

KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Sessions House on Wednesday, 24 July 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 G Cooke, Mr D Farrell, Mr M J Horwood, Mr M J Northey (Substitute for Mrs S V Hohler), Mr H Rayner and Mr M E Whybrow

ALSO PRESENT: Miss S J Carey

IN ATTENDANCE: Mr J Idle (Head of Internal Audit), Ms S Buckland (Audit Manager), Mr B Watts (General Counsel), Mrs C Head (Head of Finance Operations), Mr D Shipton (Head of Finance - Planning, Policy & Strategy - and Acting Section 151 Officer), Miss E Feakins (Chief Accountant), Mrs A Mings (Treasury and Investments Manager), Mr D Whittle (Director of Strategy, Policy, Relationships and Corporate Assurance), Mr M Scrivener (Corporate Risk Manager), Mr K Abbott (Director of Education Planning and Access) and Mr A Tait (Democratic Services Officer)

UNRESTRICTED ITEMS

29. Minutes - 24 April 2019.

(Item 4)

RESOLVED that the Minutes of the meeting held on 24 April 2019 are correctly recorded and that they be signed by the Chairman.

30. Committee Work and Member Development Programme

(Item 5)

(1) The Head of Internal Audit provided an update on the forward Committee Work and Member development programme following best practice guidelines 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

31. External Audit Annual Findings for Kent County Council

(Item 6)

(1) The report was published the day after the deadline and circulated to Members of the Committee.

(2) Ms Tina James from Grant Thornton UK LLP presented the External Audit Findings report.

(3) Mr Whybrow asked when an update report on objections to the 2016/17 accounts could be expected. Mr Paul Dossett from Grant Thornton UK LLP replied that the provisional views had recently been sent to the objectors who had until 12 August 2019 to comment. Depending on the content of the replies, the final views would be issued at the earliest opportunity after that date. It was hoped that an update would be available for the October meeting of the Committee.

(4) The Committee asked for an update report from the Corporate Director of Finance on the Valuation, Classification and Ownership of Investments section of the report in January 2020.

(5) RESOLVED that:-

- (a) the conclusions of the Audit Findings Report on value for money and the Council's financial resilience be noted for assurance;
- (b) the audit opinion be noted for assurance; and
- (c) the absence of recommendations to the Council requiring a management response be noted.

32. External Audit Findings for KCC Superannuation Fund

(Item 7)

(1) Ms Tina James from Grant Thornton UK LLP presented the External Auditor's Annual Pension Fund Audit Findings report.

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

33. Internal Audit Annual Report and Opinion for 2018/19

(Item 11)

(1) The Head of Internal Audit introduced the report on the overall outcomes and key themes from Internal Audit and Counter Fraud work for 2018-19 and the resultant substantial opinion on the Council's systems of governance, risk management and internal control that was incorporated in the Annual Governance Statement, together with details of the related performance of the Internal Audit and Counter Fraud Unit in delivering this work.

(2) The Head of Internal Audit informed the Committee that from 2019/20, there would be a separate annual report on counter-fraud activity.

(3) RESOLVED that:-

- (a) the report be noted as a source of independent assurance regarding the risk, control and governance environment across the Council; and

- (b) the outcomes from the 2018/19 audit and counter fraud work and the resultant substantial opinion to the Annual Governance Statement be noted for assurance.

34. Annual Governance Statement

(Item 9)

(1) The General Counsel introduced the Annual Governance Statement. He informed the Committee that he intended to review the Annual Governance Statement process, taking full account of the views of Members as expressed in formal and informal meetings.

(2) During discussion of this item, the general Counsel agreed to provide an update report or briefing paper to either the Committee and/or the Policy and Resources Cabinet Committee on the topic of Cyber Security.

(3) RESOLVED that:-

- (a) the report be noted, including the need for the Governance, Audit and Financial elements to be constitutionally reviewed;
- (b) approval be given to the Head of Internal Audit and the General Counsel (in his role as Monitoring Officer) to review the Annual Governance Statement process and to report on progress to the January 2020 meeting of the Committee; and
- (c) the Annual Governance Statement be approved.

35. Draft Statement of Accounts 2018/19

(Item 8)

1) The Head of Finance Operations and the Chief Accountant introduced the Draft Statement of Accounts.

(2) RESOLVED that:-

- (a) approval be given to the Statement of Accounts for 2018-19 and to the Letters of representation;
- (b) the recommendations made in the Annual Findings Report be noted.

36. Schools Audit Annual Report

(Item 10)

(1) The Director of Education Planning and Access introduced a report which summarised the Schools Financial Services (SFS) compliance programme and other activities undertaken during 2018-19 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.

37. Update on 2019/20 Savings Programme

(Item 12)

(1) The Head of Finance Operations (in her role as Acting Deputy S151 Officer reported on progress towards the 2019-20 budget savings.

(2) RESOLVED that the progress on the 2019-20 revenue budget savings be noted for assurance.

38. Treasury Management Annual Review 2018/19

(Item 13)

(1) The Treasury and Investments Manager reported a summary of Treasury Management activities in 2018/19.

(2) On being put to the vote, the recommendations contained in the report were carried by 10 votes to 1

(3) Mr M E Whybrow requested pursuant to Committee Procedure Rule 2.26 (3) that his vote against the recommendations be recorded.

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

39. Corporate Risk Register

(Item 14)

(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) The Corporate Risk Manager agreed that further consideration would be given to the suggestion that the identified consequences of risk events should always stress the impact on the service users.

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

SUMMARY OF EXEMPT MINUTE 40

(where access to that minute remains restricted)

40 Kent Superannuation Fund

(Item 17)

1 The General Counsel presented a report on the role of the Committee in scrutinising and overseeing the Superannuation Fund's investment activity as provided for in its Terms of Reference.

2 The General Counsel's report set out the nature and scope of the scrutiny that was to be undertaken, including the need for the Committee to be kept updated with the recognition that the information provided in due course would be treated with the utmost confidentiality.

3 The Committee resolved to agree the course of action set out in the report.

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