

## 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, 19 July 2017.

PRESENT: Mr N J D Chard (Chairman), Mr R H Bird, Mr D Farrell (Substitute for Mr T Dhesi), Mr M J Horwood, Mr R A Marsh, Miss C Rankin, Mrs P A V Stockell (Substitute for Mrs S V Hohler) and Mr M E Whybrow

ALSO PRESENT: Miss S J Carey, Mrs M E Crabtree and Mr J D Simmonds, MBE

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance), Mrs C Head (Head of Financial Management), Miss E Feakins (Chief Accountant), Mrs A Mings (Treasury and Investments Manager), Mr B Watts (General Counsel), Mr R Patterson (Head of Internal Audit), Ms S Buckland (Audit Manager), Mr M Scrivener (Corporate Risk Manager), Ms Y King (Schools Financial Services Manager), Mr M Rolfe (Trading Standards Manager (East)) and Mr A Tait (Democratic Services Officer)

#### UNRESTRICTED ITEMS

**25. Election of Vice-Chairman**  
*(Item 4)*

(1) The Chairman moved, seconded by Mrs P A V Stockell that Mr R A Marsh be elected Vice-Chairman of the Committee.

*Carried*

(2) RESOLVED that Mr R A Marsh be elected Vice-Chairman of the Committee.

**26. Minutes**  
*(Item 5)*

RESOLVED that the Minutes of the meetings held on 11 April 2017 and 25 May 2017 are correctly recorded and that they be signed by the Chairman.

**27. Dates of future meetings**  
*(Item 6)*

The Committee noted that its next meetings would be held on:-

Wednesday, 1 November 2017;  
Thursday, 25 January 2018; and  
Tuesday, 24 April 2018.

**28. Committee Work and Member Development Programme**  
*(Item 7)*

(1) The Head of Internal Audit provided an update on the forward Committee Work and Member Development programme following best practice guidance in relation to Audit Committees.

(2) The Chairman agreed to consider with Officers whether the Trading Activities Sub-Committee was the most appropriate way to govern and audit trading companies. The outcome of these deliberations would be reported to the next meeting of the Committee.

(3) RESOLVED that approval be given to the forward Committee Work programme and Member Development programme set out in the report.

**29. External Audit Annual Findings Report 2016/17**  
*(Item 8)*

(1) An addendum to the Audit Findings report was tabled at the meeting.

(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 2017 together with the results of the work undertaken to assess the Council's arrangements to secure value for money. He said that he anticipated that he would soon be in a position to confirm that in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

(3) The Committee placed on record its thanks and acknowledgement of the work of the Finance Team and all other staff involved in speedily producing financial statements, which were anticipated to receive an unqualified audit opinion.

(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.

**30. External Audit Pension Fund Audit Findings Report 2016/17**

*(Item 9)*

(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 2017.

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

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

**31. Draft Statement of Accounts 2016/17**

*(Item 10)*

(1) The Head of Financial Management introduced the draft Statement of Accounts for 2016-17.

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

(3) The Corporate Director of Finance agreed to provide additional information to all Members of the Committee on Earmarked Reserves in respect of those where the movement over the previous financial year had been in the millions.

(4) The Treasury and Investments Manager agreed to inform Members of the Committee of the rate at which the Barclays LOBO Loan had been converted into a fixed rate loan in April 2016.

(5) The Committee placed on record its appreciation of the work of the Finance Team, with particular thanks to Cath Head and Emma Feakins for producing the Statement of Accounts.

(6) RESOLVED that:-

(a) approval be given to the Statement of Accounts for 2016/17;

(b) approval be given to the Letters of Representation;

(c) the recommendations made in the Annual Findings Report be noted.

**32. 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 2016/17 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.

**33. Internal Audit Annual Report and Opinion for 2016/17**

*(Item 12)*

1) The Head of Internal Audit summarised the outcomes and themes from Internal Audit and Counter Fraud work for 2016-17 and the resultant annual opinion on the Council's systems of governance, risk management and internal control. He also provided the results of follow up work to monitor progress in implementing agreed actions from previous audits and the related performance of the Internal Audit and Counter Fraud Unit in delivering this work. In addition, he provided draft updates to the Council's Anti Money Laundering and Bribery Act policies.

(2) The Committee noted accepted the offer from the Head of Internal Audit to check whether the proposed updates to the Council's Anti Money Laundering and Bribery Act policies fully conformed to the new Regulations, and to adjust the updates accordingly if this proved not to be the case.

(3) RESOLVED that:-

(a) the Internal Audit and Counter Fraud outcomes derived from the 2016/17 work and the resultant "Substantial" Internal Audit Opinion to the Annual Governance Statement relating to the Council's governance, risk management and internal control arrangements be noted for assurance; and

(b) subject to (2) above, approval be given to the proposed amendments to the County Council's Anti Money Laundering and Bribery Act policies.

**34. Update on 2017/18 Savings Programme**

*(Item 13)*

(1) The Corporate Director of Finance reported on progress towards the towards the 2017/18 budget savings of £76.7m.

- (2) RESOLVED that the progress on the 2017/18 revenue budget savings be noted for assurance.

**35. Treasury Management Annual Review**  
*(Item 14)*

- (1) The Treasury and Investments Manager introduced a report summarising Treasury Management activities in 2016/17. She agreed to write to the members of the Committee to explain the total borrowing figure in the table in paragraph 18 of the report.

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

**36. Debt Management**  
*(Item 15)*

- (1) The Committee considered a report on the Council's debt position.

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

**37. Corporate Risk Register**  
*(Item 16)*

- (1) The Cabinet Member for Customers, Communications and Performance and the Corporate Risk and Assurance Manager presented the Corporate Risk Register.

- (2) The Committee noted that the Internal Audit opinion on Risk Management was Substantial with Good prospects for improvement.

- (3) The Corporate Risk and Assurance Manager agreed that in line with usual practice, the comments made by Members of the Committee in respect of the current risk rating for Civil Contingencies and Resilience (CRR4) and the possibility of identifying Brexit as a risk in its own right would be conveyed to the Corporate Management Team and the appropriate Cabinet Members.

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

**38. RIPA Report on surveillance, covert human intelligence source and telecommunications data requests carried out by KCC between 1 April 2016 and 31 March 2017**

*(Item 17)*

(1) The Committee considered a report on surveillance, covert human intelligence source and telecommunications data requests carried out by the County Council between 1 April 2016 and 31 March 2017.

(2) RESOLVED that the use of powers under RIPA and the RIPA Policy be noted for assurance.