

## **MAIDSTONE BOROUGH COUNCIL**

### **AUDIT COMMITTEE**

#### **MINUTES OF THE MEETING HELD ON 12 AUGUST 2013**

**Present:**            **Councillor Nelson-Gracie (Chairman) and  
Councillors Black, Butler and Daley**

**Also Present:**    **Councillor Yates**

35.    APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillor Warner.

36.    NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members.

37.    NOTIFICATION OF VISITING MEMBERS

Councillor Yates indicated his possible wish to speak on a number of items on the agenda.

38.    DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

39.    DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

40.    EXEMPT ITEMS

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

41.    MINUTES OF THE MEETING HELD ON 15 JULY 2013

RESOLVED: That the Minutes of the meeting held on 15 July 2013 be approved as a correct record and signed.

42.    LOCAL CODE OF CORPORATE GOVERNANCE

The Head of Finance and Resources presented an updated version of the Local Code of Corporate Governance for review by the Committee prior to it being considered by the Cabinet.

The Head of Finance and Resources advised the Committee that following the recent review of the Council's senior management structure,

responsibility for corporate governance as a service had transferred to the Head of Policy and Communications who would be taking a fresh look at how the document was presented in future.

In response to questions by Members, the Officers explained that:

- The Local Code of Corporate Governance and the Annual Governance Statement were separate documents. The Local Code of Corporate Governance defined how the principles of good corporate governance would be applied and the Annual Governance Statement assessed how well the Council was complying with its Local Code and identified where improvements would be made to the effectiveness of the corporate governance framework.
- Very few amendments had been made to the Code pending the review to be undertaken by the Head of Policy and Communications, but these could be annotated to assist the Cabinet in its consideration of the document.
- It was the Council's policy to hold meetings in public, but if it was proposed to hold a meeting or part of a meeting in private, then the reasons for excluding the public would be specified in the report and on the agenda.
- More detailed information relating to the Council's arrangements for consulting and engaging with local people and other stakeholders would be included in the document in future.

**RESOLVED:**

- (a) That the updated version of the Local Code of Corporate Governance be approved for submission to the Cabinet;
- (b) That the Officers be requested to ensure that the amendments made to the Code are annotated to assist the Cabinet in its consideration of the document; and
- (c) That the Officers be requested to include more detailed information relating to the Council's arrangements for consulting and engaging with local people and other stakeholders in the document in future.

43. **DRAFT ANNUAL GOVERNANCE STATEMENT 2012/13**

The Head of Policy and Communications presented the draft Annual Governance Statement for 2012/13 for review by the Committee prior to it being considered by the Cabinet. It was noted that:

- The Statement had been completely revised to reflect best practice identified in the Local Government Governance Review 2013 undertaken by Grant Thornton, the Council's external auditors.

- The Statement had been reviewed by the external auditors who were satisfied that it met requirements and was an informative document.
- The Head of Policy and Communications was now responsible for corporate governance. A small working group comprising the Head of Audit Partnership, the Head of Finance and Resources and the Head of Legal Services (Monitoring Officer) had been set up to work with the Head of Policy and Communications on corporate governance issues, reporting quarterly to the Corporate Leadership Team and six monthly to the Audit Committee. This would provide an opportunity for greater Member input throughout the year.

In response to questions by Members, the Head of Policy and Communications explained that "STRIVE" was the acronym for the Council's core values and that the strategy being developed in relation to the Council's approach to information management would be a public document.

Arising from the discussion, the Head of Policy and Communications undertook to provide the following information for the Committee:

- An update, in due course, on the effectiveness of the new enhanced scrutiny model with four Overview and Scrutiny Committees aligned to the Cabinet portfolios and an emphasis on both pre- and post decision scrutiny; and
- An update in six months' time on the progress in relation to the re-introduction of public debate meetings.

The Head of Policy and Communications also undertook to provide, for Councillor Butler, details of the action being taken to involve young people in decision making.

**RESOLVED:**

- (a) That subject to typographical amendments, the draft Annual Governance Statement for 2012/13 be approved for submission to the Cabinet and sign off by the Leader of the Council and the Chief Executive prior to accompanying the Statement of Accounts;
- (b) That the Head of Policy and Communications be requested to provide the following information for the Committee:
  - (i) An update, in due course, on the effectiveness of the new enhanced scrutiny model with four Overview and Scrutiny Committees aligned to the Cabinet portfolios and an emphasis on both pre- and post decision scrutiny; and
  - (ii) An update in six months' time on the progress in relation to the re-introduction of public debate meetings.

#### 44. STATEMENT OF ACCOUNTS 2012/13

The Senior Accountant (Client) introduced the report of the Head of Finance and Resources setting out the un-audited Statement of Accounts for 2012/13 which had been produced in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and which had been signed off by the Director of Regeneration and Communities prior to being submitted for external audit.

It was noted, *inter alia*, that in response to recommendations made by the external auditors following their audit of the 2011/12 accounts, a specialised fixed asset register system was being implemented to replace the current spreadsheet based system. The system would be fully operational for the 2013/14 closedown. There had been closer contact with the valuers with regard to the valuations for 2012/13, and these had been received within the agreed deadlines.

The Committee asked a number of questions of the Officers relating to:

- The calculation of depreciation;
- The arrangements for funding the projected deficit on the Pension Fund;
- The difference between the annual and triennial Pension Fund valuations;
- The power to amend the defined benefit final salary Pension Scheme;
- The action being taken by the Council to encourage younger staff to join and remain in the Pension Scheme;
- The revised arrangements in relation to the revaluation of investment properties;
- The Council's investment strategy;
- The change in certain budget headings within the Comprehensive Income and Expenditure Statement year on year;
- The trading deficit in relation to the Lockmeadow Market complex (due in part to empty units);
- The need to classify vehicles used in the provision of the refuse collection and park and ride contracts as a lease type arrangement;
- The way in which historic debt was recorded in the Accounts; and
- The award of the contract for external audit services to Grant Thornton.

Having considered the replies to its questions, the Committee:

**RESOLVED:** That the un-audited Statement of Accounts for 2012/13 be noted prior to the completion of the external audit process.

45. DURATION OF MEETING

6.30 p.m. to 7.15 p.m.