
By: John Simmonds, Cabinet Member for Finance & Business Support
Andy Wood, Corporate Director of Finance & Procurement

To: Governance and Audit Committee Trading Activities Sub Group - 28
September 2012

Subject: Protocol relating to companies in which KCC has an interest (the 'Protocol')

Classification: Unrestricted

Summary: Members are invited to approve a small number of proposed amendments to the Protocol, following the request at the Governance and Audit Committee meeting on 26 July 2012 that the Protocol be updated to address specifically anti-fraud and corruption policies.

FOR DECISION

INTRODUCTION

1. The proposed amendments to address specifically anti-fraud and corruption policies are set down in paragraph 3 below.
2. An updated version of the Protocol incorporating the proposed amendments is enclosed at **Appendix 1**.

PROPOSED AMENDMENTS TO THE PROTOCOL

3. Paragraph 7 of the Protocol states that 'The Council shall only become a member or director of a company following a decision of the Cabinet or relevant Cabinet Member taken in accordance with the decision making procedures set out in the Council's Constitution'. It then makes it clear that when seeking such a decision any report to the Cabinet or relevant Cabinet Member shall include statements about a number of specific matters. Sub-paragraph 7(d) concerns 'what Council policies (if any) are to apply to the company'. It is recommended that an additional sentence is added at the end of sub-paragraph 7(d), and that a new sub-paragraph, 7(e), is inserted (as the new penultimate sub-paragraph in paragraph 7) so that the Protocol reads:

'(d) what Council policies (if any) are to apply to the company. If no policies have been stated in the Member decision and the company directors do not formally set their own, the policies adopted should default automatically to KCC policies. Where a company adopts its own policies, assurance must be provided that adequate policies and procedures are in place, with particular reference to anti-fraud and corruption

- (e) that appropriate due diligence has been completed which must include an evaluation of the background, experience and reputation of the company and/or the proposed and existing directors'

RECOMMENDATION

4. Members are invited to approve the proposed amendments to the Protocol set out in paragraph 3 above and incorporated in the updated version of the Protocol attached at **Appendix 1**, following the request at the Governance and Audit Committee meeting on 26 July 2012 that the Protocol be updated to address specifically anti-fraud and corruption policies.

Guy Record, BSS, Finance & Procurement, September 2012