

## 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, 29 April 2015.

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

ALSO PRESENT: Miss S J Carey and Mr J D Simmonds, MBE

OFFICERS: Mr A Wood (Corporate Director Finance and Procurement), Mrs C Head (Head of Financial Management), Ms A Mings (Treasury & Investments Manager), Miss E Feakins (Chief Accountant), Mr G Wild (Director of Governance and Law), Mr R Patterson (Head of Internal Audit), Ms S Buckland (Audit Manager), Mr P Rock (Counter Fraud Manager), Mr D Whittle (Director of Strategy, Policy, Relationships and Corporate Assurance), Mr M Scrivener (Corporate Risk Manager), Mr M Rolfe (Trading Standards Manager (East)), Mr P Segurola (Interim Director of Specialist Children's Services), Miss M Goldsmith (Finance Business Partner) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE: Ms E Olive and Mr N White from Grant Thornton UK LLP

### UNRESTRICTED ITEMS

#### 12. Minutes (Item 4)

RESOLVED that:-

- (a) the Minutes of the Committee meeting held on 29 January 2015 are correctly recorded and that they be signed by the Chairman; and
- (b) the Minutes of the Trading Activities Sub-Committee of 9 March 2015 be noted.

#### 13. Committee Work and Member Development Programme (Item 5)

- (1) The Head of Internal Audit proposed an updated forward Committee Work programme and an outline Member Development programme.
- (2) RESOLVED that approval be given to the proposed forward Committee Work and outline Member Development programme for the 2015/16 financial year.

**14. Update on Savings Programme**

*(Item 6)*

(1) The Corporate Director of Finance and Procurement reported on the position in respect of the 2014/15 and 2015/16 budget savings. He said that he was very confident that the accounts for 2014/15 were healthy and that very early indications for 2015/16 gave grounds for considerable optimism.

(2) RESOLVED that the progress on the 2014/15 and 2015/16 revenue budget savings be noted for assurance.

**15. Review of KCC's Risk Management Policy and Strategy**

*(Item 7)*

(1) The Director of Strategy, Policy, Relationships and Corporate Assurance and the Corporate Risk Manager presented the revised Risk Management Policy and Strategy.

(2) During discussion of this item, the Committee agreed that the words “and values” should be re-inserted into paragraph 4.2 of the draft and that the title in the *Group or Individual* heading of the *Risk Management Roles and Responsibilities* section (Annex B of Appendix 1) should be amended to read “all elected Members and staff members.” It also agreed that the 9<sup>th</sup> bullet point in paragraph 4.3 should read: “ensure fraud risks are proactively considered and embedded into the organisation’s risk management arrangements.”

(3) The Committee agreed by 9 votes to 3 that the proposed revised wording to the *Roles and Responsibilities* section of Appendix 2 should be used in preference to the previous wording.

(4) RESOLVED that subject to (2) above, approval be given to the draft Risk Management Policy and Strategy for 2015/16.

**16. Internal Audit and Counter Fraud Plan 2015-16**

*(Item 8)*

(1) The Head of Internal Audit presented the proposed Internal Audit and Counter Fraud Plan for 2015/16.

(2) The Committee noted that Audit RB24 (Missing Children) implied the risk of “grooming.” It decided against specifically incorporating the word into the Plan.

(3) RESOLVED that agreement be given to the proposed Internal Audit and Counter Fraud Annual Plan for 2015/16 as appended to the report.

**17. Internal Audit and Counter Fraud Progress Report**

*(Item 9)*

(1) The Head of Internal Audit summarised the outcomes of Internal Audit and Counter Fraud activity for the 2014/15 financial year to date.

(2) The Committee noted that the Foster Care management had not agreed on the need for a dedicated risk register. It therefore agreed to receive a written report at its next meeting explaining the reasons for its view and to invite a representative of the service to attend.

(3) RESOLVED that subject to (2) above, the following matters be noted:-

- (a) progress and outcomes against the 2014/15 Audit Plan;
- (b) progress and outcomes in relation to Counter Fraud activity; and
- (c) the positive outcomes and assurances provided against international and public sector internal audit standards from the external quality assessment.

**18. RIPA Report on Surveillance, covert human intelligence source and telecommunications data requests carried out by KCC between 1 April 2014 and 31 March 2015**

*(Item 10)*

(1) The Trading Standards Manager (East Kent) reported on work undertaken by KCC officers on surveillance, the use of covert human intelligence sources and access to telecommunications data governed by the Regulation of Investigatory Powers Act 2000 (RIPA) during the 2014/15 business year.

(2) The Committee noted the use of the term “Chief Executive” in Annex 5 of the RIPA Policy. The Trading Standards Manager explained that the Home Office had recently amended this term to “Head of Paid Service” in its Code of Practice.

(3) RESOLVED that:-

- (a) the use of powers under RIPA be noted for assurance; and
- (b) the RIPA policy be endorsed.

**19. Treasury Management Quarterly Report**

*(Item 11)*

(1) The Treasury and Investments Manager gave an update report on treasury management issues. She explained that the correct figures for outstanding Icelandic deposits in Appendix 1 were as set out in the Treasury Management 6 monthly review report to the previous meeting of the Committee in January 2015, rather than in this report.

(2) The Deputy Leader and Cabinet Member for Finance and Procurement informed the Committee that since publication of the report, he and the Corporate Director of Finance and Procurement had very recently agreed on behalf of the County Council to borrow the sum of £25m for a 40 year period at a rate of 3.1%.

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

**20. Revised Accounting Policies**

*(Item 12)*

- (1) The Head of Financial Management and the Chief Accountant presented revised accounting policies for approval by the Committee.
- (2) RESOLVED that approval be given to the additions and amendments to the accounting policies as set out in the Appendices to the report.

**21. Updated Financial Regulations**

*(Item 13)*

- (1) The Chief Accountant introduced a report setting out the proposed amendments to the Financial Regulations.
- (2) RESOLVED that the proposed amendments to the Financial Regulations, including those to the delegated authority matrix be endorsed for approval by the County Council.

**22. External Audit Update - April 2015**

*(Item 14)*

- (1) Ms Liz Olive from Grant Thornton UK LLP reported on progress on the planned audits for 2014/15 as well as on emerging issues and developments.
- (2) The Committee agreed to recommend that all Members of the County Council should be given appropriate training on the implications of the report by Louise Casey into the governance of Rotherham Metropolitan Borough Council. It further recommended that this training should be provided at a date (such as that of a meeting of the County Council) when the majority would find it convenient to attend.
- (3) RESOLVED that:-
  - (a) the report be noted for assurance; and
  - (b) the County Council be recommended to provide appropriate training for all elected Members on the implications of the report by Louise Casey into the Governance of Rotherham Metropolitan Borough Council. This training should be provided at a date (such as that of a meeting of the County Council itself) when the majority will find it convenient to attend.

**23. External Audit Plans for Kent County Council and Kent Superannuation Fund 2014/15**

*(Item 15)*

- (1) Ms Liz Olive from Grant Thornton UK LLP presented a report setting out the proposed work of Grant Thornton to enable them to give an audit opinion on the County Council's 2014/15 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 Kent Superannuation Fund for 2014/15.

**24. Fraud, Law and Regulations and Going Concerns Considerations**

*(Item 16)*

- (1) The Corporate Director of Finance and Procurement presented management's responses to questions 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 questionns as set out in the Appendix to the report.

**25. Write-off report - Invoice Number 2013724**

*(Item 17)*

- (1) The Committee agreed to treat this item and the Exempt report which appeared as Item 20 on the agenda papers together. The Committee therefore RESOLVED under Section 100A of the Local Government Act 1972 to exclude the public for the following business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 2 and 5 of Schedule 12A of the Act.
- (2) The Interim Director for Specialist Children's Services and the Finance Manager set out the background and summarised the reasons for the write off of an unsecured debt over six months old.
- (3) Following discussion of the individual circumstances and the legal reasons for the write off, the Committee agreed to readmit the public for the remainder of this item.
- (4) RESOLVED that:-
  - (a) the contents of the report and the Exempt report (Item 20) be noted;
  - (b) agreement be given that the write off amounting to £28,332.37 was the most appropriate and cost-effective solution; and
  - (c) all appropriate steps must be taken to ensure that these circumstances are not repeated.