

## KENT COUNTY COUNCIL

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### 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 Thursday, 26 July 2012.

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

ALSO PRESENT: Mr R W Gough, Mr A J King, MBE and Mr J D Simmonds

OFFICERS: Mr A Wood (Corporate Director of Finance and Procurement), Mr N Vickers (Head of Financial Services), Mrs C Head (Chief Accountant), Miss E Feakins (Directorate Accountant), Mr G Wild (Director of Governance and Law), Mrs A Beer (Corporate Director of Human Resources), Ms N Major (Interim Head of Internal Audit), Mr R Strawson (Trading Standards Manager (West)) and Mr A Tait (Democratic Services Officer)

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

#### UNRESTRICTED ITEMS

##### **18. Membership**

*(Item 2)*

The Committee noted the appointment of Mr J Tansley in place of Ms A Hohler.

##### **19. Minutes**

*(Item 5)*

RESOLVED that:-

- (a) the Minutes of the meeting held on 18 April 2012 are correctly recorded and that they be signed by the Chairman; and
- (b) the draft Minutes of the meeting of the Trading Activities Sub-Group meeting held on 4 July 2012 be noted.

##### **20. Dates of meetings in 2013**

*(Item 6)*

The Committee noted the following meeting dates in 2013:-

Thursday, 11 April 2013;  
Wednesday, 24 July 2013;  
Tuesday, 24 September 2013; and

Wednesday, 18 December 2013.

## **21. Committee Work and Member Development Programme**

*(Item 7)*

- (1) The Interim Head of Internal Audit proposed an updated forward committee work and Member development programme. This included training for the Trading Activities Sub-Group in relation to the Local Government Act 2003 Trading Order.
- (2) RESOLVED that approval be given to the forward work programme to July 2013 and to the additional proposed training for 2012/13.

## **22. External Audit Governance and Audit Committee Update June 2012**

*(Item 8)*

- (1) Ms E Olive from the Audit Commission gave an update against the 2011/12 Audit Plan together with recent updates from the Audit Commission.
- (2) Ms Olive reported in respect of the certification of claims and returns that the two local transport plan claims had been audited in June 2013 and that the school centred initial teacher training claim and the teachers' pensions return would be audited in September and October.
- (3) RESOLVED that the report be noted together with the progress against the 2011/12 Audit Plan.

## **23. External Audit - Annual Governance Report 2011/12**

*(Item 9)*

- (1) Mr D Wells from the Audit Commission introduced the report. He said that he expected to issue an unqualified audit opinion in respect of the County Council's financial statements and to conclude that it had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. He expected to complete outstanding work by the end of September 2012 and to issue his certificate by 5 October.
- (2) The Committee expressed its appreciation for the work of the Finance and Procurement Group and to everyone else who had enabled the speedy provision of a clean audit in an authority the size of Kent County Council.
- (3) RESOLVED that:-
  - (a) the adjustments to the financial statements be noted as set out in Appendices 2 and 3 of the Annual Governance Report;
  - (b) approval be given to the letter of representation (set out at Appendix 4) on behalf of the County Council before the Audit Commission issues its opinion and conclusions; and

- (c) the proposed action plan be agreed as set out on Appendix 6.

#### **24. Draft Statement of Accounts 2011/12**

*(Item 10)*

(1) The Corporate Director of Finance and Procurement reported the draft Statement of Accounts for 2011/12. He drew particular attention to the local authority accounting requirements which specified that the County Council retained its PFI liabilities for Academies, Voluntary Aided and Foundation Schools but could not count them as an asset.

(2) RESOLVED that approval be given to the Statement of Accounts for 2011/12 and that the recommendations made in the Annual Governance Statement be noted.

#### **25. Treasury Management Annual Review**

*(Item 11)*

(1) This report summarised Treasury Management activities in 2011/12.

(2) RESOLVED that approval be given to the Treasury Management Annual Review 2011/12 for submission to the County Council.

#### **26. Update on Change to Keep Succeeding**

*(Item 12)*

(1) The Cabinet Member for Business Strategy, Performance and Health Reform and the Corporate Director Human Resources reported on the completion of appointments to the senior level of the new operating framework and the changes to staffing across the Authority since April 2011.

(2) RESOLVED that the report be noted for assurance and that future reports be provided on an ad hoc basis, as a result of either significant change in the programme or at the specific request of the Committee.

#### **27. Debt Management**

*(Item 13)*

(1) The Head of Financial Services gave a report on the general direction of travel of the County Council's debt position, concentrating mainly on debt over 6 months old.

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

#### **28. Annual RIPA Report on Surveillance and other activities carried out by KCC between January 2011 and March 2012**

*(Item 14)*

(1) This report outlined the work undertaken in 2011 and the first three months of 2012 by KCC Officers and other activities governed by the Regulation of Investigatory Powers Act 2000 (RIPA).

(2) Approval for a change to agreed policies was sought because Environmental Crime Officers (ECOs) within the Environment, Highways and Waste Directorate had identified a need to be able to seek communications data in the course of their criminal investigations. This need arose as a result of instances when ECOs had found piles of fly tipped rubbish containing telephone numbers but not addresses. Access to details of the owners of these telephone numbers was, therefore, the only means of investigating these crimes. As ECOs were lawfully entitled to the same access to communications data as Trading Standards Officers, it was proposed that the policy should be amended accordingly.

(3) RESOLVED that:-

- (a) the use of the powers under RIPA from January 2011 to March 2012 be noted for assurance; and
- (b) endorsement be given to the minor change in policy set out in paragraph (2) above.

## **29. Internal Audit Annual and Progress Report**

*(Item 15)*

(1) This report summarised the output of the Internal Audit annual plan, provided the opinion on the County Council's system of internal control and provided commentary on the performance of the Internal Audit section.

(2) The Interim Head of Internal Audit proposed a revised table of five Assurance Levels: High, Substantial, Adequate, Limited, and No Assurance. This was agreed.

(3) RESOLVED that:-

- (a) the Internal Audit Annual be noted for assurance; and
- (b) approval be given to the amendments to assurance levels and definitions for audit and recommendation priorities as set out in Appendix 2 of the report.

## **30. Anti-Fraud and Corruption Progress Report**

*(Item 16)*

(1) This report provided a summary of progress of anti-fraud and corruption activity since the last meeting of the Committee in April 2012.

(2) RESOLVED that:

- (a) the self assessment against CIPFA's Red Book "Managing the Risk of Fraud" be noted as set out in Appendix A of the report; and
- (b) the summaries of concluded be noted as set out in Appendix B of the report.

### **31. Anti Fraud and Corruption Strategy**

*(Item 17)*

- (1) This report provided a summary of proposed amendments to the County Council's Anti-Fraud and Corruption Strategy.
- (2) RESOLVED that approval be given to the revised Anti-Fraud and Corruption Strategy set out Appendix A of the report.

### **32. Protocol relating to companies in which KCC has an interest**

*(Item 18)*

- (1) This report invited the Committee to approve a number of proposed minor amendments to the Protocol, following an officer review and subsequent consideration by the Trading Activities Sub-Group on 4 July 2012.
- (2) In agreeing the recommendations, the Committee expressed the wish that consideration should be given to amending the Protocol to include Limited Liability Partnerships and Joint Arrangements that are Not an Entity (JANEs).
- (3) RESOLVED that approval be given to the minor amendments to the *Protocol relating to Companies in which KCC has an Interest* as set out in paragraphs 4,5,6 and 7 of the report and incorporated in the updated version of the Protocol set out at Appendix 2 of the report.

## **EXEMPT ITEMS**

*(Open access to Minutes)*

The Committee resolved under Section 100A of the Local Government Act 1972 to exclude the public from the meeting for the following business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 2,5 and 7 of Part 1 of Schedule 12A of the Act.

### **33. Update on Kent Cultural Trading (oral report)**

*(Item 21)*

- (1) The Interim Head of Internal Audit reported the ongoing investigation into the activities of Kent Cultural trading Ltd. She explained that the Committee Members

needed to be aware that this work was taking place and that a full report would be presented to the Committee at the earliest opportunity.

(2) RESOLVED that the report be noted.