

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 Wednesday, 15 September 2010.

PRESENT: Mr R L H Long, TD (Chairman), Mr M V Snelling (Vice-Chairman), Mr A R Chell, Mr B R Cope, Mr K A Ferrin, MBE, Mr C Hibberd, Mr D A Hirst, Mr P W A Lake, Mr J F London, Mr T Prater, Mr R Tolputt and Mr C T Wells

ALSO PRESENT: Mr R W Gough and Mr J D Simmonds

OFFICERS: Ms L McMullan (Director of Finance), Mr G Wild (Director of Law and Governance), Mr D Tonks (Head of Audit & Risk), Mrs J Armstrong (Senior Audit Manager), Mr D Cloake (Head of Emergency Planning), Mrs K Hunter (Employee Relations Manager), Mrs K Watson (Operational Services Manager), Mr N Vickers (Head of Financial Services), Mr A Wood (Head of Financial Management), Mrs D Mattingly (Corporate Risk & Insurance Manager), Ms J Hill (Performance Manager) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE: Mr D Wells and Mrs E Robinson of the Audit Commission

UNRESTRICTED ITEMS

36. New Committee Terms of Reference

(Item 3)

The Committee noted its new Terms of Reference as appended to these Minutes.

37. Minutes - 30 June 2010

(Item 4)

RESOLVED that the Minutes of the meeting held on 30 June 2010 are correctly recorded and that they be signed by the Chairman.

38. Committee meeting dates in 2011

(Item 5)

The Committee noted the following dates for its meetings in 2011.

Wednesday, 16 March 2011;
Thursday, 30 June 2011;
Wednesday, 14 September 2011; and
Tuesday, 29 November 2011.

39. Committee Work Programme

(Item 6)

(1) A forward work programme was presented to the Committee for approval.

(2) The Head of Audit and Risk confirmed that following a meeting of the Member Group set up on 30 April 2010, a programme of pre-meeting training would commence in November 2010.

(3) RESOLVED that subject to (2) above, the forward work programme for 2010/2011 be agreed.

40. Business Continuity

(Item 7)

(1) The Head of Emergency Planning reported on the current position of the management of Business Continuity across the County Council, giving details of the way forward and the timetable being undertaken.

(2) Members of the Committee asked questions, including questions on the supply chain during pandemic scares, heavy flooding and the regional failure of the electricity supply system.

(3) The Head of Emergency Planning responded by saying that flooding was recognised as very high risk, requiring a comprehensive multi-agency response. This was in place. Lessons regarding electricity supply failure had been learned during the recent four day power outage in Dartford. Plans addressing the provision of critical supplies in emergency situations had been or were in the process of being developed. He also said that he had no concerns that Emergency Planning was placed within the Communities Directorate rather than the corporate centre.

(4) RESOLVED that the report be noted.

41. Capita Payroll services to Schools

(Item 8)

(1) The Employee Relations Manager reported on the payroll service provided by Capita to Kent County maintained schools and on how information was provided for the Teachers' pensions returns.

(2) RESOLVED that the report be noted.

42. Audit Fee Update

(Item 9)

(1) The Director of Finance reported on the current position in relation to the Audit Commission fee for the 2010/11 financial year. She drew attention to the letter dated 9 August 2010 from Mr Gareth Davies of the Audit Commission which did not fully address the County Council's concerns. She confirmed that she had stopped all payments to the Audit Commission pending a satisfactory resolution. She suggested that Mr Davies should be invited to a meeting with the Chairman, herself, the Head of Audit and Risk and any Member of the Committee who wished to attend. This was agreed.

(2) RESOLVED that:-

- (a) the report be noted; and
- (b) an invitation be extended to Mr Gareth Davies of the Audit Commission to meet the Chairman, Finance Director, Head of Audit and Risk and other Members of the Committee in order to more fully discuss the County Council's concerns.

43. Treasury Management Update

(Item 10)

- (1) The Head of Financial Services presented a quarterly treasury management update.
- (2) The Committee noted that the report author was the Cabinet Portfolio Holder for Finance rather than the Chairman of the Superannuation Fund Committee.
- (3) The Committee discussed the questions of whether borrowing should be for a period of 49 – 50 years or whether it had been necessary to borrow at all during the quarter. The Finance Director and the Cabinet Portfolio Holder explained in detail the reasons for their decisions on borrowing.
- (4) RESOLVED that the report be noted.

44. Final Accounts 2009/10

(Item 11)

- (1) The Director of Finance updated the Committee on the final Annual Governance Report from the External Auditors relating to the 2009/10 Statement of Accounts.
- (2) RESOLVED that the Annual Governance Report for 2009/10 be noted.

45. Report on Insurance Activity

(Item 12)

- (1) The Corporate Risk and Insurance Manager provided an overview of insurance activity over the past twelve months. She explained that the reason for the unusually high level of public liability claims had been the unexpected deterioration of the highways network since December 2009 which had generated claims over potholes.
- (2) RESOLVED that the report be noted.

46. Update on the Audit Commission

(Item 13)

- (1) The Head of Audit and Risk reported the announcement by the Communities and Local Government Secretary that the Audit Commission would be abolished. He summarised the consequences for the County Council.

(2) The Director of Finance offered to bring a report on the tender specification to a future meeting of the Committee.

(3) RESOLVED that the report be noted.

47. Internal Audit Progress Report

(Item 14)

(1) The Head of Audit and Risk summarised the outcomes of Internal Audit activity for the period April to July 2010.

(2) RESOLVED to note:-

(a) the amendments to and progress against the 2010/11 audit programme; and

(b) the assurance provided in relation to the County Council's control environment as a result of the outcome of the internal audit programme completed to date.

48. Internal Audit Benchmarking results

(Item 15)

(1) The Head of Audit and Risk summarised the 2009/10 Internal Audit benchmarking results. A further report would be made to the next meeting of the Committee once the means of overheads recording by the comparator County Councils had been clarified.

(2) RESOLVED that the report be noted.

49. Ombudsman Complaints

(Item 16)

(1) The Performance and Improvement Manager reported the Local Government Ombudsman's Letter and Annual review for 2009/10 together with the latest position on complaints about the County Council which had escalated to the Ombudsman between 1 April and 30 July 2010.

(2) RESOLVED that the report be noted.

APPENDIX

(Paragraph 36 of the Minutes refers)

Governance and Audit Committee

13 Members

Conservative: 12; Liberal Democrat: 1.

The purpose of this Committee is to:

1. ensure the Council's financial affairs are properly and efficiently conducted, and
2. review assurance as to the adequacy of the risk management and governance framework and the associated control environment.

On behalf of the Council this Committee will ensure the following outcomes:

- (a) Risk Management and Internal Control systems are in place that are adequate for purpose and effectively and efficiently operated.
- (b) The Council's Corporate Governance framework meets recommended practice (currently set out in the CIPFA/SOLACE Good Governance Framework), is embedded across the whole Council and is operating throughout the year with no significant lapses.
- (c) The Council's Internal Audit function is independent of the activities it audits, is effective, has sufficient experience and expertise and the scope of the work to be carried out is appropriate.
- (d) The appointment and remuneration of External Auditors is approved in accordance with relevant legislation and guidance, and the function is independent and objective.
- (e) The External Audit process is effective, taking into account relevant professional and regulatory requirements, and is undertaken in liaison with Internal Audit.
- (f) The Council's financial statements (including the Pension Fund Accounts) comply with relevant legislation and guidance and the associated financial reporting processes are effective.
- (g) Any public statements in relation to the Council's financial performance are accurate and the financial judgements contained within those statements are sound.
- (h) Accounting policies are appropriately applied across the Council.

- (i) The Council has a robust counter-fraud culture backed by well designed and implemented controls and procedures which define the roles of management and Internal Audit.