

## Audit and Governance Committee

Held at:	Council Chamber - Civic Centre Folkestone
Date	Thursday, 20 July 2023
Present	Councillors James Butcher (Vice-Chair), Adrian Lockwood, Alan Martin (In place of Liz Grant), Liz McShane (Chair), David Wimble and John Wing
Apologies for Absence	Councillor Liz Grant
Officers Present:	Amandeep Khroud (Assistant Director), Ola Owolabi (Chief Financial Services Officer), Mrs Christine Parker (Head of Audit Partnership), Mr Chris Parker (Deputy Head of Audit), Susan Priest (Chief Executive) and Jemma West (Democratic Services Senior Specialist)
Others Present:	

### 1. **Declarations of Interest**

Councillors Butcher, Lockwood and Wing all declared interests in respect of their roles as Directors of Oportunitas.

### 2. **Minutes**

The minutes of the meeting held on 15 March 2023 were submitted, approved and signed by the Chairman.

A Member asked for an update in respect of the key recommendations of Grant Thornton being brought back to the committee. Sophia Y Brown of Grant Thornton advised that the auditors annual report would be brought before the committee later this year or early in 2024.

### 3. **Extension of term of office of Independent Member of the Audit and Governance Committee**

In December 2019, Full Council agreed to the recommendations of the Audit and Governance Committee to appoint an Independent member to the Audit and Governance Committee. It had been envisaged the appointment would run

until May 2023. However, due to the pandemic, the recruitment exercise was delayed, and an appointment was not made until November 2020. The Committee is therefore asked to recommend to Full Council that Andy Vanburen's term be extended until November 2024. This also assists in maintaining continuity of committee membership where membership has been affected by the electoral cycle.

Proposed by Councillor A Martin,  
Seconded by Councillor Lockwood; and

**RESOLVED:**

- 1. That report AuG/23/02 be received and noted.**
- 2. That it be recommended to Full Council that the appointment of Andy Vanburen be extended to November 2024.**
- 3. That delegated authority be given to the Interim S151 Officer and Director of Corporate Services in consultation with the Chairman of the Audit and Governance Committee to draw up a person specification and to commence the recruitment process in the summer of 2024.**

(The recommendations were agreed by affirmation of the meeting).

**4. Quarterly Code of Conduct Complaints update report**

The report provided an update to the Committee on Member Code of Conduct complaints received during quarter 4 of 22/23 (1 January to 31 March 2023), and quarter 1 of 23/24 (1 April to 30 June 2023).

A Member asked how many investigations were presently live. The Assistant Director of Governance and Law advised that when a complaint was received it was considered in line with the constitution, and if she considered there to be a breach of the code of Conduct, it would then proceed to an investigation. There were presently no live investigations.

Proposed by Councillor Butcher,  
Seconded by Councillor Wimble; and

**RESOLVED:**

- 1. That report AuG/23/01 be received and noted.**

(The recommendations were agreed by affirmation of the meeting).

**5. Quarterly Internal update Report from the Head of East Kent Audit Partnership**

The report included the summary of the work of the East Kent Audit Partnership (EKAP) since the last Audit and Governance Committee meeting together with details of the performance of the EKAP to the 31<sup>st</sup> May 2023.

Members raised concerns around their role as Committee Members, particularly in respect of monitoring outstanding actions, accountability, and what input the Committee could have.

The Head of the East Kent Audit Partnership responded to some of the points raised and made points including the following:

- EKAP are an independent function and would highlight any areas which were assessed as high priority and not adequately addressed by management to the Committee, and escalate if needed.
- A Corporate Governance Group had been set up internally at FHDC, and part of their remit was to monitor actions highlighted by internal audits.
- The role of A&G was to have input into governance matters, and could escalate matters of concern to Cabinet or Council. A&G also had a say as to what was included in the Internal Audit plan each March when the annual plan is submitted for their approval.

The Assistant Director of Governance and Law also highlighted the vital function of the A&G Committee, and reminded Members that they could approach any of the Statutory Officers with any concerns.

Proposed by Councillor Wimble,  
Seconded by Councillor Wing; and

**RESOLVED:**

- 1. That report AuG/23/03 be received and noted.**
- 2. That the results of the work carried out by the East Kent Audit Partnership be noted.**

(The recommendations were agreed by affirmation of the meeting).

**6. The Internal Audit Annual Report 2022-23**

The report provided a summary of the work undertaken by the East Kent Audit Partnership to support the annual opinion. The report included the Head of Audit Partnership's opinion on the overall adequacy and effectiveness of the system of internal control in operation and informs the Annual Governance Statement for 2022-23, together with details of the performance of the EKAP against its targets for the year ending 31<sup>st</sup> March 2023.

Members commented on various issues and made points including the following:

- How could Members be assured that the Corporate Governance training that had taken place had made a difference.
- In respect of Housing Tenancy Fraud being given limited assurance, what was the Tenancy Fraud Forum, referred to as an effective control?
- What did the word 'deferred' mean, referred to in appendix 2?

The Head of the EKAP responded to the issues raised and made points including the following:

- There had been 12 recommendations within the relevant report, which are being closely monitored by CMT. An update would be presented to the Committee in September when EKAP will present their summary findings from the Progress Report.
- The Tenancy Fraud Forum was led by Ashford Borough Council's Counter Fraud Team and involved other housing agencies. Representatives from FHDC's housing team had been attending, as an opportunity to network and share good practice regarding counter fraud.
- Scheduled work sometimes had to be deferred to make room for other high priority work arising throughout the year, 30 days had also been used to facilitate consultancy and some audits had taken longer to complete due to the nature of the issues arising.

Proposed by Councillor Wimble,  
Seconded by Councillor A Martin; and

**RESOLVED:**

- 1. That the opinion of the Head of Audit Partnership in Report AuG/23/04 be received and noted.**
- 2. That the Annual Report detailing the work of the EKAP and its performance to underpin the 2022-23 opinion be received and noted.**

(The recommendations were agreed by affirmation of the meeting).

**7. Annual Governance Statement 2022/23**

Under the Accounts and Audit (England) Regulations 2015, local authorities are required to produce an Annual Governance Statement. The report described the process followed and seeks approval for the Annual Governance Statement for the year 2022/23.

Members raised various issues including the following:

- Was the Audit and Governance responsibilities list in the governance framework reflective of what the Committee actually considered?
- In terms of the responsibility for providing independent assurance on the adequacy of the risk management framework, it was important that Committee Members had the right tools for the job.
- What was the Corporate Governance Group and the makeup of its membership, and its remit? Also the same information on the Otterpool Park LLP governance would be useful.
- In respect of the development of the new programme management office function, was there capacity within the council for this?

The Assistant Director – Governance and Law responded to some of the points raised by members and made points including the following:

- The role of Audit and Governance Committee did deal with a lot more than what was set out in the governance framework.
- It would be useful for officers going forward to provide a backward look, current look, and forward look in order for members to link things together.
- The Corporate Governance Group was a new officer group, comprising all of the statutory and chief officers. The Group had met twice so far, and had a wide ranging remit, which was likely to evolve. It was a good opportunity for sharing intelligence and concerns, and a range of topics could be brought to the group.
- Officers were presently considering how the Otterpool Park LLP governance arrangements could be brought to the Committee, ensuring that the right things were reported to the right committee at the right time.

The Chief Executive also added the following points:

- In respect of the Otterpool Park LLP, it had been subject to robust scrutiny at the point it was started, and as the project had developed it was appropriate to review, and the outcomes would be brought back to the committee.
- There were intense budget pressures at the moment, but in respect of the new project management office function, the principles would be imbedded within existing resources, overseen by the Director.

Proposed by Councillor Lockwood,  
Seconded by Councillor Wing; and

**RESOLVED:**

1. **That report AuG/23/07 be received and noted.**
2. **That the draft Annual Governance Statement for 2022/23 be approved.**
3. **That the council's corporate action plan outlined in Appendix 1 for 2023/24 be approved.**

(Voting figures: 6 for, 0 against, 0 abstentions).

**8. 2021/22 and 2022/23 Statement of Accounts Update Report**

The report provided an update on recent work undertaken, in relation to preparing the Council's Statement of Accounts for 2021/22 and 2022/23.

The Chief Financial Services Officer advised that the date set out in paragraph 3.4 of the report, the date was set out incorrectly and the public inspection end date should be 12 September 2023.

Members commented on various aspects of the report and made points including the following:

- Would there be any fines for not signing off the accounts within the deadline?
- What was the nature of the objections on the accounts, and what was the next step? What was the timeframe for this?

The Chief Financial Services Officer and the representatives from Grant Thornton responded to some of the issues raised and made points including the following:

- There wasn't a statutory requirement regarding fines in terms of not signing off the accounts within the deadline, and there were still over 500 councils with accounts, which had not been audited.
- The 20/21 and 21/22 objections were around the premise of procurement, and contract management. Once the objections are worked through by Grant Thornton (GT) and finalised, the certificate would be issued, and this would be reported to the Committee. A clearer timeframe would be provided by GT to the Committee in due course.

Proposed by Councillor A Martin,  
Seconded by Councillor Wimble; and

**RESOLVED:**

- 1. That report AuG/23/08 be received and noted.**

(Voting figures: 6 for, 0 against, 0 abstentions).

9. **Delay to commencement of the external audit of the 2022/23 Statement of Accounts**

The Council's external auditor, Grant Thornton has advised the Council that there will be a delay in the commencement of the 2022/23 audit of the Council's 2022/23 Statement of Accounts.

SophiaY Brown, Grant Thornton, introduced the report and advised that district council audits of financial statements for 22/23 would start in October with a view to issuing the opinion in January. Only 27% of authorities had been issued with opinions on 21/22 accounts.

A Member commented that FHDC was a proactive council, and it was likely that any audit would be quite large, with all the projects FHDC were undertaking. Officers were thanked for the work they had done.

Proposed by Councillor Wing,  
Seconded by Councillor A Martin; and

**RESOLVED:**

- 1. That the external auditors update be received and report AuG/23/05 be noted.**

(Voting figures: 6 for, 0 against, 0 abstentions).

10. **Grant Thornton publication - "About Time?"**

The Council's external auditor, Grant Thornton have issued a publication entitled "About time". They have asked for this publication to be shared with Members of the Audit & Governance Committee.

Sophia Y Brown from Grant Thornton introduced the report and advised that the publication explored reasons for the delay in publication of accounts. A lack of Leadership was highlighted, as well as Audit quality, and volume of work/areas of complexity and sector development. She stated that on Tuesday, Minister Rowley had written to local authority Chief Executives, Leaders, and S151 officers to provide an update on work that had happened since the spring, and what measures were being taken to resolve this by the Department for Levelling Up, Housing and Communities. A statement accompanied the letter which covered a number of areas, including a proposal that the NEO and department set statutory deadlines for accounts preparation, which would mean issuing opinions in a different way. In addition, CIPFA was exploring changes to the code of practice on local authority accounting.

The Chief Financial Services Officer added that the letter from Minister Rowley would be circulated to members.

Proposed by Councillor Wimble,  
Seconded by Councillor Lockwood; and

**RESOLVED:**

- 1. That report AuG/23/06 and the external auditors publication "About time?" be received and noted.**

(Voting figures: 6 for, 0 against, 0 abstentions).