

Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 16 March 2023 at 6.00 pm.

Present:

Chairman: Councillor P D Jull

Councillors: S H Beer
N J Collor (as substitute for Councillor S S Chandler)
D A Hawkes
S J Jones
P Walker

Also Present: Audit Manager (Grant Thornton (External Auditors))

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

38 APPOINTMENT OF A CHAIRMAN

In the absence of the Chairman and the Vice-Chairman, the Democratic Services Officer called for nominations for a chairman for the meeting.

It was proposed by Councillor S J Jones and duly seconded that Councillor S H Beer be elected Chairman for the duration of the meeting.

It was proposed by Councillor S H Beer and duly seconded that Councillor S J Jones be elected Chairman for the duration of the meeting.

It was proposed by Councillor D A Hawkes and duly seconded that Councillor P D Jull be elected Chairman for the duration of the meeting.

Members voted on the proposals for Chairman until one candidate remained.

RESOLVED: That Councillor P D Jull be elected Chairman for the duration of the meeting.

39 APOLOGIES

Apologies for absence were received from Councillors S S Chandler and D Hannent.

40 APPOINTMENT OF SUBSTITUTE MEMBERS

It was noted that in accordance with Council Procedure Rule 4, Councillor N J Collor had been appointed as substitute member for Councillor S S Chandler.

41 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

42 QUARTERLY INTERNAL AUDIT UPDATE REPORT

The Deputy Head of Audit Partnership presented the Quarterly Internal Audit Update report. The report included a summary of the work completed by the East Kent Audit Partnership since the last meeting of the Governance Committee.

The Deputy Head of Audit Partnership drew Members' attention to the following points:

- The following audits were highlighted: Substantial Assurance (EKS Business Rates and EKS Discretionary Housing Payments); Reasonable Assurance (Housing Allocations and Absence Management – Annual Leave and Flexi); Reasonable/Limited Assurance (Planning Applications, Income and s.106 Agreements) and Limited Assurance (Absence Management - Sick Leave).
- The four follow-up reviews completed which had all received substantial assurance after follow-up.
- The work-in-progress in respect of the proposed 22-23 VAT audit as this had been postponed to summer 2023 due to resource implications within the finance department. The Council had accepted the risk resulted from being behind in submitting its VAT returns.
- The number of audit days completed.

Members welcomed the update and raised the following points in response:

- Expressed concerns at the number of Reasonable or Limited Assurances, in particular in respect of the level of sick leave in the organisation.
- To highlight their concerns in respect of the use and distribution of s.106 funds.
- To question the nature of the risks to the Council in respect of the postponed 22-23 VAT audit.

The Deputy Head of Audit Partnership reassured Members that reasonable and limited assurances would be followed up and an update provided to the next meeting of the Governance Committee. It was acknowledged that due to the local election there would be a change in the membership of the Governance Committee however, officers would still be in post and would ensure this was done.

Members were assured that the council was adequately managing the risks in respect of the postponed 22-23 VAT audit. The council would be back on track within the next few months.

Members noted the report.

43 INTERNAL AUDIT CHARTER AND DRAFT INTERNAL AUDIT PLAN 2023-24

The Head of Audit Partnership presented the Internal Audit Charter and Draft Internal Audit Plan 2023-24. The Audit Charter set out the overarching vision, aims

and strategy for the Internal Audit Service together with the draft plan of work for the forthcoming 12 months.

Members expressed support for the inclusion of climate change and environmental stability as a key risk following the "Risk in Focus" survey. The Head of Audit Partnership advised that there would be greater emphasis on Environment, Social and Governance factors.

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

(b) That the Council's Internal Audit Plan for 2023/24 be approved.

44 TREASURY MANAGEMENT QUARTER THREE REPORT 2022/23

The Head of Finance and Investment presented the Treasury Management Quarter Three for 2022/23 report to the Committee for its consideration and provided details of the Council's treasury management for the quarter ended 31 December 2022.

The Council's investment return for the period was £1,718k (annualised), which was £78k more than the original budget estimates. There had been no new long-term borrowing although £10m in short-term loans were required on 31 December for strategic cash flow purposes.

The Council had remained within its Treasury Management guidelines and complied with the Prudential Code guidelines.

With regard to a query raised by Councillor P D Jull and the value for money offered by the Council's Treasury Management Advisors, Arlingclose, the Head of Finance and Investment was satisfied with the broad package of support provided and that having gone out to tender within the last year, they were happy they were the best value for money.

RESOLVED: That the report Treasury Management Quarter Three Report 2022/23 be noted.

45 AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Audit Manager (Grant Thornton) who was in attendance remotely, presented the Audit Progress Report and Sector Update. Members were informed that the financial statements audit for 2019/20 had been certified in December 2022. In respect of the financial statements audit for 2020/21, due to delays from the unavailability of key working papers and due to a change of focus to auditing the NHS, the audit was still ongoing. The financial statement audits for 2021/22 and 2022/23 were subject to discussions with officers concerning the formation of a plan to complete these audits.

Members expressed concern that the financial statements audits for previous years were still outstanding.

The meeting ended at 6.50 pm.