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Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 26 September 2013 at 6.00 pm.

Present:

Chairman: Councillor T J Bartlett

Councillors: K E Morris
M R Eddy
S J Jones
A S Pollitt
M A Russell

Also Present: Ms E Hill, Engagement Lead – Grant Thornton
Mr D Woodcock, Assistant Manager – Grant Thornton

Officers: Chief Executive
Director of Finance, Housing and Community
Director of Governance
Head of Finance
Head of Audit Partnership (East Kent Audit Partnership)
Team Leader – Democratic Support

243 APOLOGIES

There were no apologies.

244 APPOINTMENT OF SUBSTITUTE MEMBERS

There were no substitute members.

245 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

246 MINUTES

The Minutes of the meeting held on 20 June 2013 were approved as a correct record and signed by the Chairman.

247 CONSTITUTION REVIEW - PROVISION OF MEMBER TRAINING TO SERVE ON SPECIFIC COMMITTEES

The Director of Governance presented the report on Member Training to Serve on Specific Committees. It was stated that in addition to the information set out in the report the training would be valid for a specified duration of the four year term of the Council or any part of this period.

Members welcomed the proposals and thanked the Director of Governance for his work.

RESOLVED: That it recommended to the Council that the revisions to the Constitution Part 2, Article 13 – Decision Making, as outlined at paragraph 3.4 to 3.6 and at Annex 1.

248 REVIEW OF THE CONSTITUTION

The Director of Governance introduced the report on the proposals to recommend to the Council the introduction of remuneration for the Independent Person and Substitute Independent Person. The proposals would be considered by Council as part of the required review of Members Allowances being undertaken by the Joint Independent Remuneration Panel.

RESOLVED: That it be recommended to the Council that subject to the views of the East Kent Joint Independent Remuneration Panel:

- (a) That the Independent Person be paid an allowance of £927 per annum and be entitled to claim travel and subsistence at the same rates as if s/he were a member of the authority.
- (b) That the Substitute Independent Person be paid an allowance of £232 per annum and be entitled to claim travel and subsistence at the same rate as if s/he were a member of the authority.

249 QUARTERLY INTERNAL AUDIT UPDATE REPORT

The Head of Audit Partnership (East Kent Audit Partnership) introduced the Quarterly Internal Audit Update Report. There had been seven audits conducted during the period, six of which had received Substantial Assurance Levels as followed:

- Disabled Facilities Grants
- Business Continuity and Emergency Planning
- CCTV
- Dover Museum and Visitor Information Arrangements
- EK Services – Network Security
- Members' Code of Conduct and Standards Arrangements

The seventh audit (EK Services – Housing Benefit Quarterly Testing) was of the sort not requiring an assurance level.

In terms of planned audit days for the quarter 51.18 chargeable days were delivered against a target of 300 days equating to 18.96% plan completion.

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

250 GRANT CERTIFICATION WORK PLAN

The report was introduced by Mr M Woodcock of Grant Thornton. The Committee was advised that the expected claims for the year ending 31 March 2013 were as followed:

- Housing and Council Tax Benefits Scheme (Certification deadline – 30/11/13)
- Pooling of Housing Capital Receipts (Certification deadline – 12/07/13)
- National Non-Domestic Rates Return (Certification deadline – 27/09/13)

It was stated that where compliance was sound Grant Thornton could apply a three year cyclical check as opposed to annual checks.

RESOLVED: That the Grant Certification Work Plan be noted.

251 REVIEW OF THE COUNCIL'S ARRANGEMENTS FOR SECURING FINANCIAL RESILIENCE

Ms E Hill of Grant Thornton introduced the report, noting that changes made by the full Council the previous day in respect of the Housing Revenue Account (HRA) balance were not included in the report.

The Chief Executive advised the Committee that the Council had taken legal advice before the transfer of the HRA balance and was confident of its position. However, despite the transfer the Council was not intending to embark on a 'spending spree' and would maintain the current financial constraints in place. The recent SIMALTO consultation would assist in informing the Council's budget process for 2014/15.

In respect of comparisons with other authorities based on the Audit Commission's 'Nearest Neighbour' groupings, the Director of Finance, Housing and Community questioned whether it would be more useful to base the comparison on service spend per head in aggregate as an alternative benchmarking measure.

RESOLVED: That the report be noted.

252 2013/14 AUDIT FEE LETTER

Ms E Hill of Grant Thornton presented the 2013/14 Audit Fee letter to the Committee. It was stated that the fee was 2013/14 was unchanged from that of 2012/13.

RESOLVED: That the Audit Fee letter be noted.

253 FINANCIAL OUTTURN 2012/13

The Director of Finance presented the report on the Financial Outturn 2012/13. An additional paper was circulated at the meeting updating the revised Housing Revenue Accounts (HRA) position following the decision of Council to transfer HRA balances. The Committee was advised that there was no approval to spend the transferred balance without a Council Decision during 2013/14.

RESOLVED: That the Financial Outturn 2012/13 report be noted.

254 AUDIT FINDINGS REPORT

Ms E Hill of Grant Thornton presented the Audit Findings report, updating the Committee in respect of changes that had taken place in respect of the Housing Revenue Account (HRA).

The opinion on the Council's Financial Statements and the conclusion on Value for Money were unqualified. There were some minor control issues but these were to no material effect. The good work of the Council in coping with the new audit approach was acknowledged.

In respect of the HRA transfer, the view of Grant Thornton was that there was the potential for significant risk as it was a non-routine large scale transfer. There had been robust discussions with the Council during the process and it appeared that the Council had taken proper advice and followed due process with a clear and transparent report that had been considered by Cabinet, Scrutiny and Council. However, as Grant Thornton did not provide legal advice to the Council it was not in a position to confirm or refute the decision.

The Director of Finance, Housing and Community stated that the Council had received advice from CAPITA and the Solicitor of the Council had reviewed the appropriate legislation.

RESOLVED: That the Audit Findings Report be noted.

255 STATEMENT OF ACCOUNTS 2012/13

The Head of Finance presented the report on the Statement of Accounts 2012/13. The Committee was informed that the Statement included the valuation adjustment identified in the Audit Finding and an update was provided on the changes resulting from the Housing Revenue Account transfer.

- RESOLVED: (a) That the audited Statement of Accounts for 2012/13 (Appendix 1) be approved and signed by the Chairman of the Committee.
- (b) That the Committee authorise the Chairman to sign the Letter of Representation attached at Appendix 2.

256 TREASURY MANAGEMENT QUARTER ONE REPORT

The Head of Finance introduced the Treasury Management report for Quarter One, advising the Committee that the Council has remained within its Treasury Management and Prudential Code guidelines during the period.

The Council's in-house investments as of 30 June 2013 (approximately £4.5m or 26% of total investments) and investments with Investec (approximately £12.9m or 74% of total investments) had outperformed their benchmark. However, the total interest received for the quarter of £42,000 was £16,000 below the target for the period due to a drop in deposit interest rates and Investec invested funds under-performing against the budget.

The Council had received £550,000 back from Iceland in a mixture of British Pounds, US Dollars and Euros.

RESOLVED: That the report be noted.

257 GOVERNANCE LOCAL CODE REVISION

The Director of Governance presented the Governance Local Code Revision report. The Committee was informed that the Code brought together legislative requirements, governance principles and management processes to provide a framework for the proper and accountable conduct of business.

There had been changes made to the document in light of comments from Grant Thornton with the intention of making it easier to use.

RESOLVED: That it be recommended to the Council:

- (a) That the amended Corporate Governance Local Code, which incorporates the Risk Management Strategy and the Performance Management Framework, be adopted.
- (b) That the amended Corporate Governance Local Code be adopted.

258 GOVERNANCE ASSURANCE STATEMENT MID-YEAR UPDATE

The Director of Governance presented the Governance Assurance Statement Mid-Year Update.

RESOLVED: That the update report be agreed.

The meeting ended at 7.40 pm.