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Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 1 December 2022 at 6.00 pm.

Present:

Chairman: Councillor D Hannent

Councillors: S H Beer
D A Hawkes
P D Jull
P Walker

Also Present: Key Audit Partner (Grant Thornton (External Auditors)) (Virtual attendee)
Value for Money Manager (Grant Thornton (External Auditors)) (Virtual attendee)

Officers: Strategic Director (Corporate and Regulatory)
Strategic Director (Finance and Housing)
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

21 APOLOGIES

An apology for absence was received from Councillor S J Jones.

22 APPOINTMENT OF SUBSTITUTE MEMBERS

There were no substitutes appointed.

23 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

24 MINUTES

The Minutes of the meeting held on 29 September 2022 were approved as a correct record for signing by the Chairman.

25 REVISION TO CONTRACT STANDING ORDERS

The Head of Finance and Investment introduced the Revision to Contract Standing Orders report to the Committee. The Contract Standing Orders (CSOs) were required to be updated regularly and following the UK's exit from the European Union these revisions reflected changes in legislation and included changes to current working practice. In addition, it was proposed to amend the threshold for obtaining three written quotes from £10k to £15k.

Councillor P Walker queried the level of Member involvement in respect of approving Waivers and Contract Extensions/Variations and cited the Kearsney Parks and Maison Dieu projects, both which had run significantly over budget. The Head of Governance advised that with regard to those projects they were both

financial increases, not contractual, and had been considered by Cabinet. In respect of Waivers and Contract Extensions/Variations there would be no Member involvement. The proposed amendment would allow more flexibility and resilience by allowing the Procurement Manager to approve contracts on behalf of the Monitoring Officer/Section 151 officer.

In addition, Members requested that for transparency it should be a requirement that an evidence trail is provided in respect of Financial Thresholds and Procedures and that any acronyms within the report to be written in full.

RESOLVED: That it be recommended to Council that the revised Contract Standing Orders be adopted.

26 QUARTERLY INTERNAL AUDIT UPDATE REPORT

The Deputy Head of Audit Partnership presented the Quarterly Internal Audit Update report to the Committee which provided a summary of the work completed by the East Kent Audit Partnership (EKAP) and details of the performance of the EKAP up to 30 September 2022. Members were advised of two typographical errors within the report which included – 2.1.2 last bullet point should end with WC and delete ‘room of the common landing’ and the paragraph numbering at 2.3 should read 2.3.1 and 2.3.2.

There were eight internal audit assignments reviewed and three follow-up reviews completed during the period. Payroll and Food Safety were both given a substantial assurance level. With regard to the figures provided at 2.2.2 of appendix 1 and there being 1322 registered food premises and only 957 inspections required to be completed, Members were advised that Food Safety inspections were undertaken on a Food Risk Assessment basis. A list of those premises that required inspections were provided by the Food Standards Agency and some premises were not inspected as they were very low risk, such as newsagents.

A reasonable assurance level was given to Digital/Cloud Computing, Houses of Multiple Occupancy (HMO) Licensing and, Right to Buy. Of the remaining reviews, Phones, Mobiles and Utilities received reasonable/limited assurance, Grounds Maintenance received limited/reasonable assurance and Garden Waste and Recycling Income received limited. Both Grounds Maintenance and Garden Waste and Recycling Income were due follow-ups to be reported to the Committee at the next meeting. Members noted the high cost of some mobile phones or tariffs that were up to £329 per month. At the request of Members, the Deputy Head of Audit Partnership would seek further information regarding these tariffs and advise Members outside of the meeting.

Members’ attention was drawn to annex three of the report and EKAPs progress against the agreed audit plan and, as of 31 November 2022, 66% of the agreed audit plan had been completed.

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

27 TREASURY MANAGEMENT QUARTER TWO REPORT 2022/23

The Head of Finance and Investment introduced the Treasury Management Quarter Two 2022/23 report to the Committee which provided details of the Council's treasury management for the quarter ended 30 September 2022.

The investment return for the period was £1,711k (annualised), which was slightly above the budget estimate of £1,640k and gave a forecast annualised return of 3.19%. There had been no long-term borrowing and short-term borrowing remained low. The Council had remained with its Treasury Management guidelines and complied with the Prudential Code guidelines during the period.

To provide clarity the Head of Finance and Investment agreed to include the Market Value Position in future tables of the Treasury Management Investments.

RESOLVED: That the Treasury Management Quarter Two 2022/23 Report be received.

28 GRANT THORNTON 2019//20 AUDIT FINDINGS REPORT

The Key Audit Partner for Grant Thornton (External Auditors) presented the 2019/20 Audit Findings report which provided the key findings and other matters arising from the statutory audits of the Council for the year ended 31 March 2020. The Committee had been presented with much of the detail contained within the report in July 2021 and their attention was drawn to the updates since then. Having completed all audit work on the financial statements an unqualified audit opinion was provided. The final audit fee was still to be finalised.

RESOLVED: That the Grant Thornton 2019/20 Audit Findings Report be noted.

29 STATEMENT OF ACCOUNTS 2019/20

The Head of Finance and Investment introduced the Statement of Accounts 2019/20 to the Committee. Members had been presented with a draft of the Statement of Accounts at its meeting in July 2021 which required the completion of the external audit process before they could be approved and signed. This report provided Members with the final, audited version of the Statement of Accounts ready for approval and signing.

RESOLVED: (a) That the audited Statement of Accounts for 2019/20 be approved and signed by the Chairman of the committee.

(b) That the committee noted the letter of representation to be signed by the Strategic Director (Finance and Housing).

30 GRANT THORNTON 2020/21 VALUE FOR MONEY REPORT

The Key Audit Partner (Grant Thornton - External Auditors) presented the Interim Auditor's Annual Report. Following receipt of the Council's draft Financial Statements for 2020/21 on 5 September 2022, work was due to commence on the audit of the Statements in December 2022. Due to the findings of the audit potentially having an impact on Value for Money (VFM) considerations, Members were provided with an interim VFM report that provided seven recommendations, each with Management comment.

The Committee noted the excellent work carried out by the Council's finance department and thanked officers for their work.

RESOLVED: That the Interim Auditor's Annual Report be noted.

31 CORPORATE RISK REGISTER

The Democratic and Corporate Services Manager presented the Corporate Risk Register report to the Committee. The report provided Members with an annual update on the identified strategic risks that might affect the delivery of core functions and the delivery of the Corporate Plan.

Members were advised that in addition to the annual update for the Governance Committee, the Cabinet and the Overview and Scrutiny Committee received quarterly updates on the key strategic risks.

RESOLVED: That the Corporate Risk Register be noted.

The meeting ended at 6.48 pm.