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Date: 30/10/2026

Dear Member

GOVERNANCE AND AUDIT COMMITTEE - TUESDAY, 3 NOVEMBER 2026

I am now able to enclose, for consideration at next Tuesday, 3 November 2026 meeting of the Governance and Audit Committee, the following report(s) that were unavailable when the agenda was printed.

Agenda Item No

3 **Minutes of the meeting held on 15 October 2026 (Pages 1 - 8)**

Yours sincerely

Benjamin Watts
Deputy Chief Executive

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KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Thursday, 15 October 2026.

PRESENT: Mr M Brown (Chairman), Mr M Paul (Vice-Chair), Ms C Black, Mr O Bradshaw, Mr A Brady, Mr J Finch, Mr A Kibble, Mr T Mallon, Mr R Mayall, Mr M Munday, Mrs B Porter, Mr H Rayner, Mr G R Samme and Mr R Yates

IN ATTENDANCE: Amanda Beer (Chief Ececutive), Ben Watts (Deputy Chief Executive), Brendan Arnold (Corporate Director of Finance & S151 Officer), Petra Der Man (Head of Law and Monitoring Officer), Sangeeta Surana (Pension Fund and Investment Manager), Cath Head (Head of Financial Management), Hayley Breathwick (Budgeting & Technical Accounting Manager), (Joe McKay (Acting Chief Accountant), Zargham Malik (Grant Thornton), Lucy Nutley (Grant Thornton), Parris Williams (Grant Thornton) and Sarah Ironmonger (Grant Thornton).

UNRESTRICTED ITEMS

398. Apologies and Substitutes
(Item 1)

Apologies were received from Mr Cecil, for whom Mrs Porter was present as substitute.

399. Declarations of Interest
(Item 3)

There were no declarations of interest.

400. Minutes of the meeting held on 23 July 2026
(Item 4)

RESOLVED that the minutes be signed by the Chair as a correct record of the meeting held on 23 July 2026.

Overarching Introduction of items 5-9

Mr McKay advised that the upcoming items were closely interlinked and collectively provided assurance regarding the Council's governance arrangements, financial statements, the Kent Pension Fund and the findings of

the external audit. He suggested that the Committee consider items five to nine individually but determine the recommendations for the items when item nine was considered. Mr McKay also offered his thanks to colleagues in Grant Thornton and KCC for their work to enable these items to be brought before the Committee.

401. Kent County Council – Auditor's Interim Annual Report 2025-26
(Item 5)

1. Ms Ironmonger, Grant Thornton, introduced the report during which the following key points were highlighted:

    a. The report summarised the external audit work undertaken in relation to the 2025–26 financial year, which was very nearly finalised. A lot of work had taken place and Grant Thornton colleagues offered thanks to KCC officers for their engagement and professionalism.

    b. The Value for Money assessment had considered the Council's arrangements under the three themes: financial sustainability; governance; and improving economy, efficiency and effectiveness. Four key recommendations had been identified.

    c. When assessing financial sustainability, the auditors had identified risks arising from recurring overspending and the use of reserves. The continued use of reserves to balance expenditure was not sustainable. The auditors also highlighted that the Council would need to balance decisions on local taxation against the need to contain expenditure, deliver recurrent savings and rebuild reserves.

    d. The Governance and Audit Committee was an important component of the Council's control environment, and the auditors considered that its effectiveness should be strengthened. The recommendation addressed Member engagement, relationships between Members and officers and the provision and take-up of Member training.

    e. The auditors acknowledged that the new Oracle Cloud finance system had been implemented sufficiently to enable the accounts to be prepared and the audit to progress. However, they recommended that lessons from the programme should be identified and incorporated into the governance and delivery arrangements for future major projects.

2. During consideration of the item the following points were discussed:

    a. The Committee recognised the seriousness of the Council's financial sustainability position, highlighted in the report.

    b. Councils generally used a combination of transformation, recurrent savings and local taxation to address budget gaps. The Council had established arrangements for preparing and scrutinising its budget. Proposals to balance the budget would be developed and considered

through the usual Cabinet Committee, Scrutiny and decision-making processes. Financial advice would also be available to each of the Council's political groups.

c. A comprehensive report on the Oracle Cloud Programme would be considered at the Committee's meeting on 3 November 2026. That report would set out the programme's strategic drivers, decision history, financial history and lessons learned.

d. The budget position would support the general fund reserve to return to around 5% by the end of the financial year. The forecast overspend had reduced from £21.4 million at quarter one to £17.1 million, of which approximately £7 million related to Adult Social Care. All non-essential expenditure was being closely monitored and it was considered that the risk had reduced when compared with the previous two financial years.

e. Members sought further assurance regarding programme governance. A Member development session on project and programme governance would be arranged after the November Committee meeting, in response to discussion at the Committee's recent workshop.

f. Members expressed concern regarding the red ratings shown within the report. The auditors clarified that a red rating was applied to highlight where they had identified a key recommendation. Work would continue with Grant Thornton to implement the recommendations.

402. Kent County Council – Audit Findings Report 2025-26
(Item 6)

1. Ms Nutley, Grant Thornton, presented the report during which the following key points were highlighted:

   a. The auditors intended to issue an unqualified opinion on the Council's financial statements. The Council was among a minority of local authorities that had published its accounts by the required deadline.

   b. Audit materiality had been set at £59.5 million for the Council and £60.5 million for the group. These levels had been reconsidered following receipt of the draft financial statements, but no change had been considered necessary.

   c. The significant risks considered during the audit had included: management override of controls; the valuation of land and buildings; pension valuations; and the implementation of the Oracle finance

system. No significant matters had been identified which prevented those risks from being satisfactorily mitigated.

d. No material errors had arisen in the financial statements produced through the new Oracle system and no significant issues had been identified with the data migration.

e. Delays had occurred in obtaining some period-end reports and supporting information for debtors and creditors. A recommendation to test the reporting arrangements ahead of the next year-end process was accepted by officers.

f. The report detailed the audit fees for the year. Members were advised that an additional fee of £3,000, relating to work on the pension asset ceiling had recently been confirmed and would be incorporated into the final report.

2. During consideration of the item the following points were discussed:

   a. Officers confirmed that steps would be taken to ensure the necessary Oracle reports were readily available for the 2026-27 Audit. An update would be brought to the Committee as part of preparations for the 2026–27 accounts.

   b. There was concern that reduced expenditure on building maintenance could lead to a reduction in the value of these assets, or increased costs in the long term. Councils had to balance the allocation of resources between the need for statutory services and the property portfolios. Investment in property was currently limited to meeting operational requirements and maintaining buildings in a safe and usable condition. The external auditors agreed that the matter could potentially be considered when planning the following year's Value for Money work. The Committee would receive a short report explaining how risks arising from changes to the maintenance budget were to be managed operationally and strategically.

   c. The Council would look to address the recommendation regarding reconciliation of the school salaries account that had appeared in successive audit reports.

403. Kent Pension Fund – Audit Findings Report 2025-26
(Item 7)

1. Mr Williams and Mr Mallik, Grant Thornton, presented the report during which the following key points were highlighted:

   a. The audit had progressed smoothly and there had been effective engagement with the Kent Pension Fund finance team. The draft

accounts and supporting evidence had been of a high standard, and audit queries had been answered promptly.

b. There were no matters that would prevent the issue of an unqualified opinion. The remaining steps included receipt of the signed letter of representation and completion of final checks on the accounts.

c. One adjustment of approximately £4.4 million had been made during the audit. This had arisen from updated valuation information, received from an investment manager after publication of the draft accounts, and did not represent an error. The auditors had reviewed the adjustment and were satisfied with the update.

d. Four recommendations had been identified; however, the recommendations did not affect the accuracy of the accounts or the proposed audit opinion.

2. During consideration of the item the following points were discussed:

   a. There were two levels of fair value hierarchy classification for the Pension Fund's property investments. Property investments directly held by the Fund were classified as level 2, while investments in pooled property funds were classified as level 3. After discussion with the auditors both were changed to be classified as level 3 and agreed by the auditors.

   b. The property investment classifications had been considered as part of the audit and the auditors were satisfied that the investments had been correctly classified within the accounts.

404. Annual Governance Statement
(Item 8)

1. Ms Der Man introduced the report during which the following key points were highlighted:

   a. The Annual Governance Statement was a statutory document which provided an assessment of the Council's governance arrangements and supported the Council in demonstrating how it discharged its best value duty.

   b. The statement incorporated the outcomes of Internal Audit work and had been reviewed in light of the external auditors' findings.

   c. The action tracker included the implementation of the decision-making application, and work to strengthen the effectiveness of the Governance and Audit Committee.

d. The Monitoring Officer's team was in place, and worked with Democratic Services, Internal Audit and the Gran Thornton to support governance improvements, and provide tailored Member training.

e. No Section 5 reports had been issued under the Local Government and Housing Act 1989 during the year. Members had sought and respected the advice and support of the Monitoring Officer.

f. The Council had experienced a period of significant organisational and political change. In light of this and of the uncertainty surrounding Local Government Reorganisation, the Monitoring Officer emphasised the continuing importance of consistent and transparent governance arrangements.

2. During consideration of the item the following points were discussed:

   a. There was an emphasis placed on transparency within the Annual Governance Statement. Transparency remained an important principle and officers sought to make decision-making reports as transparent as possible, subject to the legal requirements governing confidential and exempt information. Members were encouraged to contact the Monitoring Officer if they had any specific concerns regarding a lack of transparency as any recurring themes might need to be reflected in the next Annual Governance Statement.

   b. An outstanding action to develop a mechanism through which the Governance and Audit Committee could oversee savings plans and key activity would be included in the updated action list.

   c. Any financial implications resulting from a judicial review concerning Local Government Re-organisation would be reflected in the budget processes rather than in the 2025–26 Statement.

405. Draft Statement of Accounts
(Item 9)

1. Mr Arnold briefly introduced the item and highlighted the Council's achievement in receiving a clean audit opinion. He added that the accounts were well presented and were a testament to the skill and oversight of the finance team.

2. Mr McKay introduced the report during which the following key points were highlighted:

   a. The proposed unqualified audit opinion was a very positive outcome. Officers had worked closely with Grant Thornton colleagues and completion was expected within the statutory deadlines.

   b. The accounts had been produced for the first time using the Oracle Cloud finance system following its implementation during the financial

year. The external auditors had identified no significant issues relating to the migration of data, and sufficient reporting had been available to enable the accounts to be completed.

c. One substantial accounting change in 2025/26 was the requirement to introduce indexation to the valuation of property, plant and equipment assets. The implementation of this accounting change had been considered by the external auditors and no significant issues had been identified.

3. During consideration of the item the following points were discussed:

   a. Clarification was sought regarding some figures that had been updated in the latest version of the accounts and differed from draft versions.

   b. It was confirmed that Intervention Alliance Local Partnerships was a joint venture and that the consolidated equity method had been applied.

   c. Capital schemes were rephased when the associated funding had not been received. Where a scheme had not commenced within two years, a revised business case was required.

   d. A discrepancy within the detailed schools reserve table had been corrected in the updated accounts. The stated year-end balance remained correct.

   e. Officers would review the narrative regarding the final budget position to ensure that it accurately reflected the amount approved by Full Council.

   f. The narrative for the Dedicated Schools Grant had been updated since publication of the draft, to reflect the latest applicable legislative provisions. The underlying accounting treatment remained unaffected.

4. RESOLVED that the Committee:

   a. NOTE the Kent County Council Auditor's Interim Annual Report 2025–26;

   b. NOTE the Audit Findings Reports for Kent County Council and the Kent Pension Fund;

   c. APPROVE the Annual Governance Statement for 2025–26; and

   d. APPROVE the Statement of Accounts for 2025–26.

406. Letters of Representation - Kent County Council and Kent Pension Fund
(Item 10)

1. Mr Arnold introduced the item and advised that the letters of representation formed the final stage of the audit process. Approval from the Committee to sign the letters, would enable Grant Thornton to complete the remaining audit procedures.

2. RESOLVED that the Committee approve the Letters of Representation for Kent County Council and the Kent Pension Fund, and authorise the Chair and the Section 151 Officer to sign them on behalf of the Council.