

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, 23 July 2015.

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

ALSO PRESENT: Miss S J Carey, Mr P B Carter, CBE and Mr J D Simmonds, MBE

OFFICERS: Mr A Wood (Corporate Director Finance and Procurement), Mr N Vickers (Head of Financial Services), Mrs C Head (Head of Financial Management), Miss E Feakins (Chief Accountant), Mr N Cramp (HRBC Control Officer), Mr H Swan (Head of Procurement), Mr G Wild (Director of Governance and Law), Mr R Patterson (Head of Internal Audit), Ms S Buckland (Audit Manager), Mr J Burr (Director of Transformation and Commercial Services), Mrs C Jenden (FTC - Review Team Manager), Mr D Whittle (Director of Strategy, Policy, Relationships and Corporate Assurance), Mr M Scrivener (Corporate Risk Manager), Ms S Cheeseman (Business Manager), Mr P Segurola (Interim Director of Specialist Children's Services) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE: Ms E Olive, Mr P Hughes, Mr N White and Mr T Ball from Grant Thornton UK LLP

UNRESTRICTED ITEMS

26. Membership
(Item 2)

The Committee noted the appointment of Mr M Baldock in place of Mr H Birkby.

27. Minutes - 29 April 2015
(Item 5)

RESOLVED that the Minutes of the meeting held on 29 April 2015 are correctly recorded and that they be signed by the Chairman.

28. Committee Work and Member Development Programme
(Item 6)

29. External Audit Update July 2015
(Item 7)

(1) Mr N White from Grant Thornton UK LLP reported on progress up to 1 July 2015 on the planned audits for 2015/16.

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

30. External Audit Annual Findings Report 2014/15

(Item 8)

(1) Mr Paul Hughes from Grant Thornton UK LLP tabled a revised version of the Audit Findings report from the audit of the County Council's 2014/15 financial statements. This report included the key messages arising from the audit work undertaken to address the risks identified in the Audit Plan presented to the Committee in April 2015. It also included the results of the work undertaken to assess the Council's arrangements to secure value for money.

(2) RESOLVED to;-

- (a) note that no adjustments have been identified to the financial statements of the County Council;
- (b) note the Audit Findings Report's conclusions on value for money and the Council's financial resilience; and
- (c) agree the draft management response to the action plan set out in Appendix A of the Audit Findings Report.

31. External Audit Pension Fund Audit Findings Report 2014/15

(Item 9)

(1) Mr T Ball from Grant Thornton LLP UK gave a report on the audit findings for the Kent Superannuation Fund. The report included the key messages arising from the audit work undertaken to address the risks identified in the Audit Plan presented to the Committee in April 2015.

(2) Mr J E Scholes reminded the Committee that he was the Chairman of the Superannuation Fund Committee. He praised the high quality of all the staff involved in preparing the accounts.

(3) RESOLVED that the findings in the report be agreed.

32. External Audit Planned Audit Fee 2015/16

(Item 10)

(1) Mr P Hughes from Grant Thornton UK LLP introduced a report setting out the scale and scope of the external audit fee for 2015/16. He explained that the fee had been reduced by 25% from that of 2014/15 due to the procurement exercises run by the Commission across the local Government sector.

(2) RESOLVED that the planned audit fee for 2015/16 be noted.

33. Draft Statement of Accounts 2014/15

(Item 11)

(1) Mr J D Simmonds, Deputy Leader and Cabinet Member for Finance and Procurement introduced the draft Statement of Accounts for 2014-15. He drew

attention to the achievement of everyone involved in preparing the draft Statement for once again having produced it so rapidly, despite the immense scope and complexity of the County Council's budget.

(2) The Chief Accountant drew attention to the Unqualified Opinion issued by the Independent Auditor.

(3) RESOLVED that:-

(a) approval be given to the Statement of Accounts for 2014/15;

(b) approval be given to the Letters of Representation set out in the Appendices to the report; and

(c) the recommendations made in the Annual Findings be noted.

34. Schools Audit Annual Report

(Item 12)

(1) The Business Manager gave a report summarising the Schools Financial Services compliance programme and other activities undertaken during 2014-15 which enabled the Chief Finance Officer to certify that there was a system of audit for schools which gave adequate assurance over financial management standards in schools maintained by the County Council.

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

35. Internal Audit Annual Report

(Item 13)

(1) The Head of Internal Audit summarised the outputs of the Internal Audit and Counter Fraud work for 2014-15, provided a "substantial" opinion on the Council's systems of governance, risk management and internal control. He also provided comment on the performance of the Internal Audit and Counter Fraud Unit in delivering this work.

(2) The Committee discussed the report's findings on Safeguarding related issues, section 106 Agreements and financial irregularities.

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

36. Transformation Programme - Legal Services and Back Office Procurement Project

(Item 14)

(1) Mr P B Carter, Leader of the Council introduced an update report on the progress of the Legal Services and the Back Office Procurement Project and set out the next steps in the process.

(2) The Transformation Director said that whilst the timetable leading up to the Cabinet meeting on 21 September 2015 was tight, he was confident that (whatever the eventual decision) quality would not be compromised in any way, due to the

depth and scope of the discussions that had taken place throughout the process to date.

- (3) RESOLVED that progress to date on the Transformation Programme be noted for assurance.

37. Update of Contracts and Tenders Standing Orders part of the Constitution

(Item 15)

(1) The Head of Procurement recommended proposed changes and updates to the Contracts and Tenders Standing Orders to reflect the changes in working practices with respect to how procurement was delivered within the Council and in order to ensure that recent changes to the content of *Spending The Council's Money* was properly reflected.

(2) Mr M Baldock moved, seconded by Mr C P D Hoare that the flow lines connecting the "Justify" and "Kent Business" boxes to the "Procure" and "Evaluate" boxes in the first two flowcharts appended to the report be merged.

Lost 5 votes to 9

- (3) RESOLVED that the updated Contracts and Tenders Standing Orders be agreed as set out in the Appendix to the report for inclusion in Appendix 5 of the Constitution.

38. Treasury Management Annual Review 2014/15

(Item 16)

(1) Mr J D Simmonds, Deputy Leader and Cabinet Member for Finance and Business Support introduced the report which summarised Treasury Management activities in 2014 – 15. He drew attention to the County Council's new Treasury Management Strategy which had enabled it to increase its returns by £3m over what it would have been able to achieve if it had not been able to diversify its investments.

- (2) RESOLVED that the report be endorsed for onward submission to the County Council.

39. Debt Management

(Item 17)

(1) The Head of Financial Services reported the County Council's debt position. He agreed to provide details of the write offs set out in paragraph 25 of the report to any Member of the Committee who requested this information.

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

40. Corporate Risk Register

(Item 18)

(1) Mr P B Carter, Leader of the Council introduced the Corporate Risk Register, drawing attention to the implications of the delay in the implementation of Part 2 of the Care Act 2014, the issues surrounding the high risk rating for the Safeguarding of

vulnerable adults and children, and the current saturation of the Foster Care market.

(2) The Director of Strategy, Policy, Relationships and Corporate Assurance agreed to inform Members of the Committee of the process for agreeing plans required by the Civil Contingencies Act 2004.

(3) RESOLVED that the assurance provided in relation to the development, maintenance and review of the Corporate Risk Register be noted.

41. Action Plans arising from Internal Audit of the Fostering Service
(Item 19)

(1) The Director of Specialist Children's Services reported on the action plan completed in response to the recent review of the Fostering Service in Kent carried out by Internal Audit. He said that all aspects of regulatory compliance were monitored monthly, leading to consistent improvement.

(2) The Director responded to a question by saying that he did not consider that a stand-alone risk register for the Fostering Service was necessary.

(3) The Head of Internal Audit explained that he had recommended a Risk Register, and that the Director had put compensatory management measures in place, for which he would be accountable if any issues arose.

(4) The Committee agreed to receive a further report at its next meeting, giving the results of the Internal Audit follow-up report on the Foster Care Service and that the Cabinet Member for Specialist Children's Services would also be invited to attend and answer Members' questions.

(5) RESOLVED that:-

(a) the report be received;

(b) a further report be prepared for the next meeting of the Committee, giving details of Internal Audit's follow-up report on the Foster Care Service; and

(c) the Cabinet Member for Specialist Children's Services be invited to attend the next meeting in order to respond to Members' questions on this matter.

42. Elizabeth Olive
(Item)

The Chairman thanked Ms Liz Olive on behalf of the Committee for the clear and helpful external audit advice she had given the County Council for the previous 5 years.