

MAIDSTONE BOROUGH COUNCIL

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

**MINUTES OF THE MEETING HELD ON MONDAY 18 SEPTEMBER
2017**

Present: Councillor McLoughlin (Chairman), and
Councillors Adkinson, Butler, Coulling, Daley,
Fissenden, Harvey and Perry

26. APOLOGIES FOR ABSENCE

There were no apologies.

27. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members.

28. URGENT ITEMS

There were no Urgent Items.

29. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

30. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

31. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

32. EXEMPT ITEMS

RESOLVED: That the items on the agenda be taken in public as proposed.

33. MINUTES OF THE MEETING HELD ON 26 JUNE 2017

RESOLVED: That the Minutes of the meeting held on 26 June 2017 be approved as a correct record and signed.

34. PRESENTATION OF PETITIONS

There were no petitions.

35. QUESTIONS AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

36. COMMITTEE WORK PROGRAMME

RESOLVED: That the Audit, Governance and Standards Committee work programme for 2017/18 be noted.

37. CONTRACT MANAGEMENT

The Head of Commissioning and Business Improvement presented this item to the Committee, which set out the Council's current contract management arrangements and steps that were being taken to raise the overall standard of contract management.

It was noted that:

- Most of the Council's contracts had received positive audits, except for the Hazlitt Theatre and Park & Ride, whose assurance was classed as weak. Since the audit, actions had been reviewed and improvement plans had been put in place for both services.
- Further monitoring was carried out through Key Performance Indicators, which are reported to the relevant committees.
- A new role, Contracts and Compliance Officer – Leisure and Culture, had been introduced and was currently being filled by a temporary agency officer whilst the recruitment to the substantive role was completed.
- Construction projects with a high one off spend with a contractor, as opposed to longer term service delivery contracts, required both good project management as well as good contract management. Paragraph 2.8 showed the successful arrangements that had been put in place for the town centre public realm improvements.
- A further improvement, that planned to raise the standard of contract management, was the refreshed Commissioning and Procurement Strategy, which encompassed contract management.

In response to questions and comments, it was explained that:

- The new substantive post holder for the position of Contracts and Compliance Officer – Leisure and Culture would start in the next few weeks.
- A risk assessment had been carried out at the Hazlitt Theatre and there was only one item left outstanding. The Officer agreed to report back to the Committee by email in relation to this outstanding issue and also as to whether there was a sprinkler system in place.
- There were positives and negatives to taking on long term contracts and that there were clear procedures in place if a problem arose.

The Committee requested an update on this topic before the end of the municipal year.

RESOLVED: That the progress in implementing good practice in contract management is noted.

38. CO-OPTED INDEPENDENT MEMBERS

The Committee considered the report of the Head of Audit Partnership, which set out the advantages and disadvantages of different compositions of committee models elsewhere in Local Government.

It was noted that:

- The reason for adding co-opted members to this Committee was to enhance the model and not because the current model of this Committee was seen as insufficient.
- The cost of employing a co-opted member for this Committee could range from £800 to £1000 for the year.
- The co-opted members would be non-voting.

The Committee was not convinced that two co-opted members were required, as both internal and external auditors already attended the meetings of this Committee, as well as non-voting Parish Council representatives.

The Committee voted on the following recommendations set out in the report:

1. That this Committee **RECOMMENDED** to **COUNCIL** the changes in the constitution to allow the Audit, Governance and Standards Committee to include co-opted independent members.
2. That the Director of Finance and Business Improvement be given delegated powers to, in consultation with the Chair of the Audit, Governance and Standards Committee and following the above constitutional changes, fill the role of the co-opted independent members. This will include composing a job description, setting pay and managing recruitment.

The voting was as follows: For – 1 Against – 6

39. BUDGET STRATEGY - RISK ASSESSMENT UPDATE

The Committee considered the report of the Director of Finance and Business Improvement updating the risk assessment of the Budget Strategy.

It was noted that:

- The performance so far this year was broadly in line with budget, although there would be a potential overspend in both temporary accommodation and planning appeals. At this stage in the financial year there was still scope for covering these overspends by reducing expenditure elsewhere.
- The position of Local Government funding after 2019/20 remained unclear, but it was encouraging to see that pilot schemes for 100% business rates retention were proceeding.

In response to a question from the Committee, it was explained that Officers would continue to monitor any changes central government made to lifting the public sector pay cap.

RESOLVED: That the updated risk assessment of the Budget Strategy, at Appendix A, be noted.

40. AUDITED STATEMENT OF ACCOUNTS 2016/17

The Committee considered the report of the Director of Finance and Business Improvement.

It was noted that:

- Since the Committee saw the Draft Statement of Accounts for 2016/17 in June, there were no material changes to the figures.
- The External Audit work had been completed since then and the Audit Findings Report, attached at Appendix A, detailed these findings. The Audit Findings Report made one recommendation, on page 28, which concerned record keeping for plant and equipment and this had been accepted by officers.
- The Audit Findings Report included a review of Value for Money. It concluded that this Council had put in place the proper arrangements to secure Value for Money in its use of resources for the year ending 31 March 2017.
- A Letter of Representation, attached at Appendix C, would be signed by the Chairman of this Committee and the Director of Finance and Business Improvement.
- Changes to Local Audit Regulations, associated with the Local Audit and Accountability Act meant that from 2017/2018, the timetable for preparing and approving the accounts would be brought forward. This meant that the audit deadline would be brought forward to 31 July 2018 and because it was not practical to do so, it was recommended that the Final Statement of Accounts would be presented to this Committee in July only.

- Officers agreed to circulate the Draft Statement of Accounts to this Committee for comment prior to the deadline on 31 May.
- Officers also agreed to consider including a more detailed diagram in the Statement of Accounts 2017/18, showing the expenditure graphically in the same way that income was currently expressed.

RESOLVED:

1. That the external auditor's Audit Findings Report, attached at Appendix A, be noted.
2. That the audited statement of accounts, attached at Appendix B, be approved.
3. That the Letter of Representation, attached at Appendix C, be approved.

That the proposed approach to signing off future financial statements, as detailed at paragraph 2.11, be noted.

41. **EXTERNAL AUDITOR APPOINTMENT UPDATE**

The Committee considered the report of the Director of Finance and Business Improvement, which detailed an update on the appointment of the External Auditor.

It was noted that the Council had joined a procurement arrangement run by the Public Sector Audit Appointments Ltd (PSAA) on 7 December 2016. The PSAA had allocated Grant Thornton as the Council's external auditor.

RESOLVED:

1. That the proposal of PSAA for Grant Thornton to continue as the Council's external auditor be noted.
2. That the Director of Finance and Business Improvement will respond to PSAA's consultation, taking into account comments from Members, be noted.

42. **DURATION OF MEETING**

6.34 p.m. to 7.53 p.m.