

Minutes of the meeting of the **GOVERNANCE** Committee held at the Council Offices, Whitfield on Thursday 29 September 2011 at 6.00 pm.

Present:

Chairman: Councillor T J Bartlett

Councillors: B W Bano
M R Eddy
S J Jones
K E Morris
M A Russell

Officers: Director of Governance
Director of Finance
Financial Services Manager
Head of Audit Partnership
District Auditor – Audit Commission
Audit Manager – Audit Commission
Team Leader Democratic Services

206 MINUTES

The Minutes of the meeting of the Committee held on 16 June 2011 were approved as a correct record and signed by the Chairman.

207 DRAFT PROTOCOL FOR THE USE OF COMPUTERS AND COMMUNICATIONS BY COUNCILLORS (Minute 71)

In response to a request from the Committee at its previous meeting the Director of Governance submitted a draft protocol in respect of Members' use of ICT equipment. As a result of recent changes in the provision of ICT facilities, Members were required to purchase their own equipment and access to the Council's online systems would use internet-based technology. The protocol needed revising in order to reflect the changed circumstances and to prepare for the move to an internet-based Committee management system in the near future.

RESOLVED: (a) That, subject to:

- (i) the paragraph 'Use of Council Email' being amended to read "Members are encouraged to use their official address ...etc.", and
- (ii) a clear definition of the term 'bulk email',

the draft protocol for the use of computers and communications by Councillors be approved for circulation to East Kent Services and relevant officers prior to submitting it to all DDC Councillors for their comments.

- (b) That the final version of the protocol, including the results of the consultation, be considered by this Committee at its meeting to be held on 1 December

2011 and subsequently be recommended to Council for approval.

208 RISK MANAGEMENT

Members considered the report of the Director of Governance on a review of risk management at DDC which had been undertaken as part of the Delivering Effective Services (DES) programme. The programme had designated risk management as a bronze service and the principal change to the revised procedures had been that individual service risks were monitored and managed by the relevant service managers rather than being centrally controlled. The Director of Governance advised that any areas of risk which were likely to impinge on wider services would be identified by the Corporate Management Team and added to the Corporate Risk Record. The Risk Management Framework attached to the Director's report explained the various roles and responsibilities of all parties interested in risk management.

RESOLVED: That the report be noted and the Council's current risk management procedures, as appended to the Director's report, be accepted.

209 INTERNAL AUDIT QUARTERLY PROGRESS REPORT

The Head of Audit Partnership submitted a report summarising the work undertaken by Internal Audit since the June meeting of the Committee which included six new reviews. Pest Control, Planning and Building Control had all received reasonable assurances. S.106 Agreements, Housing Revenue Account (HRA) Business Plan, and Bank Reconciliation had received limited assurances but, after follow-up reviews, S106 Agreement and Bank Reconciliation had been increased to a reasonable assurance level. Following further investigation it was likely that this would be increased to substantial. As previously requested by Committee, each review showed the Delivering Effective Service (DES) standard of gold, silver or bronze against the service or topic reviewed.

Follow-up reviews had also been undertaken of the Payroll and SMP – Shared Service SLA and Employee Benefits-in-kind. Members were informed that Payroll and SMP would be reassessed as part of the 2011-12 Audit and Employee Benefits-in-Kind had subsequently achieved a reasonable assurance level.

RESOLVED: That the activity of Internal Audit for the period June to September 2011 be noted.

210 FINANCIAL OUTTURN 2010/11

Committee considered the report of the Director of Finance which gave details of the financial outturn for 2010/11 following the audit of the Statement of Accounts and the Director explained that this report should be considered together with the Statement of Accounts and the Annual Governance Report from the Audit Commission. The report contained details of all significant variances to the accounts, an explanation of the outturn and the financial standing of the Council. Implementation of International Financial Reporting Standards (IFRS) had been a major project, significantly changing the format of the accounts. Balances had been maintained above £2m and the appendices to the report showed how the variances had been identified, analysed and explained.

It was noted that the sale of Council houses continued to decline and, as Government received 75% of the discounted sale price, the level of capital receipts due to the Council from the sales was very small.

Reference was made to Shepway District Council's withdrawal from the East Kent HR Partnership and the Director advised that, while there would be no impact on the present accounts, it was too soon to say what the full significance would be.

RESOLVED: That the Financial Outturn 2010/11 be noted and the Chairman of the Committee authorised to sign the Letter of Representation included in the Annual Governance report later in the agenda.

211 STATEMENT OF ACCOUNTS 2010/11

The Director of Finance presented the Statement of Accounts for 2010/11 and distributed an amended version of pages 6 and 34 of the report. Members were informed that the amendments did not alter the final position. Reference was made to the situation regarding the Council's Icelandic investments which was dealt with later in the agenda. In response to a Member's question it was clarified that the Senior Officers' Emoluments showed increases which were incremental as these officers has not reached the top of their salary scales. This applied to approximately one third of staff and no other pay awards had been made to staff for the third consecutive year.

- RESOLVED: (a) That the Director of Finance and his staff be thanked for their work in producing the Statement of Accounts.
- (b) That the audited Statement of Accounts for 2010/11 be approved and the Chairman of the Committee be authorised to sign them

212 ANNUAL GOVERNANCE REPORT 2010/11

The District Auditor presented the Annual Governance Report by the Audit Commission, acknowledged the challenging year which the Council had experienced, and commended the significant work which had resulted in a good set of Statements and an unqualified opinion. The report concluded that the Council had good financial governance, an effective financial planning framework and adequate arrangements for financial control. The recommendations regarding third party transactions were explained in respect of small charities where the amounts might be small in financial terms but still represent a significant percentage of the charity's income. The Director of Finance advised that guidance on this subject would be expanded. The Director of Governance offered guidance to Members who were trustees of or who were appointed to represent the Council on charitable bodies in order to ensure complete transparency was maintained at all times.

Approval had previously been given by the Committee for the Chairman to sign the letter of representation.

RESOLVED: That the report be welcomed.

213 TREASURY MANAGEMENT QUARTER ONE REPORT

The Director of Finance provided details of the Council's Treasury management for the quarter ended 30 June 2011 together with an update of work undertaken and reported that the Council remained on budget and within Treasury Management and Prudential Code guidelines. With regard to the Council's Icelandic investments, Court cases were continuing in Iceland and the final outcome was awaited. It was anticipated that a substantial part of the investment would be recovered but it was likely to be over a period of several years.

RESOLVED: That the Treasury Management Quarter One report be noted.

The meeting ended at 7.05 pm.