

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, 30 April 2014.

PRESENT: Mr R L H Long, TD (Chairman), Mr R J Parry (Vice-Chairman), Mr R H Bird, Mr H Birkby, Mr R E Brookbank (Substitute for Mr A J King, MBE), Miss S J Carey (Substitute for Mr P J Oakford), Mr J A Davies, Mr C P D Hoare, Mr S C Manion (Substitute for Mr P J Homewood), Mr R A Marsh, Mr B Neaves, Mr J E Scholes, Mr W Scobie, Mr D Smyth and Mr M E Whybrow

ALSO PRESENT: Mr J D Simmonds, MBE and Mr B J Sweetland

OFFICERS: Mr A Wood (Corporate Director of Finance and Procurement), Ms A Mings (Treasury & Investments Manager), Mr H Swan (Head of Procurement), Mr G Wild (Director of Governance and Law), Ms N Major (Head of Internal Audit), Ms S Buckland (Audit Manager), Mr P Rock (Counter Fraud Manager), Mr M Rolfe (Trading Standards Manager (East)) and Mr A Tait (Democratic Services Officer)

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

UNRESTRICTED ITEMS

1. **Membership** (Item)

The Committee noted the appointment of Mr C P D Hoare in place of Mr T L Shonk.

2. **Minutes** (Item 4)

RESOLVED that:-

- (a) the Minutes of the Committee meeting held on 18 December 2013 are correctly recorded and that they be signed by the Chairman; and
- (b) the draft Minutes of the meeting of the Trading Activities Sub-Committee meeting held on 3 March 2014 be noted.

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

- (1) The Head of Internal Audit proposed an updated forward work and Member development programme to April 2015
- (2) The Committee suggested a training session on the work of the Committee in respect of alternative forms of service delivery.

- (3) RESOLVED that subject to (2) above, approval be given to the proposed forward work programme and Member development programme to April 2015.

4. 2013-15 Revenue Budget Savings

(Item 6)

(1) The Corporate Director of Finance and Procurement updated the Committee on the progress in making the revenue budget savings for each of 2013/14 and 2014/15. This included an underspend of some £8m in 2013/14. He also explained the Savings Project Initiation Document (PID) process which had been re-introduced for 2014/15.

- (2) RESOLVED that the progress on the 2013/14 and 2014/15 revenue budget savings be noted for assurance.

5. Revised Accounting Policies and Financial Regulations

(Item 7)

(1) The Corporate Director of Finance and Procurement briefly reported that there were no proposed revisions to accounting policies or to the Financial Regulations.

- (2) RESOLVED that no changes be made to the accounting policies or to the Financial Regulations.

6. Update/Replacement of "Spending The Council's Money"

(Item 8)

(1) The Head of Procurement gave a report seeking approval to update the current "Spending the Council's Money" document and to replace the hard copy with an online more user-friendly version.

- (2) RESOLVED that approval be given to the updated "Spending the Council's Money" document and to the replacement of the PDF version with the proposed new online version.

7. Treasury Management Quarterly Report

(Item 9)

(1) The Cabinet Member for Finance and Business Support and the Treasury and Investments Manager presented an update on treasury management issues. This included the new strategy of further diversification and a reduction in the size of investment made in any one financial institution.

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

8. RIPA Report on Surveillance

(Item 10)

(1) The Cabinet Member for Commercial and Traded Services and the Trading Standards Manager (East) gave an outline of work undertaken by KCC Officers on surveillance, the use of covert human intelligence source and access to

telecommunications data governed by the Regulation of Investigatory Powers Act 2000 (RIPA) during the 2013/14 business year.

(2) RESOLVED that:-

(a) the use of powers under RIPA during 2013/14 be noted for assurance; and

(b) the RIPA policy be endorsed as set out in the Appendix to the report.

9. Internal Audit Annual Audit Plan 2014-15

(Item 11)

(1) The Head of Internal Audit presented the proposed Internal Audit Plan for 2014/15. She asked the Committee to note that the Developer Contributions audit (RB39 2015) would be a review of Section 106 Agreements rather than "Section 107" as set out in the report.

(2) RESOLVED that agreement be given to the proposed Internal Audit Annual Plan for 2014-15 as set out in Appendix 1 to the report.

10. Internal Audit Progress Report

(Item 12)

(1) The Head of Internal Audit summarised the outcomes of Internal Audit activity for the 2013/14 financial year to the end of March 2014.

(2) The Committee discussed the internal audit implications of the Council's changing risk appetite as set out in Note 1 of the Internal Audit Performance section of the progress report.

(3) RESOLVED to note:-

(a) progress against the 2013/14 Internal Audit Plan and the proposed amendments to it; and

(b) the assurance provided in relation to the Council's control environment as a result of the outcome of Internal Audit work completed to date.

11. External Audit Update - April 2014

(Item 13)

(1) Mr Darren Wells from Grant Thornton UK LLP provided an update on the work of the external auditor in respect of progress on the planned audits for 2013/14, and emerging issues and developments. He also reported the Certification Letter for 2012/13.

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

12. External Audit Plans for Kent County Council and Kent Superannuation Fund 2013/14

(Item 14)

(1) Mr Darren Wells from Grant Thornton UK LLP presented a report setting out the proposed work of the external auditors to enable them to give an opinion on the Council's 2013/14 financial statements including the Kent Superannuation Fund.

(2) RESOLVED that: -

- (a) the outcomes of Grant Thornton's updated risk assessment be noted; and
- (b) approval be given to the Audit Plans for Kent County Council and the Kent Superannuation Fund for 2013/14.

13. External Audit Fee Letter 2014/15

(Item 15)

(1) Mr Darren Wells from Grant Thornton UK LLP presented the external audit fee for the Council for 2014/15.

(2) RESOLVED that:-

- (a) approval be given to the fees proposed in the fee letter of 7 April 2014; and
- (b) the changes to the Audit Team for 2014/15 be noted.

14. Fraud Law and Regulations and Going Concerns Considerations

(Item 16)

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

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

15. Anti-Fraud and Corruption Progress Report

(Item 17)

(1) The Counter Fraud manager provided a summary of progress of anti-fraud and corruption activity as well as the outcome of investigations concluded since the last meeting of the Committee in December 2013.

(2) RESOLVED that the progress of prevention and investigation of anti-fraud and corruption activity be noted for assurance.

EXEMPT ITEMS

(Open Access to Minutes)

(Members resolved under Section 100A of the Local government Act 1972 that the public be excluded from the meeting for the following business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.)

16. Fraud Law and Regulations and Going Concerns Considerations.

(Item)

(1) The Corporate Director of Finance and Procurement explained the risk to the County Council of a particular weakness which had been identified by Internal Audit in response to Grant Thornton's question on whether internal controls, including segregation of duties, were in place and operating effectively. This question had also asked whether any risk areas had been identified and about the mitigating actions taken in response.

(2) The Corporate Director of Finance and Procurement explained that it would have been detrimental to the County Council and to the public interest if the details of the weakness had been revealed during the Open part of the meeting.

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