

## KENT COUNTY COUNCIL

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### GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 19 March 2024.

PRESENT: Mrs R Binks (Chairman), Mr A Brady, Mr D L Brazier, Mr M Dendor, Dr D Horne, Mr M A J Hood and Mr S Webb

ALSO PRESENT: Mr P Oakford and Mr D Jeffrey

IN ATTENDANCE: Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mr M Scrivener (Head of Risk and Delivery Assurance), Mr Paul Dossett, Mr J Flannery (Counter Fraud Manager), Miss K Reynolds (Democratic Services Officer), Ms L Gannon (Director of Technology), Lucy Nutley and Mr J Betts (Acting Corporate Director Finance)

### UNRESTRICTED ITEMS

#### **188. Apologies and Substitutes**

*(Item 2)*

Apologies for absence had been received from Mr Bond and Mr Passmore. Mr Ross was in virtual attendance.

During this item the Head of Internal Audit told the Committee that Frankie Smith, Audit Manager, would be leaving KCC. The Committee recognised her significant contribution to the Internal Audit function and congratulated her on her new role.

#### **189. Declarations of Interest in items on the agenda for this meeting**

*(Item 3)*

There were no declarations of interest.

#### **190. Minutes of the meeting held on 1 February 2024**

*(Item 4)*

RESOLVED that the minutes of the meeting on 1 February 2024 were a correct record and that they be signed by the Chair.

#### **191. Election of Vice-Chair**

*(Item 5)*

1. It was proposed and seconded that Mr Passmore be elected Vice-Chair of the Governance and Audit Committee.
2. It was agreed unanimously that Mr Passmore be elected Vice-Chair of the Committee.

3. RESOLVED that Mr Passmore be elected Vice-Chair of the Governance and Audit Committee.

## **192. Review of the Risk Management Strategy, Policy and Programme** *(Item 6)*

*The Leader and the Director of Strategy, Policy, Relationship and Corporate Assurance were in attendance for this item.*

1. The Head of Risk and Delivery Assurance introduced the report which presented KCC's Risk Management Policy & Strategy for the Committee's annual review. The Chair confirmed that there would be a verbal update provided to the Committee every three months.
2. In response to questions and comments from Members it was said that:
  - a) The Council's risks and its approach to risk management were partly informed by discussions with regional groups and partnerships. This served as a benchmarking exercise.
  - b) With regard to the Council's financial position, it was said that careful, calibrated risks would need to be taken in response to financial pressures. The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services confirmed that there had to be a cautious approach to investment, particularly relating to property assets and treasury management.
  - c) The Risk and Delivery Assurance team actively worked to ensure that Members were sufficiently trained to assess risks associated with Executive Decisions. The General Counsel confirmed that the templates associated with Executive Decisions were being reviewed to ensure that risks were clearly identified. However, it was emphasised that not all risks could be mitigated.
3. RESOLVED to approve the Risk Management Policy & Strategy and note the review of the risk management programme.

## **193. Policy Review** *(Item 7)*

1. The Counter Fraud Manager introduced the annual report which detailed updates to key policies following a review against changes in legislation and guidance. The report also detailed a Draft Failure to Prevent Action Plan to ensure relevant procedures were in place to prevent fraud being committed by KCC. The Counter Fraud Manager assured Members that the anti-money laundering mechanisms, including processes for property transactions, were well managed within the authority and that there remained a low level of risk in this area.
2. It was said that KCC was in the remit of the failure to prevent fraud offence, however, the Council could also use this policy to hold commissioned organisations to account for their fraud prevention procedures.
3. In response to questions and comments from Members it was said that:
  - a) Further information relating to the 'Draft Action Plan – Failure to Prevent Fraud', including the timescales for delivery, would be updated pending

further discussions with the relevant services. It was expected that this would be completed within six months. The Counter Fraud Manager would consider including the prioritisation of risks listed in the Draft Action Plan.

- b) It was confirmed that the Counter Fraud Team was engaging with the Fighting Fraud and Corruption Locally Board, a national network of counter fraud specialists, as part of ongoing work to establish the areas of risk for KCC.
4. RESOLVED to agree the amendments to the Policies and to delegate powers to the Counter Fraud Manager to make factual changes to the policies.

#### **194. External Audit Progress Report and Sector Update**

*(Item 9)*

1. Mr Paul Dossett introduced the report which provided a progress update on Grant Thornton's delivery of responsibilities as KCC's external auditors. The paper included a summary of emerging national issues and developments that may be relevant to KCC as a local authority, and a series of sector updates in respect of these emerging issues. It was said that the 2022/23 Financial Statements Audit had been completed. The planning process for the 2023/24 Financial Statements Audit had begun and it was expected that an External Audit opinion would be brought to the December 2024 meeting of the Governance and Audit Committee, in addition to the 2023/24 Value for Money work.
2. In response to questions and comments from Members it was said that:
  - a) The suggestion to have an independent Chair of the Governance and Audit Committee only applied to specific circumstances. The Monitoring Officer confirmed that if there were concerns regarding the politicisation of the Chair and the impact of this on the effectiveness of the Committee, these concerns would be discussed with the statutory officers and the External Auditors.
  - b) Mr Dossett confirmed that KCC's Governance and Audit Committee's agendas generally covered important areas for discussion. The Monitoring Officer said that given the increased frequency of meetings, and in light of the Grant Thornton '2023 Corporate Governance Review', there was ongoing work to review the Work Programme for the Committee.
  - c) It was said that the Council's returns in respect of Teachers Pensions were still outstanding for 2019/20, 2020/21, 2021/22 and 2022/23. This had taken longer than expected, however, there had been issues with retrieving the required data. The External Auditors were working closely with officers to complete this area of outstanding work and an update would be provided to the Committee at the next meeting.
3. RESOLVED to note the report for assurance.

#### **195. External Audit Plan 2023/24**

*(Item 10)*

1. Ms Lucy Nutley introduced the report which provided an overview of the planned scope and timing of the statutory audit of KCC for the year ending 31 March 2024. The significant risks requiring special audit specification were highlighted, as well as the determined planning materiality and audit logistics.
2. In response to questions and comments from Members it was said that:

- a) There was a high degree of estimation involved in the valuation of property, plant and equipment and investment property. The methodology for evaluating these valuations involved the scrutiny of material items over £42 million, as well as the random sampling of other assets.
- b) The estimated value of defined benefit pension asset/liability fluctuated substantially year on year. The value was based on complex calculations by actuaries.
- c) There was significant work being undertaken to ensure the implementation of IFRS 16 by 1 April 2024.
- d) Regarding the identified risk relating to the Council's optimistic assumptions of the adult social care provision for doubtful debt, Members were reminded that this was not a material matter for the 2022/23 accounts. However, this would be followed up during the 2023/24 audit.

3. RESOLVED to note the report for assurance.

### **196. Review of Whistle Blowing Policy**

*(Item 8)*

1. The General Counsel and the Counter Fraud Manager introduced the report which detailed the updates to the Whistle Blowing Policy and Procedure following a review against changes in legislation and guidance. It was said that the Whistle Blowing Policy was a key document referred to in the fraud awareness training delivered across the Council.
2. In response to questions and comments from Members it was said that:
  - a) The annual staff survey contained questions relating to the confidence levels of staff in raising concerns of wrong-doing within the organisation. The General Counsel would discuss with the Head of HR the opportunity to provide a briefing session for Members on the effectiveness of the Whistleblowing Policy and Procedure.
  - b) The Whistleblowing Hotline was managed by Internal Audit to ensure that there was objective assurance of the independent handling of issues raised. There was further work required to advertise this to staff and to assure staff of the confidentiality of this procedure.
  - c) There was a triage undertaken to ensure that investigations into concerns raised were carried out by the most appropriate internal or external teams.
3. RESOLVED to agree the amendments to the Whistle Blowing Policy and Procedure.

### **197. Other items which the Chairman decides are urgent**

*(Item 11)*

There were no matters arising.

### **198. Future Meeting Dates**

*(Item 12)*

RESOLVED to note the future meeting dates.

**EXEMPT ITEMS**  
(Open access to minutes)

**199. External Audit Findings Relating to Cyber Security**  
(Item 13)

1. Mr Dossett introduced the report which had been brought back to the Committee following the February Governance and Audit Committee meeting. The report detailed the risks relating to cyber security and the findings of an investigation into a cyber security breach.
2. In response to questions and comments from Members it was said that further cyber security training would be provided to Members in light of the evolving risks, and Members were reminded of the reporting mechanisms in place.
3. RESOLVED to note the report for assurance.

**200. 'Covid-19 risk - Asset Control of Laptops and Other Equipment' Audit update**  
(Item 14)

1. The Director of Technology introduced the report which updated the Committee on the improvements which had been implemented to ICT asset management to ensure that operational procedures are robust. The improvements, intended to mitigate risks identified by an internal audit, included new processes for tracking laptops, new disposal methods, and new HR processes.
2. In response to questions and comments from Members it was noted that:
  - a) Technology were responsible for all peripheral equipment, such as monitors and keyboards.
  - b) The Committee requested a follow up audit of ICT asset management for assurance purposes.
3. RESOLVED to note actions taken to improve asset controls for IT equipment following the Covid-19 pandemic.