

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, 27 April 2016.

PRESENT: Mr R H Bird, Mr D L Brazier, Mr R E Brookbank (Substitute for Mr A J King, MBE), Mr L Burgess (Substitute for Mr M Baldock), Mrs M E Crabtree (Substitute for Mr J E Scholes), Mr C P D Hoare, Mr E E C Hotson, Mr R L H Long, TD (Chairman), Mr S C Manion, Mr R A Marsh, Mr B Neaves, Mr R J Parry (Vice-Chairman), Mr D Smyth and Mr M E Whybrow

ALSO PRESENT: Mr P B Carter, CBE, Mr S Holden and Mr J D Simmonds, MBE

IN ATTENDANCE: Ms S Buckland (Audit Manager), Miss E Feakins (Chief Accountant), Mrs C Head (Head of Financial Management), Ms A Mings (Treasury & Investments Manager), Mr R Patterson (Head of Internal Audit), Mr M Rolfe (Trading Standards Manager (East)), Mr D Smith (Director of Economic Development), Mr A Tait (Democratic Services Officer), Ms J Ward (Regional Growth Fund Programme Manager) and Mr A Wood (Corporate Director Finance and Procurement)

UNRESTRICTED ITEMS

14. Minutes
(Item 4)

RESOLVED that:-

- (a) the Minutes of the Committee meeting held on 27 January 2016 are correctly recorded and that they be signed by the Chairman; and
- (b) the Minutes of the Trading Activities Sub-Committee held on 29 February 2016 be noted.

15. Committee Work and Member Development Programme
(Item 5)

(1) The Head of Internal Audit proposed an updated forward Committee Work programme and Member Development programme following revised best practice guidance in relation to Audit Committees.

(2) RESOLVED that approval be given to the proposed forward Committee Work and Member Development programme to April 2017.

16. Internal Audit and Counter Fraud Plan 2016-17
(Item 6)

(1) The Head of Internal Audit presented the proposed Internal Audit and Counter Fraud Plan for 2016/17. He drew the Committee's attention to the main audit themes for the year which were set out in paragraph 6 of the report.

(2) RESOLVED that agreement be given to:-

- (a) the proposed Internal Audit and Counter Fraud Annual Plan as set out in Appendix 1 to the report; and
- (b) the minor amendments to the Internal Audit Charter set out in Appendix 2 to the report.

17. Internal Audit and Counter Fraud progress report

(Item 7)

(1) The Head of Internal Audit summarised the outcomes of Internal Audit and Counter Fraud activity for the 2015/16 financial year to date.

(2) RESOLVED that the following matters be noted for assurance:-

- (a) progress and outcomes against the 2015/16 Audit Plan and relevant performance indicators;
- (b) progress and outcomes in relation to Counter Fraud activity; and
- (c) the overall assurance provided in relation to the Council's control and risk environment as a result of the outcome of Internal Audit and Counter Fraud work completed to date.

18. Regional Growth Fund - Equity Investments

(Item 8)

(1) A report entitled "Statutory Accounts for those companies in which KCC has an interest" had been circulated as an Appendix to all Members of the Committee before the meeting, having previously been considered by Trading Activities Sub-Committee on 29 February 2016.

(2) Mr P B Carter (Leader of the Council) and Mr S Holden (Deputy Cabinet Member for Regeneration and Economic Development) were present for this item in order to explain KCC's approach to the use of Regional Growth Fund monies allocated by the Department for Business, Innovation and Skills.

(3) The Director of Economic Development summarised the governance arrangements, particularly in respect of any company which missed the deadline for reporting its quarterly returns to KCC.

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

19. RIPA Report on surveillance, covert human intelligence source and communications data requests carried out by KCC between 1 April 2015 and 31 March 2016

(Item 9)

(1) The Head of Kent Scientific Services reported on work undertaken by KCC officers on surveillance, the use of human intelligence sources and access to telecommunications data governed by the Regulation of Investigatory Powers Act (RIPA) during the 2015/16 business year. He asked the Committee to amend the recommendation through the removal of the endorsement of the RIPA Policy. This was agreed.

(2) The Committee noted in respect of Annex 4 to the report that “paras 4.1 and 4.2” should replace “paras 3.1 and 3.2” in the Guidance on completing Covert Intelligence forms.

(3) RESOLVED that subject to (2) above, the use of powers under RIPA be noted for assurance.

20. Treasury Management Update

(Item 10)

(1) The Treasury and Investments Manager gave an update report on treasury management activity for the 9 months up to 31 December 2015 and on developments thereafter.

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

21. Change in Closedown process and revised accounting policies

(Item 11)

(1) The Head of Financial Management reported changes made to the closedown process and proposed the amendments and revisions to the accounting policies which were needed in respect of the adoption of policy IFRS 13 - Fair Value and amendments to Policy IFRS – Joint Arrangements.

(2) RESOLVED that:-

(a) The changes to the 2015-16 closedown process be noted for assurance; and

(b) approval be given to the additions and amendments to the accounting policies as set out in the Appendices to the report.

22. Updated Financial Regulations

(Item 12)

(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 the delegated authority matrix be endorsed for approval by the County Council.

23. External Audit - Audit Plans for Kent County Council and Kent Superannuation Fund 2015-16
(Item 13)

(1) Mr Nick White 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 2015/16 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 2015/16.

24. External Audit Planned Audit Fee 2016-17
(Item 14)

(1) Mr Nick White from Grant Thornton UK LLP reported the estimated total audit fee of £ 155,925 for 2016/17, which was the same fee as in 2015/16.

(2) RESOLVED that the planned audit fees for 2016/17 be noted.

25. Fraud Law and Regulations and Going Concerns Considerations
(Item 15)

(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) Mr Nick White from Grant Thornton UK LLP confirmed that the external auditors were satisfied with the responses provided.

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

26. Protocol relating to companies in which KCC has an Interest
(Item 16)

(1) The Director of Governance and Law proposed a number of amendments to the Protocol relating to companies in which KCC has an interest. These included additional amendments suggested by Trading Activities Sub-Committee. These were agreed.

(2) RESOLVED that:-

- (a) approval be given to the amendments set out in the Appendix to the report subject to the following additional amendments:-

- (i) The second sentence of paragraph 7 (d) to read “Where a company adopts its own policies , before it commences trading the Governance and Audit Committee Trading Sub-Committee must be assured that adequate policies and procedures are in place, with particular (but not exclusive) reference to anti-fraud, bribery and corruption, gifts and hospitality”; and
 - (ii) the second sentence of (new) paragraph 17 to read “In the case of a director who is also an elected member, or an officer of KCC, if it were to give rise to a conflict with the interests of KCC, then reference should be made to guidance on Local Authority Companies referred to in paragraph 2 above”; and
- (b) the protocol and Guidance continue to be reviewed bi-annually, unless fundamental changes (for example, legislative changes) necessitate a review during the intervening period.