

KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 22 January 2020.

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, Mrs S V Hohler, Dr D Horne, Mr H Rayner and Mr M E Whybrow

ALSO PRESENT: Mrs M E Crabtree

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mr J Flannery (Principal Auditor), Mr C Ratcliffe (Principle Auditor), Mrs A Mings (Treasury and Investments Manager, and Acting Business Partner for the Kent Pension Fund), Mr D Whittle (Director of Strategy, Policy, Relationships and Corporate Assurance), Mr M Scrivener (Corporate Risk Manager) and Mr A Tait (Democratic Services Officer)

UNRESTRICTED ITEMS

1. Membership
(Item 2)

The Committee welcomed Dr David Horne as its Independent Member.

2. Minutes - 3 October 2019
(Item 5)

RESOLVED that subject to the deletion of the first reference to “complaints” in Minute 49, the Minutes of the meeting held on 3 October 2019 are correctly recorded and that they be signed by the Chairman.

3. Dates of future meetings
(Item 6)

The Committee noted the following future meeting dates:-

Thursday, 23 April 2020;
Tuesday, 21 July 2020;
Thursday, 8 October 2020;
Thursday, 21 January 2021; and
Friday, 23 April 2021.

4. 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. He explained that the Committee dates given should refer to the years 2020 and 2021 rather than 2019 and 2020. He asked the Committee to note that there would be an additional item on Audit Committee Effectiveness at the April 2020 meeting.
- (2) The Head of Internal Audit agreed to circulate the appropriate CIPFA Guidance in response to Members' questions on appropriate Audit Committee training.
- (3) The Committee asked for future editions of the Work Programme to identify the "Officer responsible" rather than the "Owner."
- (4) RESOLVED that subject to (1) to (3) above, approval be given to the forward Committee Work Programme and Member Development Programme as set out in the report.

5. Review of Corporate Governance
(Item 8)

- (1) The General Counsel gave an update on the work planned for the coming months relating to corporate governance. He explained that a more detailed report would be presented to the Committee in April 2020. He agreed to Members' requests for this to include a register of the Informal Groups that currently existed.
- (2) RESOLVED that the ongoing activities to improve the Council's governance be noted.

6. Corporate Risk Register
(Item 9)

- (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) Members of the Committee asked for a training session on the Risk Toolkit. They also asked for this session to include discussion of alternative methods for measuring risks.
- (3) Members of the Committee questioned the removal of Risks CRR0041 (Healthy and Effective Workforce) and CRR011 (Strategic Commissioning) from the Register and suggested that the Committee should be consulted before any Risk was removed in future.
- (4) RESOLVED that:-

- (a) the assurance provided in relation to the development, maintenance and review of the Corporate Risk register be noted together with the Committee's wish to be consulted before any Risk is removed from the Risk Register; and
- (b) a training session be arranged on the Risk Toolkit.

7. Review of KCC's Risk Management Policy and Strategy

(Item 10)

- (1) The Director of Strategy, Policy, Relationships and Corporate Assurance presented the annual review of the County Council's Risk Management Policy and Strategy. He replied to Members' questions by saying that Divisional Risks were considered by the Corporate Management Team.
- (2) RESOLVED that approval be given to the Risk Management Policy and Strategy for the coming year.

8. Treasury Management Six Month Review

(Item 11)

- (1) The Treasury and Investments Manager presented a review of Treasury Management activity for the year 2019-20 to date.
- (2) RESOLVED that subject to corrections being made to the End Dates in the table at Appendix 1 of the report, the report be endorsed for submission to the County Council.

9. Internal Audit Progress Report

(Item 12)

- (1) Mr R H Bird informed the Committee that his pension fund held investments in the LF Woodford Equity Income Fund. He would therefore not speak on the substance of the Audit into Pension Investment Governance.
- (2) Mrs M E Crabtree informed the Committee that she held investments in the LF Woodford Equity Investment Income Fund and would therefore not comment on the Audit into Pension Investment Governance.
- (3) The Head of Internal Audit introduced the report on the status of delivery against the Internal Audit Plan 1919/20 and gave summaries of completed audit reviews, together with an update on the resources position of the services. His report also gave an update on issue implementation status.
- (4) The Head of Internal Audit's report contained an Information Governance Assurance Map for the first time. This was received with approval, although the Committee asked for acronyms to be identified in future reports.

(5) The General Counsel informed the Committee that a report on the Combined Member Grant Scheme would be presented to Selection and Member Services Committee in the light of the Audit Opinion given.

(6) The General Counsel replied to points made during discussion of this item by saying that consideration was being given to the question of whether a discrete sound recording could be made of Exempt items in future. He added that there would be benefits in doing so, but also significant potential detriments.

(7) RESOLVED that:-

(a) the Internal Audit Progress Reported for the period 1 April 2019 to 10 January 2020 be noted; and

(b) the revisions to the Internal Audit Plan be endorsed.

10. Counter Fraud Update *(Item 13)*

(1) The Counter Fraud Manager reported on Counter Fraud activity undertaken during the period September 2019 to November 2019, including reported fraud and irregularities. He also described the proactive Counter Fraud work delivered and planned for 2019/20.

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

11. External Audit Progress Report and Sector Update *(Item 14)*

(1) Mr Paul Dossett from Grant Thornton UK LLP introduced the report which gave an update on progress in delivering its responsibilities to the County Council as its external auditors.

(2) The Corporate Director of Finance undertook to provide Mr Whybrow with the details of the objection to the 2016-17 audit of accounts and the reply from Grant Thornton as well as the cost to KCC.

(3) RESOLVED that 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.)

12. Exempt Minutes - 3 October 2019

(Item 17)

RESOLVED That the Exempt Minutes of the meeting held on 3 October 2019 are correctly recorded and that they be signed by the Chairman.

13. Internal Audit Progress Report - Financial Audit

(Item 18)

(1) The Head of Internal Audit reported the audit on Imprest Accounts and Cash Balances. This had revealed significant issues around procedure and process.

(2) The Corporate Director of Finance informed the Committee that she had taken direct oversight of the audit. It was aimed to close all KCC's Imprest Accounts within 6 months and, wherever appropriate, replace them with more technologically advanced systems. Updates on progress would be presented to future meetings of the Committee.

(3) RESOLVED that the report be noted.