/65% of the current year's Council Tax had been collected; three companies of bailiffs were currently employed and the cost was recouped from the customer.

RESOLVED: (a) That the report be noted.

(b) That the Director of Business and Community Transformation be requested to submit a similar report on aged debts and write-offs to this Committee twice a year.

239 RENTAL VALUES AND ASSET VALUATIONS (Minute No 88)

At its meeting held on 16 June 2010 the Committee had asked for further details of the Council's Asset Management in respect of rental values and asset valuations which had been the subject of a review by the Internal Audit Partnership. The Senior Valuer advised that the audit report had highlighted assets where values fluctuated wildly, for example pay car parks, and incorrect information in valuations due to errors on the database. The database had subsequently been updated and provided constant visual reminders of action necessary. Initial discussions had been held with Thanet District Council's Asset Valuer with a view to putting in place reciprocal arrangements for the current year in order to identify best practice. The Senior Valuer also clarified that the Council held a number of assets with rental values below £130 per annum, for example garden properties or strategic holdings. The total number of assets of all classes was about 600 and the Chairman stressed the importance of ensuring that all future rent increases should be accurate and timely.

RESOLVED: That the report and the action taken be noted.

240 UPDATE FROM THE AUDIT COMMISSION (Minute No 90)

Following consideration of the Audit Commission's Annual Audit and Inspection Fee letter at the Committee meeting held on 16 June, a revised letter had been requested setting out the 2010/11 fees including a 6% rebate and details of the scale of fees applied together with the number of audit days to be worked. In the intervening period the Secretary of State for Local Government had announced the Government's intention to disband the Audit Commission. The Audit Manager, Audit Commission, reminded Committee that the work undertaken by the Commission covered three elements: accounts, Value for Money, and inspection/corporate assessment. Audit of accounts would not be changing; Value for Money would be subject to a 'lighter touch' with the accent remaining on economy, efficiency, effectiveness and financial resilience; and the inspection element had ceased in June. Audit of Value for Money was still required by statute but should be proportionate. Any future rebate would reflect the 6% in respect of IFRS and the Commission would be writing to authorities in October. Meetings would be held with the Director of Finance and ICT and an updated fee letter would then be submitted. As the audit for 2009/10 had just been completed it was not possible to predict events in 2011/12 but costs would be incurred in winding up the Commission. Primary legislation would be required in the present session of Parliament to abolish the Commission with the Act expected to come into force in June 2011. The Commission was likely to continue working until 2011/12 after

which authorities would select their own auditors and would no doubt explore joint procurement. A code of practice could be expected. The Committee would be kept informed of progress and in the meantime Audit Commission officers would remain focused on the high quality audit expected of them. The original intention had been to return funds to clients but it would be necessary to ensure that there was sufficient funds to wind up the Commission and pay costs.

RESOLVED: That the report be noted and a further report received in December 2010.

241 INTERNAL AUDIT QUARTERLY PROGRESS REPORT

The Head of Audit Partnership submitted a report summarising the work undertaken by Internal Audit since the previous meeting of the Committee which included eight new reviews and twelve follow-up reviews. Of the new reviews, two had been given a Substantial assurance level, three were Reasonable, one was Limited and assurance levels were not applicable in respect of either the Shared Revenues and benefits database with Thanet Council or Housing Benefit Testing. Procurement had received the Limited assurance and Members were advised that it was the strategic element of procurement which required attention. The Council's contract register required updating; development of e-procurement impacted on future joint services; contract standing orders would need to be amended; and efforts to encourage tenders from local firms required balancing against achieving value for money with public funding. Data was currently being gathered and the Procurement Panel was expected to meet in October or November. The level of ICT staffing necessary to support e-procurement would need to be evaluated, particularly if staff were pooled with neighbouring authorities in a joint service. The register of interests referred to in the report was a list of expressions of interest in contracts by companies who might wish to tender; the register required consolidation and improved access. It was noted that while an annual check of related party transactions was carried out for elected Members and senior officers, the staff register of interests was not always consulted when tenders were let. The Director of Governance recommended that this matter be investigated.

Housing Benefit Counter Fraud Arrangements remained as a Limited assurance and further details were requested.

RESOLVED: (a) That the activity of Internal Audit for the first quarter of 2010/11 be noted.

(b) That further reports be brought to Committee in respect of the Procurement function and Housing Benefit Counter Fraud.

242 STATEMENT OF ACCOUNTS 2009/10 (Minute No 117)

Following consideration of the Draft Statement of Accounts on 30 June 2010, the Director of Finance and ICT presented the audited Statement for 1009/10 which had received an unqualified audit opinion from the Audit Commission. Information on changes requested by the Auditors appeared in detail later in the agenda under the Annual Governance Report 2009/10. The final Statement included minor textual changes to the narrative which had improved the clarity of information provided.

RESOLVED: That the audited Statement of Accounts 2009/10 be received and the Chairman of the Committee be authorised to sign the final accounts.

243 TREASURY MANAGEMENT UPDATE – QUARTER 1 2010/11

After consultation with Local Authorities CIPFA had issued a revised Code of Practice for Treasury Management in November 2009 which included a suggestion that Members should be informed of Treasury Management activities at least twice a year but preferably quarterly. The Director of Finance and ICT had therefore prepared a report which covered the economic background and forecast, annual investment strategy, and borrowing. A meeting with the Council's advisers had been held on 29 September and Investec's performance remained disappointing. It was anticipated that a proportion of the funds held with Investec would be returned to in-house management when the lower yielding investments matured. The interest rates receive on short and medium term investments remained low but the level of risk incurred had also deliberately been kept low.

RESOLVED: That the report be noted.

244 ANNUAL GOVERNANCE REPORT 2009/10

The Audit Manager, Audit Commission, presented the Annual Governance Report and confirmed that the Statement of Accounts had received an unqualified opinion; that amendments made were not fundamental; the financial position had not changed and the Council had presented a robust set of accounts. It was understood that staff had coped well with constraints imposed by the loss of key officers. The draft letter of representation had been prepared for signature by the Director of Finance and ICT.

RESOLVED: That the report be welcomed, staff congratulated and the Director of Finance and ICT authorised to sign the letter of representation.

245 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That the press and public not be excluded for the remainder of the meeting.

246 INTERNAL AUDIT QUARTERLY PROGRESS REPORT – CHILD PROTECTION

The Committee considered the report of the Head of Audit Partnership on a review of the Council's Child Protection Policy which indicated that the policy was strong and that officers understood their roles and responsibilities. The Community Safety and Anti-Social Behaviour Manager explained that although this Council did not have a Social Services or Police function it was not exempt from S11 of the Children Act 2004 which stated that the child's welfare was paramount and every child had a right to protection from abuse, neglect and exploitation. The service had received a limited assurance but substantial progress had already been made on many of the issues raised by Internal Audit and three key items were scheduled to be completed by the end of October 2010. The need for CRB checks for officers and Members was discussed should they ever be supervising children rather than attending events where children were present. Child Protection awareness should form part of the induction for new Councillors in 2011.

RESOLVED: That the report be noted and the Community Safety and Anti-Social Behaviour Manager be requested to bring a further report to the next meeting with a follow-up review by Internal Audit expected in March 2011.

The meeting ended at 7.55 pm.