

KENT COUNTY COUNCIL

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, 29 January 2015.

PRESENT: Mr R L H Long, TD (Chairman), Mr R J Parry (Vice-Chairman), Mr R H Bird, Mr H Birkby, Mr J A Davies, Mr C P D Hoare, Mr E E C Hotson, Mr A J King, MBE, Mr S C Manion, Mr R A Marsh, Mr B Neaves, Mr J E Scholes, Mr W Scobie, Mr D Smyth and Mr M E Whybrow

ALSO PRESENT: Miss S J Carey, Mr J D Simmonds, MBE, Mr P Hughes and Ms E Olive

OFFICERS: Mr G Wild (Director of Governance and Law), Mr K Abbott (Director School Resources), Mr N Vickers (Head of Financial Services), Mr R Patterson (Head of Internal Audit), Ms S Buckland (Audit Manager), Mr R Hallett (Head of Business Intelligence), Mr M Scrivener (Corporate Risk Manager), Mrs Kendal (Head of Customer Services) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE: Mr P Hughes and Ms E Olive from Grant Thornton plc.

UNRESTRICTED ITEMS

1. Minutes
(Item 4)

RESOLVED that:-

- (a) subject to a minor amendment, the Minutes of the Committee meeting held on 3 October 2014 are correctly recorded and that they be signed by the Chairman; and
- (b) the Minutes of the Trading Activities Sub-Committee meeting of 20 November 2014 be noted.

2. Committee Work and Member Development Programme
(Item 5)

- (1) The Head of Internal Audit proposed an updated forward Committee Work and Member Development programme.
- (2) RESOLVED that approval be given to the proposed forward work programme and Member Development programme to January 2016.

3. Corporate Risk Register
(Item 6)

- (1) The Corporate Risk Manager presented the Corporate Risk Register together with an overview of the changes since it had last been presented six months earlier.

(2) The Committee agreed to make two recommendations to Cabinet which are recorded in (3) below.

(3) RESOLVED that:-

- (a) the assurance provided in relation to the development, maintenance and review of the Corporate Risk Register be noted; and
- (b) Cabinet be recommended to specifically incorporate the risk of Fraud and the risk of potential implications for staff health, wellbeing and morale in the Corporate Risk Register.

4. Review of the KCC Risk Management Policy and Strategy

(Item 7)

(1) The Head of Business Intelligence presented the revised Risk Management Policy and Strategy for approval.

(2) The Committee agreed that, whilst it considered the overall direction of the Risk Management Policy and Strategy to be very sound, it had concerns over the balance between risk appetite and accountability within the text of the document. It therefore agreed to request that the text should be re-written and reported to its next meeting.

(3) RESOLVED that a redrafted version of the Risk Management Policy and Strategy, taking account of the concerns expressed at the meeting, be presented to the next meeting of the Committee.

5. Treasury Management 6 Monthly Review

(Item 8)

(1) The Deputy Leader and Cabinet Member for Finance and Procurement introduced the Treasury management 6 Month Review.

(2) RESOLVED that:-

- (a) the report be endorsed for onward submission to the County Council; and
- (b) Mr Nick Vickers, the Head of Financial Services be thanked for his work in recovering monies from the Icelandic Banks.

6. Debt Management

(Item 9)

(1) The Head of Financial Services reported on the Council's debt position, including the achievement of the Debt Recovery Team's two performance indicators.

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

7. KCC Annual Complaints, Comments and Compliments Report

(Item 10)

(1) The Head of Service Customer Relations gave a summary of the compliments, comments and complaints recorded by the Council, including Local Government Ombudsman Complaints and Member Complaints. She drew attention to the Council's general compliance with corporate response timescales.

(2) The Director of Governance and Law responded to a question from Members by confirming that the County Council was lobbying for the remit of the Local Government Ombudsman to be extended to cover complaints made by School Governors about the Local Authority's dealing with issues at their schools.

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

8. External Audit Update

(Item 11)

(1) Ms Elizabeth Olive from Grant Thornton plc provided a report covering progress on the planned audits for 2014/15 and emerging issues and developments.

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

9. Effectiveness of Internal and External Audit Liaison

(Item 12)

(1) The Head of Internal Audit introduced a report, jointly prepared with Grant Thornton plc summarising the effectiveness of the liaison arrangements between Internal and External Audit.

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

10. Review of the Committee Terms of Reference

(Item 13)

(1) The Head of Internal Audit reported the outcome of his annual review of the Committee's Terms of Reference. He recommended a minor change to the Internal Audit responsibilities associated with the Terms of Reference to reflect that issues rather than recommendations were now raised with departments.

(2) RESOLVED that:-

(a) no changes be made to the Terms of Reference; and

(b) the recommended minor amendment to the associated responsibilities be approved as set out in the report.

11. Internal Audit and Counter-Fraud Progress Report

(Item 14)

(1) The Head of Internal Audit summarised the outcomes of Internal Audit and Counter Fraud activity for the 2014/15 financial year to date.

(2) RESOLVED that:-

- (a) approval be given to the Council's Anti Money Laundering Policy and to the completion of an external audit quality assessment of the internal audit and counter fraud unit during March 2015; and
- (b) the following matters be noted: -
 - (i) progress and outcomes against the 2014/15 Audit Plan and proposed amendments;
 - (ii) progress and outcomes in relation to Counter Fraud activity;
 - (iii) the assurance provided in relation to the Council's control and risk environment as a result of the outcome of Internal Audit and Counter Fraud work completed to date;
 - (iv) the setting up of a pan Kent intelligence network as a result of successful bidding for central Government funds;
 - (v) the move to have future "prospects for improvement" assessments in audit judgements; and
 - (vi) the introduction of "unannounced" audits of establishments.