

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 Wednesday, 24 July 2013.

PRESENT: Mr R L H Long, TD (Chairman), Mr R H Bird, Mr H Birkby, Miss S J Carey, Mr A J King, MBE, Mr R A Marsh, Mr B Neaves, Mr P J Oakford, Mr R J Parry, Mr J E Scholes, Mr W Scobie, Mr T L Shonk and Mr D Smyth

ALSO PRESENT: Mr J D Simmonds

OFFICERS: Mr A Wood (Corporate Director of Finance and Procurement), Mr N Vickers (Head of Financial Services), Mrs C Head (Head of Financial Management), Miss E Feakins (Chief Accountant), Mr G Wild (Director of Governance and Law), Mr R Hallett (Head of Business Intelligence), Mr M Scrivener (Corporate Risk Manager), Ms N Major (Head of Internal Audit), Ms S Buckland (Audit Manager), Mr K Abbott (Director - School Resources) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE: Mr D Wells and Ms E Olive from Grant Thornton

UNRESTRICTED ITEMS

23. Membership

(Item)

The Committee noted the appointment of Mr M E Whybrow.

24. Election of Vice-Chairman

(Item 4)

Mr R L H Long moved, seconded by Mr A J King that Mr R J Parry be elected Vice-Chairman of the Committee.

carried with no opposition.

25. Minutes

(Item 5)

(1) Mr R A Marsh referred to Minute 7 (2) and reported that the matter in question had now been satisfactorily resolved.

(2) RESOLVED that the Minutes of the meetings held on 11 April 2013 and 23 May 2013 are correctly recorded and that they be signed by the Chairman.

26. Terms of Reference for Governance and Audit Committee Trading Activities Sub-Committee (formerly Sub-Group)

(Item 6)

- (1) The Committee considered a report recommending that there should be three members of the Governance and Audit Trading Activities Sub-Committee.
- (2) Mr W Scobie moved, seconded by Mr D Smyth that the recommendations of the Director of Governance and Law be amended by the insertion of a clause that the Opposition Group representative should rotate amongst the three Opposition Groups on an annual basis.
- (3) The Director of Governance and Law advised that, as the motion set out in (2) above would require a variation of the proportionality rules, the County Council would need to ratify the Committee's resolution if it were to be passed.
- (4) The Chairman advised that all Members of the Committee would be informed of the meeting dates, time and venues. They would be entitled to attend, speak and ask questions.
- (5) On being put to the vote, the Motion was defeated by 9 votes to 3 with 1 abstention.
- (6) On being put to the vote, the recommendations of the Director of Governance and Law were carried unanimously.
- (7) RESOLVED that:-
 - (a) the membership of the Trading Activities Sub-Committee will consist of 2 Conservative and 1 UKIP Member of the Committee; and
 - (b) all other Committee Members be informed whenever a meeting is arranged and provided with a link to the full agenda papers and a hard copy on request.

27. Committee Work and Member Development Programme

(Item 7)

- (1) The Head of Internal Audit proposed an updated forward committee work and Member development programme.
- (2) RESOLVED that approval be given to the proposed forward work programme and Member Development programme to July 2014.

28. External Audit Update

(Item 8)

(1) Mr Darren Wells from Grant Thornton UK LLP reported on the progress of the External Auditor's work over 2012/13 and also on emerging issues and developments.

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

29. External Audit Findings Report 2012-13

(Item 9)

(1) Mr Darren Wells from Grant Thornton LLP UK gave a report on audit findings for Kent County Council and the Kent Superannuation Fund. The report included the key messages arising from the audit work undertaken to address the risks identified in the Audit Plans which had been presented to the Committee in April 2013. It also included the results of the work undertaken to assess the County Council's arrangements to secure value for money.

(2) Mr Wells informed the Committee that only three other Local Authorities had been able to produce their draft Statements of Accounts at this point in the year.

(3) RESOLVED that: -

(a) the adjustments to the accounts of the County Council and the Kent Superannuation Fund be noted as set out in the appended reports from Grant Thornton LLP UK; and

(b) approval be given to the management response to the action plans set out in Appendix A to each of the reports from Grant Thornton LLP UK.

30. External Audit Financial Resilience Report 2012-13

(Item 10)

(1) Mr Darren Wells from Grant Thornton LLP UK reported the results of the work undertaken to assess the County Council's arrangements to secure value for money. As part of the VFM Conclusion, Grant Thornton had undertaken a review of the County Council's financial resilience in 2012/13, covering four areas: key financial indicators; strategic financial planning; financial governance; and financial control. It had concluded that the arrangements were sound and had given a "green assessment" in most areas, indicating that the arrangements had met or exceeded adequate standards.

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

31. Draft Statement of Accounts 2012/13

(Item 11)

(1) The Corporate Director of Finance and Procurement gave a report on the draft Statement of Accounts for 2012/13.

(2) The Letter of Representations in respect of the County Council's Financial Statements had been circulated as a supplement to the agenda papers, together with the Independent Auditor's two reports to Members of the County Council.

(3) RESOLVED that:-

- (a) approval be given to the Statement of Accounts for 2012/13;
- (b) approval be given to the Letters of Representation in respect of the Financial Statements for the County Council and the Kent Superannuation Fund; and
- (c) the recommendations made in the Annual Audit Findings Report be noted.

32. Treasury Management Annual Review 2012-13

(Item 12)

(1) The Head of Financial Services gave a summary report of Treasury Management activities in 2012/13. He referred to the Credit Score Analysis table on page 304 of the agenda papers and asked the Committee to note that the Value Weighted Average Credit Rating and the Time Weighted Average Credit Rating for 30 June 2012 should both read "AA-" rather than "A- -".

(2) RESOLVED that, subject to (1) above, approval be given to the Treasury Management Annual Review 2012/13 for submission to the County Council.

33. Debt Management

(Item 13)

(1) The Head of Financial Services reported on the County Council's debt position.

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

34. Corporate Risk Register

(Item 14)

(1) The Head of Business Intelligence and the Corporate Risk Manager presented the Corporate Risk Register to the Committee, together with an overview of the changes since it had last been presented in December 2012 and an outline of the ongoing process of monitoring and review.

(2) The Corporate Risk Manager was asked by individual Members to consider whether the outbreak of "Bleeding Oaks" should be incorporated within Risk CRR15 "Ash Dieback" and also whether Staff Health should be added as a specific Risk Event to Risk CRR5 "Organisational Transformation."

- (3) RESOLVED to note the assurance provided in relation to the development and maintenance of the Corporate Risk Register.

35. Schools Audit Annual Report

(Item 15)

(1) The Director of School Resources summarised the output of the Schools Financial Services audit and compliance programme during 2012/13 and provided an annual opinion on the adequacy and effectiveness of controls at schools. He explained that the report only covered Kent maintained schools, as Academies and Free Schools were not part of the County Council.

- (2) RESOLVED that the report be noted for assurance.

36. Internal Audit Annual Report

(Item 16)

(1) The Head of Internal Audit summarised the content of the Internal Audit Annual Report, provided the opinion on the County Council's system of internal control and provided commentary on the performance of the Internal Audit Section.

- (2) RESOLVED that:-

- (a) the Internal Audit Annual Report for 2012/13 be noted for assurance as set out in Appendix 1 to the report; and
- (b) the change in relevant standards for Internal Audit be noted as set out in Appendix 2 to the report.

37. Review of Anti-Fraud and Corruption Strategy

(Item 17)

(1) The Head of Internal Audit reported that the annual review of the County Council's Anti-Fraud and Corruption Strategy had required one minor amendment, which she presented to the Committee for approval.

- (2) RESOLVED that approval be given to the slightly amended Anti-Fraud and Corruption Strategy.

38. Anti-Fraud and Corruption Progress Report

(Item 18)

(1) The Head of Internal Audit provided a summary of progress of anti-fraud and corruption activity as well as the outcomes of investigations concluded since the last Committee meeting in April 2013.

- (2) RESOLVED that the progress of anti-fraud and corruption activity be noted together with the assurance provided in relation to anti-fraud culture and fraud prevention/investigation activity.