

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 Thursday, 21 July 2016.

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

ALSO PRESENT: Mr J D Simmonds, MBE

IN ATTENDANCE: Mr A Wood (Corporate Director Finance and Procurement), Mr G Wild (Director of Governance and Law), Ms A Mings (Treasury & Investments Manager), Mrs C Head (Head of Financial Management), Miss E Feakins (Chief Accountant), Ms L Payne (Corporate Accountant), Mr R Patterson (Head of Internal Audit), Ms S Buckland (Audit Manager), Mr D Whittle (Director of Strategy, Policy, Relationships and Corporate Assurance), Mr M Scrivener (Corporate Risk Manager), Mr D Smith (Director of Economic Development), Ms J Ward (Regional Growth Fund Programme Manager), Ms Y King (Schools Financial Services Manager) and Mr A Tait (Democratic Services Officer)

ALSO PRESENT were Mr D Hughes, Mr N White and Mr M Dean from Grant Thornton UK LLP

UNRESTRICTED ITEMS

27. Membership
(Item 2)

The Committee noted the appointment of Mr M Heale in place of Mr M Baldock.

28. Minutes
(Item 5)

RESOLVED that:-

- (a) the Minutes of the Committee meeting held on 27 April 2016 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 held on 27 April 2016 be noted.

29. Committee Work and Member Development Programme
(Item 6)

(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 July 2017.

30. External Audit Update July 2016
(Item 8)

(1) The Committee agreed to consider this item together with the External Audit Annual Findings Report and the External Audit Pensions Findings Annual Report ahead of the Draft Statement of Accounts.

(2) The Committee was provided with recent updates and information from the External Auditor, Grant Thornton UK, LLP.

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

31. External Audit Annual Findings Report 2015/16
(Item 9)

(1) The Audit Findings report had been circulated electronically to Members of the Committee prior to the meeting. Hard copies were tabled.

(2) Mr Paul Hughes from Grant Thornton UK, LLP presented the report including key messages arising from the audit work undertaken to address the risks identified in the Audit Plan presented to the Committee in April 2016 together with the results of the work undertaken to assess the Council's arrangements to secure value for money. He confirmed that in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. He added that the audit had been completed ten days before the end of July 2016, making KCC one of the first audits to be completed.

(3) The Committee placed on record its congratulations and appreciation of the work of the Finance Team for producing accurate accounts earlier in the year than had ever been the case before.

(4) RESOLVED to:-

(a) note the adjustments that have been made to the accounts of the County Council;

- (b) note the Audit Findings Report's conclusions on value for money and the Council's financial resilience; and
- (c) agree the draft management response to the action plan set out in Appendix A of the Audit Findings Report.

32. External Audit Pension Fund Audit Findings Report 2015/16
(Item 10)

(1) Mr M Dean from Grant Thornton LLP UK gave a report on the audit findings for the Kent Superannuation Fund. The report included the key messages arising from the audit work undertaken to address the risks identified in the Audit Plan presented to the Committee in April 2016.

(2) The Committee placed on record its congratulations and appreciation for those officers in the Pension Accounts Team who had produced the accounts in with such speed and accuracy.

(3) Mr J E Scholes reminded the Committee that he was the Chairman of the Superannuation Fund Committee. He praised the high quality of all the staff involved in preparing the accounts.

(4) RESOLVED that the findings in the report be agreed.

33. Draft Statement of Accounts 2015/16
(Item 7)

(1) The Head of Financial Management introduced the draft Statement of Accounts for 2015-16. She drew attention to the achievement of everyone involved in preparing the draft Statement by 3 June 2016 despite the immense scope and complexity of the County Council's budget, noting that the deadline for 2016-17 had been brought forward to 31 May 2017.

(2) The Chief Accountant drew attention to the Unqualified Opinion issued by the Independent Auditor.

(3) The Committee asked for an analysis of the agency staff earning over £50K to be sent to all its Members together with an explanation of the rising cost of County Cars.

(4) RESOLVED that:-

- (a) approval be given to the Statement of Accounts for 2015/16;
- (b) approval be given to the Letters of Representation; and
- (c) the recommendations made in the Annual Findings Report be noted.

34. Schools Audit Annual Report
(Item 11)

(1) The Schools Financial Services manager presented a report summarising the Schools Financial Services compliance programme and other activities undertaken during 2015/16 which enabled the Chief Finance Officer to certify that there was a system of audit for schools which gave adequate assurance over financial management standards in schools.

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

35. Internal Audit and Counter-Fraud Annual Report and Opinion for 2015/16
(Item 12)

(1) The Head of Internal Audit summarised the outputs of the Internal Audit and Counter Fraud work for 2015-16, which provided a substantial assurance opinion on the Council's systems of governance, risk management and internal control. He also provided comment on the performance of the Internal Audit and Counter Fraud Unit in delivering this work.

(2) The Committee discussed the reasons for the delay in getting the DCLG grant funded Kent Intelligence Network (KIN), involving all Districts in Kent, up and running. It expressed the strong wish that the system matching would go live by September 2016.

(3) RESOLVED that the Annual Report be noted for assurance.

36. Update on 2016/17 Savings Programme
(Item 13)

(1) The Revenue Budget Manager provided an update on the delivery of the 2016/17 savings target of £81m. She confirmed that the BRAG (Blue, Red, Amber, Green) rating would be integrated into the entire budget cycle and that the focus would not simply be on the Red category.

(2) RESOLVED that the latest BRAG position on the 2016/17 savings target of £81m be noted for assurance.

37. Treasury Management Annual Review 2015/16
(Item 14)

(1) The Treasury and Investments Manager introduced a report summarising Treasury Management activities in 2015/16.

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

38. Debt Management

(Item 15)

(1) The Treasury Investments Manager introduced a report on the County Council's debt position.

(2) The Committee asked for future reports to give the actual figure for the value of sundry debt over six months old in addition to its total percentage of the annual debt.

(3) The Treasury Investments Manager agreed to write to all Members of the Committee with an explanation of the figures in the table at the end of paragraph 9 of the report (summary position for Sundry debt on 1 June 2016).

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

39. Update on Contracts and Tenders Standing Orders part of the Constitution

(Item 16)

(1) The Corporate Director of Finance and Procurement presented a report proposing changes and updates to the Contracts and Tenders Standing Orders.

(2) RESOLVED that agreement be given to the updated Contracts and Tenders Standing Orders as set out in the Appendix to the report for inclusion in Appendix 5 of the Constitution.

40. Corporate Risk Register

(Item 17)

(1) The Committee received a six-monthly report on the Corporate Risk Register, including an overview of the changes since it had last been presented and an outline of the ongoing process of monitoring and review.

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

41. Update on the governance of the Discovery Park Technology Investment Fund

(Item 18)

(1) The Director of Economic Development provided an update on the governance of the Discovery Park Technology Investment Fund. He focussed on the legal advice on the robustness of the governance arrangements, as had been requested by the Trading Activities Sub-Committee. .

(2) RESOLVED that the governance arrangements of the Discovery Park Technology Investment Fund be ratified.

42. Future appointment of External Auditor
(Item 19)

(1) The Head of Internal Audit provided an update on the proposed procurement arrangements for appointing External Auditors at the conclusion of the 2017/18 audits.

(2) RESOLVED that the County Council be recommended to ratify the application for the PSAA to be specified as the sector led body if:-

(a) DCLG formally approves the application; and

(b) there is a satisfactory conclusion to the discussions on the issues set out in paragraph 3.2 of the report.