

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, 27 April 2022.

PRESENT: Mrs R Binks (Chairman), Mr A Brady, Mr N J D Chard, Dr D Horne, Mr M A J Hood, Mr D Jeffrey, Mr H Rayner, Mr R J Thomas and Mr S Webb

IN ATTENDANCE: Mr B Watts (General Counsel), Mr D Shipton (Head of Finance Policy, Planning and Strategy), Mr N Buckland (Head of Pensions and Treasury), Miss E Feakins (Chief Accountant), Ms S Surana (Investments, Accounting and Pooling Manager), Mr J Idle (Head of Internal Audit), Ms F Smith (Audit Manager), Mr R Smith (Principal Auditor), Mr J Flannery (Principal Auditor), Mr M Dunkley CBE (Corporate Director of Children Young People and Education), Mr D Adams (Reconnect Programme Director), Mr S Jones (Corporate Director of Growth, Environment and Transport), Mrs S Holt-Castle (Director of Growth and Communities), Mr T Marchant (Head of Strategic Planning), Mr D Smith (Director of Economic Development), Mr M Riley (Economic Development Officer (Expansion East Kent Programme)), Mrs R Spore (Director of Infrastructure), Mr J Sanderson (Head of Property Operations), Mr K Bullied (Policy and Business Planning Manager) and Mr A Tait (Democratic Services Officer)

UNRESTRICTED ITEMS

19. Membership

(Item 1)

The Democratic Services Officer informed the Committee that Mr A Hook was attending the meeting virtually. Dr L Sullivan was also present virtually.

20. Declarations of Interest

(Item)

- (1) Mr S Webb informed the Committee that he was in receipt of a KCC Pension and would therefore not participate in any discussion for items 11 and 13 of the agenda.
- (2) Mr D Jeffrey informed the Committee in respect of items 6 and 17 that he was a supply teacher for a non-maintained school. He was also a deferred member of the Kent Pension Fund in respect of item 13.

21. Minutes - 25 January 2022

(Item 4)

RESOLVED that the Minutes of the meeting held on 25 January 2022 are correctly recorded and that they be signed by the Chairman.

22. Annual Governance Statement

(Item 5)

- (1) The General Counsel's introduction was accompanied by a presentation. The presentation slides can be found on the meeting page on the KCC website.
- (2) The General Counsel set out the identified actions which would be assessed in the Annual Governance Statement. These were: Delegations; Governance Review; Review of Decision Making; Audit Activity on Governance; Survey Activity; Information Governance; KCC Values; Tracking Governance Activity; and Decision-Making Deep Dive.
- (3) RESOLVED that approval be given to the timetable for the Annual Governance Statement 2021/22 and that the update on governance be noted.

23. Schools Audit Annual Report

(Item 6)

- (1) The Reconnect Programme Director introduced the report which summarised the Schools Financial Services programme and other activities undertaken during 2020/21 which enabled the Chief Financial Officer to certify that there was a system of audit for schools which gave adequate assurance over financial management standards in Local Authority maintained schools.
- (2) During discussion of this item, Members of the Committee suggested that a summary of the School Reserves for maintained schools should be included in future reports.
- (3) RESOLVED that the report be noted for assurance.

24. Treasury Management Quarterly Update 2021-22

(Item 7)

- (1) The Head of Pensions and Treasury provided a review of Treasury Management activity in 2021/22 to the end of February 2022.
- (2) The Head of Pensions and Treasury agreed to the amendment of the Total Investments figure for 28 Feb in paragraph 16 of the report and of the Internally Managed cash total movement figure in paragraph 38.
- (3) During discussion of this item, it was agreed that it was agreed that a response should be given to all Members of the Committee on how the Treasury Management Advisory Group worked, including how decisions on borrowing had been taken, and who had ultimate responsibility for them.
- (4) RESOLVED that subject to (2) above, the report be endorsed for submission to the County Council.

25. Revised Accounting Policies and audit timetable

(Item 8)

- (1) The Chief Accountant set out the provisional external audit timetable for the Draft Statement of Accounts and reported that there were no recommended changes to accounting policies.
- (2) The Committee asked for a briefing session on accounting policies to be arranged for training purposes.
- (3) RESOLVED that the report be noted.

26. External Audit Annual Report on KCC

(Item 9)

- (1) Mr Paul Dossett from Grant Thornton UK LLP introduced the External Auditor's Annual Report on Kent County Council. He outlined the changes to the National Audit Office's Code of Audit Practice and referred to the Report's Key Recommendation on the 2022 draft High Needs financial recovery plan.
- (2) During discussion of this item, it was agreed that the outcome of pending discussions between the Corporate Director CYPE and Grant Thornton on responsibility for setting the eligibility criteria for EHCPs would be circulated to all Members of the Committee within 28 days of the meeting.
- (3) Members of the Committee asked for clarification of the commissioning arrangements for SEND Transport to be sent to all Members of the Committee within 28 days.
- (4) RESOLVED that subject to (2) and (3) above, the report be noted for assurance.

27. External Audit Progress Report and Sector Update

(Item 10)

- (1) Mr Paul Dossett from Grant Thornton UK LLP introduced the report which gave a summary of emerging national issues and developments that the Committee might consider to be relevant.
- (2) RESOLVED that the report be noted for assurance.

28. External Audit Plan for Kent Pension Fund

(Item 11)

- (1) Mr Paul Dossett from Grant Thornton UK LLP introduced the External Audit Plan for the Kent Pension Fund. He advised that the updates on estimates and processes would be provided when the accounts were being prepared.
- (2) RESOLVED that the report be noted for assurance.

29. Audit Risk Assessment

(Item 12)

- (1) The Chief Accountant summarised management's responses to the questionnaire from Grant Thornton on the County Council's processes in relation to general

enquiries of management, fraud, law and regulations, going concerns, related parties and accounting estimates.

- (2) RESOLVED that the management responses provided to Grant Thornton be agreed.

30. Kent Pension Fund Audit Risk Assessment

(Item 13)

- (1) The Investments, Accounting and Pooling Manager summarised management's responses to the questionnaire from Grant Thornton on the Kent Pension Fund's processes in relation to general enquiries of management, fraud, law and regulations, going concerns, related parties and accounting estimates.
- (2) RESOLVED that management's responses provided to Grant Thornton be agreed.

31. Internal Audit Progress Report

(Item 14)

- (1) The Head of Internal Audit introduced the report which gave detailed summaries of completed Audit reports for the period January to March 2022.
- (2) In respect of Audit RB27 – 2022 (Traveller Service – Site Allocation and Pitch Fee Collections), the Committee expressed the wish to conduct a deeper dive into the causes of the Audit Opinion and Uncertain Prospects for Improvement. It was agreed that the Chairman and Officers serving the Committee would consider how the Committee could best consider the issues in greater detail. This could include a special meeting of the Committee.
- (3) RESOLVED that subject to (2) above, the report be noted for assurance.

32. Internal Audit Plan 2022/23

(Item 15)

- (1) The Head of Internal Audit and the Audit Manager introduced the report which detailed the proposed Internal Audit Plan for 2022/23; the Internal Audit Charter, which underpinned the plans and practice of the Internal Audit Team; and the key performance indicators to be tracked and monitored during 2022/23.
- (2) RESOLVED that the report be noted for assurance.

33. Counter Fraud Update

(Item 16)

- (1) The Counter Fraud Manager introduced the report which detailed Counter Fraud activity undertaken during the period April 2021 to March 2022, including reported fraud and irregularities. The report also gave an update on the Counter Fraud Action Plan 2021/22 and the proposed Counter Fraud Action Plan for 2022/23.
- (2) RESOLVED that the report be noted for assurance.

34. SEND Transport Review Terms of Reference- Oral Update

(Item 17)

- (1) The Head of Internal Audit explained the scope of the SEND Transport Review, He outlined that it covered 35 specific areas under the following 11 headings: Impact on families and children; the consultation process with parents, carers and Kent PACT; Decision Making; Re-tendering and contract award processes; Project planning and change management arrangements; Review of risk management and assurances prior to implementation; the communication process with parents, carers and Kent PACT between December 2021 and March 2022; the GET Directorate governance arrangements; the CYPE Directorate governance arrangements; the cross-Directorate governance and communication between the GET and CYPE Directorates; and a review of the effectiveness of the short-term remedial actions from February 2022.
- (2) The Head of Internal Audit emphasised that the Review would incorporate the attaining of significant levels of documentation and the interviewing of relevant officers and politicians. There is a commitment to undertake this review as promptly as possible.
- (3) It was also emphasised by the Head of Internal Audit that management within KCC should not be waiting until the review is finalised in addressing the related matters.
- (4) The General Counsel agreed to send the website link for the Terms of Reference to Members of the Committee and to also provide a briefing note setting out the respective roles and boundaries of responsibility for each of the Governance and Audit, Scrutiny and Cabinet Committees.
- (5) RESOLVED that the report be noted for assurance.

EXEMPT ITEMS

(Open access to Minutes)

The Committee 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 paragraph 3 of Part 1 of Schedule 12A of the Act.

35. Equity Schemes funded by the Regional Growth Fund - KCC RGF Bespoke Equity Fund (KRBEF), Discovery Park Technology Investment Fund (DPTI) and the Kent Life Science Fund (KLS)

(Item 20)

(1) The Programme Manager, Economic Development introduced the report which contained commercially sensitive information on the status and valuations of the Regional Growth Fund equity investments as of 31 March 2022. These schemes were managed by KCC and provided loans, equity investments or grants to support businesses.

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

36. Internal Audit Update on ICT01-2022 - Cyber Security Assurance Map

(Item 21)

(1) The Head of Internal Audit reported on the assurance mapping exercise against KCC's significant risks, focussing on Cyber Security. The report highlighted areas where assurance gaps existed and where future work should be directed.

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