

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, 25 January 2022.

PRESENT: Mrs R Binks (Chairman), Mr R A Marsh (Vice-Chairman), Mr A J Hook, Dr D Horne, Mr M A J Hood, Mr D Jeffrey, Mr H Rayner, Dr L Sullivan (Substitute for Mr A Brady), Mr R J Thomas and Mr S Webb

ALSO PRESENT: Mr R W Gough, Mr D Murphy, Mr P J Oakford, Mrs L Parfitt-Reid, Mrs S Prendergast and Mr Paul Dossett

IN ATTENDANCE: Mr B Watts (General Counsel), Ms Z Cooke (Corporate Director of Finance), Mr J Idle (Head of Internal Audit), Mr M Scrivener (Corporate Risk Manager), Mrs A Mings (Treasury and Investments Manager, and Acting Business Partner for the Kent Pension Fund), Mrs C Head (Head of Finance Operations), Ms A Melvin (Commercial Accounting Manager), Mr J Flannery (Principal Auditor), Ms F Smith (Audit Manager), Mr R Smith (Principal Auditor), Mr I Watts (Area Education Officer – North Kent), Mr D Smith (Director of Economic Development), Mr M Hyland (Project Co-ordinator – Kings Hill), Mr M Riley (Economic Development Officer (Expansion East Kent Programme)) and Mr A Tait (Democratic Services Officer)

UNRESTRICTED ITEMS

1. Minutes - 30 November 2021

(Item 4)

RESOLVED that the Minutes of the meeting held on 30 November 2021 are correctly recorded and that they be signed by the Chairman.

2. 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.

3. Review of KCC's Risk Management Policy, Strategy and Programme

(Item 5)

(1) The Leader of the Council and the Corporate Risk Manager introduced the report which set out the annual review of the Council's Risk Management Policy, Strategy and Programme.

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

4. Corporate Risk Register

(Item 6)

(1) The Leader of the Council and the Corporate Risk Manager introduced the report on the Corporate Risk Register.

(2) During discussion of this item, the following points were discussed:

- Whether the risks of a rise in interest and inflation rates might be under-assessed and that these could additionally be impacted by the increase in refugees from global trouble spots.
- During discussion of Risk CRR0044, the Monitoring Officer suggested that future Minutes on the Corporate Risk Register should include post-meeting addenda specifying the actions taken in response to Members' comments.
- In respect of Risks CRR 0044 and 0047 Committee Members requested on the estimated figures for High Needs Funding for Independent and KCC-provided support. This followed discussion of concerns on the ability of KCC to fund its SEND commitments, particularly in the light of the current uncertainty over the DFE override ending in March 2023.

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

5. Treasury Management Update

(Item 7)

(1) The Acting Business Partner – Kent Pension Fund introduced a review of Treasury Management Activity up to the end of November 2021 together with developments in 2021-22 up to the date of her report.

(2) Members of the Committee expressed concern over loans being made to other local authorities and investment in Government Bonds. The Acting Business Partner – Kent Pension Fund provided assurance that no further such loans had been made since the previous meeting of the Committee and that the County Council's Treasury Management strategy followed a strong diversification policy.

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

6. External Audit Progress Report and Sector Update

(Item 8)

(1) Mr Paul Dossett from Grant Thornton UK LLP introduced the report on current progress on external audit work. He replied to questions on the training of

the next generation of auditors and provided assurance on the separation of the audits of KCC and the Regional Development Fund which avoided any suggestion of a conflict of interest.

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

7. Internal Audit Progress Report

(Item 9)

(1) The Head of Internal Audit introduced the report which provided detailed summaries of completed Audit reports for the period November to December 2021.

(2) Mr R Smith, Corporate Director of Adult Social Care and Health attended virtually for this item.

(3) The General Counsel updated the Committee on actions taken in respect of the Records Management Audit which had been reported to the previous meeting of the Committee and had received a limited Audit Opinion.

(4) The Committee agreed to record its concerns over the lack of implementation of Internal Audit actions within Adult Social Care and Health.

(5) RESOLVED that:-

(a) the report be noted for assurance; and

(b) the Committee's concerns over the lack of implementation of Internal Audit actions within Adult Social Care and Health be recorded.

8. Counter-Fraud Update

(Item 10)

(1) The Counter Fraud Manager introduced the report on the Counter Fraud activity undertaken for the period April 2021 to December 2021, including reported fraud and irregularities. This report also contained an update on the Counter Fraud Action Plan for in 2021/22 covering reactive and proactive activity.

(2) During discussion of this item, the Committee agreed to defer any consideration of the issue of cyber security in schools until the Exempt part of the agenda owing to the sensitive and confidential nature of the information that the Counter Fraud Manager would need to provide.

(3) The Committee recorded its thanks to Mr Duncan Warmington for his work on Counter Fraud and conveyed its best wishes on his retirement.

(3) RESOLVED that:-

(a) the report be noted for assurance;

- (b) Mr Duncan Warmington be thanked for his distinguished work in the field of Counter Fraud.

9. Governance and Audit Committee Effectiveness - Training and Development Programme

(Item 11)

- (1) The Corporate Director of Finance and the General Counsel reported on the proposal from CIPFA to review the Governance and Audit Committee as part of a programme of support.
- (2) The Committee welcomed the proposal and asked that its positive view be recorded.
- (3) RESOLVED that:-
 - (a) the proposal and draft brief contained in the Appendix to the report be endorsed as a positive contribution to the work of the Committee;
 - (b) approval be given to the commissioning of CIPFA to conduct a review of the Governance and Audit Committee;
 - (c) arrangements for delivery and reporting of the review be delegated to the Chief Officers who service the Committee; and
 - (d) the outcomes of the review be considered as part of the Committee's annual review of its effectiveness.

10. Updated Financial Regulations

(Item 12)

- (1) The Head of Finance Operations introduced the report which summarised the updated financial regulations. She explained that, whilst amendments had been made to reflect changes in structures and working practices, there had been no significant changes.
- (2) RESOLVED that the updated Financial Regulations, including the delegated authority be recommended to the County Council for approval.

11. Performance of KCC wholly owned companies

(Item 13)

- (1) The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services and the Commercial Accounting Manager introduced the report which presented the performance of KCC's wholly owned companies for the financial years 2019/20 and 2020/21.

(2) The Director of Economic Development informed the Committee that the arrangements for the LATCOs were currently under review and the General Counsel assured the Committee that its Members would receive regular updates on progress.

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

12. Statutory Accounts for those Companies in which KCC has an interest.

(Item 14)

(1) Mr R J Thomas informed the Committee that he was a member of the Board of the East Kent Spatial Development Company and that he would not participate in any discussion of that company.

(2) The Commercial Accounting Manager introduced the latest available Statutory Accounts for those companies in which KCC has an interest.

(3) In response to Members' questions, the General Counsel said that appointments to the Boards of these companies should be reported to Selection and Member Services Committee.

(4) RESOLVED that the contents of the report be noted for assurance.

13. Code of Corporate Governance

(Item 15)

(1) The General Counsel presented the latest draft of the Code of Corporate Governance.

(2) RESOLVED that the County Council be recommended to approve the draft Code of Corporate Governance and that section 26 of the Constitution be amended accordingly.

14. Policy Review

(Item 16)

(1) The Counter Fraud Manager introduced updates to the Anti-Money Laundering Policy; the Anti-Bribery Policy; the Anti-Fraud and Corruption Strategy; and the Whistleblowing Strategy – Internal and External.

(2) RESOLVED that approval be given to the policies set out in (1) above.

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.

15. Internal Audit Progress Reports

(Item 19)

(1) The Head of Internal Audit introduced the report on audits carried out on ASCH Day Care Centre Review; the Schools Themed Review – Cyber Security; Imprest Accounts – Follow up; ICT Management of Backups for Applications, Data and Active Network Devices; and the Sessions House Data Centre Failure.

(2) Mrs S Prendergast attended for this item in her capacity as Cabinet Member for Education and Skills.

(3) Mrs S Chandler attended virtually as Cabinet Member for Integrated Children's Services. Mrs R Spore, Director of Infrastructure attended virtually.

(4) Assurances were provided as to the actions taken or to be taken in relation to the five specific reports. It was noted, however, that the implementation of some actions had slipped.

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

16. Equity Schemes funded by the Regional Growth Fund

(Item 20)

(1) The Programme Manager, Growth Communities and Environment provided detailed, commercially sensitive information on the status and valuations of the Regional Growth Fund (RGF) equity investments as of 31 March 2021 made by KCC since the RGF programmes were launched in April 2012.

(2) In noting the report, the Committee asked for updated information to be provided at its next meeting.

(3) RESOLVED that the report and the commercially sensitive appendices be noted for assurance and that a further update report containing the latest available figures be presented to the next meeting of the Committee.

17. East Kent Opportunities LLP

(Item 21)

(1) Mr D Murphy, Cabinet Member for Economic Development and the Project Co-ordinator – Kings Hill introduced the annual report on East Kent Opportunities LLP including an update on recent activity, detailing the re-calibration that had taken place in the wake of Brexit and the Covid-19 pandemic.

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

18. Counter Fraud Exempt Item
(Item)

(1) The Counter Fraud Manager informed the Committee of the arrangements in place to deal with cyber security in schools.

(2) The General Counsel informed the Committee that he would ensure that the issues discussed would be placed on the agenda of the next officer meeting with Kent Police.

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