

## KENT COUNTY COUNCIL

---

### GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber - Sessions House on Wednesday, 23 January 2019.

PRESENT: Mr D L Brazier (Chairman), Mr R A Marsh (Vice-Chairman), Mrs R Binks, Mr R H Bird, Mr N J D Chard, Mr D Farrell, Mrs S V Hohler, Mr M J Horwood, Mr P W A Lake (Substitute for Mr G Cooke), Mr H Rayner and Mr M E Whybrow

ALSO PRESENT: Miss S J Carey, Mr R W Gough, Mr R L H Long, TD and Mr P J Oakford

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mr R Patterson (Head of Internal Audit), Mrs A Mings (Treasury and Investments Manager), Ms S Buckland (Audit Manager), Mr B Watts (General Counsel), Mr M Scrivener (Corporate Risk Manager), Mrs R Spore (Director of Infrastructure) and Mr A Tait (Democratic Services Officer)

### UNRESTRICTED ITEMS

**1. Minutes - 24 October 2018**  
(Item 4)

RESOLVED that the Minutes of the meeting held on 24 October 2018 are correctly recorded and that they be signed by the Chairman.

**2. Committee Work and Member Development Programme**  
(Item 5)

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

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

**3. Future Proofing the structure and workings of the Governance and Audit Committee**  
(Item 6)

(1) The Committee considered a report by the Head of Internal Audit which summarised potential changes to the structure and workings of the Committee.

(2) The Committee agreed that the question of the independent member of the Committee should be considered by a selection group consisting of one representative from each of the four political groups and that a further report on the recruitment process and the benefit of confidential meetings with the auditors would be considered at the next meeting of the Committee.

(3) RESOLVED that:-

(a) agreement be given to the following changes to the responsibilities of the Committee within its Terms of Reference:-

- (i) the introduction of a specific recommendation to approve the Annual Governance Statement;
- (ii) the introduction of an annual report from the Committee to the County Council;
- (iii) the introduction of management representation at the Committee to respond to "limited" or "no" assurance reports and areas of material concern or poor performance; and

(b) further work be undertaken and reported to the next meeting of the Committee as set out in (2) above to establish the benefit of:-

- (i) The appointment of an independent member to the Committee; and
- (ii) The introduction of an annual, informal, confidential meeting with the Head of Internal Audit and the External Auditors.

**4. Treasury Management 6 Month Review 2018/19**  
*(Item 7)*

(1) The Treasury and Investments Manager introduced a report reviewing Treasury Management activity for the period up to 30 September 2018 together with developments up to the date of the report.

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

**5. Corporate Risk Register**  
*(Item 8)*

(1) The Corporate Risk Manager presented the Corporate Risk Register to the Committee together with an overview of the changes since it had last been presented and an outline of the ongoing process of monitoring and review.

(2) In the light of comments made by Members of the Committee, the Corporate Risk Manager agreed that further consideration would be given to the intended removal of Risk CRR0008 (bulk placements).

(3) The Corporate Risk Manager noted a comment by Mr Farrell and agreed to consider whether the end of the Leader's term as Chairman of the County Councils Network would have an impact on any of the Risks.

(4) RESOLVED that subject to (2) and (3) above, the assurance provided in relation to the development, maintenance and review of the Corporate Risk Register be noted.

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

*(Item 9)*

(1) The Corporate Risk Manager presented the annual review of the County Council's Risk Management Policy and Strategy.

(2) RESOLVED that approval be given to the County Council's Risk Management Policy and Strategy 2019-22.

## **7. Update on Savings Programme**

*(Item 10)*

(1) The Corporate Director of Finance introduced a report on progress towards the 2018/19 and 2019/20 budget savings.

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

## **8. Internal Audit and Counter Fraud Progress Report**

*(Item 11)*

(1) The Head of Internal Audit summarised the outcomes to date against the 2018/19 Internal Audit and Counter Fraud Plan.

(2) The Committee asked for an item on Special Educational Needs and Disability at the next meeting to be attended by representatives from the relevant Directorate taking account of the identified pressures on the service.

(3) The Committee asked for a further analysis of audit actions deemed 'in progress' by management at the July meeting of the Committee.

(4) The Committee asked for an update report to its next meeting on arrangements for the Head of Internal Audit position.

(5) RESOLVED to note subject to (2) to (4) above:-

- (a) progress and outcomes against the 2018/19 Internal Audit and Counter Fraud Plan;
- (b) progress by management in implementing previously agreed actions from audits; and
- (c) amendments to the 2018/19 audit plan and future plans for 2019/20.

**9. External Audit Update**

*(Item 12)*

(1) The Committee received a report on recent updates and information from the External Auditor presented by Tina James from Grant Thornton UK LLP.

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

**10. Effectiveness of Internal and External Audit Liaison**

*(Item 13)*

(1) The Head of Internal Audit introduced a report summarising the effectiveness of the liaison arrangements between Internal and External Audit. He drew attention to the section of his report which explained that regular and ad hoc liaison meetings between Internal and External Audit were no longer taking place. He said that this was a national situation, that Grant Thornton UK LLP accepted his analysis and that he would be liaising with their officers with the aim of overcoming this problem.

(2) RESOLVED that subject to (1) above the report be noted for assurance.

## **EXEMPT ITEMS**

### **(Open access to Minutes)**

*(Members resolved under Section 100A of the Local Government Act 1972 that the public be excluded for the following business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 5 and 6 of Part 1 of Schedule 12A of the Act.)*

#### **11. The Education People**

*(Item 16)*

(1) The General Counsel introduced an update on the governance arrangements for *The Education People*. He explained that it was the Committee's role was not to audit *The Education People* but to establish whether the County Council was able to ensure that its own interests were being progressed and that appropriate governance was in place.

(2) The General Counsel agreed to ask the Corporate Director EODD to write to the Committee Members about the process for the appointment of the Chair and Deputy Chair of the Company.

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

#### **12. Property Income Management Update Report**

*(Item 17)*

(1) The Director of Infrastructure updated the Committee on the progress of the Income Audit Management Action Plan being implemented. She gave details of the activities completed together with an outline of the timeline for the remaining phases which she agreed to circulate in detail to the Committee Members.

(2) RESOLVED that:-

(a) The progress made since the Property Income Management Audit Report be noted together with the further improvement work underway to ensure that the Council's property Income management process is and remains robust; and

(b) a further follow up on progress will be incorporated into the 2019/20 audit plan.