

## KENT COUNTY COUNCIL

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### GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Darent Room - Sessions House on Tuesday, 24 April 2018.

PRESENT: Mr N J D Chard (Chairman), Mr R A Marsh (Vice-Chairman), Mrs R Binks, Mr R H Bird, Mr G Cooke, Mr D Farrell, Mrs S V Hohler, Mr M J Horwood, Miss C Rankin, Mr H Rayner (Substitute for Vacancy) and Mr M E Whybrow

ALSO PRESENT: Miss S J Carey and Mrs M E Crabtree

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance), Mrs A Mings (Treasury and Investments Manager), Mrs C Head (Head of Financial Management), Miss E Feakins (Chief Accountant), Mr R Patterson (Head of Internal Audit), Ms S Buckland (Audit Manager) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE were Mr A Conlan, Mr P Dossett and Mr M Dean from Grant Thornton LLP

### UNRESTRICTED ITEMS

**14. Minutes - 25 January 2018**  
(Item 4)

RESOLVED that the Minutes of the meeting held on 25 January 2018 are correctly recorded and that they be signed by the Chairman.

**15. Committee Work and Member Development Programme**  
(Item 5)

(1) The Head of Internal Audit provided an update on the forward Committee Work and Member development programme following best practice guidelines in relation to Audit Committees.

(2) RESOLVED that approval be given to the forward Committee Work programme and Member Development programme set out in the report.

**16. Internal Audit and Counter Fraud Plan 2018-19**  
*(Item 6)*

- (1) The Head of Internal Audit presented the proposed Internal Audit and Counter Fraud Plan for 2018/19. He drew the Committee's attention to the main audit themes for the year set out in paragraph 9 of the report.
- (2) During discussion of this item, the Committee agreed that Audit RB40 2019 Youth Justice/Adolescent Services would be upgraded to Priority 1.
- (3) RESOLVED that subject to (2) above, approval be given to:-
  - (a) the Internal Audit and Counter Audit Plan for 2018/19; and
  - (b) the Internal Audit Charter.

**17. Internal Audit and Counter Fraud Progress Report**  
*(Item 7)*

- (1) The Head of Internal Audit summarised the outcomes of Internal Audit and Counter Fraud activity for the 2017/18 financial year to date.
- (2) RESOLVED that the following matters be noted for assurance:-
  - (a) progress and outcomes against the 2017/18 Audit Plan;
  - (b) progress and outcomes in relation to Counter Fraud activity;
  - (c) achievement against the Internal Audit and Counter Fraud Key Performance Indicators; and
  - (d) the overall assurance provided in relation to the Council's control and risk environment as a result of the outcome of Internal Audit and Counter Fraud work completed to date.

**18. Treasury Management Update**  
*(Item 8)*

- (1) The Treasury and Investments Manager gave an update report on Treasury Management activity for financial year up to the date of the report.
- (2) RESOLVED that the report be noted for assurance.

**19. Revised Accounting Policies**  
*(Item 9)*

RESOLVED to note that no changes have been recommended to the County Council's accounting policies.

**20. Updated Financial Regulations**  
*(Item 10)*

- 1) The Chief Accountant introduced a report recommending proposed updates to the Financial Regulations.
- (2) RESOLVED that the proposed amendments to the Financial Regulations, including the delegated authority matrix be recommended for approval by the County Council.

**21. External Audit - Update and Audit Plans for Kent County Council and Kent Superannuation Fund 2017-18**  
*(Item 11)*

(1) Mr Paul Dossett from Grant Thornton UK LLP presented a report updating the Committee on external audit work undertaken during the year ending 31 March 2018 and setting out the proposed work of Grant Thornton to enable them to give an audit opinion on the County Council's 2017/18 financial statements including the Kent Superannuation Fund.

- (2) RESOLVED that:-
  - (a) current progress on external audit work be noted;
  - (b) the outcomes of Grant Thornton's updated risk assessment be noted; and
  - (c) approval be given to the audit plans for Kent County Council and Kent Superannuation Fund for 2017/18.

**22. Fraud Law and Regulations and Going Concerns Considerations**  
*(Item 12)*

(1) The Corporate Director of Finance presented management's responses to questions from Grant Thornton on the County Council's processes in relation to fraud, law and regulations and going concern considerations.

(2) The Head of Internal Audit assured the Committee that a more comprehensive report would be provided in 2019 on Fraud risk assessment, particularly in respect of the communication and encouragement of ethical behaviour of its staff and contractors.

- (3) RESOLVED that approval be given to the management responses to the Grant Thornton questionnaire as set out in the Appendix to the report.

**23. Statutory Accounts for those companies in which KCC has an interest**  
*(Item 13)*

(1) The Corporate Director of Finance introduced a report presenting the latest available Statutory Accounts for those companies in which KCC had an interest.

(2) Members of the Committee suggested the need to audit targets beyond the financial, particularly the creation and retention of employment, and whether the companies invested in were being audited to establish whether they were a going concern.

(4) Mr R A Marsh asked for his comments in respect of the KCC Regional Growth Discovery Park Technology Investment Fund to be minuted. He said that decisions on where to invest under this budget heading should be taken as a responsible investor of last resort and drew attention to the purchase of shares in the various companies and those which had made no returns for the financial year 2016/17. He said that he needed to be assured that the investments were making a positive difference.

(3) In the light of the concerns raised, the Chairman gave an assurance that he would take steps to ensure that the matters raised during discussion by the Committee would be fully considered by Members within the County Council.

(4) RESOLVED that subject to (3) above, the contents of the report be noted for assurance.

**24. Performance of KCC wholly owned Companies 2016-17**  
*(Item 14)*

(1) The Chief Accountant introduced a report presenting the latest available Statutory Accounts for KCC wholly owned companies.

(2) Committee Members expressed concerns over the extent to which the County Council was benefitting if a wholly owned company was deriving its income from increasing its charges to KCC services or using money from its reserves to pay KCC its dividends.

(3) RESOLVED that the report be noted for assurance.

**25. East Kent Opportunities LLP**  
*(Item 15)*

- (1) The Committee considered a report on East Kent Opportunities LLP, including an update on recent activity.
- (2) The Democratic Services Officer agreed to circulate the Financial Statements to the Members of the Committee as the link to them set out in the report could not be opened by all Members.
- (3) RESOLVED that the report be noted for assurance.