

Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 29 July 2021 at 6.00 pm.

Present:

Chairman: Councillor D Hannent

Councillors: D A Hawkes
P D Jull
P Walker

Officers: Head of Finance and Investment
Deputy Head of Audit Partnership (East Kent Audit Partnership)
Democratic Services Officer

Also present: Key Audit Partner (Grant Thornton) (External Auditors)

1 **APOLOGIES**

Apologies for absence were received from Councillors S H Beer and S S Chandler.

2 **APPOINTMENT OF SUBSTITUTE MEMBERS**

There were no substitute members appointed.

3 **DECLARATIONS OF INTEREST**

There were no declarations of interest made.

4 **MINUTES**

The Minutes of the meeting held on 15 April 2021 were approved as a correct record for signing by the Chairman.

5 **QUARTERLY INTERNAL UPDATE REPORT**

The Deputy Head of Audit Partnership introduced the Quarterly Internal Audit Update report to the Committee. For the period up to 30 June 2021, 40.5% of the plan had been completed having conducted twelve new audits, along with completing eight follow-up reviews.

Members considered the audits and discussed the following points:

- In respect of the audit of Receipt and Opening of Tenders, Members were advised that tenders were usually opened without the presence of a councillor since electronic opening was introduced.
- The audit of Planning Enforcement had identified that there were no performance indicators (PIs) for the service. The Deputy Head of Audit Partnership advised Members that a follow-up audit of the service was imminent and a recommendation to management had been made to introduce PIs for the service. Members were keen to recommend that these be implemented although would wait to see what progress had been made after follow-up.

- With regard to the EKS ICT Disaster Recovery audit it was recognised the Business Continuity Plan and Disaster Recovery for ICT Services had been well tested during the pandemic. It had evidenced how quickly the service and council could respond to a crisis, having moved staff from the office to home working.
- Members recognised the switch to working from home had worked well for some areas of the council. Lessons had been learned which had improved efficiency and some good practices had emerged. Home working had also presented risks and had highlighted some GDPR implications, ensuring that council data was adequately protected. Some services were badly affected, such as planning enforcement site visits and tenant safety checks for example were ceased as a result of lockdowns and restrictions. It was hoped that these services would begin to return to normal as restrictions eased.
- Members considered the two Project audits, Kearsney Abbey and Ottaway House, and the lessons learned regarding the Project Management processes. The Kearsney Abbey project had encountered numerous problems and considerable additional costs. Members considered the Value for Money (VFM) of the project and the implications of such an overspend when bidding for grants in the future. Members' attention was drawn to the four key governance and risk management learning areas that were identified in the report and the Chairman of the Committee would follow these points up with officers outside of the meeting.

Members thanked officers for the report and

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

6

ANNUAL INTERNAL AUDIT REPORT

The Deputy Head of Audit Partnership introduced the report to the Committee which provided a summary of the work undertaken by the East Kent Audit Partnership (EKAP) for the year ended 31 March 2021.

During the period the Covid-19 pandemic had impacted on the service and the audit plan had been suspended. During the first quarter (April, May and June) staff were redeployed to utilise their skills in the Community Hub set up by the council. A revised target of 75% plan completion was implemented and as of 1 July 2020 the plan completion was reasonable against the revised target.

During the year 100% of completed reviews received either a substantial or reasonable assurance level and following positive actions from management, two reviews were moved from reasonable to substantial assurance after follow-up.

Members' attention was drawn to the Overall Opinion of the Head of Audit Partnership within the report, The GDPR Review undertaken by the legal team which looked at data breach implications as a result of working from home was praised by Members and was a well-received piece of work that audit would encourage other councils to undertake.

With regard to Risk Management, Members noted that the council did not comply with CIPFA and IAA Best Practice guidance. Members considered whether the Corporate Risk Register should be presented to the Governance Committee. The information in the register did not change regularly and members considered the regularity of the report coming to the Committee. It was suggested that the report could be presented quarterly and for the report to highlight what had changed. Members also discussed whether the report should only be presented to the Committee when there was a change to the register.

- RESOLVED:
- (a) That Members note the Opinion of the Head of Audit Partnership.
 - (b) That Members note the Annual Report detailing the work of the EKAP and its performance to underpin the 2020-21 opinion.
 - (c) That the Corporate Risk Register be presented quarterly (subject to change) to the Governance Committee.

7

AUDIT FINDINGS REPORT

The Key Audit Partner for Grant Thornton (External Auditors) presented the report which highlighted the key findings and other matters arising from the statutory audit of the Council and the preparation of the Council's financial statements for the year ended 31 March 2020.

The audit was not yet completed and deadlines for the preparation of the financial statements and audited financial statements for the period had been extended. Additional challenges and work pressures throughout the year delayed the completion of the draft statements to January 2021. Auditors began work on the accounts in February through to April when auditors were deployed to work on NHS audits. Work on Dover's audit had commenced again in July 2021 although a new team were tasked with the finalisation of the audit which resulted in further delays. It was hoped the audit would be completed by the end of September 2021. Members expressed their concerns that the completed audit for 2019/20 was still outstanding. The 2020/21 audit was due to commence on completion of the previous year's audit and the audit plan to be presented to the Committee in September.

It was reported to Members that for the 2018/19 audit the Value for Money conclusion was deferred whilst objections raised at other East Kent district in respect of East Kent Housing were considered. Having now finalised consideration of the objections it was concluded that an 'except for' qualification for 2018/19 be issued.

It was recognised that the housing service had come back in-house in October 2020. Building on the experiences from East Kent Housing's failings Members were hopeful that their concerns regarding other projects and contract management would encourage Grant Thornton to look closely at those areas.

RESOLVED: That the Audit Findings Report be noted.

8

FINANCIAL OUTTURN 2019/20

The Head of Finance and Investment presented the Financial Outturn 2019/20 report to the Committee. This report tied into the Statement of Accounts which, due to the impact of the Covid-19 pandemic, was delayed in the production process. Members were asked to consider the report in conjunction with both the Statement of Accounts and the Audit Findings report.

Members were directed to the summary of the key points within the report where it was reported that the General Fund had delivered an underspend against the original budget of c£2.2m and the factors contributing to the underspend. The Council had remained within its Treasury Management guidelines and complied with the Prudential Code during the year.

With regard to the investment in the CCTV Upgrade and Town Centre WiFi, project, Councillor P D Jull queried the original budget and whether there was an underspend as the wi-fi had not been delivered. The Head of Finance and Investment would get further details from officers and get back to councillors with this information.

As a member of the Chamber of Trade, Councillor Jull had offered to make an appeal for the overspend of the NNDR for the old Dover Leisure Centre and this would be taken up with Civica by the Head of Finance and Investment.

RESOLVED: That the Financial Outturn 2019/20 report be received and noted.

9

STATEMENT OF ACCOUNTS 2019/20

The Head of Finance and Investment presented the Statement of Accounts 2019/20 to the Committee. The production of the report was a statutory requirement which supported the Financial Outturn 2019/20 report.

The Committee was advised that the auditors, Grant Thornton, were nearing completion of the audit of the council's financial statements and an unqualified opinion was anticipated. An amendment to the recommendation in the report was required to reflect the unfinished audit.

In response to a question from Councillor P D Jull about the performance of the Ernest Bruce Charles Charity, the Head of Finance and Investment would look into the matter further and provide a response to him outside of the meeting.

- RESOLVED:
- (a) That upon completion of the audit the Statement of Accounts for 2019/20 (Appendix 1) be approved and signed by the Chairman of the committee.
 - (b) That the committee notes the letter of representation (Appendix 2) to be signed by the Strategic Director (Corporate Resources).

10

SECTOR UPDATE - GRANT THORNTON

The Key Audit Partner for Grant Thornton (External Auditors) presented the Audit Progress Report and Sector Update to the Committee.

Progress to date and updates included:

- As previously reported the 2019/20 audit was in the process of being completed and Members' attention was drawn to the progress of the 2020/21 audit and expected timings of that within the report.
- The Value for Money scope had expanded and as a consequence, Grant Thornton's approach to it.
- The need to increase fees for 2020/21, with the proposed fee being presented to the September meeting.

The Head of Finance and Investment responded to the proposed audit timings and that the 2020/21 accounts had not yet been published. The timings needed to work for both the finance team and Grant Thornton as work would be commencing on budgets. Flexibility would be required to find a balance that worked for everyone to produce timely reports.

In response to a question from Members, the Key Audit Partner advised that remote working did not adversely impact on the audit as long as councils had the necessary arrangements in place. It was the view of the Key Audit Partner that any authority that could not deliver a balanced hybrid approach could potentially face problems.

RESOVLED: That the Progress Report and Sector Update be noted.

The meeting ended at 7.28 pm.