

## KENT COUNTY COUNCIL

### GOVERNANCE AND AUDIT COMMITTEE

MINUTES of A meeting of the Governance and Audit Committee held at Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 11th April, 2017.

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

OTHER MEMBERS: John Simmonds, MBE

OFFICERS: Andy Wood (Corporate Director of Finance), Alison Mings (Treasury and Investments Manager), Emma Feakins (Chief Accountant), Benjamin Watts (General Counsel) and Andrew Tait (Democratic Services Officer)

ALSO PRESENT were Mr P Hughes and Mr M Dean from Grant Thornton UK LLP

### UNRESTRICTED ITEMS

#### 12. Minutes. (Item. 4)

(1) The Head of Internal Audit made the following statement to the Committee in respect of Minute 3 (2):-

*“At the January G&A meeting Councillor Hoare alleged that the County Council was not collecting enough developer contributions for education provision due to ‘false and fraudulent’ data being supplied by a Company engaged by the County Council. I was tasked with investigating these claims and reporting back to the Committee. Mr Hoare was requested to supply any information to me as soon as possible.*

*Subsequent to meetings with Mr Hoare, receipt of information and instigating our own independent analysis, in summary I can find no evidence of fraud or corruption.*

*In relation to the contractor cited (and no longer used as the service was brought back in – house) , the system in place was for the information to be supplied directly to the contractor by officers within KCC and the contractor gave over these figures to the relevant District Council in good faith. As such the statement made was incorrect.*

*Our subsequent investigation found no evidence that staff employed by, or contracted to, KCC had committed fraud or deliberately misrepresented figures used in the 2008 developer contribution calculations Mr Hoare had alleged were deliberately altered to favour the developers.*

*Our investigation has revealed that there were errors in these calculations supplied to the contractor by KCC, but there was no evidence that these figures had been*

*deliberately altered to minimise developer contributions. We have met with both Mr Hoare and the Chairman of the G&A Committee and provided a summary of the investigations and informed them of our findings in advance of the meeting.*

*As a result of this work and unless any new materially different evidence emerges, our investigations have now been concluded.”*

(2) Mr C P D Hoare replied to the statement by saying that he remained dissatisfied and had now raised the issues described with the Police.

(3) RESOLVED that:-

(a) the Minutes of the meeting of the Committee held on 25 January 2017 are correctly recorded and that they be signed by the Chairman; and

(b) the Minutes of the Trading Activities Sub-Committee meeting on 28 February 2017 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 Member Development programme following revised best practice guidance in relation to Audit Committees.

(2) RESOLVED that approval be given to the proposed Committee work and Member Development programme to April 2018.

### **14. Internal Audit and Counter Fraud Plan 2017-18.**

*(Item. 6)*

1) The Head of Internal Audit presented the proposed Internal Audit and Counter Fraud Plan for 2017/18. He drew the Committee's attention to the main audit themes for the year which were set out in paragraph 8 of the report.

(2) RESOLVED that agreement be given to the proposed Internal Audit and Counter Fraud Annual Plan as set out in the Appendix to the report.

### **15. 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 2016/17 financial year to date.

(2) The Committee thanked the Internal Audit Team for its effective and diligent work over the previous four years.

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

(a) progress and outcomes against the 2016/17 Audit Plan and proposed amendments;

(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.

**16. Treasury Management Update.**  
*(Item. 8)*

- (1) The Treasury and Investments Manager gave an update report on Treasury Management activity for the 9 months up to 31 December 2016 and on developments thereafter up to the date of the report.
- (2) RESOLVED that the report be noted for assurance.

**17. Revised Accounting Policies.**  
*(Item. 9)*

- (1) The Head of Financial Management asked the Committee to approve the adoption of "Telling the Story" as a change in presentation to the financial statements. She explained that this represented a change in accounting policy.
- (2) RESOLVED that approval be given to the additions and amendments to the accounting policies in respect of the adoption of "Telling the Story."

**18. Updated Financial Regulations.**  
*(Item. 10)*

- (1) The Chief Accountant introduced a report recommending proposed updates 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.

**19. External Audit - Audit Plans for Kent County Council and Kent Superannuation Fund 2016-17.**  
*(Item. 11)*

- (1) Mr Paul Hughes 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 2016/17 financial statements including the Kent Superannuation Fund.
- (2) RESOLVED that:-
  - (a) current progress on external audit work be noted;
  - (b) the outcomes of Grant Thornton's updated risk assessment be noted; and
  - (c) approval be given to the audit plans for Kent County Council and Kent Superannuation Fund for 2016/17.

**20. External Audit Fee Letter 2017-18.**

*(Item. 12)*

- (1) The Head of Internal Audit reported the estimated planned total audit fee of £ 155,925 for 2017/18, which was the same fee as in 2016/17.
- (2) RESOLVED that the planned audit fee for 2017/18 be noted.

**21. Fraud Law and Regulations and Going Concerns Considerations.**

*(Item. 13)*

- (1) The Corporate Director of Finance 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 Paul Hughes from Grant Thornton UK LLP confirmed that the external auditors were satisfied with the responses provided subject to the views of the Committee.
- (3) The Committee asked for the first sentence of the response to the first question to be amended to: "Procedures are in place to minimise the risk."
- (4) RESOLVED that subject to (3) above, approval be given to the management responses to the Grant Thornton questionnaire as set out in the Appendix to the report.

**22. Other Items.**

*(Item. 14)*

- (1) The Committee expressed its appreciation for the work of all the officers who had contributed to the work of the Committee over the previous four years and also thanked Mr Richard Long for the manner in which he had chaired its meetings during the same period. Mr Long in turn thanked the Committee.

## **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.)*

#### **23. Senior Information Risk Owner (SIRO) Update.**

*(Item. 16)*

(1) The General Counsel provided an update report regarding recent issues around an information governance breach that Members of the Committee had sought reassurance upon. He explained that there were a number of continuing pressures in relation to information governance which were being reviewed pending a report to the June meeting of the Policy and Resources Cabinet Committee.

(2) In response to Members' question, the General Counsel agreed to consider whether mandatory information governance should be regular and whether there should be testing to ensure compliance.

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