

KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 18 May 2023.

PRESENT: Mrs R Binks (Chairman), Mr A Brady, Mr N J D Chard, Dr D Horne, Mr M A J Hood, Mr D Jeffrey, Mr H Rayner, Mr R J Thomas and Mr S Webb

ALSO PRESENT: Mr P Oakford

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mr M Scrivener (Corporate Risk Manager), Mr D Whittle (Director of Strategy, Policy, Relationships and Corporate Assurance), Mr Paul Dossett, Miss K Reynolds (Democratic Services Officer), Mrs S Hammond (Corporate Director Children, Young People and Education), Mr S Jones (Corporate Director of Growth, Environment and Transport), Ms C Maynard (Interim Strategic Commissioner), Ms C McInnes (Director of Education), Ms L Merchant (Senior Commissioner), Ms S Bubb (Audit Manager), Ms F Smith (Audit Manager), Mr N Buckland (Head of Pensions and Treasury), Mr M Smyth (Director of Environment and Waste) and Mr R Benjamin (Internal Audit Manager), Ms S Etherton (Counter Fraud Specialist), Ms L Taylor, Ms D Chisman and Ms E Lifanje

UNRESTRICTED ITEMS

108. Apologies and Substitutes

(Item 2)

Apologies for absence had been received from Mr Hook and Mr Webb. There were no substitutes present.

109. Declarations of Interest in items on the agenda for this meeting

(Item 3)

There were no declarations of interest.

110. Minutes of the Meetings held on 28 February and 16 March 2023

(Item 4)

RESOLVED that the minutes of the meeting held on 28 February 2023 and 16 March 2023 were correctly recorded and that they be signed by the Chairman.

111. Review of the Council's Current Standing Orders (Spending the Council's Money)

(Item 5)

1. The Interim Strategic Commissioner and the CIPS Accreditation Manager introduced the report which summarised the proposed revisions to the Council's Contract Standing Orders 'Spending the Council's Money' following a comprehensive review.
2. The Monitoring Officer highlighted that paragraph 4.3 of 'Spending the Council's Money' would be updated to read: "Confirmed breaches of SCM must be reported to the Monitoring Officer, who will report them to Internal Audit and the Governance and Audit Committee as the parties responsible for monitoring and oversight of the Council's compliance with SCM".
3. In response to questions and comments from Members it was said that:
 - a) An engagement plan had been devised with the Communications Team to make staff aware of the revised thresholds and the relevant procurement procedures required to be undertaken. It was said that Directors would also be involved in ensuring that those who are buying on behalf of the Council are aware of the expectations.
 - b) A new Continuous Improvement of Standards team would carry out periodic audits and checks across the Council to ensure compliance.
4. RESOLVED to:
 - a) Recommend the proposed amendments to section 13 of the Constitution to full Council for adoption – as attached as annex 1.
 - b) Approve the revisions to 'Spending the Council's Money' as attached as annex 2 and recommend that the revised version be presented to full Council for noting alongside the proposed amendments to the Constitution.
 - c) Delegate Authority to the Section 151 Officer to amend Spending the Council's Money in line with relevant legislative changes, with the Committee to be informed of any changes.

112. SEND Transport Review Management Response

(Item 6)

1. The Corporate Director Growth, Environment and Transport, Corporate Director Children Young People and Education and Director Education introduced the report which had been prepared in response to a request raised by Members at the Governance and Audit Committee meeting on 16 March 2023.
2. In response to questions and comments from Members it was said that:
 - a) There was an ongoing risk analysis of market capacity for home-to-school transport in preparation for the new academic year. It was said that, whilst there was a variable economic climate, the Council had been engaging with new entrants in the market.
 - b) The smaller scale, more targeted efficiency projects included school-led transport pilots and an ongoing review of the single-occupancy home-to-school transport offers. KCC was working collaboratively with schools to review the current contracts for the school-led transport pilots to ensure consistency before this project was expanded.
 - c) The General Counsel confirmed that an update on the Annual Governance Statement for 2022-23 would be provided to the Committee at the meeting on 4th July 2023.
 - d) There was development of a memorandum of understanding of the home-to-school transport budget management between the two directorates. This

aimed to resolve any potential gaps, including that in service delivery, created by a directorate-specific approach in this area.

- e) The SEN Enquiry Hub in April 2023 had officially been launched. It was a bespoke enquiry facility and not a first point of contact for families.

- 3. RESOLVED to note the SEND Transport Review Management Response for assurance.

113. Internal Audit Progress Report

(Item 7)

- 1. The Head of Internal Audit commenced by making a special mention to two colleagues who would be shortly leaving the Council, Sarah Bubb, Audit Manager and Shelley Etherton, Counter Fraud Specialist who had both had a tremendous impact for the Internal Audit and Counter Fraud service at the Council.
- 2. The Head of Internal Audit and the Internal Audit Manager introduced the report which detailed summaries of completed Audit reports for the period January to May 2023. It was said that the 'CS03-2023 – Purchase Cards' audit had been finalised since the publication of the report. Members were told that 'CR03-2023 – Preparedness for CQC Inspection (ASCH)' had been proactively sought by the Directorate for validation of their self-assessment results and that this was an example of the Internal Audit service adding value as the Council seeks to meet its objectives.
- 3. Several high-risk areas for development were highlighted to Members, including those in the limited audit opinions, Individual Contracts in the ASCH Directorate, Budget Savings and the Councils Net Zero Action Plan audits.
- 4. In response to questions and comments from Members it was said that:
 - a) Regarding 'CR03-2023 – Adult Social Care Reform – Preparation for the CQC Inspection', the Corporate Director for Adult Social Care said that the Strategic Reset Programme Board would be used as the governance structure for providing the Corporate Management Team and Members with regular updates on the CQC inspection. It was said that additional resources had been allocated towards the development and monitoring of the management action plan to resolve the identified gaps.
 - b) The ongoing review into the restructure of the commissioning function aimed to identify and allocate the necessary resources for formal contract monitoring. In response to the 'RB03-2023 – Individual Contracts with Care Providers' audit, the Interim Strategic Commissioner was working with Legal colleagues on the rewording of individual contracts to ensure that clearer timescales are provided to care providers for agreeing to the terms and conditions.
 - c) The Director of Environment and Waste said that the national and local context had changed significantly since Laser Energy had carried out carbon modelling and cost forecasting in 2020. Considering this, there was an ongoing review into the requirements and estimated costs for achieving Net Zero targets, including the financial implications of carbon offsetting. An update on the formal governance arrangements, the risk register and the revised, costed actions would be brought back to the Governance and Audit Committee at a later meeting date for assurance purposes.
 - d) While referencing to the Limited Assurance on Budget Savings which Internal Audit reported on, members reflected on a previous External Audit report and

raised concerns regarding the £4m invoice to an NHS CCG without any supporting evidence. As this was currently under investigation, it was agreed that an update could not be provided to the Committee at the time of this meeting. However, the Corporate Director Finance assured Members that there had been a closer collaboration between Adult Social Care and the Integrated Care Board over the last 18 months to mitigate the risks identified in the External Audit report, such as integrated commissioning and pooled budgets.

- e) A Member briefing on Section 256 agreements would be arranged as part of the Governance and Audit Committee's training programme.
5. RESOLVED to note the Internal Audit Progress Report for the period January to May 2023.

114. Counter Fraud Progress Report

(Item 8)

1. The Counter Fraud Specialist introduced the report which detailed the Counter Fraud activity undertaken for the period April 2022 to March 2023, including fraud and irregularities. It was said that the Counter Fraud work remained at a manageable level given the current resources. The Counter Fraud Specialist highlighted the following risk areas: cyber enabled crime in schools; direct payments; and blue badges. It was highlighted that cyber enabled crime in Kent schools, which had escalated from spear phishing to hacks of school staff email accounts, remained a financial and data protection risk to the organisation.
2. In response to questions and comments from Members it was said that:
 - a) There would be a future report to the Committee on the actions arising from the National Fraud Initiative.
 - b) The misuse of deceased Blue Badges primarily occurred when cancelled Blue Badges were not returned to the Council.
 - c) The mandate fraud that occurred in ASC where a £222,000 loss occurred was fully recovered.
3. RESOLVED to:
 - a) Note the Counter Fraud Update report for 2022/23.
 - b) Note the progress of the Counter Fraud Action Plan for 2022/23.
 - c) To review, comment on and approve the Counter Fraud Action Plan for 2023/24.

115. Corporate Risk Register

(Item 9)

1. The Corporate Risk & Assurance Manager introduced the Corporate Risk Register which was received by the Governance and Audit Committee twice each year for assurance purposes. It was said that the reporting schedule for 2023 had been adjusted to ensure that the report included the issues arising from March 2023 Cabinet Committee engagement with the directorate risks and the headline risk areas from divisional registers. It was highlighted that the two most common themes of comments raised at Cabinet Committees were cyber security and workforce issues, including recruitment and retention.
2. In response to questions and comments from Members it was said that:

- a) The scope and timescales for risk CRR0045 (Maintaining effective governance and decision making in a challenging financial and operating environment for local government) was under review.
 - b) The Committee expressed interest in a more in-depth review of CRR0052 (Impacts of Climate Change on KCC Services) and its impact on highways for assurance purposes.
3. RESOLVED to note the report for assurance.

116. External Audit Progress Report (Item 10)

1. Mr Paul Dossett from Grant Thornton UK LLP introduced the report which provided an update on the current progress of external audit work and a summary of emerging national issues and developments. It was highlighted that a deep dive review of aspects of KCC's governance arrangements was being carried out and the findings would be reported to the Governance and Audit Committee in due course.
2. In response to concerns raised by Members, the Chair agreed to review the reporting arrangements for the deep dive with the external auditors.
3. RESOLVED to note the report for assurance.

117. External Audit 2022/23 Pension Fund Audit Plan (Item 11)

1. Mr Paul Dossett introduced the report which provided an overview of the planned scope and timing of the statutory audit of the Kent Pension Fund. It was highlighted that Grant Thornton's approach to materiality had changed since the prior year's report.
2. RESOLVED to note the report for assurance.

118. Kent Pension Fund 2022-23 Planning Inquiries with Management Responses (Item 12)

RESOLVED to consider that the management responses were consistent with the Governance and Audit Committee's understanding. There were not any further comments that the Committee wished to make.

119. Other items which the Chairman decides are urgent (Item 13)

1. Further to advice received from the Corporate Director Finance, the Chair announced that under the Accounts and Audit Regulations (2015), a notice would be published on the Council's website to advise the public on the reasons for the delay in publishing the unaudited 2022/23 accounts and related documents. The intention was to publish the draft accounts on the 1st July 2023 rather than 1st June 2023.

2. The Chair advised Members that, given its importance for the authority, it had been considered appropriate that the Committee receive a report on the SEND Improvement Notice issued by the Department for Education at a suitable time and in a way in which the Committee could add value and seek the appropriate assurances.
3. The Chair provided a brief verbal update from the Chair of the SEND Sub-Committee following its inaugural meeting. It was said that further updates would be provided to the Committee following the SEND Sub-Committee meeting to be held on the 25th of July 2023.

120. Internal Audit Progress Report - Exempt

(Item 14)

1. The Internal Audit Manager introduced the progress report for CR04-2023 – Enterprise Business Capabilities (Oracle). It was said that the Internal Audit team were working closely with the Corporate Risk Management Team on developments in this area.
2. RESOLVED to note the Internal Audit Progress Report for the period January to May 2023.

121. Counter Fraud Investigation Verbal Update

(Item 15)

1. The Counter Fraud Officer provided a verbal update on an ongoing Counter Fraud investigation relating to a historic loan agreement. The outcome of the investigation would be reported to the Governance and Audit Committee at a future meeting.
2. RESOLVED to note the verbal update.