

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 Wednesday, 18 April 2012.

PRESENT: Mr M V Snelling (Vice-Chairman, in the Chair), Mr N J D Chard (Substitute for Mr C T Wells), Mr A R Chell, Mr B R Cope, Mr K A Ferrin, MBE, Mr M J Harrison (Substitute for Ms A Hohler), Mr C Hibberd, Mr R F Manning (Substitute for Mr R L H Long, TD), Mr R A Marsh, Mr M J Northey (Substitute for Mr D A Hirst), Mr R J Parry, Mr T Prater and Mr R Tolputt

ALSO PRESENT: Mr A H T Bowles, Ms S J Carey, Mr P B Carter, Mr R W Gough, Mr J D Simmonds.

OFFICERS: Mr A Wood (Corporate Director of Finance and Procurement), Ms A Mings (Treasury & Investments Manager), Ms N Major (Interim Head of Internal Audit), Mr G Wild (Director of Governance and Law), Mr R Hallett (Head of Finance and Resources - EHW), Mr M Hardie (Interim Senior Risk Manager), Mrs A Beer (Corporate Director of Human Resources), Mr D Whittle (Head of Policy and Strategic Relationships) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE: Mr D Wells and Ms E Olive from the Audit Commission.

UNRESTRICTED ITEMS

1. Minutes - 29 November 2011 (Item 4)

RESOLVED that the Minutes of the meeting held on 29 November 2011 are correctly recorded and that they be signed by the Chairman.

2. Committee Work Programme (Item 5)

- (1) The Interim Head of Internal Audit presented a forward work programme to the Committee for approval.
- (2) RESOLVED that the forward work programme be agreed for the period up to April 2013.

3. Member Development Programme (Item 6)

- (1) The Interim Head of Internal Audit provided an update on the introduction of the training programme.
- (2) The Committee agreed to receive a report on the proposed Member Development Programme for the Committee following the local government elections in 2013. This would be considered at the first meeting of the Committee in 2013.

- (3) RESOLVED that approval be given to:-
- (a) the continuation of a training programme during 2012-13;
 - (b) the inclusion of risk management training just before the September 2012 Committee meeting and training on the role of a governance and audit committee before the first meeting after the local government elections in 2013;
 - (c) training sessions through the Financial Management Development programme on areas relevant to the Governance and Audit Committee; and
 - (d) a further report to the first meeting of the Committee in 2013 on the proposed Member Development Programme for the Committee following the local government elections in May 2013.

4. Corporate Risk Register

(Item 7)

(1) The Cabinet Member for Business Strategy, Performance and Health Reform and the Acting Head of Business Intelligence, Performance and Risk reported the development and management of the County Council's Corporate Risk Register. This was the mechanism for ensuring that Risk Management and Internal Control Systems were in place that were adequate for purpose and that they were effectively and effectively operated.

(2) The Committee noted the work being undertaken to accelerate the release of data through the use of technology and asked the Acting Head of Business Intelligence, Performance and Risk to send the updated version of the Corporate Risk Register to all Members of the Committee as soon as it was finalised.

(3) The Committee asked for the corporate risk to the authority through the impact of the deletion of the Group Managing Director post to be incorporated into the Register.

(4) RESOLVED that:-

- (a) the assurance provided in relation to the development and maintenance of the Corporate Risk Register appended to the report be noted; and
- (b) the Acting Head of Business Intelligence, Performance and Risk be requested to give consideration to incorporating the risk to the County Council through the impact of the deletion of the Group Managing Director post into the Register.

5. Treasury Management Quarterly Report

(Item 8)

(1) the Cabinet Member for Finance and Business Support and the Treasury and Investments Manager gave an update on treasury management issues.

(2) Mr K A Ferrin moved, seconded by Mr R Tolputt that the Cabinet Member for Finance and Business Support and the Corporate Director of Finance and Procurement be requested to review whether Santander UK should be on the approved list for deposits.

Carried 8 votes to 1

(3) RESOLVED that:-

(a) the report be noted for assurance; and

(b) the Cabinet Member for Finance and Business Support and the Corporate Director of Finance and Procurement be requested to review whether Santander UK should be on the approved list for deposits.

6. Update on Savings Programme

(Item 9)

(1) The Corporate Director of Finance and Procurement reported the current position in respect of the Savings Programme. He updated the forecast underspend figure for 2011-12 (set out in paragraph 1.1 of the report) to £14.3m.

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

7. Update on Change to Keep Succeeding

(Item 10)

(1) The Cabinet Member for Business Strategy, Performance and Health reform and the Corporate Director 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.

(2) The Corporate Director Human Resources informed the Committee of the appointment of Mr Ian McPherson to the post of Director of Commercial Services. She agreed to provide Members of the Committee with the details of Mr McPherson’s professional career.

(3) In discussion, Members of the Committee asked for greater stress to be placed on encouraging staff to attach photographs to their KNET details and to identify a colleague as an alternative person to contact when they were not available.

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

8. Statements of Required Management Practice (SORPs)

(Item 11)

(1) The Cabinet Member for Business Strategy, Performance and Health Reform and the Head of Policy and Strategic Relationships, Business Strategy outlined

progress to date on the development of SORPs. This suggested a shift in approach from the lengthy SORP documents that set standards to light-touch and practical guidance to support managers.

- (2) The Committee agreed to receive annual updates on progress.
- (3) RESOLVED that agreement be given to:-
 - (a) the proposed shift in approach to developing management guidance for staff;
 - (b) the proposed light-touch approval process for signing off the content of the new management guidance; and
 - (c) continuing oversight through an annual report on the development and roll out of management guidance to staff.

9. Review of the Code of Corporate Governance

(Item 12)

- (1) The Director of Law and Governance reported a revised Code of Corporate Governance as well as other actions arising out of the 2010/11 Corporate Governance Audit.
- (2) RESOLVED that:-
 - (a) the draft revised Code of Corporate Governance (set out in Appendix 1 of the report) for submission to the County Council for consideration and final approval; and
 - (b) the position in relation to the additional actions recommended following the 2010/11 Corporate Governance Audit be noted.

10. Internal Audit Progress Report

(Item 13)

- (1) The Head of Internal Audit summarised the outcomes of Internal Audit activity since the previous Committee meeting in November 2011.
- (2) RESOLVED to note:-
 - (a) the amendments to and progress against the 2011/12 Audit Plan; and
 - (b) the assurance provided in relation to the County Council's control environment as a result of the outcome of Internal Audit work completed to date.

11. Internal Audit Strategy and Annual Audit Plan 2012/13

(Item 14)

- (1) The Interim Head of Internal Audit detailed the Internal Audit Strategy and Annual Audit Plan for 2012-13.
- (2) RESOLVED that the proposed Internal Audit Strategy and Annual Plan 2012/13 be agreed as appended to the report.

12. Audit Commission Certification of Claims and Returns Annual Report

(Item 15)

- (1) Ms E Olive from the Audit Commission summarised its work on the certification of funding received by the County Council from government grant-paying departments.
- (2) RESOLVED that the report be noted for assurance.

13. Audit Commission Report on Objection to 2010/11 Accounts

(Item 16)

- (1) Mr D Wells from the Audit Commission reported his conclusions on the formal objection to the 2010-11 Accounts. He said that he had not upheld the objection and that there was no evidence of fraud or misuse of public funds. He set out the report's two recommendations which were that the County Cars policy should be reviewed to consider and clarify "private use" and journeys from "home to County Hall" taking advice received from HMRC; and to consider including the cost of the County cars within the total costs of member allowances published on the Council website and within its annual statement of accounts.
- (2) Mr P B Carter was present for this item pursuant to Committee Procedure 2.24 and spoke. He made a declaration of Personal Interest in that the formal objection had included reference to the fact that he had on rare occasions, following the completion of Council business whilst using the County Car service, used the County Car for minor diversions in connection with his private business. He reported the Administration's work to date and its intended future approach towards implementing the recommendations contained in the Audit Commission report.
- (3) Mr K A Ferrin moved, seconded by Mr R A Marsh that the findings in the Audit Commission's report be noted.

Carried 12 votes to 1

- (4) RESOLVED that the findings in the Audit Commission's report be noted.

14. Audit Commission Audit Opinion Plans 2011/12 (Kent County Council and Kent Superannuation Fund)

(Item 17)

- (1) Ms E Olive from the Audit Commission set out the proposed work of the Audit Commission which would enable them to give an audit opinion on the County Council's 2011/12 financial statements, including the Kent Superannuation Fund.

- (2) RESOLVED that approval be given to the Audit Commission's Audit Plans for Kent County Council and the Superannuation Fund for 2011/12.

15. Revised accounting policies

(Item 18)

- (1) The Corporate Director of Finance and Procurement reported the amendments that were needed in respect of accounting for heritage Assets and the Carbon Reduction Commitment Energy Efficiency Scheme.
- (2) RESOLVED that approval be given to the additions and amendments to the accounting policies as set out in the report.

16. Anti-Fraud and Corruption Progress Report

(Item 19)

- (1) The Interim Head of Internal Audit provided a summary of the progress of anti-fraud and corruption activity as well as the outcome of irregularity investigations concluded since the previous Governance and Audit Committee meeting in November 2011. She updated the Committee on the conviction of Mr Ross Knowles for Fraud and on the new Government Strategy Document "Fighting Fraud Locally" which would underscore Internal Audit's work.
- (2) RESOLVED to note:-
- (a) the progress of anti-fraud and corruption activity; and
 - (b) the assurance provided in relation to anti-fraud culture and fraud prevention/investigation activity.

17. Audit Commission progress report on appointment of External Auditor

(Item 20)

- (1) Mr D Wells from the Audit Commission gave an update on the outsourcing of audit services by the Audit Commission. Seventy per cent of the audits of principal bodies currently delivered by the Audit Commission's in house audit practice had been put out to tender and the contract for the London (South), Surrey and Kent area had been awarded for a period of five years to Grant Thornton LLP.
- (2) RESOLVED that the Audit Commission's award of the audit contract for the London (South), Surrey and Kent region for 2012/13 and subsequent years to Grant Thornton LLP be noted.