

## 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, County Hall, Maidstone on Wednesday, 18 December 2013.

PRESENT: Mr R L H Long, TD (Chairman), Mr R J Parry (Vice-Chairman), Mr R H Bird, Mr H Birkby, Mr J A Davies, Mr P J Homewood, Mr A J King, MBE, Mr R A Marsh, Mr B Neaves, Mr J E Scholes, Mr W Scobie, Mr T L Shonk, Mr D Smyth and Mr M E Whybrow

ALSO PRESENT: Mr J D Simmonds

OFFICERS: Mr A Wood (Corporate Director of Finance and Procurement), Mr N Vickers (Head of Financial Services), Mr G Wild (Director of Governance and Law), Ms N Major (Head of Internal Audit), Ms S Buckland (Audit Manager), Ms A Simmonds (Commercial Services Internal Audit Manager), Mr P Rock (Counter Fraud Manager), Mr R Hallett (Head of Business Intelligence), Mr M Scrivener (Corporate Risk Manager) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE: Ms A Tollefson from Grant Thornton UK LLP.

#### UNRESTRICTED ITEMS

##### **50. Minutes - 24 September 2013**

*(Item 4)*

RESOLVED that the Minutes of the meeting held on 24 September 2013 are correctly recorded and that they be signed by the Chairman.

##### **51. Dates of meetings in 2014**

*(Item 5)*

The Committee noted the following meeting dates in 2014:

Wednesday, 30 April 2014;  
Thursday, 24 July 2014; and  
Friday, 3 October 2013.

##### **52. Committee Work and Member Development Programme**

*(Item 6)*

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

### **53. Corporate Risk Register**

*(Item 7)*

(1) The Head of Business Intelligence and the Corporate Risk Manager reported that the Corporate Risk Register had recently been refreshed. They therefore presented it to the Committee, together with an overview of the key changes and an outline of the ongoing process of monitoring and review.

(2) Mr W Scobie moved the following motion, seconded by Mr D Smyth:

“A detailed report regarding Risk ID 12 on page 39 of this agenda be brought back to the next meeting of the Governance and Audit Committee. We require more information on the control measure being used and what effect this is having on mitigating the risk to KCC of the welfare changes.”

(3) On being put to the vote, there were 7 votes in favour of the motion and 7 votes against. In accordance with Committee Procedure Rule 2.26 (2) the Chairman thereupon used his casting vote against the motion.

(4) RESOLVED that the assurance provided in relation to the development and maintenance of the Corporate Risk Register be noted.

### **54. Review of the Risk Management Policy**

*(Item 8)*

(1) The Head of Business Intelligence and the Corporate Risk Manager presented the revised Risk Management Policy to the Committee for its approval.

(2) RESOLVED that approval be given to the Risk Management Policy for the year 2013/14.

### **55. Treasury Management 6 Month Review**

*(Item 9)*

(1) The Head of Financial Services presented the Treasury Management 6 month review.

(2) RESOLVED that the report be endorsed for submission to the County Council.

### **56. Debt Management**

*(Item 10)*

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

(2) During discussion of this item, the Committee resolved under Section 100A of the Local Government Act 1972 to exclude the public from the meeting on the grounds that the matter it wished to discuss involved the likely disclosure of exempt information as defined in paragraphs 1 and 2 of Part 1 of Schedule 12A of the Act.

(3) The Corporate Director of Finance and Procurement and the Head of Internal Audit thereupon explained the circumstances that had led to the Customer and Communities Revenue Debt Write Off of £184,301.61.

(4) The remainder of the discussion of this item was held in open session.

(5) The Head of Financial Services agreed that future reports on Debt Management would begin by showing the trend of outstanding debt over the previous 5 years.

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

#### **57. External Audit Update November 2013**

*(Item 11)*

(1) Ms Anna Tollefson from Grant Thornton UK LLP provided an update on the work of the external auditor in respect of progress on the planned audit for 2013/13 and emerging issues and developments.

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

#### **58. External Audit Annual Letter 2012/13**

*(Item 12)*

(1) Ms Anna Tollefson from Grant Thornton UK LLP provided a summary of the most important findings from the external audit work in respect of the 2012/13 audit year. She reaffirmed the unqualified opinion on the 2012/13 financial statements, including the Kent Pension Fund, and the unqualified value for money conclusion.

(2) RESOLVED that:-

(a) the Annual Audit Letter be received for assurance, fulfilling the requirement for the External Auditors to prepare and issue an Annual Audit Letter to the County Council; and

(b) the Committee's thanks and appreciation of the Finance and Procurement staff be recorded for their work in securing an unqualified opinion from the external auditors.

#### **59. Review of the Committee Terms of Reference**

*(Item 13)*

(1) The Head of Internal Audit reported the outcome of the review of the Committee's Terms of Reference. She recommended that no changes be made except to the revised membership of the Committee to reflect the revised proportionality figures for the political groups following the May 2013 Local Government elections.

(2) The Committee noted that the County Council had recently decided that it would not receive the Committee's minutes. As a consequence, that particular aspect of the Committee's responsibilities needed to be deleted.

- (3) RESOLVED that the minor amendments to the Committee's Terms of Reference arising from the Local Government elections and the recent decision of the County Council be noted as set out in (1) and (2) above.

#### **60. Commercial Services Internal Audit Progress Report**

*(Item 14)*

- (1) The Commercial Services Internal Audit Manager summarised the outcomes of the Commercial Services Internal Audit activity for the 2013 financial year to date.
- (2) RESOLVED that the progress made against the Commercial Services Internal Audit Work Programme for 2013 be noted for assurance as set out in the Appendix to the report.

#### **61. Internal Audit Progress Report**

*(Item 15)*

- (1) The Head of Internal Audit reported the outcomes of Internal Audit activity for the 2013/14 financial year to date.
- (2) RESOLVED to note:-
  - (a) progress against the 2013/14 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.

#### **62. Effectiveness of Internal and External Audit Liaison**

*(Item 16)*

- (1) The Head of Internal Audit summarised the effectiveness of the liaison arrangements between Internal and External Audit.
- (2) RESOLVED that the annual update on liaison arrangements between Internal and External Audit be noted for assurance, including the Protocol set out in the Appendix to the report.

#### **63. Anti Fraud and Corruption Progress Report**

*(Item 17)*

- (1) The Counter Fraud Manager provided a summary of progress of anti-fraud and corruption as well as the outcome of investigations concluded since the previous meeting of the Committee in September 2013.
- (2) The Counter Fraud Manager agreed that, in future, the contents of the Irregularities Appendix would be split between internal and external fraud reviews.
- (3) RESOLVED that the progress of anti-fraud and corruption activity be noted for assurance.