

## 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, 25 September 2012.

PRESENT: Mr R L H Long, TD (Chairman), Mr A R Chell, Mr B R Cope, Mr K A Ferrin, MBE, Mr D A Hirst, Mr S J G Koowaree (Substitute for Mr T Prater), Mr R A Marsh and Mr R Tolputt

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

OFFICERS: Mr A Wood (Corporate Director of Finance and Procurement), Ms A Mings (Treasury & Investments Manager), Mr G Wild (Director of Governance and Law), Ms N Major (Interim Head of Internal Audit), Mr R Hallett (Head of Finance and Resources - EHW), Mr M Scrivener (Corporate Risk Manager), Ms P Blackburn-Clarke (Quality Assurance Manager), Mrs C Dodge (Team Leader Information, Resilience and Transparency Team) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE: Ms E Olive from the Audit Commission.

### UNRESTRICTED ITEMS

#### **34. Minutes - 26 July 2012**

*(Item 4)*

RESOLVED that the Minutes of the meeting held on 26 July 2012 are correctly recorded and that they be signed by the Chairman.

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

*(Item 5)*

(1) The Interim Head of Internal Audit proposed an updated forward committee work and Member development programme.

(2) RESOLVED that approval be given to the forward work programme to September 2013 to meet the Committee's Terms of Reference.

#### **36. Presentation on Risk Management**

*(Item 6)*

(1) The Head of Business Intelligence, Performance and Risk and the Corporate Risk Manager gave a presentation on Risk Management. The slides of this presentation can be found on [Link to Presentation Slides](#)

(2) RESOLVED that the report be noted and the Officers thanked for their presentation.

### **37. Update on Savings Programme**

*(Item 7)*

(1) The Cabinet Member for Finance and Business Support and the Corporate Director of Finance and Procurement reported on the delivery of savings in 2012/13 including a forecast underspend of £4m.

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

### **38. Review of KCC's Risk Management Policy and Programme**

*(Item 8)*

(1) The Cabinet Member for Business Strategy and the Head of Business Intelligence, Performance and Risk reported on the annual review of the County Council's Risk Management Policy and programme of work. As the Policy did not apply to Schools, the Committee asked for information on the risk management arrangements that applied to them.

(2) RESOLVED that:

(a) approval be given to the Risk Management Policy for 2012/13; and

(b) the progress of the Risk Management programme presented in the report be noted for assurance.

### **39. Treasury Management Update**

*(Item 9)*

(1) The Cabinet Member for Finance and the Corporate Director of Finance and Procurement gave a summary of Treasury Management activities for the period from April to August 2012.

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

### **40. KCC Annual Complaints, Comments and Compliments Report**

*(Item 10)*

(1) The Quality Assurance Manager and the Team Leader of the Information Resilience & Transparency Team reported on the Local Government Ombudsman letter and Annual Review 2011/12 and summarised the complaints, comments and compliments received by the County Council. They also set out improvements for 2012/13 in the form of changes to procedures or processes as well as improvements in communications and to the quality of service.

(2) The Committee noted that the percentage figure for acknowledged complaints for Education in 2011/12 should read 63% rather than 55%.

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

### **41. Internal Audit Progress Report**

*(Item 11)*

(1) The Interim Head of Internal Audit summarised the outcomes of Internal Audit activity since the July 2012 meeting of the Committee.

(2) RESOLVED to note:

(a) progress against the 2012/13 Audit Plan, together with the proposed additions; 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.

#### **42. Internal Audit Benchmarking Results**

*(Item 12)*

(1) The Interim Head of Internal Audit summarised the 2011/12 Internal Audit Benchmarking results.

(2) The Committee agreed that CIPFA should be asked to re-examine the rules in respect of identifying the Comparator Councils in each of the graphs set out in the report. It was considered that this would make the benchmarking exercise more transparent and useful.

(3) RESOLVED that:-

(a) the content of the report be noted;

(b) approval be given to participation in the CIPFA/IPF Audit Benchmarking Club in 2012/13, and that the results be presented to the Committee in September 2013;

(c) the County Council's ongoing participation in the benchmarking club be reviewed in September 2012; and

(d) CIPFA be asked to re-examine the rules in respect of identifying the Comparator Councils in each of the graphs set out in the report, as the Committee considers that this would make the benchmarking exercise more transparent and useful.

#### **43. Anti Fraud and Corruption Progress Report**

*(Item 13)*

(1) The Interim Head of Internal Audit provided a summary of progress of anti-fraud and corruption activity since the previous meeting of the Committee in July 2012.

(2) RESOLVED that the progress of anti-fraud and corruption activity be noted together with the assurance provided in relation to anti-fraud culture and fraud prevention/investigation activity.

#### **44. Review of the Committee Terms of Reference**

*(Item 14)*

- (1) The Interim Head of Internal Audit reported her review of the Committee's Terms of Reference (description of methodology) and recommended minor amendments to them. As there were no amendments to the Terms of Reference themselves, there was no need for submission to the County Council for approval.
- (2) RESOLVED that approval be given to the proposed amendments to the description of methodology for the Committee's Terms of Reference as set out in Annex 1 to the report, for review in September 2013.

#### **45. Local Audit Bill**

*(Item 15)*

- (1) The Interim Head of Internal Audit gave an update on the Local Audit Bill consultation. She agreed to inform the Committee Members at a later stage on the proposed arrangements for appointment of the Independent Audit Appointment Panel Members.
- (2) RESOLVED that the update provided in the report be noted.

## **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 1 and 2 of Part 1 of Schedule 12A of the Act.

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

*(Item 16)*

*Prior to declaring this item to be Exempt, the Chairman ruled that this item was Urgent as there had been a significant update in events at Kent Cultural Trading since the agenda papers had been published. He considered it essential that Members of the Committee were made aware of these events at the earliest opportunity.*

(1) The Interim Head of Internal Audit gave an update report on Kent Cultural Trading Ltd. She explained that the Investigation was now complete and the actions which had been identified as necessary were in the process of being put in place.

(2) The Committee agreed that a report on the safeguards to prevent a repetition of the events described would be presented to a future meeting of the Committee, once they had been installed.

(3) RESOLVED that;

(a) the report be noted; and

(b) a further report be presented to a future meeting of the Committee once the safeguards have been installed.