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Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 18 June 2015 at 6.00 pm.

Present:

Chairman: Councillor P G Heath

Councillors: D Hannent
M J Holloway
S J Jones
A S Pollitt
G Rapley

Also Present: Emily Hill, Grant Thornton
Lisa Robertson, Grant Thornton

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

1 APOLOGIES

There were no apologies for absence received from Members.

2 APPOINTMENT OF SUBSTITUTE MEMBERS

There were no substitute Members appointed.

3 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

4 MINUTES

The Minutes of the meeting of the Committee meeting held on 26 March 2015 were approved as a correct record and signed by the Chairman.

5 QUARTERLY INTERNAL AUDIT UPDATE REPORT

The Deputy Head of Audit Partnership (East Kent Audit Partnership) introduced the Quarterly Internal Update report. There had been seven audits undertaken during the period; one had received a Substantial Assurance, and four had received Reasonable Assurances. There were three pieces of work where an assurance level was not applicable, these included: Tackling Tenancy Fraud and EK Services – Housing Benefit Quarterly Testing (Quarters 2 and 3 of 2014/15). There had been nine follow up reviews undertaken during the period and none of which remained as Limited Assurance after the review.

In respect of the Reasonable Assurance level awarded to Car Parking and PCNs, it was requested that an update be given detailing how improvements in the areas identified by EKAP had been implemented.

- RESOLVED: (a) That the report be received and noted.
- (b) That an update be given detailing how improvements have been implemented with regard to Car Parking and PCNs to the committee at its meeting on 22 September 2015.

6 ANNUAL INTERNAL AUDIT REPORT

The Head of Audit Partnership reported to the Committee a summary of the work completed by the East Kent Audit Partnership (EKAP) together with details of the performance of the EKAP against its targets for the year ending 31 March 2015.

During 2014-15 the EKAP delivered 99% of the agreed audit plan days, with 1.32 days under delivered to be adjusted for in 2015-16. During the same period 68 recommendations were made in the agreed final audit report; of these, 79% were in the High or Medium Risk categories although none were so significant that they needed to be escalated. Overall, of the 16 pieces of work completed 88% received substantial or reasonable assurance levels and 1 piece of work was partially limited and later revised to provide Reasonable Assurance. EKAP assessed the overall system of internal control in operation throughout 2014-15 as providing reasonable assurance.

RESOLVED: That the report be noted.

7 ANNUAL FRAUD REPORT 2014/15

The Head of Audit Partnership provided members with a summary of the anti-fraud work completed by the East Kent Audit Partnership (EKAP) for the year ending 31 March 2015.

There had been 575 referrals of potential benefit fraud during 2014-15 of which 358 were accepted for formal investigation and 2 press releases relating to the Council's detection of fraudulent activity during this period were issued. Members were advised that there were new powers available to the local authority with regards to Housing Tenancy Fraud and Housing Tenancy audits were being undertaken. Councillor M J Holloway raised concerns that the report lacked specific actions taken by East Kent Housing to prevent and detect potential housing fraud and it was unknown whether sufficient time and resources were being allocated to Housing Benefit Fraud.

- REOLVED: (a) That the report be noted.
- (b) That specific actions taken by East Kent Housing to prevent and detect housing fraud are contained within future reports.

8 ANNUAL GOVERNANCE ASSURANCE STATEMENT 2014/15

The Director of Governance presented the Annual Governance Assurance Statement 2014/15 to the Committee. The review was an annual requirement of the Account and Audit Regulations (England) 2003, as amended by the Account and

Audit (Amendment England) Regulations 2006, to look at the effectiveness of the Council's System of Internal Control.

Significant governance issues during the year were reported to include:

- one finding of maladministration by the Local Government Ombudsmen which related to noise nuisance;
- Safeguarding Children, which had been identified as a key issue for the Council, and for which training was being provided for all staff; and
- 2 claims made against the Council (as well as the majority of other District and Unitary Councils) by a group of Property Search Companies for fees paid to the Council to access land charges data. The first claim had already been settled and it was reported that since the agenda was published the Council had settled the second claim.

RESOLVED: That the Annual Governance Assurance Statement for 2014/15 be agreed.

9 AUDIT FEE LETTER 2015/16

Ms E Hill of Grant Thornton presented the 2015/16 Audit Fee letter to the Committee. Before the Audit Commission was abolished on 31 March 2015 it had set the scale fees for audits for 2015/16 and had secured a reduction in fees compared to the audit fee of 2014/15.

RESOLVED: That the Audit Fee letter be noted.

10 AUDIT PLAN 2014/15

Ms L Robertson of Grant Thornton presented the report which set out Grant Thornton's approach to conducting audits at Dover District Council, including the significant risks and financial challenges facing the authority, the fees and the proposed reporting timetable.

RESOLVED: That the report be received and noted.

11 GOVERNANCE COMMITTEE UPDATE

Ms L Robertson of Grant Thornton presented the update to the Committee. Members were directed to the report and the progress at March 2015. It was reported there was nothing significant to bring to Members' attention.

RESOLVED: That the update be noted.

12 APPOINTMENT OF EXTERNAL AUDITORS AND AN AUDITOR PANEL - LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

The Director of Governance presented the report to the Committee. As a result of the Local Audit and Accountability Act 2014 changes to the external audit regime for local authorities would be brought into force, allowing local bodies to appoint their own auditors. The current contract with the external auditor Grant Thornton was due to end in 2016/17 and preparations for the new arrangements would need to be

made and in place for late 2015/early 2016. Members were asked to consider the options set out in the report, the future appointments of External Auditors and the need to form an Auditor panel.

- RESOLVED: (a) That the Committee notes the issues arising for this Council from the provisions of the Local Audit and Accountability Act 2014.
- (b) That the Director of Finance, Housing and Community and the Director of Governance be authorised to pursue negotiations with Kent authorities and report their findings to the next meeting of the Committee.

13 MODIFICATION OF PRESCRIBED STANDING ORDERS RELATING TO THE DISMISSAL OF STATUTORY OFFICERS

The Director of Governance presented the report to Members. As a result of legislative changes the Council was required to amend its standing orders relating to the dismissal of statutory officers as required by the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 ('the 2015 Regulations') and to incorporate them within the Council's Constitution by no later than the first ordinary meeting of the authority falling after 11 May 2015. Members were being asked to recommend to Council that these changes be adopted.

The 2015 Regulations had repealed the Local Authorities (Standing Orders) (England) Regulations 2001 which had provisions in the standing orders for the Council to appoint a "designated independent person" before it could discipline or dismiss a statutory officer. The 2015 Regulations required the Council to have appointed a panel for the purpose of advising on matters relating to the dismissal of a statutory officer. As the circumstances giving rise to the need to appoint a panel were likely to occur infrequently, it was suggested that in the event that one were needed a report would be put before Council at that time and a standing panel would not be required.

- RESOLVED: That the modifications to the Part 1 of the Council's Prescribed Standing Orders, Standing Orders Relating to Staff, be modified as set out in Appendix 2 to the report and be incorporated into the Council's Constitution.

14 PROCEDURE RULES FOR WITHDRAWAL FROM MEETINGS

The Director of Governance introduced the report to the Committee, advising that an amendment to the Council's Constitution was required to regularise existing practice in respect of Members withdrawing from meeting where they have an interest under the Code of Conduct.

As a result of an on-going review of the Council's Constitution it had been discovered that the Standing Orders governing the arrangements for Members withdrawing from meetings where a member had an interest had been omitted from the Council Procedure Rules. Although the Director of Governance had delegated authority to make amendments to administrative errors within the Constitution, due

to the nature of the issue it was appropriate that formal agreement was sought from the Governance Committee and Council to make such an amendment.

RESOLVED: That the 'Withdrawal from Meetings Procedure Rules' be adopted as an appendix to the Council Procedure Rules in Part 4 – Rules of Procedure in the Council's Constitution.

15 REVISION TO CONTRACT STANDING ORDERS

The Director of Finance, Housing and Community presented the report to Members.

The Council's Contract Standing Orders (CSOs) had been reviewed as a result of the New Public Contract Regulations 2015 and minor changes were required to tighten the controls operating the Council's procurement processes and to support the government's objectives in relation to the electronic delivery of service. These minor changes included: the implementation of e-tendering; changes in advertising requirements; roles and responsibilities; and a requirement for consultation with the Procurement manager for matters including, but not limited to, contract extensions, and variations.

RESOLVED: That the Council be recommended to adopt the revised contract Standing Orders appended to the report of the Director of Governance and Monitoring Officer.

16 EXCLUSION OF THE PRESS AND PUBLIC

It was moved by Councillor S J Jones, duly seconded and

RESOLVED: That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting for the remainder of the business on the grounds that the item to be considered involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 Schedule 12A of the Act.

17 ANNUAL DEBT COLLECTION REPORT

The Director of Finance, Housing and Community presented the Annual Debt Collection Report to the Committee. The report was required annually and provided Members with an overview of the debt and write-off position and progress made.

Particular concerns were raised by Members with regards to the level of write-offs, and what policies were in place which demonstrated this Council's acceptable level of write-offs. Further concerns were discussed regarding the business rates debt and the value of the year end debt.

RESOLVED: (a) That the following matters be noted:

- (i) The value of write-offs for each type of income as set out in the report;
- (ii) the generally high collection rates;
- (iii) the aged debt profile;

- (iv) the increasing arrears for housing benefit overpayments and leasehold service charges;
 - (v) the requirement to raise invoices for rechargeable works more promptly; and
 - (vi) the additional points set out in paragraph 8 of the report.
- (b) That the Portfolio Holder for Corporate Resources and Performance be invited to attend the next meeting of the Governance Committee to answer questions on debt write-offs.
- (c) That the Committee be advised on the policy of this Council on an acceptable level of debt write-off.
- (d) That each quarter, reports be brought back to the Committee on:
- (i) Collection rates on the main categories of debt;
 - (ii) Updates on business rates collection;
 - (iii) The progress on the collection of the debts outstanding as at 31 March 2015.

The meeting ended at 7.55 pm.