

By: Neeta Major – Interim Head of Internal Audit
To: Governance and Audit Committee – 11 April 2013
Subject: **Terms of Reference for Governance and Audit Committee Trading Activities Sub Group**
Classification: Unrestricted

Summary: To report on a review of the existing Terms of Reference for the Governance and Audit Committee Trading Activities Sub Group.

FOR DECISION

Introduction

1. The original Terms of Reference for the Sub Group were approved by the Governance and Audit Committee in June 2009.
2. The Chairman of the Governance and Audit Committee requested that the Sub Group's activity should be fully reviewed to determine if amendments are required to the Terms of Reference to reflect the development of the role of the Sub Group since 2009 and the types of reports that have been presented since the group's commencement.

Work of the Sub Group

3. The Sub Group's main role is to provide oversight of Kent County Council's (KCC) companies and other trading vehicles to ensure these are run properly and transparently and that effective governance arrangements are in place to provide assurance on the operation of these entities to protect KCC's interests.
4. A more pro-active role was considered appropriate to provide scrutiny of these governance arrangements.

Proposed Terms of Reference

5. The proposed Terms of Reference for the Sub Group, based on the review, are attached at **Appendix 1**. The role of the Sub Group is described in terms of responsibilities required to deliver specific outcomes.
6. The proposed document has been structured along the lines of the Terms of Reference adopted for the Governance and Audit Committee in terms of overarching purpose, outcomes, responsibilities in relation to these outcomes, and administrative arrangements. The main changes can be summarised as follows:
 - Specific reference to effective governance arrangements in the overriding purpose;

- The additional objective for safeguarding KCC's interests and the requirement to report matters that the sub group considers to be of concern to the Governance and Audit Committee;
- A reference to public accountability to Kent residents and businesses; and
- A change in emphasis for overseeing the establishment of new limited companies, subsidiary companies and other trading vehicles to examine compliance with the decision making process rather than the detail of business cases. This would include making governance related recommendations where appropriate.
- An increase in membership from three to at least five members, in order to improve the strength, depth and range of views necessary to perform the sub-committee's role.

Recommendations

7. Members are asked to approve the proposed revised Terms of Reference at Appendix 1 for the Governance and Audit Committee Trading Activities Sub Group.

Appendices

Appendix 1. Revised Terms of Reference

Neeta Major

Interim Head of Internal Audit

Ext. 4664