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Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 5 December 2013 at 6.00 pm.

Present:

Chairman: Councillor T J Bartlett

Councillors: K E Morris
M R Eddy
S J Jones
M A Russell
P Walker (In place of A S Pollitt)

Also Present: Emily Hill, Associate Director (Assurance) - Grant Thornton
Daniel Woodcock, Assistant Manager – Grant Thornton

Officers: Head of Finance
Head of Audit Partnership (East Kent Audit Partnership)
Deputy Head of Audit Partnership (East Kent Audit Partnership)
Team Leader – Democratic Support

378 APOLOGIES

An apology for absence was received from Councillor A S Pollitt.

The Team Leader – Democratic Support also advised the apologies of the Director of Finance, Housing and Community and the Director of Governance.

379 APPOINTMENT OF SUBSTITUTE MEMBERS

In accordance with Council Procedure Rule 4, Councillor P Walker was appointed as substitute member for Councillor A S Pollitt.

380 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

381 MINUTES

The Team Leader – Democratic Support advised that the Minutes would need to be deferred to the next meeting.

382 TREASURY MANAGEMENT QUARTER TWO REPORT

The Head of Finance presented the Treasury Management Quarter Two report. The Committee was advised that the Council had remained within its Treasury Management and Prudential Code guidelines during the period.

There was a five day period during which Barclays Bank, with whom the Council had £5 million invested in-house, moved into 'monitoring' on Capita's rating effectively meaning that no money should have been invested with it. However, the Council had instant access to this investment throughout the five day period.

In response to a question from Councillor M R Eddy, the Head of Finance advised that the Council was exploring options in respect of the remaining Iceland debt, which was currently approximately half repaid.

RESOLVED: That the report be noted.

383 QUARTERLY INTERNAL AUDIT UPDATE REPORT

The Head of Audit Partnership and the Deputy Head of Audit Partnership presented the Quarterly Internal Audit Update report.

There had been three Internal Audit reports completed during the period, one of which received a Substantial Assurance (EK Services - Council Tax Reduction Scheme) and one a Reasonable Assurance (Right to Buy Applications). The third audit (EK Services – Housing Benefit Quarterly Testing) was not of the nature for which an assurance was applicable.

In addition to the three audits, the Council had been awarded a Substantial Assurance level in respect of the Local Code of Corporate Governance, which was one of the pillars of the Council's governance framework.

The issue of delays in information being supplied to Members by officers, including delays in Minutes for committee meetings, was raised by several members of the Committee as this had a bearing on their ward work and the reputation of the Council. It was questioned whether this was an issue of capacity and what impact rising absence levels were having.

RESOLVED: (a) That the report be noted.

- (b) That the Director of Finance and the Director of Governance be requested to provide an update to the next meeting on the provision of information to Members.

384 GOVERNANCE COMMITTEE UPDATE

The Engagement Lead – Grant Thornton presented the update to the Committee.

Members discussed the 'emerging issues' questions around simplifying the accounts and while it was recognised that the Council was limited by legislation in respect of the form of publication of some of its information it was agreed that in principle if changes could be made to simplify the information it would be of benefit to Members and the public.

RESOLVED: (a) That the update be noted.

- (b) That officers be requested to provide responses to the 'emerging issues' questions raised as part of the Governance Committee Update.

385 ANNUAL AUDIT LETTER

The Engagement Lead – Grant Thornton introduced the Annual Audit Letter. It was stated that the letter contained no new information to that previously presented in other forms to the committee.

In response to a question from Councillor M R Eddy, the Committee was informed that Grant Thornton were satisfied with the Council's position that the transfer of Housing Revenue Account (HRA) funds to the General Fund was legal. This position was reaffirmed by the Head of Finance.

However, the Department of Communities and Local Government (DCLG) had written to all Council's in respect of the issue of transfer to ask the reasons for the transfer and the level of transfer and there remained a possibility that the DCLG could use its powers of determination to force the transfer of funds back to the HRA.

The Head of Finance advised Members that while the Autumn Statement had not announced any further reductions in Revenue Support Grant for local authorities there were still reductions planned for the next two financial years.

RESOLVED: That the Annual Audit Letter be noted.

The meeting ended at 6.37 pm.