

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 Wednesday, 25 January 2017.

PRESENT: Mr R L H Long, TD (Chairman), Mr R J Parry (Vice-Chairman), Mr R H Bird, Mr D L Brazier, Mrs M E Crabtree (Substitute for Mr A J King, MBE), Mr C P D Hoare, Mr R A Latchford, OBE (Substitute for Mr M Heale), Mr S C Manion, Mr R A Marsh, Mr B Neaves, Mr J E Scholes, Mr D Smyth and Mr M E Whybrow

ALSO PRESENT: Mr J D Simmonds, MBE

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance and Procurement), Mr N Vickers (Business Partner (Pension Fund)), Mr J Lynch (Head of Democratic Services), Mr D Whittle (Director of Strategy, Policy, Relationships and Corporate Assurance), Mr M Scrivener (Corporate Risk Manager), Mr R Patterson (Head of Internal Audit) and Mr A Tait (Democratic Services Officer)

ALSO PRESENT was Mr Andy Conlan from Grant Thornton UK LLP

UNRESTRICTED ITEMS

1. Minutes - 6 October 2016

(Item 4)

RESOLVED that the Minutes of the meeting held on 6 October 2016 are correctly recorded and that they be signed by the Chairman.

2. Committee Work and Member Development Programme

(Item 5)

(1) The Head of Internal Audit proposed an updated forward Committee work programme and Member Development programme following revised best practice guidance in relation to Audit Committees.

(2) The Committee asked for a report on Information Governance to be presented to its next meeting in April 2017.

(3) RESOLVED that subject to (2) above, approval be given to the proposed Committee work and Member Development programme to January 2018.

3. Corporate Risk Register

(Item 6)

(1) The Committee received a six-monthly report on the Corporate Risk Register, including an overview of the changes since it had last been presented and an outline of the ongoing process of monitoring and review.

(2) During discussion of this item, Mr Hoare raised a question in respect of Risk CRR28. It was agreed that this issue would be investigated by Internal Audit, who would report on the outcome to a future meeting of the Committee. The Head of Internal Audit requested that Mr Hoare should supply such information as he held as soon as possible.

(3) Members of the Committee commented that consideration should be given to re-opening Risk CRR1 in consultation with the General Counsel and to highlighting the potential consequences for Risk CRR9 if the NHS and the CCGs were unable to deliver fully on their commitments.

(4) RESOLVED that, subject to (2) above, the assurance provided in relation to the development, maintenance and review of the Corporate Risk Register be noted.

4. Review of KCC's Risk Management Policy and Strategy
(Item 7)

(1) The Director of Strategy, Policy, Relationships and Corporate Assurance presented the revised draft Risk Management Policy and Strategy for approval. He explained that no amendments were proposed.

(2) RESOLVED that approval be given to the Risk Management Policy and Strategy for the year 2017.

5. Treasury Management six month review 2016-17
(Item 8)

(1) The Head of Financial Services presented the Treasury Management 6 Month Review, drawing particular attention to the conversion by Barclays Bank of Lender's Option Borrower's Option Loans (LOBOs) into fixed rate loans.

(2) The Committee agreed that future reports would provide the most up-to-date figures instead of following the cycle as had hitherto been the case.

(3) RESOLVED that approval be given to the Treasury Management 6 Month Review report for submission to the County Council.

6. Debt Management
(Item 9)

(1) The Head of Financial Services introduced a report on the County Council's debt position.

(2) The Head of Financial Services agreed to send a briefing note to all Members of the Committee giving further details of the reasons that the total sundry outstanding debt under 60 days old currently stood at 71.2%.

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

7. Update on Savings Programme

(Item 10)

(1) The Corporate Director of Finance and Procurement reported on progress towards the 2016/17 and 2017/18 budget savings. He said that it was expected that the year 2016/17 would see an overspend of £5m, including £2m on the Asylum Service which the County Council aimed to get back in full from the Home Office in 2017/18.

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

8. External Audit Update January 2017

(Item 11)

(1) Mr Andy Conlan from Grant Thornton UK LLP summarised progress on external audit work for 2016/17 as well as the emerging issues and developments and technical matters set out in the report.

(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 summarised the effectiveness of the liaison arrangements between Internal and External Audit. He said that liaison was working effectively, and that KCC was one of very few Authorities which complied with all 54 professional standards set by the Institute of Internal Auditors.

(2) RESOLVED that the annual update on liaison arrangement between Internal and External Audit be noted for assurance together with the protocol set out in the Appendix to the report.

10. Internal Audit and Counter Fraud Progress Report

(Item 13)

(1) The Head of Internal Audit summarised the outcomes of Internal Audit and Counter Fraud activity for the 2016/17 financial year to date.

(2) The Committee asked the Chairman to write on its behalf to the Chairman of the Policy and Resources Cabinet Committee on the discrepancy between the Head of Internal Audit's reported views of the TFM Help Desk prospects for

improvement and the information which members said had been reported to that Committee.

(3) RESOLVED that, subject to (2) above, approval be given to the Anti-Money Laundering Policy without amendment since it was last agreed in January 2015 and that the following be noted:-

- (a) progress and outcomes against the 2016/17 Audit Plan its proposed amendments;
- (b) progress and outcomes in relation to Counter Fraud activity;
- (c) achievements against the Internal Audit and Counter Fraud Key Performance Indicators;
- (d) Management's performance in implementing agreed actions from previous audits; and
- (e) the overall assurances provided in relation to the Council's control and risk environment as a result of Internal Audit and Counter Fraud work completed to date.

11. Review of the Committee's Terms of Reference
(Item 14)

(1) The Head of Internal Audit reported that the annual review of the Committee's Terms of Reference had resulted in no amendments being proposed.

(2) RESOLVED that approval be given to the continuation of the Committee's Terms of Reference as set out in the Appendix to the report.