

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 Tuesday, 30 November 2021.

PRESENT: Mrs R Binks (Chairman), Mr A Brady, Mr N J D Chard, Mr M A J Hood, Mr D Jeffrey, Mr H Rayner, Mr R G Streatfeild, MBE (Substitute for Mr A J Hook), Mr R J Thomas and Mr S Webb

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mrs C Head (Head of Finance Operations), Miss E Feakins (Chief Accountant), Mr J Flannery (Principal Auditor), Ms F Smith (Audit Manager), Ms P Blackburn-Clarke (Quality Assurance Manager) and Mr M Rolfe (Head of Kent Scientific Services/Interim Head of Kent Resilience Team)

UNRESTRICTED ITEMS

56. Declarations of Interest

(Item)

Mr S Webb informed the Committee that he was in receipt of a KCC Pension and would therefore not participate in any discussion that involved the Superannuation Fund.

57. Minutes

(Item 4)

RESOLVED that the Minutes of the meetings held on 22 September 2021 and 7 October 2021 are correctly recorded and that they be signed by the Chairman.

58. Draft Statement of Accounts

(Item 5)

(1) The Head of Finance Operations and the Chief Accountant presented the draft Statement of Accounts for 2020/21.

(2) The Corporate Director of Finance undertook to provide a response to Committee Members on the following questions:-

(a) The reason for the £13m Kings Hill smoothing reserve figure in paragraph 2.13 of the report.

(b) The proportion of “unknown unknowns” in the Assumptions of Fair Value Measurements set out in Note 5 of the report.

(c) The reason for the value of £1.316m for the 8 windmills in Note 21 of the report.

(d) The reason for the annual increase in the Vehicles, Plant and Equipment reserve in Note 25 of the report.

(e) The reason for unreceipted orders under the "Payments Reserves" heading in Note 25 of the report.

(3) Members commented that Schools should be challenged to explain why money was held in reserve rather than being spent on the needs of pupils during the school year.

(4) Mr H Rayner moved that approval of the Statement of Accounts be delayed pending the receipt of satisfactory answers to the questions set out in (2) above. This motion fell for lack of a seconder.

(5) RESOLVED that:-

(a) approval be given to the Statement of Accounts for 2020/21;

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

(c) the recommendations in the Audit Findings Report be noted; and

(d) the Corporate Director of Finance be requested to provide all Members of the Committee with answers to the questions set out in (2) above within 10 working days.

59. Annual Governance Statement

(Item 6)

(1) The General Counsel presented the final draft of the Annual Governance Statement.

(2) During discussion of this item, Members identified 3 areas for development. These were the process for Urgent Decisions; strengthening the Code of Conduct; and the process for proposing motions and amendments.

(3) Members commented that paragraph 16.2 of the Constitution did not give non-Committee Members an unequivocal right to speak; that there were concerns over KCC's preparedness to meet its statutory Unaccompanied Asylum-Seeking Children in the light of worldwide regional conflict; and that the High Needs deficit should be identified as both a statutory and budgetary risk. If the current level of debt under this heading were to continue, the Corporate Director of CYPE should be invited to discuss this matter with the Committee.

(4) On being put to the vote, the Annual Governance Statement was approved was approved by 8 votes to 0 with 1 abstention.

(5) RESOLVED that:-

- (a) approval be given to the Annual Governance Statement;
- (b) the update on governance activity set out in the report be noted subject to the comments set out in (2) and (3) above.

60. External Audit Audit Findings Report 2021/21- KCC
(Item 7)

(1) Mr Parris Williams from Grant Thornton UK LLP introduced the External Audit Findings for 2020/21 which gave an unqualified opinion.

(2) In response to Members' comments and questions, the General Counsel offered to provide a specific Exempt report on the "Related party interest of Councillors" to the next meeting of the Committee. He also undertook to provide the Committee Members with a full explanation of the "Unsigned Cantium Contract" identified in the Findings report.

(3) RESOLVED that subject to (2) above, the KCC External Audit Findings Report 2020/21 be noted for assurance.

61. External Audit - Draft Audit Findings Report 2020/21 - Kent Superannuation Fund
(Item 8)

(1) Mr Paull Dossett and Mr Parris Williams from Grant Thornton UK LLP presented the Kent Superannuation Fund draft External Audit Findings Report for 2020/21 explaining that no significant issues had arisen and that the report was now capable of being finalised.

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

62. Financial Reporting Council (FRC) Report on Local Audit
(Item 9)

(1) Mr Paul Dossett from Grant Thornton UK LLP introduced the findings of the Financial reporting Council (FRC) which had examined 9 of Grant Thornton's audits, including those for KCC and the Kent Superannuation Fund. The results of this examination had been positive with no issues of significance being recorded.

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

63. Kent Pension Fund Auditor Risk Assessment
(Item 10)

(1) Mr Paul Dossett from Grant Thornton UK LLP introduced the report which set out a range of questions and Management's responses to them on the Pension Fund's processes in relation to general enquiries of management, fraud, law and regulations, going concern, related parties and accounting estimate.

- (2) RESOLVED that agreement be given to the management responses provided to Grant Thornton UK LLP.

64. KCC Annual Customer Feedback Report 2020-21

(Item 11)

- (1) The Delivery Manager – Engagement and Consultation provided a summary of the compliments, comments and complaints recorded by the Council. The report included statistics relating to customer feedback received by the Council and a sample of complaints considered by the Ombudsman.
- (2) In response to Members' concerns, the General Counsel said that the Corporate Management Team (CMT) was satisfied that home working was not undermining performance within the Council, but undertook to inform the CMT that the question had been raised at the Committee meeting that home working might have been responsible for the late responses to complaints.
- (3) RESOLVED that the report be noted for assurance.

65. Covert investigative techniques surveillance, covert human intelligence source and telecommunications data requests 2020-21

(Item 12)

- (1) The Head of Kent Scientific Services reported on the use of covert investigative techniques surveillance, covert human intelligence source and telecommunications data requests carried out by KCC between 1 April 2020 and 31 March 2021.
- (2) RESOLVED that the report be noted for assurance.

66. External Auditor appointment process

(Item 13)

- (1) The Corporate Director of Finance introduced the report which recommended that the should recommend to the County Council that it should opt into the national scheme for auditor appointments managed by *Public Sector Audit Appointments* (PSAA) as the appointing person.
- (2) RESOLVED that the County Council be recommended to accept PSAA's invitation to opt into the sector-led option for the appointment of its external auditors for five financial years from 1 April 2023.

67. Counter Fraud Update

(Item 14)

- (1) The Counter Fraud Manager presented the report on Counter Fraud activity undertaken for Quarter 1 of 2021/22, including reported fraud and irregularities.

(2) Members of the Committee noted that over half of Kent's Districts had reported no referrals for Blue Badge offences in the Quarter. The Counter Fraud Manager informed the Committee that since the Enforcement Days in August 2021, the number of referrals had risen , particularly in Dartford and Tonbridge and Malling.

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

68. Internal Audit Progress Report

(Item 15)

(1) The Head of Internal Audit and the Audit Manager introduced the Progress Report which provided an accumulative summary view of the work undertaken by Internal Audit during July to October 2021 together with the resulting conclusions, where appropriate.

(2) 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.

69. Internal Audit progress report (Exempt)
(Item 18)

(1) The Head of Internal Audit reported on audits carried out on the Adult Social Care and Health Day Care Centre Review; the Schools Themed Cyber Security Review; the Imprest Accounts Follow-Up; and the ICT Management of Backups for Applications, Data and Active Network Devices Audit.

(2) During discussion of these audits, The Committee agreed to ask the relevant Corporate Directors and Chief Officers to attend the next meeting of the Committee in order that it could consider these audits in detail. An invitation would also be extended to the Chairmen of the relevant Cabinet Committees.

(3) RESOLVED that:-

- (a) the report be noted;
- (b) the relevant Corporate Directors and Chief Officers be invited to attend the next meeting of the Committee in order that the audits can be considered in detail; and
- (c) the relevant Cabinet Committee Chairmen be invited to attend.