

KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Tuesday, 29 November 2011.

PRESENT: Mr R L H Long, TD (Chairman), Mr M V Snelling (Vice-Chairman), Mr B R Cope, Mr K A Ferrin, MBE, Mr C Hibberd, Mr D A Hirst, Ms A Hohler, Mr R J Parry, Mr T Prater and Mr R Tolputt

ALSO PRESENT: Mr A H T Bowles, Ms S J Carey, Mr R W Gough and Mr J D Simmonds

OFFICERS: Mr A Wood (Corporate Director of Finance and Procurement), Mr G Wild (Director of Governance and Law), Mr N Vickers (Head of Financial Services), Mrs A Beer (Corporate Director of Human Resources), Ms J Foster (Director of Business Strategy), Mr M Hardie (Interim Senior Risk Manager), Ms S Buckland (Acting Head of Internal Audit), Mr P Rock (Counter Fraud Manager) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE: Mr D Wells and Mrs E Robinson from the Audit Commission.

UNRESTRICTED ITEMS

46. Minutes - 14 September 2011

(Item 4)

RESOLVED that, subject to an amendment to Minute 37 (2) clarifying that the report on the maladministration case would be made to the next appropriate meeting of the Committee, the Minutes of the meeting held on 14 September 2011 are correctly recorded and that they be signed by the Chairman.

47. Committee Work Programme

(Item 5)

(1) The Acting Head of Internal Audit presented a forward work programme to the Committee for approval.

(2) RESOLVED that the forward work programme for 2012 be agreed.

48. Bribery Act Policy

(Item 6)

(1) The Director of Governance and Law presented a report reviewing the County Council's Bribery Act policy and consequential amendments to the Constitution.

(2) The proposed amendments to the Constitution were tabled at the meeting.

(3) The Director of Governance and Law proposed a further modification to the suggested amendment to the proposed Terms of Reference of the Governance and Audit Committee to read “(j) monitor the implementation of the Bribery Act Policy to ensure that it is followed at all times.” This was agreed.

(4) RESOLVED that subject to (3) above, the County Council be recommended to approve the draft Bribery Act Policy together with the consequential changes to the Constitution.

49. Update on Change to Keep Succeeding *(Item 7)*

(1) The Corporate Director of Human Resources gave an update on the “Change to Keep Succeeding” programme of organisational change. The report covered progress on populating the senior level of the new operating framework, the changes to staffing across the Authority since April 2011 and other key organisational development activity since the previous report in September 2011.

(2) The Committee congratulated Mr A Wood on his appointment as Corporate Director of Finance and Procurement. The Corporate Director of Human Resources agreed to ensure that all Members of the County Council were notified of all such appointments as soon as they were made.

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

50. Update on Savings Programme *(Item 8)*

(1) The Corporate Director of Finance and Procurement reported on progress towards achieving the savings target of £95 million in 2011/12 through the savings Project Initiation Documents (PID) process, which was being continually monitored to ensure that savings targets were met or that alternatives were found.

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

51. Review of KCC's Risk Management Framework *(Item 9)*

(1) The Director of Business Strategy presented the revised Risk Management Policy for approval and asked the Committee to note progress. She also introduced the Interim Senior Risk Manager, Mr Michael Hardie.

(2) RESOLVED that:-

- (a) the progress and planned activity on risk management presented in the report be noted;
- (b) approval be given to the Risk Management Policy for the year 2011/12; and
- (c) a further report giving an update on risk management be made to the Committee at a future date.

52. Treasury Management 6 month review 2011/12

(Item 10)

- (1) The Head of Financial Services presented the half-yearly update of Treasury Management.
- (2) The Head of Financial Services agreed to inform the Committee about the missing text in paragraphs 2.2 and 2.3 of the report. The figure of £7 million set out in paragraph 2.2 was later confirmed, whilst the two market loans with RBS (paragraph 2.3) had been arranged in May 2010.
- (3) RESOLVED that subject to (2) above, the report be endorsed for submission to the County Council.

53. Debt Management

(Item 11)

- (1) The Head of Financial Services reported on the County Council's debt position and agreed to provide Members of the Committee with the details relating to an invoice raised in September 2010 to a Primary Care Trust.
- (2) RESOLVED that the report be noted for assurance.

54. Audit Commission Draft Annual Audit Letter

(Item 12)

- (1) Mr Darren Wells from the Audit Commission highlighted key issues and his conclusions on relevant aspects of the audit. He clarified that he was considering an objection made to the County Council's accounts and that he was expecting to be able to reach a conclusion on this objection in January 2012. He would report on this matter once he had done so and, if necessary, the Committee would be invited to consider the implications of his findings. The objection had not prevented him from issuing an opinion on the Statement of Accounts.
- (2) RESOLVED that the Annual Audit letter be received for assurance and that:-
 - (a) it be noted that the requirement of the External Auditors to prepare and issue an Annual Audit letter to the Council has been met; and
 - (b) the proposed actions for publication of the Annual Audit Letter be noted.

55. Effectiveness of Internal and External Audit Liaison

(Item 13)

- (1) The Acting Head of Internal Audit reported on the effectiveness of the liaison arrangements between External and Internal Audit. She said that liaison between them was in place and that synergy would be sought by both parties between the two audit plans to be presented to the Committee in 2012.

- (2) RESOLVED that the annual update on liaison arrangements between Internal and External Audit be noted for assurance.

56. Internal Audit Progress Report

(Item 14)

(1) The Acting Head of Internal Audit summarised the outcomes of Internal Audit activity since the previous meeting of the Committee.

(2) Members of the Committee discussed the overall assessment of the Kent County Council Elections for 2005 and 2009. It was agreed that the assessment should be amended from “not applicable” to “non compliant” in order to clarify the level of assurance available.

(3) The Director of Governance and Law explained that the issues raised in the Kent County Council Elections audit were being examined as part of a wider review of election arrangements being carried out by the Electoral and Boundary Review Committee. An update on that Committee’s conclusions would be presented to the Committee in due course.

(4) RESOLVED to note:-

- (a) the amendments to and progress against the 2011/12 Audit Plan;
- (b) the assurance provided in relation to the Council’s control environment as a result of Internal Audit work completed to date; and
- (c) that a further report will be submitted to the Committee on the Electoral and Boundary Review Committee’s work on Kent County Council elections once that Committee has completed its work.

57. Anti Fraud and Corruption progress report

(Item 15)

(1) Counter Fraud Manager gave a summary of progress of anti-fraud and corruption activity since the Committee’s last meeting in September 2011.

(2) RESOLVED to note:-

- (a) the progress of anti-fraud and corruption activity; and
- (b) the assurance provided in relation to the anti-fraud culture and fraud prevention and investigation activity.