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Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 25 September 2014 at 6.00 pm.

Present:

Chairman: Councillor T J Bartlett

Councillors: K E Morris
B W Bano
S J Jones
A S Pollitt
M A Russell

Also Present: Emily Hill, Grant Thornton
David Griffiths, East Kent Audit Partnership

Officers: Director of Governance
Head of Finance
Head of Audit Partnership (East Kent Audit Partnership)
Deputy Head of Audit Partnership (East Kent Audit Partnership)
Democratic Support Officer

14 APOLOGIES

An apology for absence was received from Councillor M R Eddy.

15 APPOINTMENT OF SUBSTITUTE MEMBERS

In accordance with Council Procedure Rule 4, Councillor B W Bano was appointed as substitute member for Councillor M R Eddy.

16 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

17 MINUTES

The Minutes of the meeting of the Committee held on 26 June 2014 were approved as a correct record and signed by the Chairman.

18 QUARTERLY INTERNAL AUDIT UPDATE REPORT

The Deputy Head of Audit Partnership (East Kent Audit Partnership) introduced the Quarterly Internal Audit Update Report. There had been six audit reports undertaken during the period; two were classified as providing Substantial Assurance Levels, as set out below:

- EKS – Debtors
- Monitoring of Complaints, Comments and Compliments

A Split Substantial/Limited Assurance Level was awarded for Homelessness. The Deputy Head of Audit Partnership advised the Committee that only Limited Assurance could be placed on the recovery of temporary accommodation costs however, a policy corrective action could bring it back to Substantial Assurance. East Kent Housing – Rent Collection and Debt Management received a Reasonable

Assurance and an error in the calculations of the 2012/13 P11d's for lease cars gave rise to the Limited Assurance opinion for the Employee Benefits-in-Kind.

A Split Assurance Level was awarded to East Kent Housing (EKH) – Tenant Health and Safety. A number of necessary controls surrounding fire safety and lift maintenance were absent although there was evidence of compliance with the majority of key controls surrounding Gas Safety and Asbestos Management. EKH Management had made a written response to Audit Partnership and the Deputy Head of Audit Partnership advised Members that a follow up review of Tenant Health and Safety would be undertaken and brought back to the Committee in March 2015.

In light of the Limited Assurance level awarded to fire safety, Councillor Bartlett requested that the Chief Executive of EKH or his representative attend the December meeting of the committee to provide an update on progress.

Councillor S Jones expressed concern that tenants' lives could be at risk and informed the Committee that she had spoken to the Chairman of Scrutiny (Policy and Performance) prior to the meeting and asked that Tenant Health and Safety be considered at a future meeting of the Committee.

In light of the Limited Assurance level awarded to EK Services – ICT Software Licensing at its follow up review, Councillor A S Pollitt requested that the Head of ICT – EK Services attend the December meeting of the committee to discuss Members' concerns regarding the Licences.

RESOLVED: That the Quarterly Internal Update report be noted.

19 FINANCIAL OUTTURN 2013/14

The Head of Finance presented the Financial Outturn 2013/14 report to the Committee, advising members that it needed to be considered in conjunction with the Statement of Accounts and the Audit Findings Report.

The report set out an explanation of the outturn and financial standing of the Council, details of changes to the accounts and a condensed version of the information included in the accounts.

In response to a query from Councillor K E Morris the Financial Services Manager clarified that the £300k surplus in the General Fund was due to the Enterprise Zone Relief under the new National Non Domestic Rates arrangements.

RESOLVED: That the Financial Outturn 2013/14 report be noted.

20 AUDIT FINDINGS REPORT

Ms E Hill of Grant Thornton presented the Audit Findings report which highlighted the key matters arising from the audit of financial statements for the year ended 31 March 2014.

A verbal update was given to the Committee, the audit was now complete and there were no further issues to report. The opinion on the Council's Financial Statements and the conclusion on Value for Money were unqualified.

The audit identified that for future years the Council's Valuer should provide information relating to the valuation of buildings upfront as part of the valuation process to establish if any additional valuations are required and provide working papers and justification at the start of the audit.

Members thanked the finance team for their hard work in compiling the reports and congratulated them on the outcome of the audit findings.

RESOLVED: That the Audit Findings report be noted.

21 STATEMENT OF ACCOUNTS 2013/14

The Head of Finance presented the report on the Statement of Accounts 2013/14. The auditors, Grant Thornton, had awarded the Council an unqualified opinion in respect of the Statement of Accounts for 2013/14. Some minor adjustments and disclosure amendments were made to the draft statement of accounts provided to the auditors in order to improve the overall presentation of the financial statements; these changes did not alter the outturn for 2013/14 or the overall financial position as reported in the Outturn Report.

RESOLVED: (a) That the audited Statement of Accounts for 2013/14 be approved and signed by the Chairman of the Committee.

(b) That the Committee authorise the Chairman to sign the Letter of Representation.

22 TREASURY MANAGEMENT YEAR END REPORT

The Head of Finance presented the Treasury Management Year End report to the Committee. The Committee was advised that the Council's in-house investments (approximately £6m or 32% of total investments) and investments with the investment managers, Investec (approximately £12.9m or 68% of total investments) outperformed their benchmark. The total interest received for the year was £245k, which meant that income for the year was £10k approximately better than budget.

The Council had remained within its Treasury Management and Prudential Code guidelines during the year.

RESOLVED: That the report be received and noted.

23 TREASURY MANAGEMENT QUARTER ONE REPORT

The Head of Finance introduced the Treasury Management report for Quarter One advising the Committee that the Council had remained within its Treasury Management and Prudential Code guidelines during the period. The total interest received for the quarter was £74k, which meant that income for the period was £32k approximately better than budget.

RESOLVED: That the report be received.

The meeting ended at 6.41 pm.