

Minutes of the meeting of the **GOVERNANCE** Committee held at the Council Offices, Whitfield on Wednesday 8 December 2010 at 7.10 pm.

Present:

Chairman: Councillor D A Mayes

Councillors: M D Conolly
M R Eddy
D R Lloyd-Jones
J C Record

Officers: Director of Finance and ICT
Head of Audit Partnership
Taxation and Enforcement Manager (Minute Nos 337 and 340 only)
Governance Investigator (Minute Nos 347 to 342 only)
Partnership Auditor
Audit Manager, Audit Commission
Democratic Services Officer

Apologies for absence were received from Councillors B W Bano and C E Kirby.

337 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 C E Kirby.

338 MINUTES

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

339 FRAUD INVESTIGATION AUDIT – RESPONSE

The Taxation and Enforcement Manager presented an update on the fraud investigation audit in response to a request from the Committee at its previous meeting.

The original audit identified four recommendations for improvement, for which the Taxation and Enforcement Manager updated the Committee:

- The Council advertised 'beat the cheat' in the Dover Express and publicised the sanctions awarded against those fraudulently claiming benefit.
- Risk management would be reviewed when the service joined the first tranche of East Kent Shared Services as part of a broader alignment of policies.
- All CRB checks had been completed and were up to date for the members of the fraud investigation team.
- A review had been conducted of the visiting policy as requested in the audit and found that the policy was fit for purpose. The structural barriers to

implementing the policy had also been resolved and confidence was expressed that the visiting policy was working effectively.

The Committee welcomed the update and urged the Taxation and Enforcement Manager to ensure that the visiting policy was properly followed in future for the safety of employees.

RESOLVED: That the report be noted.

340 WRITE-OFF OF INVOICES DEEMED IRRECOVERABLE (Minute No 238)

The Taxation and Enforcement Manager submitted a report giving details of debt which had been identified as irrecoverable and which totalled £220,180.36. All the accounts involved had been subject to rigorous actions including use of bailiffs, tracing and Court actions. The figure compared to £3,036.96 for the comparative period in 2008/2009.

The Committee was advised that write offs were either due to absconders or instances where the outstanding balance was uneconomic to pursue. In addition, some of the outstanding debt was being repaid in instalments and would be recovered in full.

It was emphasised that debt write off was not forgiveness and any debt that had been written off could be reinstated if it became appropriate to recover at a future date.

The Chairman requested that future reports contain a headline summary and direction of travel indication to enable Members to more easily digest the information.

RESOLVED: That the identified debt be accepted as being written off.

341 POLICY STATEMENT ON FRAUD AND OTHER IRREGULARITIES

The Committee considered the report of the Director of Governance on the introduction of the Bribery Act 2010 and its consequences for the Policy Statement on Fraud and Other Irregularities.

The Bribery Act 2010 repealed several previous pieces of anti-corruption legislation which were referred to in the previous policy statement and the new policy statement updated those references in line with the new legislation.

RESOLVED: That the proposed revisions to the Policy Statement on Fraud and Other Irregularities be approved.

342 UPDATE OF CORPORATE GOVERNANCE LOCAL CODE

The Governance Investigator presented the Update of the Corporate Governance Local Code to the committee.

The Code was reviewed annually as a matter of course, although this year the organisational change that the Council was undergoing as part of the Delivering Effective Services framework had required several changes to the document. In particular, the classification of risk management as 'bronze' by Cabinet at its meeting held on 4 October 2010 had changed the primary focus of risk

management to that of major projects and resulted in a substantially revised Section 5 of the Code.

RESOLVED: That the proposed revisions to the Corporate Governance Local Code be approved and the revised Basket of Measures be accepted.

343 UPDATE ON PROGRESS AGAINST THE ANNUAL ASSURANCE STATEMENT ACTION PLAN

At its meeting held on 6 December 2010 the Cabinet had noted the progress made in respect of actions identified as necessary arising from the Annual Governance Assurance Statement for 2009/2010.

RESOLVED: That the report be noted.

344 INTERNAL AUDIT QUARTERLY PROGRESS REPORT

The Head of Audit Partnership submitted a report summarising the work undertaken by Internal Audit since the September meeting of the Committee which included seven new reviews and four follow-up reviews. Substantial assurance levels had been given to Disabled Facilities Grants, CCTV, and Business Rates; and Reasonable assurance levels had been given to Value for Money Strategy and Employee Health and Safety. Assurance levels were not applicable to Absence Management and Housing Benefits Quarterly testing.

Overall, the Audit Partnership had completed 47% of its audits by mid-year which by the time of the meeting was now at 66% and on course for meeting the year end audit plan target. The Committee was advised that consideration was being given to revising next year's chargeable days target as productivity has been consistently maintained above 80% for several periods now, the target being set at 75%.

In response to Members' questions about absence management during adverse weather conditions, the Director of Finance and ICT stated that the East Kent Human Resources Partnership (EKHRP) had publicised advice to staff prior to the bad weather on what to do if they couldn't make it into the offices. The Council had fifty concurrent user licences to allow for remote working for those members of staff that could do so.

In respect of procurement, the Committee was advised that the contract register was being brought up to date and steps were being taken to introduce e-procurement, days previously programmed for audit by the East Kent Audit Partnership would be re-designated to providing advice and working with the project team on implementing this.

There had been no change to the assurance levels given to Compliance with Standing Orders, Waste Management, Cemeteries and Sundry Debtors. In response to questions from Members concerning when an improvement in assurance on Compliance With Contract Standing Orders would be achieved, the Director of Finance and ICT stated that it was expected that the work of the Procurement Board would deliver this next year. The Council had recently introduced a requirement for Director sign-off of all purchase orders which ensured that all requests for procurement were currently being robustly challenged.

RESOLVED: That the activity of Internal Audit for the third quarter of 2010/11 be noted.

345 UPDATE FROM THE AUDIT COMMISSION

The Audit Manager provided a verbal update to the Committee in respect of the future of the Audit Commission and the level of fee for 2011/12.

It was stated that legislation to abolish the Audit Commission was currently being drafted by the Coalition Government and it was expected that from 2012 local authorities would be able to procure their audit services from the private sector. There was consideration being given to the Audit Commission converting to a mutual trust and bidding for local authority audit business.

The Council would see a reduction in its audit fee from 2011/12 with the abolition of national studies and reports. Overall, it was expected that the Audit Commission would be applying a much lighter touch to its audit work in 2011/12 than in previous years and that would be reflected in the fee charged.

RESOLVED: That the report be noted.

346 ANNUAL AUDIT LETTER 2009/2010

The District Auditor presented the annual Audit Letter which showed a solid and sound performance with the authority's accounts maintaining a high standard despite the constraints on capacity within its Finance section. The Audit Manager praised the Council for continuing to deliver a solid standard of work despite the constraints.

The Council's performance on International Financial Reporting Standards (IFRS) had been assessed as 'red' (as opposed to 'amber' or 'green'). It had been recommended that the project timetable for completion of IFRS be revised and appropriate resources be put in place to deliver it. However, it was acknowledged that most authorities would struggle with the introduction of IFRS and the Audit Commission would work with the Council to share best practice gained from other authorities. The Director of Finance and ICT suggested that given the background of resource restraints that Council found itself under a 'reasonable' audit rating on IFRS for the first year would be a acceptable outcome.

The Council's arrangements to secure economy, efficiency and effectiveness in its use of resources were satisfactory. The Audit Manager welcomed the innovative Delivering Effective Services restructuring and felt that the Council had a positive direction of travel. As a consequence, an unqualified statement was issued to the Council in respect of Value for Money.

The District Audit team anticipated continuing to work with the Council on shared services and made specific mention of the significant financial challenges presented by the Government's Comprehensive Spending Review.

RESOLVED: (a) That the Finance Section be thanked for its hard work despite the constraints under which it was operating.

(b) That the Annual Audit Letter be received and accepted.

The meeting ended at 8.20 pm.