

APPENDIX TO MINUTES
(Minute 12 refers)

Governance and Audit Committee Trading Activities Sub Group

Terms of Reference (as agreed by the Governance and Audit Committee on 11 April 2013.)

The Governance and Audit Committee established this sub group in September 2008 to specifically focus upon Kent County Council's (KCC) Trading Activities.

Overarching Purpose

The purpose of the Governance and Audit Committee Trading Activities Sub Group is to:

1. Ensure that there are effective governance arrangements in place for Kent County Council's limited companies and trading vehicles (as defined in the Protocol relating to companies in which KCC has an interest); and
2. Provide oversight of KCC's companies and other trading vehicles to ensure that these are run properly and transparently.

Objectives of the Sub Group

On behalf of the Governance and Audit Committee, the Trading Activities Sub Group will ensure the following outcomes:

1. Companies and other trading vehicles established by the Council have robust, transparent and fully accountable audit and governance arrangements in place and comply with the protocol relating to companies in which KCC has an interest;
2. The best interests of the Council are safeguarded within the governance and management structures of companies and other trading vehicles established by the Council;
3. Public accountability to residents and businesses in Kent is maintained as openly as possible (subject to commercial confidentiality) in the exercise of the sub group's function for oversight and performance management of companies and trading activities established by the Council;
4. Matters that the sub group considers to be of concern relating to the companies and other trading vehicles established by the Council that would affect the interests of the Council, are referred to the Governance and Audit Committee for their consideration; and
5. The Council has visibility of and can protect its interests in arrangements entered into by the Council's companies and other

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trading vehicles where these have the potential to affect the risk profile or financial affairs of the Council.

Responsibilities

1. Monitor and review the financial performance, reporting and governance arrangements of all companies and other trading vehicles owned in whole or in part or controlled by KCC;
2. Monitor and review adherence to the appropriate legal, regulatory and accounting frameworks governing local authority trading activities.
3. Monitor and review trading and commercial activities being undertaken by the Council to ensure that they have the right structure;
4. Receive and review the annual statutory financial accounts of any KCC limited companies and financial statements for other trading vehicles and to consider corrective action where appropriate;
5. Review the dividend policies adopted by KCC companies; and
6. Oversee the establishment of new limited companies, subsidiary companies and other trading vehicles through an examination of the decision making process followed (business case, financial and legal advice) before the company commences trading and make governance related recommendations to the Governance and Audit Committee and responsible Cabinet Member where appropriate.

Membership

To be determined by the Committee in July 2013.

Reporting

The minutes of the Governance and Audit Committee Trading Activities Sub Group will be reported to the Governance and Audit Committee after each meeting.

Frequency

Bi-annually