

Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 6 April 2017 at 6.00 pm.

Present:

Chairman: Councillor P G Heath

Councillors: M R Eddy (as substitute for Councillor A S Pollitt)
B J Glayzer
M Rose (as substitute for Councillor D Hannent)

Also Present: Engagement Lead – Grant Thornton

Officers: Engagement Lead - Grant Thornton
Director of Governance
Director of Environment and Corporate Assets
Head of Finance
Head of Parks and Open Spaces
Head of Audit Partnership (East Kent Audit Partnership)
Deputy Head of Audit Partnership (East Kent Audit Partnership)
Team Leader – Democratic Support

39 APOLOGIES

Apologies for absence were received from Councillors D Hannent, P I Carter and A S Pollitt.

40 APPOINTMENT OF SUBSTITUTE MEMBERS

It was noted that, in accordance with Council Procedure Rule 4, Councillors M R Eddy and M Rose had been appointed as substitutes for Councillors A S Pollitt and D Hannent respectively.

41 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

42 MINUTES

The Minutes of the meeting of the Committee held on 1 December 2016 were approved as a correct record and signed by the Chairman.

43 PLAY AREA AUDIT UPDATE

The Director of Environment and Corporate Assets and the Head of Parks and Open Spaces presented an update on the play areas audit.

The Committee was advised that the service was in a stronger position now that the service had been moved in-house. A draft framework was being developed which included three tier inspections which conformed to national guidance. However, the maintenance and repair procedures were already in place.

The Council had not been provided with training data as part of the TUPE process and had needed to compile this information itself but training would be delivered to all officers by the end of July 2017.

The Head of Audit Partnership confirmed that a follow-up audit would be undertaken.

RESOLVED: That the update be noted.

44 QUARTERLY INTERNAL AUDIT UPDATE REPORT

The Head of Audit Partnership (East Kent Audit Partnership) introduced the Quarterly Internal Update report. There had been nine internal audits undertaken during the period of which six were classified as providing Substantial Assurance, one classified as providing Reasonable Assurance, one classified as a split Reasonable/Limited Assurance and one (Housing Benefit Testing) for which an assurance was not applicable.

The audits with an applicable assurance statement were as followed:

- Insurance & Inventories of Portable Assets (Substantial Assurance)
- Main Accounting System, Budgetary Control and Treasury Management (Substantial)
- East Kent Housing - Tenancy & Estate Management (Substantial)
- EKHR - Recruitment (Substantial)
- EK Services ICT Management & Finance (Substantial)
- Receipt and Opening of Tenders (Substantial)
- Garden Waste & Recycling Income (Reasonable)
- Performance Management (Reasonable/Limited)

For the nine-month period to 31st December 2016, there had 203.82 chargeable days delivered against the planned target of 284.10. This equated to 72% of the total plan completed. As of 31 March, that level had increased to 98%.

The split Reasonable/Limited Assurance was primarily due to a lack of a 'golden thread' which linked the high level strategic Corporate Objectives to departmental objectives and individual staff objectives and targets. There were also a number of administrative points raised by the audit.

The Director of Governance advised that the process for departmental business plans had been streamlined which would address the concerns highlighted in the audit over consistency in their documenting and completion. In addition, the staff appraisal process was a key component in the 'golden thread' by linking the performance objectives and training requirements of staff to the department and corporate objectives.

The Deputy Head of Audit advised that he was satisfied that improvements were being made in this respect.

There had also been five follow up audit reviews completed during the period.

RESOLVED: That the Quarterly Internal Audit Update report be noted.

45 INTERNAL AUDIT CHARTER AND DRAFT PLAN 2017-18

The Head of Audit Partnership presented the Internal Audit Charter and Draft Plan 2017-18.

The Internal Audit Charter, which set out the purpose, authority, objectives and responsibilities of the East Kent Audit Partnership, had been reviewed against the revised Public Sector Internal Audit Standards (PSIAS) and following this self-assessment it was felt that certain aspects of the Charter needed to be refreshed. It was proposed that unless there were any future changes to the standard, the Internal Audit Charter would next be brought back to the Governance Committee in March 2020.

The Audit Plan supported the Audit Charter and set out the planned areas of audit work for the next year with indicative proposals for future years. The plan was produced in accordance with professional guidance and based on risk assessments for each service area to determine priorities. This included knowledge from previous audits, criticality, financial risk, and the risk of fraud and corruption. The Director of Governance and the S151 Officer were also consulted during the preparation of the plan.

The draft Audit Plan 2017-18 proposed 20 audits with 270 audit days allocated and was split between 82% Core Assurance Projects (the main Audit Programme) and 18% Other Productive Work (corporate meetings, follow up, general advice and liaison).

RESOLVED: (a) That the Internal Audit Charter for the delivery of the internal audit service for the next three years be approved and adopted.

(b) That Internal Audit Plan for 2017/18 be approved.

46 TREASURY MANAGEMENT QUARTER THREE REPORT 2016/17

The Head of Finance presented the Treasury Management Report for Quarter 3 2016/17.

Members were advised that the Council had remained within its Treasury Management and Prudential Code guidelines during Quarter 3 and had achieved an investment return for the year-to-date of 0.57%, which outperformed the benchmark by 0.34%.

The Council had appointed new treasury management advisors and their report would be used from the next quarter.

RESOLVED: That the report be noted.

47 AUDIT PLAN 2016/17

The Engagement Lead – Grant Thornton presented the report which set out Grant Thornton's approach to delivering their audit plan for 2016/17 at Dover District Council, including the significant risks that in the auditor's judgement required special consideration and the financial challenges facing the authority, their fees and the proposed reporting timetable.

Members were advised that there were three significant risks that had been identified in the plan: two of which were presumed fraud risks (Revenue cycle which included fraudulent transactions and Management override of controls), the third being the valuation of property, plant and equipment.

As part of the audit, Grant Thornton is required to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the Value for Money (VfM) conclusion. As a result of the initial risk assessment work for this conclusion, it was identified that the financial forecast as detailed in the Council's Medium Term Financial Plan represented a significant risk as the local government settlement had placed further pressure on the Council's finances and the Council's Medium Term Financial Plan included the need for significant savings over the next four years.

There was no risk shown for the work relating to the proposed creation of a single East Kent authority as the audit period for 2016/17 would only have covered the consultation stage. The Engagement Lead – Grant Thornton was advised that following the decision of Shepway District Council, the proposals for a single East Kent authority were no longer going ahead.

RESOLVED: That the report be received and noted.

48 THE STANDARDS COMMITTEE

The Director of Governance presented the report on proposals to cease appointing a Standards Committee and the transfer of its functions relating to corporate service complaints and member conduct to the Governance Committee.

Members were advised that since the introduction of the new Code of Conduct in 2012 which transferred many of the functions of the previous statutory Standards Committee to the Monitoring Officer in respect of member complaints, the business for the Standards Committee had significantly reduced. As a result, a third of the scheduled meetings of the Standards Committee had been cancelled over the 5 year period and for those meetings that had been held the average length of meeting had reduced from 59 minutes to 14.5 minutes.

The residual functions of the Standards Committee, particularly around corporate service complaints, had a significant synergy with the work of the Governance Committee and it was proposed that the Committees functions and responsibilities be amended to include them. It was also proposed that the membership of the Governance Committee be increased by one as a result of its new responsibilities.

If Council approved the changes then a training session would be held for the members of the Governance Committee to reflect the new functions and responsibilities.

RESOLVED: That it be recommended to Council:

- (a) That, as from the 2017 Annual Meeting of the Council, the Council no longer appoints a separate Standards Committee.
- (b) That, with effect from the 2017 Annual Meeting of the Council, the functions of the Standards Committee are transferred to the Governance Committee and the revised functions as described at Appendix 1 are adopted and incorporated into the Council's Constitution.
- (c) That, with effect from the 2017 Annual Meeting of the Council, the membership of the Governance Committee is increased from 6 to 7 members.
- (d) That the Director of Governance is authorised to make consequential textual changes to the Council's Constitution to remove references to the Standards Committee and where appropriate replace with reference to the Governance Committee.

The meeting ended at 6.34 pm.