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Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 20 March 2014 at 6.04 pm.

Present:

Chairman: Councillor T J Bartlett

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

Also Present: Emily Hill, Grant Thornton
Daniel Woodcock, Grant Thornton

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

566 APOLOGIES

It was noted that apologies for absence had been received from Councillors S J Jones and A S Pollitt.

567 APPOINTMENT OF SUBSTITUTE MEMBERS

It was noted that, in accordance with Council Procedure Rule 4, Councillor P Walker had been appointed as substitute for Councillor A S Pollitt.

568 DECLARATIONS OF INTEREST

There were no declarations of interest from Members.

569 MINUTES

The Minutes of the meetings of the Committee held on 26 September, 19 November and 5 December 2013 were approved as correct records and signed by the Chairman.

570 INTERNAL AUDIT QUARTERLY UPDATE REPORT

The Head of Audit Partnership presented the quarterly internal audit update report which summarised work undertaken by the East Kent Audit Partnership (EKAP) since 5 December 2013 and gave details of the performance of the EKAP to 31 December 2013.

Thirteen internal audits and four follow-up reviews had been completed during the period. Of the thirteen internal audits, six had received a substantial assurance level, three a reasonable assurance level, one a limited assurance level and two a split assurance which was partially limited. The remaining audit related to quarterly housing benefit claim testing for which an assurance level was not applicable.

To 31 December 2013, 210.96 chargeable days had been delivered against the target of 270, equating to 78.13% plan completion. This figure now stood at 90%.

In response to Councillor M R Eddy, the Head of Audit Partnership clarified that the inaccurate publication of performance data on the internet, highlighted on page 23 of the report, concerned the timely receipt of data, and undertook to provide more information. In relation to the environmental protection audit, the Committee was advised that Management was in the process of updating the Contaminated Land Inspection Strategy and its revision would be monitored as part of the follow-up audit. With regards to the cemeteries audit, the Head of Audit Partnership undertook to clarify for all Members what was meant by the reference on page 28 to 'the controls in place for identifying and dealing with non-residents within the Dover District'.

Councillor K E Morris raised concerns regarding the increasing cost of dealing with Freedom of Information (Fol) requests and ICT procurement. In respect of ICT procurement, it was suggested that individual procurement might be more appropriate for some services, particularly those requiring specialist software. In these circumstances, services should not be constrained by the overarching arrangement. The Director of Finance, Housing and Community agreed, advising that this issue was currently being considered by East Kent Services (EKS). EKS partner authorities had followed different procurement arrangements which needed to be aligned. It was likely that future arrangements would allow for large purchases to go through the corporate procurement process but other more specialist purchases would be handled by individual departments.

RESOLVED: That the update report be received and noted.

571 INTERNAL AUDIT PLAN 2014-15

The Head of Audit Partnership presented the report which outlined EKAP's audit work plan for 2014/15.

RESOLVED: That the Internal Audit Plan 2014/15 be adopted, subject to the recommendation that ICT procurement and disposal be earlier than 2016/17.

572 INTERNAL AUDIT SELF-ASSESSMENT AGAINST THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Head of Audit Partnership introduced the report which set out details of a self-assessment carried out by EKAP in order to demonstrate that the service complied with Public Sector Internal Audit Standards (PSIAS) and a supplementary application note. Progress on the resultant action plan would be reported to the Committee in June. An external assessment would be carried out within 5 years.

RESOLVED: That the report and actions required to work towards full compliance with PSIAS be received and noted.

573 TREASURY MANAGEMENT QUARTER THREE REPORT

The Head of Finance introduced the report for the third quarter, advising that the total interest received for the quarter was £59,000 which was in line with budget expectations. Internally-managed investments had out-performed investments

made through Investec, and a review would be undertaken during the next financial year to explore alternative investment options. The Committee was advised that the Council had now received 97% of its original Iceland deposit following the auction of Local Authority deposits.

In response to questions about Investec's under-performance, the Director of Finance, Housing and Community advised that the investment manager market was limited, with Investec being one of only a few that specialised in the local government sector. Requesting a change of account manager was unlikely to make any significant difference to how the Council's investments performed as the account manager had little autonomy and operated within the Council's and Investec's guidelines. Moreover, it was common to most local authorities that their in-house investments out-performed Investec investments. It was relevant that Investec tended to concentrate on the gilt market which was not currently very buoyant. The Director confirmed that the Council would continue to take a cautious, low-risk approach to investments, particularly in the light of its experience with Iceland.

RESOLVED: That the report be received and noted.

574 CERTIFICATION REPORT 2012-13

Ms Hill presented the report which detailed the certification work carried out by Grant Thornton during 2012/13. Three claims and returns for the financial year 2012/13 had been certified, totalling £83.3 million. An action plan had been drawn up to address some minor issues identified and this was attached at Appendix B to the report.

RESOLVED: That the report be received and noted.

575 CERTIFICATION WORK PLAN 2013-14

Ms Hill introduced the report which outlined arrangements for the external certification of the Council's claims for grants or subsidies in 2013/14. It was anticipated that claims relating to housing benefit subsidy and pooling of housing capital receipts would be certified for the year ending 31 March 2014.

RESOLVED: That the Certification Work Plan 2013/14 be received and noted.

576 GOVERNANCE COMMITTEE UPDATE - MARCH 2014

Ms Hill presented the report which detailed progress made in delivering the Council's audit service.

Councillor Eddy reiterated the need for the Council to monitor the impact of recent welfare reforms on its residents, and asked whether there was any information on how the changes had affected people and communities at local and national level. In order to ensure that Members were fully informed, it would be helpful to receive a paper in due course, either direct to the Governance Committee or via Scrutiny. Councillor Morris agreed that Members needed to understand the social impact of the reforms, but stressed that any statistics provided should be presented in context, with supporting information such as housing lists, job vacancies, etc.

The Director of Finance, Housing and Community explained that this matter had been looked at by the Public Accounts Committee. The Department for Communities and Local Government had not yet completed its analysis of the combined impact of the various welfare reforms nationally. At local level, specific numbers were not known but it was thought that the benefit cap was likely to have affected no more than about 25 families in the district. Local Council Tax collection rates had exceeded expectations and there had been a reduction in claimant rates. In terms of the spare room subsidy, East Kent Housing was monitoring this and working with tenants affected by it. East Kent Services would be asked to look at how this information could be collated with a view to having it considered by the Scrutiny (Policy and Performance) Committee.

- RESOLVED:
- (a) That the Scrutiny (Policy and Performance) Committee be requested to consider a report on the combined impact on local residents and communities of recent welfare reforms.
 - (b) That the report be received and noted.

577 AUDIT PLAN 2013-14

Mr Woodcock presented the report which set out Grant Thornton's approach to conducting audits at Dover District Council, including its understanding of the financial challenges and risks facing the authority and the proposed reporting timetable. In response to Councillor Eddy, it was accepted that, notwithstanding that the partnerships had been in place for a number of years and there were active controls to mitigate the risks, a comment about the risks arising from participating in shared service arrangements should have been included in the report.

RESOLVED: That the report be received and noted.

The meeting ended at 7.04 pm.