

Governance and Audit Committee Trading Activities Sub - Committee Terms of Reference

*Membership: 3
2 Conservative, 1 UKIP*

The Governance and Audit Committee established this sub committee 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 - Committee 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-Committee

On behalf of the Governance and Audit Committee, the Trading Activities Sub - Committee 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 committee's function for oversight and performance management of companies and trading activities established by the Council;
4. Matters that the sub committee 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

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.

Reporting

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

Frequency

Bi-annually