



Direct Dial/Ext:  
e-mail: Ruth.emberley2@kent.gov.uk  
Ask for: Ruth Emberley  
Date: 18 September 2025

Dear Member

**GOVERNANCE AND AUDIT COMMITTEE - WEDNESDAY, 24 SEPTEMBER 2025**

I am now able to enclose for consideration at next Wednesday 24 September 2025, meeting of the Governance and Audit Committee, the following reports that were unavailable when the agenda was printed.

**Agenda Item No**

**12 Internal Audit Progress Report (Pages 1 - 44)**

**13 Internal Audit Annual Report (Pages 45 - 94)**

Yours sincerely

Benjamin Watts  
General Counsel

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By: Russell Smith – Interim Head of Internal Audit  
To: Governance and Audit Committee – 24 September 2025  
Subject: **INTERNAL AUDIT PROGRESS REPORT**  
Classification: Unrestricted

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**Summary:**

This Progress Report details summaries of completed Audit reports for the period July – September 2025.

**Recommendation:**

**The Governance and Audit Committee note the Internal Audit Progress Report for the period July to September 2025.**

**FOR ASSURANCE**

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**1. Introduction**

- 1.1 Global Internal Internal Audit Standards (GIAS) require that periodic reports on the work of Internal Audit should be prepared and submitted to those charged with governance.
- 1.2 This Progress Report provides the Governance and Audit Committee with an accumulative summary view of the work undertaken by Internal Audit for the period July to September 2025 together with the resulting conclusions, where appropriate.

**2. Recommendation**

- 2.1 Members are requested to note the Internal Audit Progress Report for the period July to September 2025.

**3. Background Documents**

Internal Audit Progress Report.

**Russell Smith, Interim Head of Internal Audit**

E: [russell.smith@kent.gov.uk](mailto:russell.smith@kent.gov.uk)

T: 03000 416707

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# **INTERNAL AUDIT PROGRESS REPORT GOVERNANCE AND AUDIT COMMITTEE September 2025**

# 1. Introduction

The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council’s ability to achieve its objectives.

Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.

This activity report provides Members of the Governance and Audit Committee and Management with 15 summaries of completed/updated and ongoing work between July 2025 and September 2025.

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## 2. Key Messages

- 15 audits (thirteen 2024-25 Audits and two 2025-26 audits) have been finalised in the period reported. **Appendix A**
- Audits from the 2024-25 rolling Audit Plan contributing towards the annual opinion have now been concluded.
- 15 audits from the 2025-26 rolling Audit Plan are in progress. **Appendix B**

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### 3. Resources

In accordance with the Global Internal Audit Standards, Members need to be appraised of relevant matters relating to the resourcing of the Internal Audit function. The key updates are as follows:

- There are two vacancies within the Internal Audit Team.
  1. The Head of Internal Audit and Counter Fraud Service left the service at the beginning of September 2025 – interim arrangements have been put into place; an interim Head of Internal Audit and an Interim Head of Counter Fraud have been internally resourced until a recruitment exercise is undertaken to fill the post permanently.
  2. There is currently one Auditor vacancy within the team – a recruitment exercise will be undertaken in due course.
- Audit Management software development and enhancements to Internal Audit processes are ongoing.
- There is adequate technology available to support the completion of the Rolling Internal Audit Plan including data analytics tools such as PowerBi and exploration of continuous auditing.

## 4. 2024-25 Internal Audit Plan

This report also provides an update on the work completed between July 2025 and September 2025. The audit summaries are provided at [Appendix A](#). A summary is provided on current progress against the 2024-25 Audit Plan.

Table 1- Rolling Audit Plan Status

Status	Number of Audits	%
Not yet started	0	0%
In Progress	5	12%
Ongoing	4	9%
Complete	34	79%
Total	43	

\* RB18-2024 - Loans to Schools and ICT04-2024 – Movers, Joiners and Leavers opinions are not included in 2024-25 assurance opinions as this was included in the Annual 2023-24 Audit Opinion.



Table 2 – Summary of Audits by Committee Meeting - 2024-25 Rolling Internal Audit Plan

	Governance & Audit Committee – September 2025		
No	Audit	Opinion	Prospects for Improvement
32	CR04-2025 – Review of SEND Assurances	HIGH	N/A
33	RB01-2025 – ASCH Saving Delivery Plans	INTERIM REPORT	N/A
34	RB03-2025 – Equality, Diversity & Inclusion including Equalities Act Follow-up	SUBSTANTIAL	GOOD
35	RB22-2025 – Contract Variations / Waiver Process and Approvals	ADEQUATE	GOOD
36	RB23-2025 – Budget Savings including Follow-up	ADVISORY	N/A
37	RB25-2025 - Contract Extensions Follow-up	FOLLOW-UP	N/A
38	RB27-2025 – Modern Slavery	ADVISORY	N/A
39	RB28-2025 – Use of Consultants ( <i>Draft</i> )	LIMITED	GOOD
40	RB29-2025 – Contract Novation (merged with RB22-2025)	LIMITED	GOOD
41	RB30-2025 – Risk Management	HIGH	VERY GOOD
42	RB36-2025 – Disciplinarys ( <i>Draft</i> )	SUBSTANTIAL	VERY GOOD
43	RB39-2025 - Payroll ( <i>Draft</i> )	HIGH	GOOD
44	RB55-2025 – Oracle Cloud Program – Business Readiness	ADVISORY	N/A
45	RB54-2025 - Commercial & Procurement Oversight Board (CPOB)	ADVISORY	N/A

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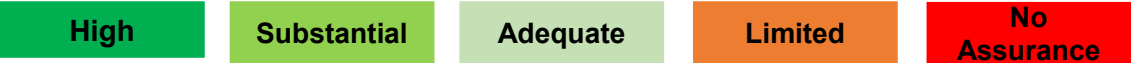
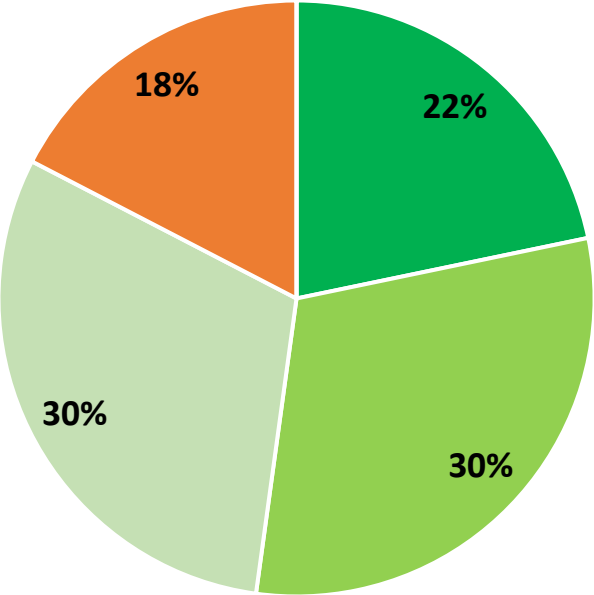
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# 2024-25 Audit Assurance Levels and Prospects for Improvement of Audits

Assurance Levels 2024-25



Assurance Level	No	%
High	5	22%
Substantial	7	30%
Adequate	7	30%
Limited	4	18%
No	0	0%

Prospects for Improvement	No	%
Very Good	5	24%
Good	15	71%
Adequate	1	5%
Uncertain	0	0%

\* RB18-2024 - Loans to Schools and ICT04-2024 – Movers, Joiners and Leavers opinions are not included in 2024-25 assurance opinions as this was included in the Annual 2023-24 Audit Opinion.

\*\* Other audit coverage, such as advisory and embedded assurance, will be incorporated into the Annual Opinion where appropriate.

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## 5. 2025-26 Internal Audit Plan

This report also provides an update on the work completed between July and September 2025. The audit summaries are provided at [Appendix C](#). A summary is provided on current progress against the 2025-26 Audit Plan.

Table 1- Rolling Audit Plan Status

Status	Number of Audits	%
Not yet started	27	58%
In Progress	17	38%
Complete	2	4%
On Hold	0	0%
Total	46	100%

Table 3 – Summary of Audits by Committee Meeting - 2025-26 Rolling Internal Audit Plan

	Governance & Audit Committee – September 2025		
No	Audit	Opinion	Prospects for Improvement
1	RB06-2026 – Oracle Cloud Programme – Programme Management – Follow-up	FOLLOW-UP	N/A
2	RB39-2026 – Helping Hands Follow-up	FOLLOW-UP	N/A

## 6. Under the Spotlight!



With each Progress report, Internal Audit turns the spotlight on the audit reviews, providing the Governance and Audit Committee with a summary of the objectives of the review, the key findings, conclusions and recommendations; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so.

In this period, the following report summaries are provided at **Appendix A** for the Committee’s information and discussion.

Audit Definitions are provided at **Appendix D**

(A) Adult Social Care and Health	(B) Children, Young People and Education
A1. RB01-2025 – Securing Kent’s Future Delivery Plans	B1. CR04-2025 – Review of SEND Assurances
(C) Growth, Environment and Transport Cross Directorate	(D) Chief Executive
	D1. RB22-2025 – Contract variations/ Waiver Process and Approvals (RB29-2025 – Contract Novation Merged) D2. RB23-2025 - Budget Savings including Follow-up ( <i>DRAFT</i> ) D3. RB25-2025 - Contract Extensions Follow-up D4. RB30-2025 – Risk Management D5. RB54-2025 – Commercial & Procurement Oversight Board (CPOB)
(E) Deputy Chief Executive	(F) Cross Directorate
E1. RB36-2025 – Disciplinarys E2. RB39-2025 – Payroll ( <i>DRAFT</i> )	F1. RB03-2025 – Equality, Diversity & Inclusion including Equalities Act Follow-up F2. RB27-2025 – Modern Slavery F3. RB28-2025 – Use of Consultants ( <i>DRAFT</i> ) F4. RB55-2025 – Oracle Cloud Programme – Business Readiness <b>F5. RB39-2026 – Helping Hand Support Scheme – Follow-up</b> <b>F6. RB06-2026 – Oracle Cloud Programme – Programme Management – Follow-up</b>

A1. RB01-2025 – ASCH Saving Delivery Plans

Audit Opinion	INTERIM REPORT
Prospects for Improvement	N/A

Introduction

Securing Kent’s Future (SKF) is the Council’s budget recovery strategy to ensure financial sustainability. The Adult Social Care and Health (ASCH) Directorate is central to SKF's success as it is responsible for delivering 72% of the £157.6m savings target. Given the scale of ASCH savings, it was agreed that Internal Audit would undertake a review of ASCH savings delivery plans as part of the 2024/25 Internal Audit Plan.

The aim of the audit is to provide assurance that lessons learnt from 2024/25 ASCH delivery plans have been identified and fed into the ASCH 2025/26 plans, and that the ASCH governance arrangements put into place are adequate to enable effective monitoring and reporting.

This interim letter provides an update on the progress of the audit and to share initial findings from the lessons learnt scope area where fieldwork has been completed. A further update will follow as Internal Audit concludes testing on the remaining areas as part of the 2025/26 Rolling Internal Audit Plan: Governance and Assurance arrangements; and High-Risk Savings with key interdependencies.

Background

In Autumn 2023, Cabinet approved the development of *Securing Kent’s Future* (SKF), a multi-year budget recovery strategy to support strategic planning from 2024/25 onwards. Its aim is to ensure financial sustainability and maintain essential services within the limits of available funding.

Eight delivery plans were developed, targeting £157.6m in savings between 2024 and 2027. The Adult Social Care and Health Directorate is responsible for 72% of this total, with £55m expected in 2024/25. However, monitoring of savings plan in quarter 2 of 2024/25 highlighted significant under-delivery of ASCH savings prompting a request for an urgent recovery plan. Of the £55m target, only £22.2m was going to be delivered, with £32.8m unmet. £18.9m of this shortfall has been rolled forward into 2025/26 saving delivery plans, where ASCH is now expected to deliver £47.2m in savings.

An Audit Memorandum was issued which highlighted initial observations identified by Internal Audit. Significant progress has been made with regards to these initial recommendations.

A further audit was included within the 2024/25 Audit Plan to establish if work has been undertaken to address known weaknesses.

Observations From Lessons Learnt Scope Area

Internal Audit held discussions with key members of staff and also examined supporting documentation to establish if lessons have been learnt from the under-delivery of 2024/25 savings to improve future savings delivery. Internal Audit’s initial findings are set out below:

Accountability and Response

Following the significant under-delivery of savings reported in September 2024, the Section 151 Officer acted swiftly to hold the ASCH Directorate accountable. The Directorate was required to produce an urgent report which included assurance measures and a clear action plan to improve future savings delivery. Expert advice was sought from PriceWaterhouseCoopers (PwC) who were commissioned to support ASCH in reviewing its savings portfolio and to strengthen delivery plans for 2025/26. A detailed report was produced in January 2025 with forward-looking recommendations.

# A1. RB01-2025 – Securing Kent’s Future Delivery Plans

## Root Cause Analysis

Appropriate steps were taken to identify the root causes for under delivery of savings. A review and reset workshop took place in May 2025 with PWC to identify barriers to delivery of existing saving initiatives and develop measurable actions to reset the savings programme. The commissioning team continues to investigate root causes and develop remedial actions to address non-delivery concerns. Although root causes for under delivery of savings have been identified, no formal action log is maintained to track progress or provide assurance of timely implementation.

## Revised Delivery Plan

A revised savings delivery plan for 2025/26 has been developed including changes to some savings targets, as well as changes to governance and reporting structure. The commissioning team developed low/high case savings scenarios to support planning and improve confidence in future delivery outcomes. More time is being taken to assess and estimate new savings initiatives accurately and ensuring they are robust, avoiding the over-optimism that contributed to previous under-delivery. This is a critical step that could be affected by time pressure to produce a balanced budget.

## Member Engagement

The ASCH Cabinet Committee and Scrutiny Committee continue to receive regular updates on savings delivery. Members are actively engaged with financial performance and progress, an interactive dashboard is in use that sits behind budget papers that provides information to Members on financial risks, impacts and sensitives.

## Recommendations

Management should ensure:

- ✓ Estimates relating to new savings initiatives are realistic and robust to avoid over-optimism.

## Conclusion

Internal Audit recognises that significant work has been undertaken identify root causes, but implementation of remedial actions needs to be monitored to ensure that lessons have been learnt.

A further update will follow as Internal Audit concludes testing on the remaining areas as part of the 2025/26 Rolling Internal Audit Plan.

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Audit Opinion	HIGH
Prospects for Improvement	N/A

Introduction

As part of the 2024/25 Internal Audit Plan, it was agreed that Internal Audit would undertake a review of governance arrangements for the Special Educational Needs and Disabilities (SEND) service.

The purpose of this audit was to provide assurance that the governance framework is adequately designed and effectively implemented to ensure compliance with statutory SEND legislation, promote transparency, and support the delivery of high-quality services that meet the needs of children and young people with SEND and their families.

The SEND service is responsible for coordinating and delivering support for children and young people aged 0-25 with special educational needs and/or disabilities. Its core functions include assessing needs, issuing and reviewing Education, Health and Care Plans (EHCPs), ensuring access to appropriate educational placements and services and working collaboratively with schools, health and social care partners and families. The department also oversees the Local Offer, promotes inclusive education and ensures compliance with statutory duties under the Children and Families Act 2014 and the SEND Code of Practice.

Following a joint area SEND inspection by Ofsted and the Care Quality Commission (CQC) in January 2019, Kent County Council (KCC) was issued a Written Statement of Action due to nine significant areas of weakness in local SEND provision. A revisit in September 2022 found that insufficient progress had been made. In March 2023, the Department for Education issued an Improvement Notice, requiring KCC to develop an Accelerated Improvement Plan, which was published in August 2023. The plan was overseen by the DfE and NHS England. A monitoring visit in November 2023 acknowledged strong governance and strategic oversight, alongside a clear commitment to sustainable improvement, though significant progress was still needed. By April 2024, a further monitoring visit confirmed improvements across all nine areas. In August 2024, the Children and Families Minister lifted the Improvement Notice, recognising the local area’s hard work and highlighting governance arrangements as a continued strength.

Key Strengths

Compliance with Statutory Duties:

- There is a comprehensive framework for monitoring SEND statutory timescales, supported by both internal systems and external reporting mechanisms. Where delays are identified there is a multi-layered approach to addressing them.
- Regular performance scrutiny at Committee meetings reflects a commitment to service accountability and quality.
- Regular analysis of complaints received and Tribunal’s lodged is carried out and escalated through governance structures, when recurring issues are identified, the service takes corrective action through staff training and process reviews, demonstrating a commitment to improvement and accountability. The Services’ approach reflects a responsive system for learning from feedback and legal challenge.

Data Monitoring:

- There is a proactive approach to strengthen the reliability of data in the Synergy case management system. The Synergy Review project was established, which has since been taken forward by the Continuous Improvement Team, whose work includes workflow simplification, automation of communications and enhanced data handling. These improvements will support with statutory compliance, performance monitoring and effective service delivery.
- The service has a Data Quality Policy in place which is complimented by Practice Guidance on Recording and Reporting on Synergy. Together they set out clear expectations for data governance, system usage and staff responsibilities.

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Key Strengths Continued

Co-production:

- A robust and evolving framework for engaging with parents and carers of children and young people with SEND is in place, ranging from digital platforms to in-person events. Underpinning this is the SEND Co-Production Charter. Together these form a comprehensive, integrated approach to engagement that is data informed, user-led and continuously improving.
- The service demonstrates transparency and accountability through its “you said, we did” updates featured in the termly SEND newsletter and on the dedicated “Working together with parents” webpage on KCC’s internet site. These updates show how feedback has influenced service redesign and operational changes.

Stakeholder engagement:

- The SEND Partnership Board drives forward the strategic vision for SEND services across the county. It plays a central role in providing oversight and accountability, ensuring that delivery is coordinated and responsive, including those aligned to the Safety Valve Programme.
- The recently published Kent SEND Strategy 2025-2028, and the Lived Experience Engagement and Employment Framework are both current, actively implemented, and aligned with national expectations for inclusive, co-produced service delivery and reflect a strong commitment to multi-agency collaboration, accountability and ongoing improvement.
- Stakeholder engagement supports the Council’s approach to commissioning and delivering SEND services and is reflected in both the Kent SEND Strategy and the Lived Experience Engagement and Employment Framework.

Staff training:

- The Workshop Wednesday training programme demonstrates a robust, data informed approach to professional development. The training aligns with audit findings and service needs and supports a culture of learning and accountability.

Continuous improvement:

- The Quality Assurance framework and audit review process ensure consistent practice across the SEND service by combining structured auditing, standardised tools, data driven feedback, and an environment of reflective practice.
- The service has made significant strides in embedding lessons learned from previous Ofsted and CQC inspections into its ongoing service improvement efforts and improvements are being realised. The services’ focus on quality, co-production and system wide collaboration demonstrates a drive to move forward.

Areas for Development

- None identified

Summary of Management Actions

	No. of Issues Raised	Mgt Actions Implemented	Mgt Actions Outstanding
High Risk	0	0	0
Medium Risk	0	0	0
Low Risk	0	0	0

Audit Opinion – Contract Novation	LIMITED
Audit Opinion – Contract Variation, Waiver Process & Approval	ADEQUATE
Prospects for Improvement	GOOD

Introduction

As part of the 2024/25 Internal Audit Plan, it was agreed that Internal Audit would review the effectiveness of contract variations, the waiver process & waiver approvals and contract novation.

This audit was split into four different scope areas including:

- Page 16
- Policies and procedures
  - Training on contract variation
  - The waiver process and contract novation
  - Monitoring and oversight.

*Contract variations* may be made to existing contracts in regard to terms such as value, duration and/or scope. To modify a contract the appropriate officer must engage with the Commercial and Procurement Division (CPD) and obtain agreement for the contract variation in line with the scheme of delegation requirements set out in the Spending the Councils Money (SCM) document including a Change Control Notice setting out the proposed modification.

*Contract Novation* can occur when a contractor sells, merges or transfers their business to another organisation and the existing contract held with Kent County Council (KCC) can be novated to the new supplier if this is acceptable to the Council. This follows a similar process where a Change Control Notice must also be completed via engagement with CPD in line with the scheme of delegation and SCM as well as use of the Novation Deed template.

A *contract waiver* must be requested for any proposed contractual action that does not meet the requirements of the SCM, this can occur when the application of SCM procedures may prevent the delivery or continuity of a service. Waivers are held within a dashboard that outline all requests, approvals and rejections as well as key information for each request.

Discussion should be held with CPD prior to the waiver request being made, this is to help ensure that the waiver does not contravene the Procurement Act 2023, Public Contract Regulations 2015 (PCR) or other relevant legislation. Waiver requests are made using the proforma available on Knet with the supplied guidance including outlining of risks and the justification. Waivers with a value of over £1m will also require approval from Kent County Councils Section 151 Officer and/or the Monitoring Officer.

*Waivers* may also be requested retrospectively, this occurs when the breach of requirements set out in the SCM are not followed and has occurred prior to the waiver request. These are reported as non-compliance with SCM and are reported to both the Governance and Audit Committee and the Monitoring Officer.

Key Strengths  
Policies Procedures and Training

- ✓ There is sufficient guidance on waiver requests, contract variations and contract novation set out in Spending the Councils Money (SCM), Knet and the Proforma developed by Commercial and Procurement Division (CPD) in line with the Procurement Act 2023.
- ✓ Training has been provided to CPD on the Procurement Act 2023 as well as training and communication on important aspects of contract governance including variations and the waiver process.

Contract Variation and Novation

- ✓ From a sample of 5 contract variations with a total value of £38m , all amendments were made in line with procedural requirements including a completed Change Control Notice and signed approval in line with the scheme of delegation. It is noted that the sample did not confirm contract modifications including up-lifts outside of the standard rate.
- ✓ The sample of 5 Change Control Notices all included the regulation/clause in which each contract allows variations to be made.
- ✓ There was consistent evidence of legal consultation for the more complex contract variations.
- ✓ One contract novation was completed in line with procedural guidance including a completed Change Control Notice, Novation Deed and signed approval in line with the scheme of delegation.

D1. RB22-2025 – Contract Variations/ Waiver Process and Approvals (RB29-2025 – Contract Novation Merged)

Key Strengths Continued

Waiver Process and Approval

- ✓ From a sample of 10 waiver requests with a value of £2.9m all waiver forms had been completed including the rationale for the waiver and associated risks.
- ✓ 100% of the sample has been approved in line with the waiver rules including contracts over £1m which had been approved by the Section 151 Officer.

Monitoring and Oversight

- ✓ There is a central record of all waiver requests including retrospective waivers.
- ✓ The level and value of waiver requests including non-compliance is reported to Corporate Management Team (CMT) and the Corporate Board for discussion, retrospective waivers are reported as non-compliance.
- ✓ The waiver request dashboard is currently undergoing further review to make the document more robust in including supporting information within the tool.

Areas for Development

Issue 1 – Urgent Waiver Process and Retrospective Waivers -

High

- 44% of a sample of 59 waiver requests were submitted as an urgent request and did not allow for suitable time to undertake the procurement process if needed. Although officers are required to discuss the waiver requests with CPD prior to the request so there is an awareness of the urgency.
- As retrospective waivers are reported as non-compliance they are not approved by CPD, it would be beneficial for reporting to include sign off from CPD management that the rationale for the retrospective waiver has been reviewed, further to this it may highlight trends and areas for training leading to a reduction in retrospective waivers.

Issue 2 – Contract Variation and Novation Monitoring and Reporting -

High

- There is currently no monitoring or reporting on contracts that have had variations made or have been through the novation process.
- No specific training has been provided on contract novation.

Issue 3 - Waiver Request Form – Conflict of Interests -

Medium

- The waiver form does not confirm any conflict of interest, although this is set out in the initial procurement it would be beneficial to clarify during the waiver process.

Prospects for Improvement

Prospects for improvement is rated as **Good** based on the following factors:

Adequacy of Action Plans	Implementation Record	External Factors
Very Good	Good	Good

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	2	2	0
Medium Risk	1	1	0
Low Risk	0	0	0

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D2. RB23-2025 - Budget Savings including Follow-up (Draft)

Audit Opinion	ADVISORY
Prospects for Improvement	N/A

Introduction

KCC has a statutory duty under the Local Government Finance Act 1992 to set a balanced budget. With government funding reducing in real terms and increasing demand for Council services, budget savings are a necessary means of bridging the funding gap. To help balance the budget, the Council sets a savings target for every year (£88.9m in 2025/26).

Background

Internal Audit undertook a review of Budget Savings during the financial year 2022/23. This audit, which was reported in April 2023, identified two high risk issues, and was allocated ‘Limited assurance’. The two issues relate to: the declining delivery rate of agreed savings plan; and inadequate scrutiny and challenge savings proposals that are selected from the outset because a lot depends on them being delivered.

Follow-up work carried out by Internal Audit in January 2024 found that progress has been made to address these issues, but the agreed management actions had not been implemented in full. As part of the 2024/25 Audit Plan, it was agreed that Internal Audit would undertake further follow-up work to provide assurance that agreed the management actions have been fully implemented.

This review did not include savings proposals in Adult Social Care and Health (ASCH) on the basis that there is a separate review of ASCH savings delivery plans.

This letter provides an update on the progress on the agreed management actions, in relation to the process for identifying and evaluating the robustness of savings proposals that are chosen to help prevent or minimise delivery risks from the outset.

Findings and Observations

Internal Audit held discussions with key members of staff and also examined supporting documentation to establish if the agreed management actions have been implemented. Internal Audit’s initial findings are set out below:

Budget Setting Timetable

Management previously agreed to begin the service budget planning process early each year to allow sufficient time for scrutiny, challenge, and refinement of savings proposals. The first draft of the Council’s financial position is typically completed by July annually. However, due to delays (including those linked to the May 2025 election and appointment of a new administration) the first draft budget was not presented to the Strategic Reset Programme (SRP) Board until August 2025. The delay in this process due to the reasons set out above was found to be reasonable.

At the time of this letter, the draft budget position shows a significant gap of £62.4 million, including £41 million in proposed savings. Officers are currently finalising a revised timetable from September 2026 to March 2027, but a compressed timetable and the scale of the financial challenge may hinder the Council’s ability to develop well-considered and realistic savings plans. There is a risk that savings proposals may be rushed or overly optimistic, reducing their deliverability.

Savings Proposals

Management has introduced a more structured and consistent approach to capturing savings proposals, as agreed. A Microsoft Power Apps platform is now used to create digital templates that officers complete to outline their budget plans for the year ahead. Separate templates exist for spending and savings proposals, helping to standardise the process, improve data accuracy, and ensure consistency across services. This system has strengthened the Council’s budget planning by providing a uniform format for submitting savings proposals, making it easier to compare, review, and challenge savings ideas across the Council.

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Findings and Observations Continued

Management should consider developing a process that involves scoring each savings proposal against a set of predefined criteria. This would enable a structured and transparent comparison of options and support decision-making by identifying proposals with the highest strategic value. The total scores for each proposal could be included in reports to Senior Management/Members (e.g. Corporate Board) during the savings planning process. This would support informed decision-making and help ensure that the most strategically valuable and feasible savings options are selected.

Reassessing Statutory Requirements to Support Savings Planning

In July 2025, officers advised the Policy and Resource Committee that savings planning will require an open approach towards considering the scope of “statutory services” and reconsideration of minimum statutory requirements. To help ensure that services fully consider the scope and legal minimum requirements of statutory services when developing savings proposals, the savings templates can be designed to prompt and enforce critical thinking. Lead officers completing the templates could be required to justify the statutory status of the proposal, this should be supported by references to relevant legislation or statutory guidance. In particular, the savings template could include mandatory fields that require officers to confirm:

- If the service or activity is statutory, discretionary, or a mix of both.
- If the legal minimum level of service been assessed,
- If yes, describe what the legal minimum looks like and how the proposal moves towards it.
- If legal advice been sought to confirm the statutory implications of this proposal.

Embedding these fields into the savings templates will help to ensure that all options are fairly explored and that proposals are based on a clear understanding of statutory obligations.

Quality of Information

In the last review, it was recommended that Directorates should improve the quality of the information provided in the templates and Finance should provide robust feedback if the quality is lacking. Sample testing of 10 new savings proposals found that the quality of the information provided in the savings templates is improving. The savings template has a review function that should be used by Directors or Finance Business Partners to check the quality of information provided. However, we found that 4 out of the 10 savings templates in our sample were not approved by the Director or Finance Business Partner.

Deliverability Risk Assessment

Our initial audit in 2022/23 found that deliverability risks were not being identified and assessed from the outset to inform the decision-making process. Services are now identifying risks associated with the savings proposals from the outset. However, there is currently no assessment of how confident officers are that those savings can be delivered within the required timeframe. Each proposal will naturally carry a different level of uncertainty(risk) from the outset, and without a clear rating of deliverability risk (high, medium, or low), Senior Management and/or Members may lack visibility into which proposals are more feasible, and which may carry greater deliverability risk from the outset.

Recommendations

Management should:

- ✓ Focus on early review and challenge of savings proposals to help ensure they’re realistic and deliverable.
- ✓ Consider a scoring system for savings proposals to support clearer comparisons during savings planning.
- ✓ Add mandatory fields in savings templates to confirm statutory status and assessment of minimum legal requirements for each proposal.
- ✓ Ensure Finance Business Partners and Directors consistently review and approve savings templates to maintain quality and accountability of submissions
- ✓ Add a clear deliverability rating to each proposal to help highlight which savings are more feasible from the outset.

Conclusion

Internal Audit recognises that good progress has been made in standardising savings proposals and improving the quality of supporting information. However, delays in the 2026/27 budget planning and the scale of savings still to be developed within a short timeframe could impact the Council’s ability to produce realistic, deliverable plans. Strengthening the assessment, oversight, and statutory analysis of savings ideas will support a more robust and realistic savings plan.

D3. RB25-2025 – Contract Extensions Follow-up

Audit Opinion	FOLLOW-UP
Prospects for Improvement	N/A

Introduction

As part of the 2023-24 Audit Plan, Internal Audit undertook a review of Contract Extensions. This audit, which was reported in August 2023, identified 6 risk issues, and was allocated ‘Limited assurance’. The 6 issues for action were:

Issue	Summary of Original Issue
Issue 1 – Contract Extension Approval	The Council’s Scheme of Delegation Matrix describes the procurement and invoice approval process for members, officers and Strategic Commissioning and shows approvals of contract variations including contract extensions. Testing found 20% had not been approved in accordance with the Matrix.
Issue 2 – Risk Assessments	Contract extension risk assessment templates are not always completed, and contracts risks are not always identified, documented and reviewed prior to the approval of contract extensions.
Issue 3 – Contract Register	Contract information on the contracts register was not always kept up-to-date and key information was not documented.
Issue 4 – Contract Extensions	<p>The Contract Extension Change Control Notice “CCN” template includes requirements to record the reason and justification for the extension and assess how an extension represents value for money, there is no requirement to undertake and document market analysis testing.</p> <p>The CCN template was not always completed to approve a contract extension and the reason and justification for extending the contract was not always documented.</p>
Issue 5 – Contract Management Training	Internal Audit was advised that a contract management training session was delivered in May 2022. Recordings of this were available for staff to access at any time. However, there is no monitoring and reporting of which staff have or have not completed the Contract management training.

Issue 6 – Contract Extension Planning	Sample testing of contract extensions found that the contract review and decision dates to extend the original contracts were between 2 and 6 months in advance of the contracts’ end date. However, the contract review and decision dates to consider and extend these contracts do not allow sufficient time to enable a full re-procurement to be undertaken if it is required.
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The aim of this follow-up review was to provide assurance that adequate progress has been made against issues raised in the original audit review.

Key Findings from Follow-up

The follow-up work has identified that of the 5/6 previous issues have been implemented

Summary of Progress Made

	Original Issues Raised	Implemented	Issues Outstanding	Risk Accepted
High Risk	3	2	1	0
Medium Risk	3	3	0	0
Low Risk	0	0	0	0

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### D3. RB25-2025 – Contract Extensions Follow-up

Issue Status		
Issue	Risk Rating	Status
Issue 1 – Contract Extension Approval	High	Implemented
Issue 2 – Risk Assessments	High	Implemented
Issue 3 – Contract Register	High	Outstanding
Issue 4 – Contract Extensions	Medium	Implemented
Issue 5 – Contract Management Training	Medium	Implemented
Issue 6 – Contract Extension Planning	Medium	Implemented

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Audit Opinion	HIGH
Prospects for Improvement	VERY GOOD

Introduction

As part of the 2024/25 Internal Audit Plan, Internal Audit conducted a review of the Council’s risk management framework. The objective was to assess whether risk management practices are operating effectively, with a focus on escalation and de-escalation processes, governance oversight, and alignment with the Council’s Risk Management Policy and Strategy (2025–2028).

The audit examined the design and operation of controls across corporate, directorate, and divisional levels, with particular attention to how risks are identified, assessed, escalated, and monitored. The review also considered the integration of risk management into strategic decision-making and the use of supporting tools such as JCAD.

The review included analysis of:

- The structure and clarity of the risk management framework and policy
- The consistency of risk scoring and alignment with the Council’s risk appetite
- The frequency and quality of risk register reviews
- Evidence of escalation and de-escalation decisions in line with policy
- The role of governance bodies such as the Governance & Audit Committee, Corporate Management Team (CMT), and Directorate Management Teams (DMTs) in overseeing risk

In addition, the audit explored how the Council identifies and responds to emerging risks, including the use of benchmarking, horizon scanning, and external intelligence (e.g. South East Audit, Risk Assurance Managers - SE ALARM). The review also assessed how risk management is embedded into business continuity planning, major programmes, and strategic transformation initiatives.

Key Strengths

- ✓ **Risk Management Framework**, A comprehensive and formally approved framework is in place, aligned with ISO 31000 and the Orange Book. Roles, responsibilities, and escalation protocols are clearly defined.
- ✓ **Risk Identification**, The Council actively identifies emerging risks through horizon scanning, benchmarking (e.g. SE ALARM), and internal analysis. Risks are updated in real time via JCAD.
- ✓ **Risk Registers**, Registers are maintained at corporate, directorate, and critical service levels. Risks are well-articulated, regularly reviewed, and integrated with business continuity planning.
- ✓ **Risk Appetite & Assessment**, A consistent scoring matrix is applied across all registers. Appetite thresholds are defined and used to guide escalation decisions.
- ✓ **Escalation & De-escalation**, Documented examples show risks are escalated and de-escalated appropriately, with oversight from DMTs, CMT, and the Governance & Audit Committee.
- ✓ **Risk Monitoring & Reporting**, Risks are reviewed quarterly or annually based on rating. Reporting is structured and flows from operational teams to elected Members.
- ✓ **Value for Money & Efficiency**, Risk management processes are embedded into strategic planning and programme governance. Opportunities for improvement (e.g. KRIs, dashboards) support ongoing efficiency.

Areas for Development

**Key Risk Indicators (KRIs)**, The Council has started implementing KRIs, which is a positive step toward enhancing proactive risk monitoring. While there are opportunities to strengthen this area further, this is not being raised as an issue, as it is already under active development by the Risk and Delivery Assurance team. Continued focus is encouraged to:

- Expand KRI coverage across strategic and operational risks.
- Define thresholds and escalation triggers.
- Integrate KRIs into dashboards and reporting tools.
- Ensure KRIs are regularly reviewed and updated to reflect evolving risk environments.

As this is a known area of focus of the Risk and Delivery Assurance Team an issue has not been raised.

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D4. RB30-2025 – Risk Management

**Prospects for Improvement**  
Prospects for improvement is rated as **Very Good** based on the following factors:

Adequacy of Action Plans	Implementation Record	External Factors
N/A	VERY GOOD	GOOD

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	0	0
Medium Risk	0	0	0
Low Risk	0	0	0

Audit Opinion	ADVISORY
Prospects for Improvement	N/A

Introduction

The Commercial and Procurement Oversight Board (CPOB) commenced in October 2023 and was launched following the introduction of the new Commercial and Procurement Division in September 2023 and has become a key component in the Council’s informal governance arrangements. In January 2025, Internal Audit and Counter Fraud were invited to attend the CPOB in an advisory capacity. The CPOB provides strategic oversight and assurance across KCC’s procurement projects, ensuring activity is undertaken effectively, efficiently, and in a compliant, fair, and transparent manner, in line with public procurement regulations and the Council’s mandatory rules and procedures as set out in Spending the Council’s Money. The aim is that this will result in goods, services, and works being secured that represent value for money for KCC and residents.

Internal Audit Observations

Strengths

- Membership of the CPOB comprises of Senior Officers from the Commercial and Procurement Division (CPD) and key functions across the Council, including Finance and Governance & Law.
- The CPOB is chaired by the Head of the Commercial and Procurement Division and includes a core membership, plus optional members depending on the items under consideration.
- The CPOB provides strategic oversight of the Council’s procurement activity in order to ensure alignment with the Council’s overall strategic direction, priorities, and objectives.
- The Standards and Improvement Team play a key role in coordinating and managing CPOB
- The CPOB reviews KCC’s Procurement Pipeline. This informs future planning and resource allocation. A 12-month forward plan of projects for review by the CPOB is maintained.

- For procurement projects that are reviewed by the CPOB, the group seeks to ensure that activity is effectively and efficiently undertaken or planned to maximise value for money.
- The group ensures that there has been and will be transparency and accountability in the procurement process, with objective decision-making and fair, open, and compliant processes.
- The group provides advice and guidance on major risks and issues facing projects reviewed.
- When reviewing procurement projects, the group considers whether public procurement regulations and Spending the Council’s Money have been followed.
- The CPOB considers implementation of changes in legislation and KCC procurement rules and champions continuous improvement in procurement procedures and practice across KCC.
- The CPOB has a clear terms of reference.
- The CPOB meets on a monthly basis and the group is well attended, with a good level of challenge and discussion.
- There is a clear focus on the requirement to perform fraud risk assessments.
- Lessons learned is a key focus.
- Internal Audit have provided feedback on individual procurements.
- Half yearly reports are provided to the Governance & Audit Committee, Corporate Management Team (CMT) and the Corporate Board.

Conclusion

It is important that CPOB remains a key part of KCC’s commercial and procurement governance structure, supporting compliance, promoting best practice, and ensuring that best value is achieved. CPOB are a core component of the wider governance arrangements the Council has in place to provide robust oversight and assurance of such activity

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Audit Opinion	SUBSTANTIAL
Prospects for Improvement	VERY GOOD

Introduction

A disciplinary procedure is the formal way that the Council deals with an employee's misconduct. The UK Government's Advisory, Conciliation and Arbitration Service (ACAS) has published a statutory code of practice on disciplinary procedures which provides guidance to employers and sets out principles for handling disciplinary situations in the workplace. The Council has its own disciplinary policy which follows the ACAS code of practice. Failure to follow the ACAS code or the Council's disciplinary policy may result in an additional fine (up to 25% more) if someone wins an employment tribunal against the Council. HR has managed over 160 misconduct cases within the last year, which account for approximately 30% of the total employee relations casework activity.

As part of the 2024/25 Audit Plan, it was agreed that Internal Audit will undertake a review of the compliance and fairness of disciplinary actions. In forming Internal Audit conclusions, the handling of 10 allegations employee misconduct has been assessed against the requirements of the ACAS' statutory code of practice and the Council's disciplinary policy.

Key Strengths

- ✓ Requirements of the ACAS statutory code of practice and the Council's disciplinary policy/procedure are being adhered to in practice. In particular:
  - Employees are offered support for their wellbeing and signposted to an employee care service during a disciplinary procedure.
  - Misconduct investigations are being carried out an independent officer.
  - The scope and the role of an investigator are clearly set out in a 'terms of reference' for the investigation.
  - Where an investigation finds that there is a case to answer, we found that a hearing is held to provide the employee with an opportunity to respond to the allegations.
  - Employees receive written case details in a timely manner (at least 5 working days) in advance of disciplinary hearing meeting.

- Employees are offered the right to be accompanied to disciplinary hearing meeting (i.e. by colleague or trade union representative)
  - Sanction decisions are taken by the appropriate level of management in line with the scheme of delegation set out in the Council's disciplinary procedure.
  - Employees are offered a right to appeal against a disciplinary sanction.
- ✓ Furthermore, a review of employment tribunal decisions over the past two years revealed that all claims brought against the Council were struck out, indicating a general adherence to statutory requirements in the handling of employee disciplinary.

Areas for Development

Issue 1 – Misconduct Outside the Workplace

Medium

- An allegation of discrimination outside the workplace was not formally investigated before the case was closed.

Issue 2 – Investigator Training

Medium

- 15% of officers who can carry out investigations have not completed relevant training.
- Personnel Committee minutes reflect the Council's Disciplinary Policy and Procedure was last formally ratified by the Personnel Committee in 2013. Since that time the minor updates made to the Policy and Procedure did not require formal review by Personnel Committee. So, no formal management action is proposed on this issue.
- A misconduct investigation recommended refresher training for petty cash account holders and operators, which has not been fully implemented. However, no formal management action is proposed, as HR was not responsible for the recommendation, which is being monitored elsewhere.

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E1. RB36-2025 – Disciplinaryies

Prospects for Improvement

Prospects for improvement is rated as **Very Good** based on the following factors:

Adequacy of Action Plans	Implementation Record	External Factors
VERY GOOD	VERY GOOD	VERY GOOD

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	0	0
Medium Risk	2	2	0
Low Risk	0	0	0

Audit Opinion	HIGH
Prospects for Improvement	GOOD

Introduction

As part of the 2024/25 Internal Audit Plan, it was agreed that Internal Audit would undertake a review of the payroll function. It was agreed that the review would focus on assessing the effectiveness of payroll controls operated by HR Connect, specifically in relation to pension contributions and deductions, maternity pay, and the management of tax codes.

The payroll service is managed by HR Connect, which forms part of the wider Global Commercial Services Group. This audit aimed to provide assurance over the accuracy, compliance, and effectiveness of payroll processes and controls in place.

Key Strengths

- Page 27
- There are appropriate policies and procedures in place governing both maternity and pension processes.
  - Pension contributions are automatically adjusted when an employee's pay changes to move them into a different contribution band where required.
  - Sample testing of pension contributions confirmed that all individuals tested were contributing the correct amounts.
  - A sample of maternity payments reviewed found these to be accurately calculated in accordance with policy.
  - Tax codes are automatically updated and managed via Rimini Street on behalf of KCC. Evidence indicates that updates are completed correctly.
  - There is a clear segregation of duties between the Operational Team and the Payroll Control Team in the payroll process, supporting effective internal control.
  - A comprehensive overpayments procedure is in place, clearly outlining the responsibilities of employees, managers, HR Connect, Internal Audit, and the Debt Recovery Team. This ensures accountability throughout the recovery process.
  - The overpayments procedure includes robust escalation measures for cases where individuals do not cooperate in repaying funds.

- Overpayments are logged and integrated into a Power BI dashboard, facilitating effective tracking, communication, and recovery efforts.
- A sample of overpayment cases demonstrated that recovery procedures are functioning effectively, with appropriate payment plans in place for outstanding debts.
- Analysis of overpayments over the past six months revealed that the majority of cases were caused due to delayed notification of changes by the relevant line managers.

Areas for Development

- No areas for development were identified.

Prospects for Improvement

Prospects for improvement is rated as **Good** based on the following factors:

Adequacy of Action Plans	Implementation Record	External Factors
N/A	GOOD	GOOD

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	0	0
Medium Risk	0	0	0
Low Risk	0	0	0

Audit Opinion	SUBSTANTIAL
Prospects for Improvement	GOOD

Introduction

As part of the 2024/2025 Audit Plan, Internal Audit investigated whether Kent County Council (KCC) effectively implemented its Equality, Diversity & Inclusion (EDI) policies, focusing on young employees. The audit examined young people's career development, intersectionality and turnover rates. It also ensured previous issues identified in the Equality Act Duties 2010 Audit were addressed.

Key Strengths

Bias

- ✓ Clear alignment with KCC's values and People Strategy.
- ✓ Structured development pathways (apprenticeship and graduate schemes).
- ✓ Roles contribute directly to service delivery and organisational improvement.

Generational Gaps and Exclusion from Decision Making

- ✓ Diverse communication channels (KNet, K-mail, digital screens) are in place and actively managed.
- ✓ Younger staff (16–25) report high satisfaction and digital engagement in the 2024 Staff Survey.
- ✓ Survey feedback is used to monitor engagement in the absence of detailed analytics.
- ✓ Formal youth voice platform (Aspire) with senior-level influence.
- ✓ Evidence of tangible impact on strategy, policy, and programmes.
- ✓ High engagement and satisfaction among younger staff.
- ✓ Active youth engagement through Aspire Staff Group.
- ✓ Influence on strategic documents and HR policies.
- ✓ Collaboration with HROD on development initiatives.
- ✓ Opportunities for skill-building through data analysis and mentoring.

- ✓ Regular representation in senior-level forums.
- ✓ Creation of safe spaces for discussion and feedback (e.g. “Aspire Has a Natter”).

Talent Attraction and Retention

- ✓ Inclusive and Values-Led Recruitment Practices.
- ✓ Strong Engagement and Retention of Young Talent.
- ✓ Robust Early Careers Framework.
- ✓ Clear progression and 100% retention in the graduate programme.
- ✓ Broad, accessible apprenticeship offer across Levels 2–7 and 250+ career paths.
- ✓ Strong strategic oversight and monitoring via Power BI and defined apprenticeship targets.
- ✓ Exit interview data from young employees (Oct 2024 – Jun 2025 based off 16 responses from ex-employees between the ages of 16-30) identified the following:
  - 81% of respondents agreed or strongly agreed that they had access to the tools and resources needed to do their job well.
  - 63% agreed or strongly agreed that their team worked well together to reach common goals.
  - 69% agreed or strongly agreed that KCC staff respect individual differences such as cultures, working styles, and ideas.
  - 56% agreed they were able to develop professionally at KCC.
  - 50% rated their work-life balance as “good” or “excellent.”
  - 56% of respondents were “likely” or “very likely” to recommend KCC as a place to work.

Areas for Development

Issue 1 – Exit Interview Data from Young Employees –

Low

- KCC does not currently conduct formal exit interviews. Instead, a leaver survey was introduced in October 2024, however, uptake has been low, with only 93 responses received as of June 2025, including 16 responses from staff aged 16–30.

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# F1. RB03-2025 – Equality, Diversity & Inclusion including Equalities Act Follow-up

**Prospects for Improvement**  
Prospects for improvement is rated as **Good** based on the following factors:

Adequacy of Action Plans	Implementation Record	External Factors
GOOD	VERY GOOD	ADEQUATE

## Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	0	0
Medium Risk	0	0	0
Low Risk	1	1	0

**Follow-up**  
This audit, also included review of previous issues identified in the audit of Equalities Act Duties 2010 which was reported in September 2022, which identified 2 high risk issues, and was allocated 'Limited assurance'. The 2 issues for action were:

Issue	Summary of Original Issue
Issue 1 – Content of Equality Impact assessments (EqIAs)	Sample testing of Key decisions identified there were gaps in the EqIA to support decisions.
Issue 2 – Publication of EqIAs	Sample testing of Key decisions identified some inconsistencies in the practices around publication of EqIAs.

Internal Audit found that all management actions identified in the two High priority issues had been implemented.

## Summary of Progress Made

	Original Issues Raised	Implemented	Issues Outstanding	Risk Accepted
High Risk	2	2	0	0
Medium Risk	0	0	0	0
Low Risk	0	0	0	0

## Issue Status

Issue	Risk Rating	Status
Issue 1 – Content of EqIAs	High	Implemented
Issue 2 – Publication of EqIAs	High	Implemented

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Audit Opinion	N/A – ADVISORY
Prospects for Improvement	N/A

Introduction

As part of the 2024/25 Audit Plan, it was agreed that Internal Audit will undertake a review of modern slavery. The aim of the audit was to provide assurance that the Council has the necessary controls in place to prevent modern slavery within the Council. This initial Audit Memorandum does not provide a formal assurance opinion, but highlights observations identified by Internal Audit.

Initial Observations

Internal Audit held discussions with key members of staff and also examined supporting documentation. Internal Audit’s initial findings are set out below:

**Progress against previous observations 2022/23**

Good progress has been made against the observations made during the 2022/23 review. Progress against these has been incorporated in the below observations and recommendations.

Risk Assessment

- Although a risk assessment has not been completed across KCC there is sufficient reasons to support the decisions on this.
- Risks are assessed and evident that they are included in Risk Registers across KCC.
- A draft Modern Slavery (MS) statement awaiting approval makes multiple references to risks, note that this draft statement is scheduled to be taken to CMT on 30/9/25 for consideration.
- With regards to risk assessing KCC contracts, the service is currently piloting an approach across three procurements which are being led by category teams within the Commercial and Procurement Division. This involves assessing the risk level associated with a contract at the start of the procurement process, and based on the risk level identified, including a series of proportionate modern slavery questions in the Selection Questionnaire for suppliers to complete as part of the tender process.
- The findings from the pilots will be reported back to the Serious Organised Crime (SOC) Supply Chains Working Group in September, with a view to rolling out this risk-based approach across procurements.

Policies & Procedures

- There are policies and procedures related to modern slavery which are robust, up-to-date, and accessible by all staff.
- Roles are responsibilities have been clearly defined.
- Policies & procedures ensure that Kent County Council carries out its statutory duties in relation to modern slavery.
- One document was available in 2 versions and was not version controlled, however this has now been corrected and actioned.
- There is a library of relevant links and information regarding MS on Knet.
- Procurement templates have been reviewed and wording regarding Modern Slavery strengthened.

Due Diligence Checks

- A working Group has been setup regarding SOC in the supply chain.
- One of the working groups aims is to increase the robustness of KCC’s supply chain against the risk of SOC and this is a joint initiative between the SOC and Commercial Standards teams.
- Pilot tests are being completed regarding due diligence of suppliers for high and low value contracts.

Training & Awareness

- A SOC team and Risk & Responsible Procurement roles have been created in the Council since the previous audit as completed in 2022.
- Training regarding MS is available to staff both virtually through Delta and in-person.
- Previously workshops and awareness information has been shared across the Council, a further lunch and learn sessions to raise awareness about the risks and threats in the supply chains is planned in July 2025.
- Through guidance available on Knet, training available and awareness sessions, staff are made aware of their responsibilities within the Council regarding MS.

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## F2. RB27-2025 – Modern Slavery

### Recommendations

Recommendations Management should ensure:

- The Draft MS Statement is approved and then made available to staff and the public.
- Ensure guidance on Due Diligence checks made for suppliers includes the importance of retaining evidence of the checks that have been completed and the relevant findings and any further action that is taken.
- Modern Slavery training available through e-learning is reviewed, updated where applicable and staff notified of what is available.
- The SOC working group to continue to establish the process for completion of due diligence checks to be carried out for suppliers and contracts.

### Conclusion

- Internal Audit recognises that significant work has been undertaken to address known weaknesses following the SOC project and to develop more robust processes, including the introduction of a new team.
- Guidance and awareness of MS is available to staff.
- The SOC working group has significantly progressed as to due diligence checks to be carried out for suppliers and contracts.
- There are still further actions to be taken to ensure effective mitigation of the SOC risk in the supply chain.

Audit Opinion	LIMITED
Prospects for Improvement	TBC

Introduction

Following the 2022-23 council-wide review of the Engagement of Consultants it has been agreed that Internal Audit would undertake a further review.

The aim of the audit was to ascertain the progress made towards rectifying the weaknesses identified in the previous review and to review the controls over procurement decisions and the selection of consultants, financial commitment within authority limits, management of performance and the termination of contracts

This audit was split into five different scope areas including:

- Page 32
- 1)

Policies and Procedures
- 2)

Engagement of Consultants
- 3)

Data Analytics
- 4)

Monitoring and Outcomes
- 5)

Follow-ups

Expenditure on Consultants is an area of spend that comes under regular scrutiny by Members. Consultants may be funded from either revenue, capital or other grant streams.

For clarity, the term Consultants, as per the KCC’s “Spending the Council’s Money” Contract Standing Orders, is a person (not an employee), agency, or firm engaged for a limited period of time on a project or requirement specific basis to carry out a specific task or set of tasks which meet a desired set of outputs or outcomes. A consultant provides subject matter expertise, support, and/or experience to the Council either because it does not possess the skills, resources in-house or requires an independent evaluation/assessment to be made. This definition excludes agency staff, interim, or role-specific duties which should be sourced through the Council’s corporate contract with Connect2Kent, Routine services, and Professional services.

Scope Limitations

Internal Audit were unable to obtain information pertinent to terminated contracts. Internal Audit are therefore unable to provide assurance on the scope area – Monitoring and Outcomes.

Key Strengths

Policies and Procedures

- ✓ The Spending the Council’s Money (SCM) policy has been updated to reflect the new requirements of the Procurement Act.
- ✓ The SCM policy has updated the definition of Consultants.

Engagement of Consultants

- ✓ Internal Audit confirmed that miscoding errors identified have been rectified in the Oracle transaction lists.
- ✓ Internal Audit confirmed that three transactions in the CED directorate, were in line with the SCM policy.

Areas for Development

Issue 1 - Policies and Procedures –

High

- There is no reference to a post consultancy review in the SCM policy.
- The SCM policy does not detail guidance and/or restrictions regarding consultants committing spend or employing other consultants
- There is also no guidance available on who is eligible to procure consultants e.g., certain roles and their corresponding responsibilities. This would be a matter for the individual directorates to determine.
- Some of the Officers interviewed from the various directorates were not aware of the updated definition of a consultant within SCM policy or the approved process for the engagement of a consultant.

Issue 2 – Miscoding –

Medium

- Half of the sample reviewed by Internal Audit were identified as having been miscoded to code 402 for consultants.
- For some of the transactions, the supplier and customer name was absent.

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F3. RB28-2025 – Use of Consultants (Draft)

Prospects for Improvement

Prospects for improvement is rated as **Good** based on the following factors:

Adequacy of Action Plans	Implementation Record	External Factors
GOOD	GOOD	GOOD

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	1		
Medium Risk	1		
Low Risk	0		

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Follow-up

In 2022-23 Internal Audit undertook a council-wide review of the Engagement of Consultants. This audit, which was reported in July 2023, identified five issues.

The aim of the follow-up was to provide assurance that adequate progress has been made against issues raised in the original review

Summary of Progress Made

Original Issues Raised	Implemented	Superseded	Outstanding
5	2	2	1

Two of the five original agreed management actions have now been implemented.

Issue Status

Issue	Status
Issue 4.1 - There is a lack of awareness and/or understanding of the definition of a consultant at KCC.	Implemented
Issue 4.2 – Staff are not aware of existing guidance for the engagement of consultants and there is a lack of detailed guidance for staff on the usage of and engagement of individual consultants	Outstanding
Issue 4.3 – There is a lack of clarity amongst staff on the usage of subjective code 402 <i>Consultants</i> and on the difference between consultants, agency staff and professional services.	Superseded
Issue 4.4 – There is a lack of clarity on which subjective code to utilise for staff brought in on secondment from external bodies.	Superseded
Issue 4.5 – There is conflicting guidance regarding involving Cabinet Members prior to engaging consultants and there is a lack of awareness of when Cabinet Members should be involved prior to engaging consultants.	Implemented

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F4. RB47-2025 - Oracle Cloud Programme – Business Readiness

Audit Opinion	ADVISORY
Prospects for Improvement	N/A

Introduction

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- 1) The aim of the Oracle Cloud Programme (OCP) is to replace the Council's current Oracle E-Business Suite (EBS) Solution, which is a critical system that has been in use for more than 20 years.
  - 2) The Internal Audit and Counter Fraud service has continued to support the OCP Board in a consultancy capacity and the findings from the 'OCP – Finance and Programme Management' audit were reported to Governance and Audit Committee in January 2025.
  - 3) The 'Adopt not Adapt' approach means the software will be adopted without customisation. This means KCC's business processes need to be adapted to align and staff need to be trained on the new system and processes ahead of the Core Finance & Procurement phase 1 'go live' on 14th August 2025.
  - 4) Business Readiness has been acknowledged as the biggest risk facing the programme.
  - 5) In line with our agile audit approach to provide timely assurance, Internal Audit have provided 2 interim updates to management in May and June, with the key observations fed back at the July 2025 Governance and Audit Committee.

Internal Audit's Observations:

KCC-Wide Communications

- The "Adopting Oracle, Adapting KCC" message is being consistently shared via meetings and KNet, K-mail and emails to staff.
- A dedicated communications officer is part of the Transformation Team.
- A live communications plan and tracker monitors internal engagement delivery.
- KNET disseminated updates, including videos from key officers.
- Communications have raised awareness of OCP among staff and Internal audit have assurance that as go live approaches communications will escalate appropriately to include further messages about the timeline, transition, go-live and support.

The Business Readiness Group (BRG)

- The BRG was established to drive the business readiness for the Oracle Cloud Programme (OCP) and includes representatives from across KCC to ensure the organisation is prepared for go-live.
- BRG has met monthly since March 2025, following a workshop in February.
- Internal Audit observed BRG meetings (April–June 2025) and confirmed they included engaged dialogue on change impacts, demos, and query resolution.
- BRG membership selection was based on input from Subject Matter Experts, structure charts, and DMT meetings.
- Internal Audit confirmed BRG membership aligns with KCC's structure, but the Programme Manager has not verified using data analytics that representation is proportional to the services impacted.
- Attendance dropped from 58 officers in April to 41 in June however, Internal Audit's spot check confirmed sampled absentees caught up.
- The Programme Manager escalated key readiness updates to the OCP Board via highlight reports.

Business Process Adaptation: Change Impact Assessments (CIAs) and Action Plans

- The adaptation of business processes is essential to business readiness and CIAs have been used to evaluate the extent to which existing KCC process needed to be adapted to adopt Oracle.
- The Transformation Team offered support to services about 'how' to amend their business processes.

Procurement CIAs

- Procurement CIAs were developed with Subject Matter Expert input and shared with BRG by priority and responses were timely and well-managed:
- Accepted CIAs indicated that the process change either had no impact on the service or the service could manage the change itself ahead of go-live.
- Rejected CIAs indicated that support would be required to adapt the service's existing process to use the new Oracle.

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## F4. RB47-2025 - Oracle Cloud Programme – Business Readiness

- Procurement CIAs received 392 acceptances and 57 rejections; responses were tracked via PowerBI.
- All but four rejections were resolved through Transformation Team clarification or training.
- The outstanding rejections required a single action plan, which the Centre of Excellence provided and the service has implemented.
- Internal Audit sampled 10 CIAs (5 accepted, 5 rejected) and confirmed via spot-checks with officers that an appropriate approach to business process adaption had been taken.
- Findings of spot-checks were shared with the Transformation Manager ahead of DMT discussions.
- DMT will be providing final confirmation that their business processes have been adapted and their services are ready for go-live.

### Finance CIAs and Training

Page 35  
Finance CIAs were delayed and the changes are being picked up primarily in conversations with Budget Managers in early July, including explanations of the revised Chart of Accounts and Approved Hierarchies.

- Delays in User Acceptance Testing (UAT) completion may require adaptations to Oracle and business processes.
- Finance requires it's own separate training plan for Accounts Payable, Receivable and Fast Payments however, this plan has not yet been produced because of UAT delays.
- Finance have recently asked for additional training support from the Trainers, therefore this needs to be resourced.
- Roles and responsibilities for the training plan are in the process of being defined, with a deadline of 18th July 2025. This is after the original timeline for OCP and SRP Boards meet for the go/no-go decision.
- Noted that training onboarding is not a critical factor for that decision.

### Key Controls

- A Core Financial Controls audit has been included as a priority in the 2025/26 Audit Plan to test control effectiveness of amended processes.

### UAT Progress and Outstanding Defects

- Daily UAT reports ensured clear tracking of new and outstanding defects.
- Across cycles 1 and 2, script executions remained largely on track with baseline projections, with delays being absorbed by the contingency.
- UAT has been extended to accommodate testing of ContrOCC scenarios.
- Issues have been prioritised (RAG rated) with the intention to re-test until problems are fixed.
- Not all defects have been fixed and some will carry over into post-go-live with work arounds to be agreed and tested. **(Issue 1 – High)**
- Any outstanding Change Requests will need to be justified and budgeted for, their impact on the principle of 'adopt not adapt' needs to be evaluated as well as implications for future updates. **(Issue 1 – High)**
- There are outstanding defects relating to Accounts Payable, Accounts Receivable, and Kent Care, with the current plan to go live with workarounds in place and to resolve these defects as part of the hypercare approach. **(Issue 1 – High)**

### Programme Management

- OCP Board meetings review progress against key milestones targets.
- It is essential that the Programme Management Team provides realistic plans and timescales for the resolution of defects and to ensure business readiness in time for go live or when the processes are required. **(Issue 1 – High)**
- The plans required to complete phase 1 should include transparency about the impact of delays on resources, programme budget and scheduling for phase 2.

### UAT Communications (improvements were made between cycle 1 & 2)

- Ahead of cycle 1, gaps in communication left some staff unaware of their roles or schedules.
- As a result, several users did not attend the first day of testing, while others who did attend were unsure about what to do, requiring ad hoc guidance from a subject matter expert.

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## F4. RB47-2025 - Oracle Cloud Programme – Business Readiness

- Lessons were learned from cycle 1 and a dedicated communications plan was put in place for cycle 2, with the Communications Lead and Transformation Programme Manager coordinating messages.
- In advance of the second cycle, targeted instructions and reminders were sent via a dedicated Teams channel clearly outlining participation times and tasks for all designated testers.
- Phase 2 UAT communications should be timely and reflect lessons from Phase 1, this will be captured in the documentation of the Phase 1 lessons learned exercise. Please share lessons learned with Internal Audit so we can provide feedback.

### UAT Support and Scripts

- The Programme Team and the implementation partner (de Novo) supported testers on-site, helping troubleshooting of issues and clarifying test scenarios.
- However, some testers found the test scripts difficult to understand and not reflective of their daily tasks in the current system, a partly expected outcome of the programme's "adopt-not-adapt" approach.
- Notably, several issues raised during UAT were training gaps rather than system defects, which trainers are now addressing.
- Phase 2 UAT scripts should be designed so they are clearly understood, again, this should be captured in the documentation of the Phase 1 lessons learned exercise.<sup>1</sup>

### User Training – Procurement

- The team recruited three training leads to develop and conduct user training.
- The team developed a training plan for Phase 1 and launched training on schedule.
- The trainers met daily with the Transformation Programme Manager to coordinate their progress.
- The trainers observed UAT and used the UAT issue log, to identify common user difficulties to address them in the training materials.
- There is a risk associated with the trainers not being Oracle or Procurement experts, this has been mitigated by the trainers working closely with the Programme and Procurement teams.
- Training is being delivered using face-to-face sessions through the Council's Delta e-learning platform, and via instructional videos.
- This multi-channel approach supports different learning styles and allows remote access.

- Oracle Guided Learning provides step by step guidance within the software.
- The training plan for iProc users identified essential users and there is a target to have at least 80% of users booked onto training by the go/no-go decision.
- However, there is no monitoring to ensure critical users complete the training before go live.
- Programme Management accept the risk of not knowing whether essential users are trained ahead of go live, reasoning that untrained users can quickly catch up, Oracle Guided Learning (OGL) offers in-system guidance, and support is available to minimise disruption.

### Go/No-Go Decision Criteria

- The Programme has established a set of clear criteria to guide the go/no-go decision on 16 July, to be ratified by the Strategic Reset Programme (SRP) Board on 17 July.
- These criteria cover both technical readiness of the system and business readiness of the Council.
- Importantly, the OCP Board has emphasised focusing on the operational readiness of the most critical services to ensure that essential finance and procurement functions will work from day one.
- Some of the key success factors under discussion include: completion of all high-priority business process changes (with DMT sign-off), resolution of critical defects identified during UAT, and availability of day-one support arrangements.
- To date, Internal Audit have not been provided with sufficient information to evaluate how every criterion has been monitored.
- In our feedback on the draft Go/No-Go decision template Internal Audit have specified what evidence would be expected to see and to understand whether the criteria has been achieved or not.
- If the go/no-go decision does not proceed as scheduled, the OCP board should be updated on progress against the criteria to date.

### Hypercare

- The programme is preparing a 'Hypercare' Support Plan for the post-go-live period.
- The Hypercare support plan consists of a dedicated support team (including floor-walkers from the Programme Team and implementation partner, de Novo) who will assist users at go-live.

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F4. RB47-2025 - Oracle Cloud Programme – Business Readiness

- Finalising and communicating the plan will strengthen the go-live readiness by assuring senior management that issues, will be promptly addressed.

Cutover and Blackout Period

- The Cutover Plan contains all projected activities to be carried out with owners, start and end dates and completion status.
- A contingency has been built into the cutover and blackout period.
- There has been engagement with teams and directorate resilience forums regarding updating Business Continuity Plans (BCPs) to bring forward or postpone payments.
- Any manual work arounds or purchase orders being put in place during the black out period need to be closely scrutinised to ensure that spending controls are robust, Director-level authorisation is prudent for any high-risk spending.
- The Phase 1 Cutover – Communication and Engagement Plan outlines how services and suppliers are made aware of the cutover period and its impacts.
- The tracker shows that Communications has already been issued to external parties. However, these will need to be re-done should the go live date and therefore the cutover period change.
- KNet communications outline key dates, impacts, and preparation steps.
- BCPs must be robust. It is the responsibility of individual teams/ services to ensure they have their own up to date BCPs. The OCP Programme Management have provided support in relation to this.
- The DMT Readiness Reports includes a section on Business Continuity referencing any payments impacted by the cutover and service outage.
- To gain assurance that cutover plans are in place, the papers ask DMT members to consider the detail of the report and endorse the view of the BRG Members that the Directorate is ready and raise questions where necessary.

Conclusion

The Oracle Cloud Programme (OCP) represents a significant transformation for the Council, and business readiness remains its most critical risk.

Internal Audit has provided timely assurance throughout the programme, with observations highlighting both strengths and areas requiring attention.

Communications and procurement readiness are progressing well, supported by structured engagement and training. However, delays in finance CIAs, associated training plans, and unresolved defects pose high risks to operational readiness.

The Programme Management Team must ensure realistic planning and transparent reporting including the highlighted issues with critical finance processes to support the go/no-go decision.

Hypercare and cutover arrangements are in place, but their effectiveness will depend on robust execution and oversight.

Internal Audit will continue embedded assurance as the programme moves towards go-live.

Summary of Management Actions

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	1	1	0
Medium Risk	0	0	0
Low Risk	0	0	0

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Audit Opinion	FOLLOW-UP
Prospects for Improvement	N/A

Introduction

As part of the 2024/25 Audit Plan, Internal Audit undertook a review of Oracle Cloud Programme (OCP) – Finance and Programme Management. This audit, which was reported in March 2025, identified 3 high and 2 medium risk issues, and was allocated ‘Limited assurance’. The 5 issues for action were:

Issue	Summary of Original Issue
Page 38 Issue 1 – Finance, New Key Decision and Authority to Approve Changes	The financial position of the OCP was not reported to the SRP Board until October 2024, when it was stated that forecasted spend would exceed the estimated implementation project cost that informed the key decision taken in July 2023.
	Change requests have been taken to the OCP Board. The limitations of the prior process and the importance of rigorous change controls has been acknowledged, so a new Change Control Board has been introduced as part of the governance refresh.
	The draft Terms of Reference for the new Change Control board states that 'where additional costs are identified, these should be offset where possible with equivalent financial savings or by de-scoping other elements of the programme.' However, de-scoping work already undertaken means the OCP is at the bare minimum of what else can be removed from the programme.
Issue 2 – KCC Programme Oversight	The timeline updates to the OCP and SRP Boards are unclear, not in plain English, and do not communicate progress against the agreed timeline, making delay impacts hard to understand for the non-technical Board members.
Issue 3 – Risk Management	Effective and timely risk management is critical to ensure the OCP is fit for purpose and to minimise delays and costs.

Issue 4 – Communication and Engagement Plan	There is no approved Communication and Engagement Plan in place.
Issue 5 – Data Protection Impact Assessment (DPIA) and Information Governance Team Representatives	Internal Audit have been advised that a Data Protection Impact Assessment (DPIA) has been developed, with support from the Information Governance Team and key programme team members and stakeholders. The DPIA is due to go through Business Design Authority Decisions a final time, before submission.  As part of the OCP governance refresh, the OCP Board Terms of Reference and therefore membership will be reviewed by the SRP Team, with advice sought from the Senior Governance Manager in Governance, Law and Democracy.

Key Findings

Substantial improvements have been made during 2025 which include the following:

- Finance updates are routinely reported to both the OCP and Strategic Reset Programme (SRP) Boards, with costs for phase 3 pending business case completion.
- Governance structures have been refreshed, and the Business Readiness Group is under review for Phase 2.
- OCP board papers now present progress in a clearer format, which is continuously refined based on board member feedback.
- Risk management has been strengthened through monthly meetings of the Risk Management Advisory Group and regular updates to the OCP Board from the Risk & Delivery Assurance Manager. The Risk, Actions, Issues and Dependencies (RAID) log is consistently included in board papers, with the highest risks escalated to the SRP Board. A risk quantification exercise informs financial planning.
- Communication planning for Phase 1 was approved and implemented.
- The DPIA has not yet been completed because there have been new requirements from the business and associated design decisions following User Acceptance Testing and phase 1 hypercare. Advice from General Counsel confirmed no key decision was required for the budget variance forecasted.

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Key Findings continued

- Following phase 1 going live, the good practices identified should be carried forward into phase 2 and 3.

The remaining two outstanding actions will be followed up in 3 months time.

Issue Status

Issue	Risk Rating	Status
Issue 1 – Finance, New Key Decision and Authority to Approve Changes	High	Partially Implemented
Issue 2 – KCC Programme Oversight	High	Implemented
Issue 3 – Risk Management	High	Implemented
Issue 4 – Communication and Engagement	Medium	Implemented
Issue 5 – Data Protection Impact Assessment (DPIA) and Information Governance Team Representatives	Medium	Partially Implemented

Summary of Progress Made

	Original Issues Raised	Implemented	Partially Implemented	Risk Accepted
High Risk	3	2	1	0
Medium Risk	2	1	1	0
Low Risk	0	0	0	0

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# Appendix B – 2025-26 Rolling Internal Audit Plan Status

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
RB01-2026	Fulfilling Best Value Statutory Duty	NOT STARTED			
RB02-2026	Future Operating Environment – Local Government Reorganisation Implementation	ONGOING			
RB03-2026	New Contact Centre Contract	NOT STARTED			
RB04-2026	Ongoing Review of Identified Actions	ONGOING			
RB05-2026	Oracle Cloud Programme - Embedded Assurance	ONGOING			
RB06-2026	Oracle Cloud Programme - Programme Management – Follow up	COMPLETE	FOLLOW-UP	N/A	September 2025 GAC
RB07-2026	Payment Card Industry Data Security Standards (PCI DSS) Follow up	NOT STARTED			
RB08-2026	Annual Governance Statement – Directorate Action Plans	NOT STARTED			
RB09-2026	Contract Management & Monitoring	NOT STARTED			
RB10-2026	Achievement of Savings ASCH – Securing Kents Future	FIELDWORK			
RB11-2026	Adult Social Care Debt Recovery	PLANNING			
RB12-2026	Commissioning and Transformation – Embedded Assurance	NOT STARTED			
RB13-2026	Direct Payments including Follow up	NOT STARTED			
RB14-2026	Information Governance - ASCH	NOT STARTED			
RB15-2026	ASCH Contract Management and Future Planning of Contracts	NOT STARTED			
RB16-2026	MOSAIC Pay Portal	NOT STARTED			
RB17-2026	Safeguarding – Protecting adults at risk	NOT STARTED			
RB18-2026	ASCH Provider Management	NOT STARTED			
RB19-2026	Public Substance Misuse Health Campaigns	NOT STARTED			
RB20-2026	Budget Management	NOT STARTED			
RB21-2026	Post-Implementation Review of Commissioning	NOT STARTED			
RB22-2026	Personal Data - Invicta Law (combined with GCSG)	PLANNING			

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Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
RB23-2026	Core Financial Controls	NOT STARTED			
RB24-2026	No Purchase Order No Pay	NOT STARTED			
RB25-2026	Process review of SEND Payments	NOT STARTED			
RB26-2026	Recommissioning of TEP - Transition of Early years service back to KCC	NOT STARTED			
RB27-2026	CYPE Assurance Map	PLANNING			
RB28-2026	Education Health Care Plan (EHCP) Outcomes	NOT STARTED			
RB29-2026	All Pay (Replacement of Kent Card) - Card Payments	PLANNING			
RB30-2026	No Recourse to Public Funds - Essential Living Allowances - Follow-up	PLANNING			
RB31-2026	Elective Home Education	PLANNING			
RB32-2026	Business Continuity Planning	NOT STARTED			
RB33-2026	Health and Safety	FIELDWORK			
RB34-2026	Managers - People Management Responsibilities (Objective Setting and Performance Management)	NOT STARTED			
RB35-2026	Restructures	NOT STARTED			
RB36-2026	Property Disposals	FIELDWORK			
RB37-2026	Economic Strategy	NOT STARTED			
RB38-2026	Emissions Trading Scheme	NOT STARTED			
RB39-2026	Helping Hands Follow up	COMPLETE	FOLLOW-UP	N/A	September 2025 GAC
RB40-2026	Highways Term Maintenance Contract – Embedded Assurance	ONGOING			
RB41-2026	Utility Works on Kent Network – Process and Alignment of Utility Works	NOT STARTED			
RB42-2026	Commercial & Procurement Oversight Board (CPOB)	FIELDWORK			
ICT01-2026	Backups	PLANNING			
ICT02-2026	Legacy IT Works	NOT STARTED			
ICT03-2026	Cyber Security Topical Requirements	PLANNING			
ICT04-2026	Laptops – Asset Management	PLANNING			

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Audit Opinion

**High**

Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively.

Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.

There are examples of best practice. No significant weaknesses have been identified.

**Substantial**

Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.

Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.

**Adequate**

Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.

There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.

**Limited**

Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied.

Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.

**No Assurance**

Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation.

Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved

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Prospects for Improvement		Issue Risk Ratings	
Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.	High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.	Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Adequate page 43	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives	Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.		

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By: Russell Smith – Interim Head of Internal Audit

To: Governance and Audit Committee – 24<sup>th</sup> September 2025

Subject: **INTERNAL AUDIT ANNUAL REPORT AND OPINION FOR 2024-25**

Classification: Unrestricted

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## Summary:

This Annual Report details:

- The overall outcomes and key themes from Internal Audit work undertaken during 2024-25.
- The translation of these outcomes to the resultant annual opinion on the Council's systems of governance, risk management and internal control that is incorporated into the Annual Governance Statement.
- The related performance of the Internal Audit service in delivering this work.

## Recommendation: FOR ASSURANCE

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### 1. Introduction

- 1.1 Global Internal Audit Standards (GIAS) and CIPFA's Public Sector Application Note require that an annual report on the work of Internal Audit should be prepared and submitted to those charged with governance to support the Council's Annual Governance Statement (AGS), as required by the Accounts and Audit Regulations (England) 2015. This report should include the following:
- An annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework;
  - A summary of the audit work from which the opinion is derived;
  - Any issue the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
  - A comparison of the work undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and criteria;
  - A statement on conformance with the GIAS and the result of the Internal Audit Quality Assurance an Improvement Programme;
  - Disclosure of any qualifications to the opinion, together with the reasons for the qualification; and
  - Disclosure of any impairments (in fact or appearance) or restriction in scope.
- 1.2 Accordingly, the Internal Audit Annual Report is prepared and submitted to both the Executive and the Governance and Audit Committee. Additionally, in year update reports have periodically been provided to the Committee and the Executive detailing key issues arising throughout the year.



1.3 The Annual Report includes the following components:

- Purpose and Background;
- Annual Opinion;
- Summary of Internal Audit work undertaken;
- Analysis of Council Implementation of Agreed Actions;
- Conformance with PSIAS;
- Internal Audit Performance;
- Internal Audit Resources; and
- Disclosure on Impairment and Escalation.

1.4 The issues detailed in the attached report have will be considered by the Council in the formulation of the draft Annual Governance Statement for 2024-25.

1.5 The Governance and Audit Committee's Terms of Reference include ensuring that Internal Audit is effective. Sections 6 and 7 of the Annual Report sets out performance information to enable the Committee to continually assess and consider the effectiveness of Internal Audit.

1.6 The Annual Report has been reviewed by the Head of Internal Audit for 2024-25.

1.7 The proposed formal wording for the relevant declaration into the Annual Governance Statement is as per Section 2 within the Annual Report.

## **2. Recommendations**

2.1 Members are requested to:

Receive and note this report as a source of independent assurance regarding the risk, control and governance environment across the Council, noting the outcomes from 2024-25 Internal Audit work and the resultant '**Adequate**' opinion to the Annual Governance Statement.

## **3. Background Documents**

Appendix A: Internal Audit Annual Report 2024-25.

**Russell Smith, Interim Head of Internal Audit**

E: [russell.smith@kent.gov.uk](mailto:russell.smith@kent.gov.uk)

T: 03000 416707

18 September 2025

# **Kent County Council**

## **Internal Audit Annual Report 2024-25**

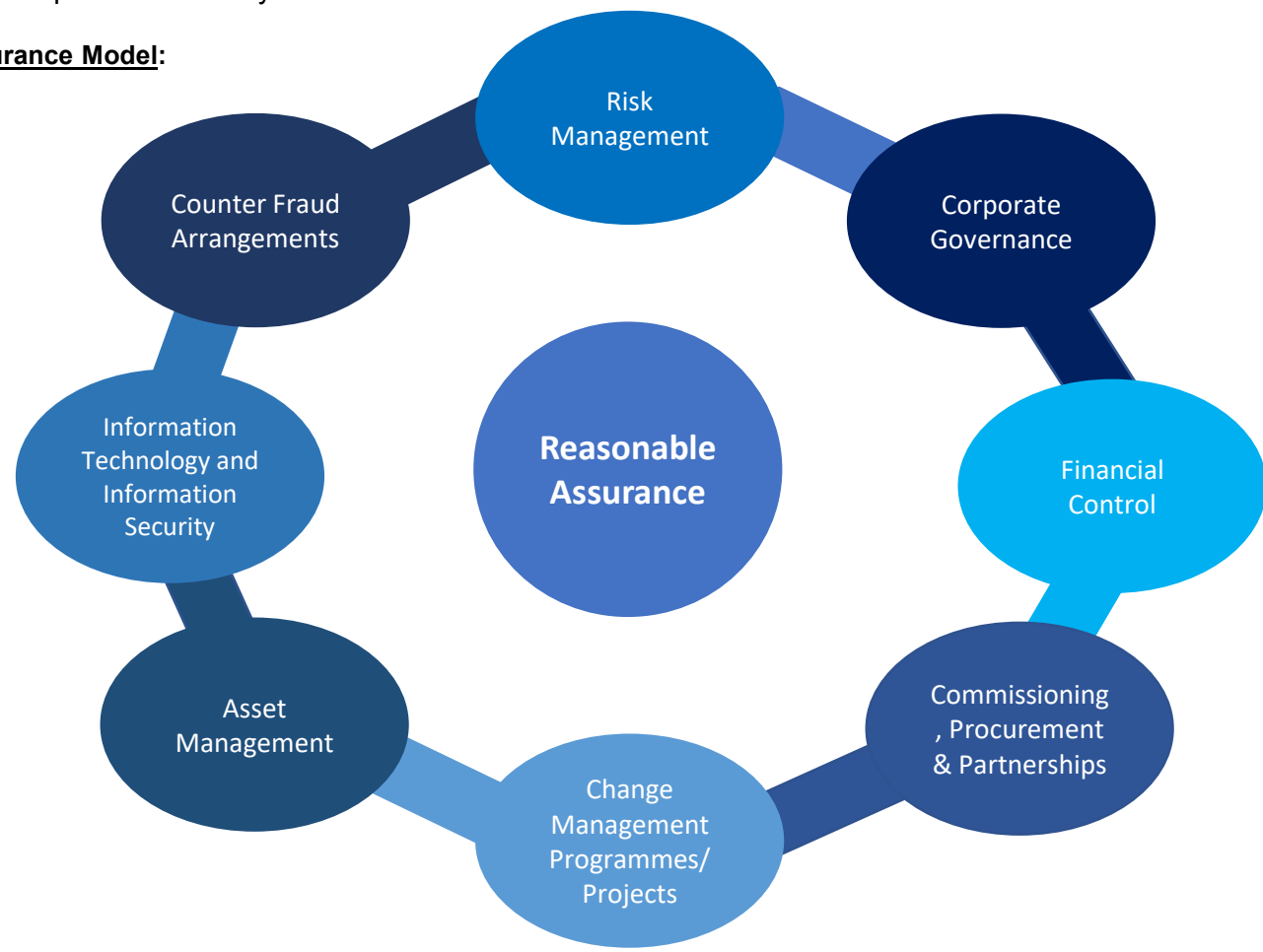
### **September 2025**

# 1. Purpose and Background

- 1.1 This Annual Report provides a summary of the work completed by the Internal Audit service during 2024-25.
- 1.2 Professional Internal Audit Standards require that an annual report on the work of Internal Audit should be prepared and submitted to those charged with governance to support the Council's Annual Governance Statement (AGS), as required by the Accounts and Audit Regulations (England) 2015. This report should include the following:
- An annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework;
  - A summary of the audit work from which the opinion is derived;
  - Any issue the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
  - A comparison of the work undertaken with the work that was planned and a summary of the performance of the Internal Audit function against its performance measures and criteria;
  - A statement on conformance with professional standards and the result of the Internal Audit Quality Assurance and Improvement Programme;
  - Disclosure of any qualifications to the opinion, together with the reasons for the qualification; and
  - Disclosure of any impairments (in fact or appearance) or restriction in scope.
- 1.3 The purpose of this report is to satisfy these requirements and members are requested to note its content and the Annual Internal Audit Opinion provided.
- 1.4 Additionally, the report highlights key messages and outcomes, issues, patterns, strengths and areas for development in respect of internal control, risk management and governance arising from work undertaken by Internal Audit.
- 1.5 The Annual Opinion is derived from evaluation of the outcomes of Internal Audit work with specific emphasis upon the following key factors:
- Assurance Opinions from audit assignments;
  - The increased use of audit resources on advisory engagements;
  - Follow Up reviews of audits assigned as Limited or No Assurance;
  - Assessment of audit outcomes against key themes of corporate health (the "Reasonable Assurance" model); and
  - The level of implementation by management of agreed actions to improve internal control and the management of risk.

1.6 The “Reasonable Assurance” Model evaluates the outcomes of Internal Audit and Counter Fraud work against the following 8 themes of what a healthy organisation requires to operate effectively.

**Figure 1: Reasonable Assurance Model:**



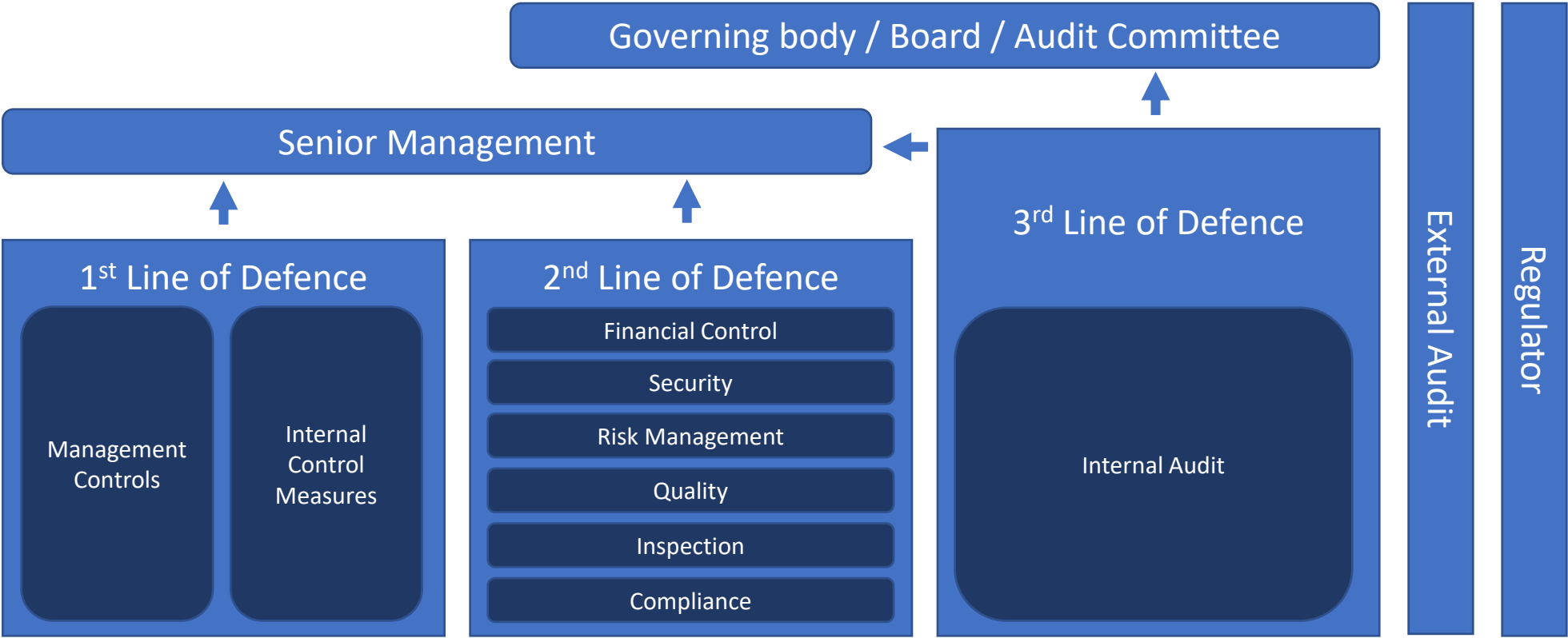
1.7 Internal Audit is guided by the Internal Audit Charter, which is reviewed annually. Internal Audit provides an independent and objective opinion on the Council’s control environment through the work based on the Annual Internal Audit Plan agreed by the Governance and Audit Committee.

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1.8 The position of Internal Audit within an organisation’s governance framework is best summarised in the Three Lines of Defence Model:

**Figure 2: Three Lines of Defence Model:**



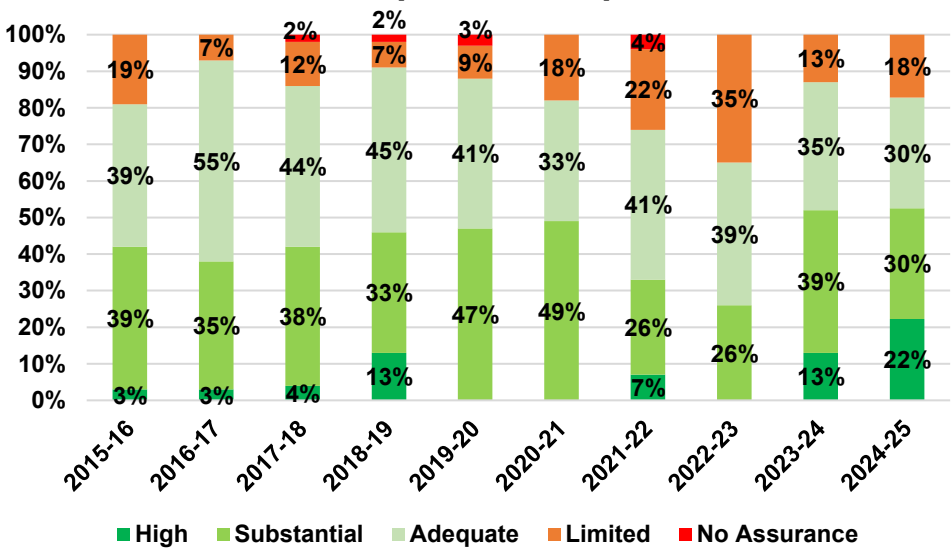
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# 2. Annual Opinion

## Overall Assurance and Opinion

- 2.1 Internal Audit concludes that **Adequate** Assurance can be assigned in relation to the Council’s corporate governance, risk management and internal control arrangements.
- 2.2 This opinion is principally based upon the evaluation of the findings, conclusions and assurances from the work undertaken by Internal Audit compared to eight key indicators of corporate health, as set out in paragraphs 3.7-3.9, which concludes “Adequate” assurance overall.
- 2.3 There has been an improvement and upward trajectory in the proportion of systems, processes or functions which are assigned an assurance level of “Substantial” or “High” with 52% in 2024-25 compared to 42% in 2023-24 and 26% in 2022-23. There was a slight increase in the assigning of “Limited” assurance in 2024-25 to 18% from 13% in 2023-24.
- 2.4 Significant level of audit resources cover non- assurance work such as Advisory and Programmed Follow Ups of previous audits assigned “Limited” or “No” assurance. The outcomes from this non-assurance work has highlighted improvements across 2024-25. Thus, for example, the outcome of the Programmed Follow Up work was that of 21 issues raised, 76% had been fully implemented.
- 2.5 The opinion is also based on the evaluation of the implementation by management of actions to address internal control and risk management issues identified by Internal Audit reports. In 2024-25, full implementation rates increased to 62% in 2024-25 from 34% in 2023-24. This was a positive step in the implementation of agreed management actions and should be built upon in 2025-26.
- 2.6 It should be emphasised that the assignment of an overall “Adequate” assurance opinion in 2024-25 is consistent with the overall opinion since 2019-20. The Adequate” assurance opinion should be considered in the context of the unprecedented challenges faced by the Council in recent years and the significant risks it continues to address. It is important to emphasise the improvements in audits assigned assurance opinions in 2024-25.

Annual Opinion Comparison



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2.7 Internal Audit aims to add value and continues to work collaboratively with stakeholders, senior management and the Governance and Audit Committee to improve governance and internal control arrangements via identifying improvements such as:

- Being a critical friend and trusted advisor for Council projects such as the Oracle Cloud programme;
- Auditing what matters and revising areas of coverage to reflect new risks and assisting the organisation in times of challenge;
- Help the Council look back and learn from experiences with clear and targeted reports;
- Providing insight by evaluating the Council's current state and examining the strengths, weaknesses and maturity of the organisation;
- Highlighting emerging risks that require monitoring and managing;
- Championing effective corporate governance, strong risk management, greater efficiency of operations and effective processes and internal controls,
- Continued coverage of information technology and information governance risks;
- Attendance at various external groups to share best practice and inform horizon scanning of significant risks;
- Delivery of an effective proactive and reactive Counter Fraud service;
- Retention of services delivered to external clients;
- Promoting and delivering on the ethos of talent management and development of members of the service; and
- Input to Council wide Information Governance and Risk groups.

2.8 There have been no significant limitations to the scope of Internal Audit work, but it should be noted that the assurance expressed can never be absolute and as such Internal Audit provides assurance based on the work performed.

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3. Summary of Internal Audit Work 2024-25

Delivery Against the Internal Audit Plan

3.1 Appendix 1 details delivery against the 2024-25 Internal Audit Plan including amendments and changes.

Assurance Opinions from Audit Assignments

3.2 Assurance levels are assigned to completed risk-based audit reviews based on the criteria in **Appendix 5**. For the 2024-25 Audit Plan, a total of 42 audit engagements were undertaken of which 23 (57%) were opinion based and the assurance levels assigned are set out in **Appendix 5**.

3.3 Overall, 52% of systems or functions have been assigned with “Adequate” assurance or lower with 30% assigned Adequate and 18% assigned Limited assurance. There has been an increase in the assigning of “Substantial” or “High” assurance opinions (52%) in 2024-25 compared to 2022-23 (26%). Furthermore, the levels of High assurance reviews (22%) has increased from 2023-24 (13%). as illustrated in Table 1.

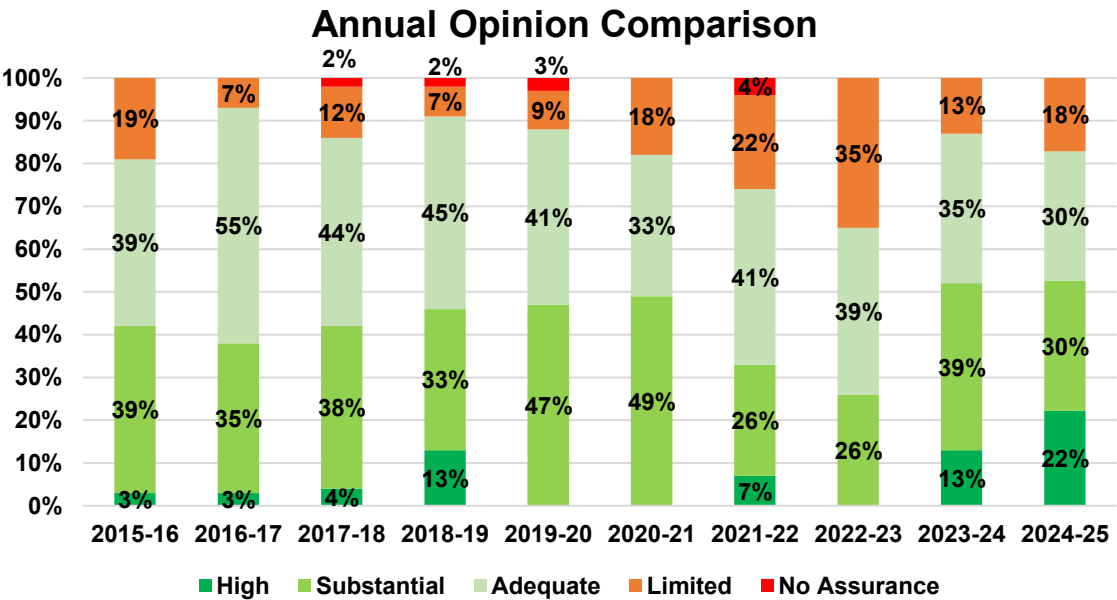


Table 1: Summary of Assurance Opinions 2015-16 to 2024-25

Assurance Level	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
High	3%	3%	4%	13%	0%	0%	7%	0%	13%	22%
Substantial	39%	35%	38%	33%	47%	49%	26%	26%	39%	30%
Adequate	39%	55%	44%	45%	41%	33%	41%	39%	35%	30%
Limited	19%	7%	12%	7%	9%	18%	22%	35%	13%	18%
No Assurance	0%	0%	2%	2%	3%	0%	4%	0%	0%	0%
Substantial or Above	42%	38%	42%	46%	47%	49%	34%	26%	52%	52%

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3.4 Detailed summaries on the outcomes from Internal Audit work completed for 2024-25 Audit Plan have been reported in Progress reports to the Governance and Audit Committee throughout the year.

Prospects for Improvement

- 3.5 On the conclusion of each audit assignment, an assessment of the prospects for improvement is provided in the respective audit report. This is based on the criteria set out in **Appendix 5**.
- 3.6 Overall, 95% of systems or functions have been assessed as having good, or better, prospects for improvement. This is a slight increase from the previous year, as illustrated in **Table 2**.

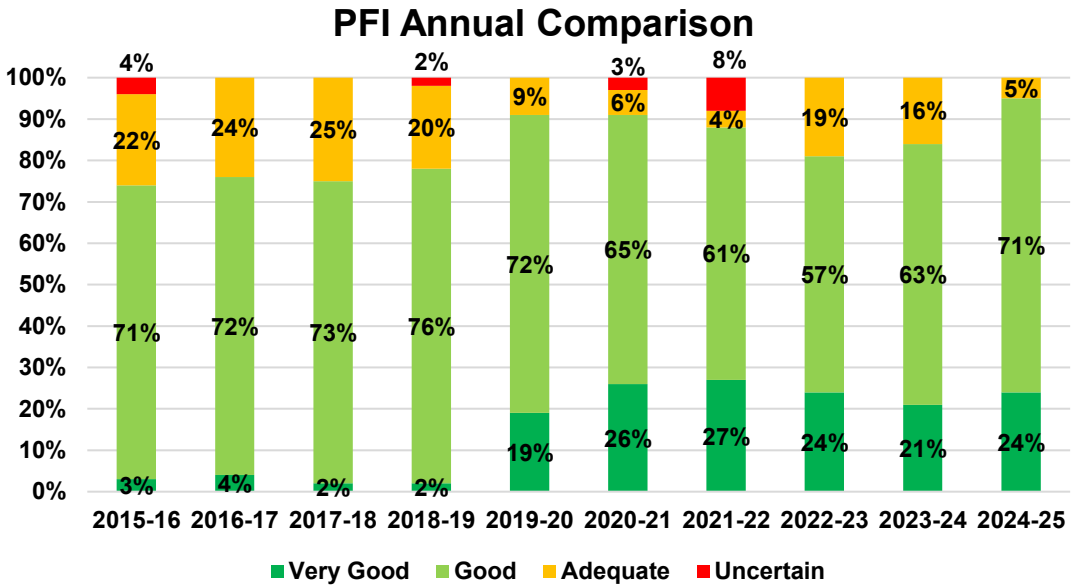


Table 2: Summary of Prospects for Improvement 2015-16 to 2024-25

Prospects for Improvement	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Very Good	3%	4%	2%	2%	19%	26%	27%	24%	21%	24%
Good	71%	72%	73%	76%	72%	65%	61%	57%	63%	71%
Adequate	22%	24%	25%	20%	9%	6%	4%	19%	16%	5%
Uncertain	4%	0%	0%	2%	0%	3%	8%	0%	0%	0%
Good or Above	74%	76%	75%	78%	91%	91%	88%	81%	84%	95%

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Reasonable Assurance Methodology Analysis

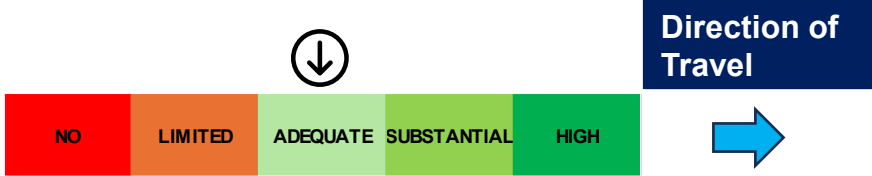
- 3.7 Evaluation of Internal Audit outcomes from audits undertaken utilising the Reasonable Assurance Model (as referred to at paragraph 1.6) provides focus on those audits which both assign an opinion and make audit conclusions and observations in management letters on the 8 themes of corporate health. Thus, this analysis forms the key component of the derivation of the Head of Internal Audit Annual Opinion.
- 3.8 In planning to be able to conclude an opinion on the whole risk management, governance and internal control framework, Internal Audit work is assessed around the 8 key lines of enquiry. Internal Audit assessments for each theme is summarised in **Table 3**:

Table 3: Audit Outcomes Evaluated on Reasonable Assurance Model

1. Corporate Governance			<div><div>⬇</div><div>NOLIMITEDADEQUATESUBSTANTIALHIGH</div><div>➡</div></div>					Direction of Travel	
No.	Audit	Opinion	Prospect for Improvement		Summary to Committee				
3	RB37-2025 – Facilities Management	ADEQUATE	GOOD		November 2024 GAC				
9	ICT01-2025 - Artificial Intelligence	SUBSTANTIAL	VERY GOOD		January 2025 GAC				
10	RB47-2025 - Oracle Cloud Program – Programme and Financial Management	LIMITED	ADEQUATE		January 2025 GAC				
13	RB46-2025 - Climate Adaptation	EMBEDDED ASSURANCE	N/A		January 2025 GAC				
22	RB08-2025 - Key Decision-Making Process	ADEQUATE	GOOD		July 2025 GAC				
23	RB09-2025 - Decisions on Accepting Grant Funding	N/A – ADVISORY	N/A		July 2025 GAC				
26	RB35-2025 – School Capital Programme – Basic Need and High Needs Allocation	ADEQUATE	VERY GOOD		July 2025 GAC				
28	RB15-2025 - Public Health Service Transformation	ADEQUATE	GOOD		July 2025 GAC				
36	RB18-2025 - KCC Improvement Action Plan	SUBSTANTIAL	TBC		September 2025 GAC				

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# 1. Corporate Governance



No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
32	CR04-2025 - Review of SEND Assurances	HIGH	N/A	September 2025 GAC
33	RB01-2025 – ASCH Savings Delivery Plans	INTERIM REPORT	N/A	September 2025 GAC
34	RB03-20205 - Equality, Diversity & Inclusion including Equalities Act Follow-up	SUBSTANTIAL	GOOD	September 2025 GAC
-	CR01-20205 - Oracle Cloud Program – Embedded Assurance	EMBEDDED ASSURANCE	N/A	September 2025 GAC
46	RB55-2025 - Oracle Cloud Program – Business Readiness	EMBEDDED ASSURANCE	N/A	July/ September 2025 GAC

A Governance Recommendation Improvements Plan (GRIP) is in place which tracks identified improvements from Internal and External Audit, AGS and associated reports.

The review of the Key Decision-Making Process identified whilst overall there is a broadly sound control framework in place with enhancement brought in from May 2025 with the introduction of the Decision-Making App which forces advice at an early stage from Finance, Procurement and Legal , there were areas which can be enhanced further through enhancing training and making guidance more explicit.

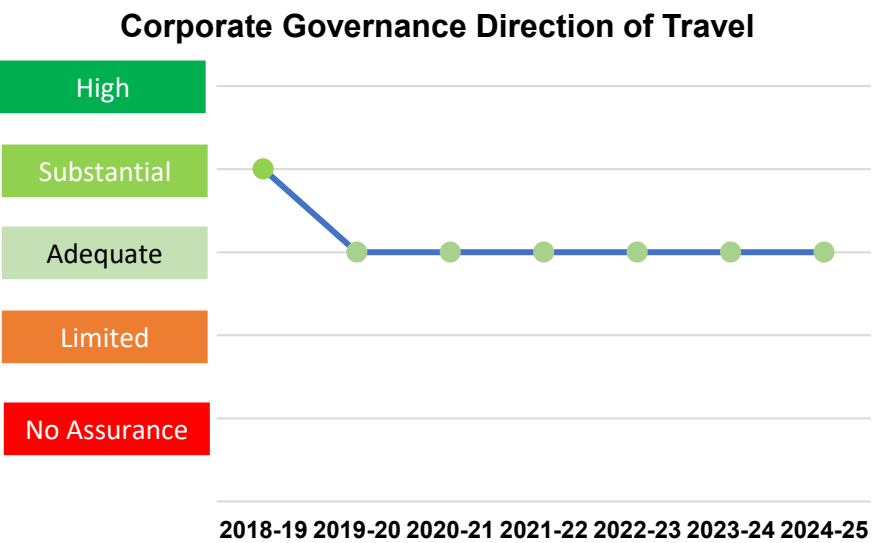
For the review of Artificial Intelligence (AI), it was found that there was appropriate governance arrangements in place.

Although School Capital Programme – Basic Need and High Needs Allocation received an Adequate opinion, the governance within this area was found to be robust.

The advisory work undertaken on Decisions on Accepting Grant Funding found that the governance was broadly positive.

The Care Quality Commission (CQC) review of [Adult's Services](#) identified a number of areas for improvement and assessed the Council as requires Improvement overall. The review also found [Governance, Management and Sustainability](#) required improvement. Full details are documented within the other sources of assurance section of the Annual Report.

Internal Audit continue to provide embedded assurance on the Oracle Cloud Programme which will continue into 2025-26. Observations found that there is a refreshed governance structure which oversees the whole Programme. There are clear roles, responsibilities and accountabilities and Terms of Reference for each project team / group.



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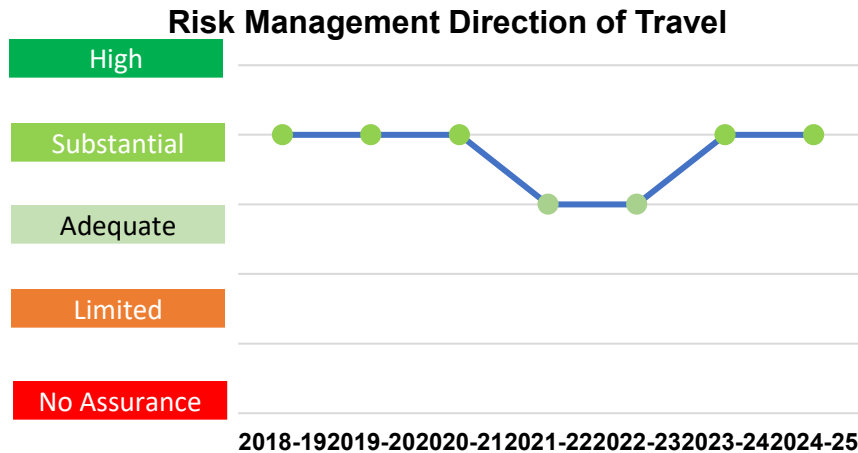
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No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
4	RB41-2025 - Border Control – EU Entry Exit System Checks (EES)	ADEQUATE	GOOD	November 2024 GAC
10	RB47-2025 - Oracle Cloud Program – Programme and Financial Management	LIMITED	ADEQUATE	January 2025 GAC
21	RB33-2025 - Education – Alternative Provision (Pupil Referral Units)	ADEQUATE	GOOD	July 2025 GAC
26	RB49-2025 - School Themed Review – Safeguarding	SUBSTANTIAL	N/A	July 2025 GAC
31	RB52-2025 - Data Security Protection Toolkit (DSPT)	HIGH	GOOD	July 2025 GAC
32	CR04-2025 - Review of SEND Assurances	HIGH	N/A	September 2025 GAC
43	RB30-2025 - Risk Management	HIGH	VERY GOOD	September 2025 GAC
-	CR01-2025 - Oracle Cloud Programme – Embedded Assurance	EMBEDDED ASSURANCE	N/A	September 2025 GAC

Review of Oracle Cloud Program (OCP) identified that early during the course of 2024-25 that risk management practices within the programme should be enhanced. Internal Audit have observed an improvement in this with greater emphasis taken at the OCP Board and financial risk quantification taking place.

The Care Quality Commission (CQC) review of [Adult's Services](#) identified a number of areas for improvement and one particular area highlighted surrounded [Safeguarding](#). Full details are documented within the other sources of assurance section of the Annual Report.

The Corporate Risk Register and Strategy have been Committees throughout the year and have been scrutinised by Members and provide a fair reflection of the current risk landscape facing the Council. Internal Audit also undertook a review of Risk Management during 2024-25 and found A comprehensive and formally approved framework is in place, aligned with ISO 31000 and the Orange Book. Roles, responsibilities, and escalation protocols are clearly defined.



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2	RB06-2024 - Kent Cards and Direct Payments – Policies and Practice	LIMITED	GOOD	November 2024 GAC
3	RB37-2025 – Facilities Management	ADEQUATE	GOOD	November 2024 GAC
10	RB47-2025 - Oracle Cloud Program – Programme and Financial Management	LIMITED	ADEQUATE	January 2025 GAC
15	RB02-2025 - Compliance with Financial Regulations – Follow-up	FOLLOW-UP	N/A	January 2025 GAC
20	RB21-2025 - Treasury Management	HIGH	VERY GOOD	July 2025 GAC
25	RB51-2025 - Sundry Debt Recovery – Cancellation of Invoices – Follow-up	FOLLOW-UP	N/A	July 2025 GAC
27	RB35-2025 – School Capital Programme – Basic Need and High Needs Allocation	ADEQUATE	VERY GOOD	July 2025 GAC
30	RB50-2025 - Loans to Schools – Follow-up	FOLLOW-UP	N/A	July 2025 GAC
38	RB23-2025 - Budget Savings including Follow-up	ADVISORY	N/A	September 2025 GAC
45	RB39-2025 – Payroll	HIGH	GOOD	September 2025 GAC
-	CR01-2025 - Oracle Cloud Program – Embedded Assurance	EMBEDDED ASSURANCE	N/A	September 2025 GAC

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33	RB01-2025 – ASCH Savings Delivery Plans	INTERIM REPORT	N/A	September 2025 GAC
-	Imprest Investigation	N/A – FINANCIAL IRREGULARITY	N/A	September 2025 GAC
-	Essential Living Allowance - CYPE	N/A – FINANCIAL IRREGULARITY	N/A	September 2025 GAC
-	ASCH – Provider invoicing	N/A – FINANCIAL IRREGULARITY	N/A	May 2024 GAC & July 2025 GAC
-	IR35 (Off Payroll Working)	N/A – FINANCIAL IRREGULARITY	N/A	May 2024 GAC
-	Home to School Taxi Services	N/A – FINANCIAL IRREGULARITY	N/A	November 2024, March 2025 & July 2025

Treasury Management received “High” assurance particular areas to highlight were in respect to the controls in place for accountability, responsibility and oversight whilst testing found that all investment decisions had been documented and approved in line with the treasury strategy.

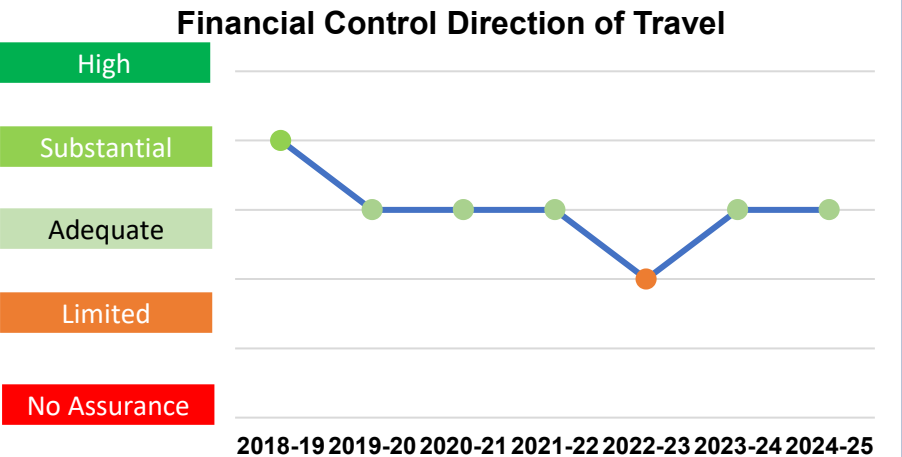
Certification on a wide range of funding received by the Council has confirmed that funds had been spent in accordance with the respective conditions of the grants.

A Limited assurance review of Direct Payments where a number of actions linking to financial control were identified including timeliness of when amendments to a direct payment should be actioned and there being an inefficient process in place for identifying “unusual transactions” against care plans.

Embedded assurance work on the Oracle Cloud Programme initially identified significant weaknesses in relation to financial management but by the end of the year there had been an improvement on the financial monitoring and reporting of the budget position to the Programme Board.

5 Financial Irregularities pertinent to financial control were investigated resulting in financial loss to the Council as reported in the Counter Fraud Annual Report to July 2025 Governance and Audit Committee.

A number of Follow Up audits of a Limited Assurance audit reports which apply to financial control has seen positive improvements where the vast majority of previously identified issues were found to be implemented during the course of the audit or have later been closed during the course of Internal Audits follow-up process.



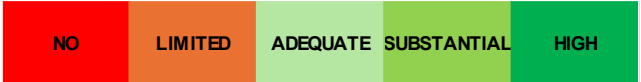
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## 4. Change, Programme and Project Management



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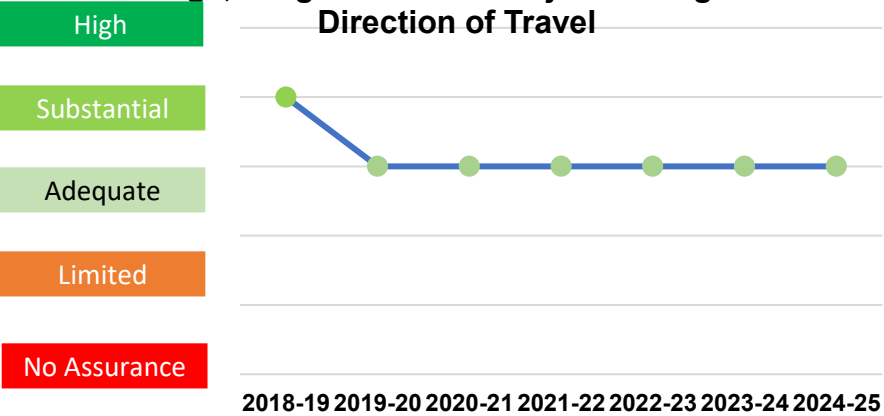


No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
4	RB41-2025 - Border Control – EU Entry Exit System Checks (EES)	ADEQUATE	GOOD	November 2024 GAC
9	ICT01-2025 - Artificial Intelligence	SUBSTANTIAL	VERY GOOD	January 2025 GAC
10	RB47-2025 - Oracle Cloud Program – Programme and Financial Management	LIMITED	ADEQAUTE	January 2025 GAC
18	ICT04-2025 – KCC Website Review	N/A – ADVISORY	N/A	July 2025 GAC
28	RB15-2025 - Public Health Service Transformation	ADEQUATE	GOOD	July 2025 GAC
33	RB01-2025 – ASCH Savings Delivery Plans	INTERIM REPORT	N/A	September 2025 GAC
46	RB55-2025 - Oracle Cloud Program – Business Readiness	N/A – ADVISORY	N/A	July/ September 2025 GAC
-	CR01-2025 - Oracle Cloud Program – Embedded Assurance	EMBEDDED ASSURANCE	N/A	September 2025 GAC

Internal Audit continue to provide ongoing embedded assurance on the Oracle Cloud Programme (OCP). Two reports have been provided to GAC relating to Business Readiness, Programme and Financial Management which highlighted several issues between the two reviews including financial monitoring. However, it has been observed at OCP board that there is improvements to this along with a revised governance structure in place.

Public Health Service Transformation found that whilst broadly a number of key strengths were identified such as the governance arrangement and approvals. There were some programme management elements that had not been completed. Similar findings were found in the KCC Website review also relating to project documentation.

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12	RB17-20205 – Everyday Life Activities (EDLA) Contract Award – Lessons Learnt	N/A – ADVISORY	N/A	January 2025 GAC		3. Summary of Internal Audit Work	
14	CR05-2025 - Highways Term Maintenance Contract	EMBEDDED ASSURANCE	N/A	January 2025 GAC		4. Implementation of Management Actions	
29	RB26-2025 - Procurement – Follow-up	FOLLOW-UP	N/A	January 2025 GAC		5. Other Audit Work Including Grant Certification	
37	RB22-2025 - Contract Variations / Waiver Process and Approvals	ADEQUATE	GOOD	September 2025 GAC		6. Conformance with Public Sector Internal Audit Standards	
39	RB25-2025 - Contract Extensions – Follow-up	FOLLOW-UP	N/A	September 2025 GAC		7. Internal Audit Performance	
40	RB47-2025 - Modern Slavery	ADVISORY	N/A	September 2025 GAC		8. Internal Audit Resources	
42	RB29-2025 - Contract Novation	LIMITED	GOOD	September 2025 GAC		9. Disclosure on Impairment and Statement of Independence	
47	RB54-2025 - Commercial & Procurement Oversight Board (CPOB)	ADVISORY	N/A	September 2025 GAC		Appendix 1 – 2024/25 Internal Audit Plan Status	
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9	ICT01-2025 - Artificial Intelligence	SUBSTANTIAL	VERY GOOD	January 2025 GAC
17	ICT03-2025 - Cyber Security Assurance Map	ASSURANCE MAP	N/A	July 2025 GAC
18	ICT04-2025 - KCC Website Review	N/A – ADVISORY	N/A	July 2025 GAC
19	ICT05-2025 - KCC Incident Response Plan	SUBSTANTIAL	GOOD	July 2025 GAC
31	RB52-2025 - Data Security Protection Toolkit (DSPT)	HIGH	GOOD	July 2025 GAC
40	RB55-2025 - Oracle Cloud Program – Business Readiness	N/A – ADVISORY	N/A	July/ September 2025 GAC

For the review of Artificial Intelligence (AI), it was found that there was appropriate governance arrangements in place. However, for AI some areas for improvement moving forward were suggested namely around procedures, tools and storage with the need for further review.

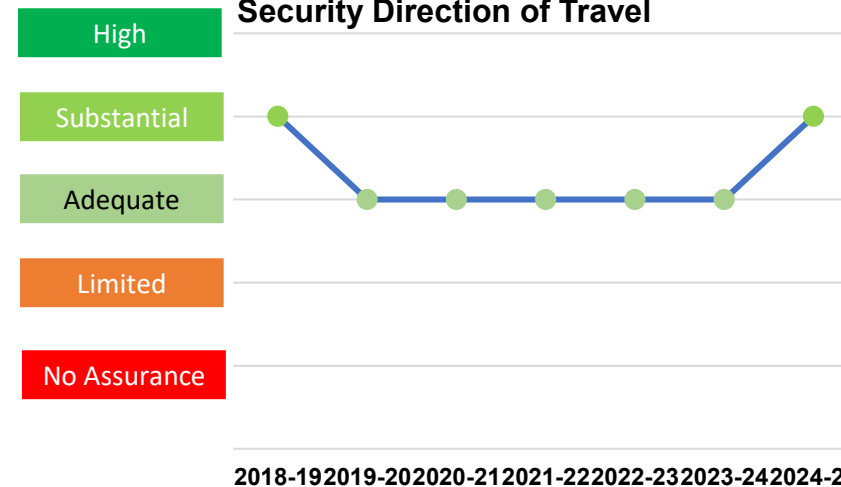
The Cyber Security Assurance Map found that there is broadly assurances available across the 3 lines of defence to manage the corporate risk (CRR00014 – Cyber & Information Security Resilience). Some areas for enhancement were identified and appropriate actions have been determined to build on the assurances available.

The audit of KCC Incident Response Plan found that this is appropriate in design with only some minor improvements identified.

The DSPT review found that the Council is fully compliant with required mandatory assertions and no areas for improvement were identified.

Awareness of Information Governance was raised through the annual Information Governance week which was attended by many Officers across the organisation. Oversight of Information Technology is undertaken by Corporate Information Governance Group and Information Governance Cross Directorate Working Group.

### Information Technology and Information Security Direction of Travel



# 7. Asset Management

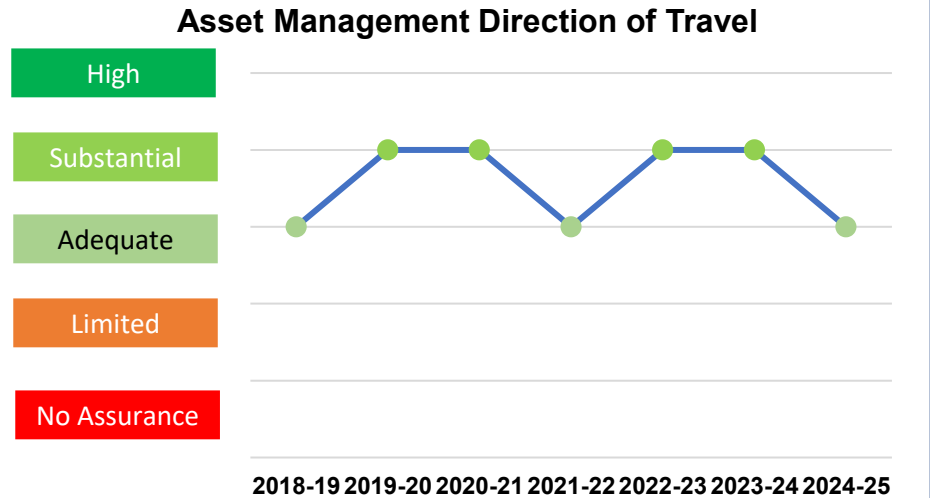
No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
3	RB37-2025 - Facilities Management	ADEQUATE	GOOD	November 2024 GAC
27	RB35-2025 – School Capital Programme – Basic Need and High Needs Allocation	ADEQUATE	VERY GOOD	July 2025 GAC
34	RB03-20205 - Equality, Diversity & Inclusion including Equalities Act Follow-up	SUBSTANTIAL	GOOD	September 2025 GAC
40	RB27-2025 - Modern Slavery	ADVISORY	N/A	September 2025 GAC
41	RB28-2025 - Use of Consultants	LIMITED	TBC	September 2025 GAC
44	RB36-2025 – Disciplinarys	SUBSTANTIAL	VERY GOOD	September 2025 GAC

The review of Facilities Management found that there were adequate arrangements in place in relation to the contract management of facilities management. Enhancements were identified in relation to finalising the deed of variation and the practices to support management of the contract.

The review of Modern Slavery found that significant work had been undertaken to address known weaknesses following the Serious Organised Crime project and to develop more robust processes, including introduction of a new team.

The audit of Equalities, Diversity and Inclusion found there is a sound control framework in place with diverse communication channels in place with positive feedback/ engagement from younger staff (16-25).

The review of the School Capital Programme found that the governance framework is transparent and subject to regular review. The medium priority issue identified lends towards improvement that would be considered in the financial control pillar which relate to Corporate Director oversight of the Capital Programme Budget.



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## 8. Counter Fraud Arrangements



Direction of  
Travel

NO

LIMITED

ADEQUATE

SUBSTANTIAL

HIGH



No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
9	ICT01-2025 - Artificial Intelligence	SUBSTANTIAL	VERY GOOD	January 2025 GAC
11	RB06-2025 – Effectiveness of Whistleblowing	SUBSTANTIAL	GOOD	January 2025 GAC
19	ICT05-2025 - KCC Incident Response Plan	SUBSTANTIAL	GOOD	July 2025 GAC
25	RB51-2025 - Sundry Debt Recovery – Cancellation of Invoices – Follow-up	FOLLOW-UP	N/A	July 2025 GAC
29	RB26-2025 - Procurement – Follow-up	FOLLOW-UP	N/A	July 2025 GAC
39	RB25-2025 - Contract Extensions – Follow-up	FOLLOW-UP	N/A	September 2025 GAC
40	RB27-2025 - Modern Slavery	ADVISORY	N/A	September 2025 GAC
41	RB28-2025 - Use of Consultants	LIMITED	TBC	September 2025 GAC
42	RB29-2025 - Contract Novation	LIMITED	GOOD	September 2025 GAC
-	Imprest Investigation	N/A – INVESTIGATION	N/A	
-	Essential Living Allowance	N/A – INVESTIGATION	N/A	
-	No Recourse To Public Funds	N/A – FINANCIAL IRREGULARITY	N/A	May 2024 GAC
-	Payment to providers – CYPE – Adult Education	N/A – FINANCIAL IRREGULARITY	N/A	November 2024 GAC

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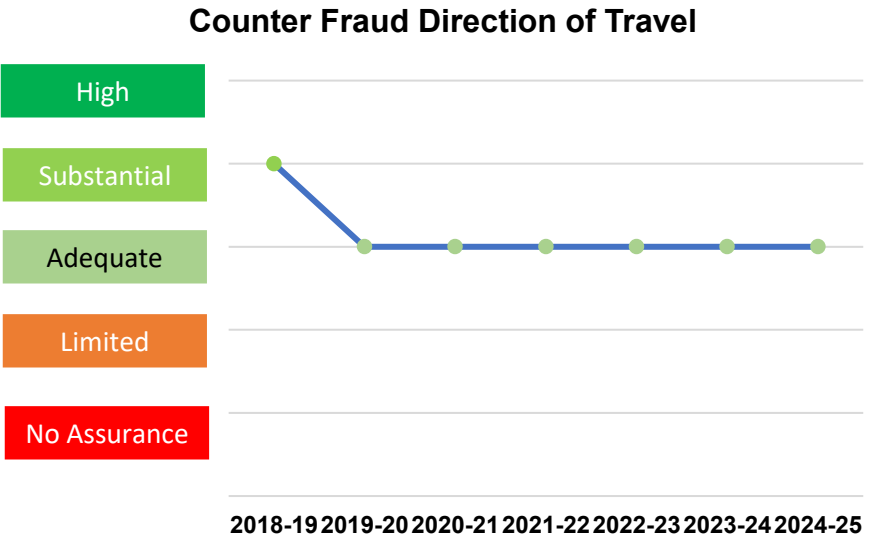
Financial controls were found to need improving within the way providers invoice for services within the Supporting Living Contract in Adult Social Care, in that there is a lack of relevant business records on the level of services delivered (care records / rotas) when submitting invoices for payment, therefore no reconciliation on services being delivered can be done on receipt of the invoice, this issue was reporting in 2023/24 and continued into 2024/25.

Irregularities within CYPE on payments to providers were identified by management through the checking of service delivery, this has resulted in losses being prevented through verification of delivery of courses, however this control was not embedded within previous payments. Management also identified irregularities within payments to care leavers, a review identified improvements needed in the controls on authorisation, procedures and reconciliation.

The Counter Fraud team continue to provide a critical friend role to management in their ownership of fraud and error risks, delivery of awareness across 2024/25 has seen over 1000 front line and management receiving awareness sessions.

Further work is need to embed fraud risk assessments within business-as-usual activity with prompts to management for these to be completed being included in key decision making, procurement and grant acceptance process.

The [Annual Counter Fraud Report](#) was presented to July Governance and Audit Committee which identified an increase in the number of published irregularity referrals and total actual losses of £1,000,000 for 2024-25. This is, in part, due to greater awareness within the services of the reporting requirements into Internal Audit.



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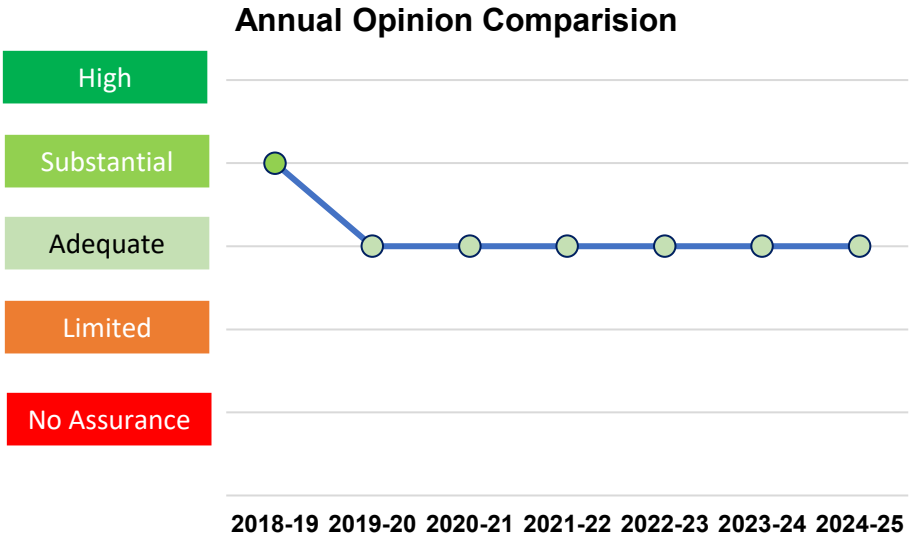


Table 4: Audit Opinion based on Reasonable Assurance Model

No.	Theme	Overall Opinion
1	Corporate Governance	<div><div>⬇</div><div><div>NO</div><div>LIMITED</div><div>ADEQUATE</div><div>SUBSTANTIAL</div><div>HIGH</div></div></div>
2	Risk Management	<div><div>⬇</div><div><div>NO</div><div>LIMITED</div><div>ADEQUATE</div><div>SUBSTANTIAL</div><div>HIGH</div></div></div>
3	Financial Control	<div><div>⬇</div><div><div>NO</div><div>LIMITED</div><div>ADEQUATE</div><div>SUBSTANTIAL</div><div>HIGH</div></div></div>
4	Change Programme and Project Management	<div><div>⬇</div><div><div>NO</div><div>LIMITED</div><div>ADEQUATE</div><div>SUBSTANTIAL</div><div>HIGH</div></div></div>

No.	Theme	Overall Opinion
5	Procurement, Commissioning and Partnerships	<div><div>⬇</div><div><div>NO</div><div>LIMITED</div><div>ADEQUATE</div><div>SUBSTANTIAL</div><div>HIGH</div></div></div>
6	Information Technology and Information Security	<div><div>⬇</div><div><div>NO</div><div>LIMITED</div><div>ADEQUATE</div><div>SUBSTANTIAL</div><div>HIGH</div></div></div>
7	Asset Management	<div><div>⬇</div><div><div>NO</div><div>LIMITED</div><div>ADEQUATE</div><div>SUBSTANTIAL</div><div>HIGH</div></div></div>
8	Counter Fraud	<div><div>⬇</div><div><div>NO</div><div>LIMITED</div><div>ADEQUATE</div><div>SUBSTANTIAL</div><div>HIGH</div></div></div>

Overall Assurance Opinion
<div><div>⬇</div><div><div>NO</div><div>LIMITED</div><div>ADEQUATE</div><div>SUBSTANTIAL</div><div>HIGH</div></div></div>



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Strengths and Areas for Development

3.9 The annual review of audit outcomes has highlighted the following key strengths and areas for development:

Strengths:

- 50% of systems and functions that were assigned a High or Substantial Assurance opinion;
- The Overall Opinion assigned for the Information Technology and Information Security theme of Corporate Health has improved in 2024-25; and
- Adequate arrangements in place to manage the risk of fraud.

Areas for further development:

- Positive progress has been made in the level of full implementation of agreed actions to address internal control and risk management issues identified by Internal Audit however, this needs to be built upon moving forward.
- The Overall Opinion assigned for the Asset Management theme of Corporate Health has reduced in 2024-25

Assessment against Significant Risks at KCC

3.10 Appendix 3 details the significant risks with a risk rating of 25 at KCC as reported to the Governance and Audit Committee in July 2025 with identification of relevant Internal Audit work undertaken against these risk areas. Reliance is placed against the work undertaken by the Corporate Risk Team in the identification of, assessment, recording and reviewing of risk mitigations, updating and monitoring of and their regular reporting of the Corporate Risk Register to the Governance and Audit Committee during the course of the year.

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Other Sources of Assurance

- 3.11 In line with Global Internal Audit Standards (GIAS) standard 9.5, the Chief Audit Executive (Head of Internal Audit) must consider relying on the work of internal and external assurance providers. Institute of Internal Auditors’ Practice Guidance, there is a criteria, summarised in **Appendix 2**, which should be utilised for Internal Audit to be able to place reliance upon other assurance providers, which maybe either internal or external sources of assurance.
- 3.12 All sources of assurance identified are taken at a point in time and, based on the criteria, absolute assurance for the vast majority of other assurances cannot be derived from these pieces of work undertaken.
- 3.13 During the course of the 2024-25 Internal Audit plan, the Care Quality Commission (CQC) undertook a review of [Adult’s Services](#) and providing the Council with a rating of “Requires Improvement”. The assessment was made over 4 themes encompassing 9 areas:

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Themes	Quality Statement Scores	Rating
Theme 1: How Kent County Council Works with People	<a href="#">Assessing Needs</a>	Requires Improvement
	<a href="#">Supporting People to Lead Healthier Lives</a>	Requires Improvement
	<a href="#">Equity in Experience and Outcomes</a>	Good
Theme 2: Providing Support	<a href="#">Care Provision, Integration and Continuity</a>	Requires Improvement
	<a href="#">Partnerships and Communities</a>	Requires Improvement
Theme 3: How Kent County Council ensures safety within the system	<a href="#">Safe Pathways, Systems and Transitions</a>	Requires Improvement
	<a href="#">Safeguarding</a>	Requires Improvement
Theme 4: Leadership	<a href="#">Governance, Management and Sustainability</a>	Requires Improvement
	<a href="#">Learning, Improvement and Innovation</a>	Good

- 3.14 The key themes from the CQC review have been considered in the Annual Opinion for 2024-25 within section 2 of the report.

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3.14 In order to identify gaps in assurance, prevent duplication in the assurance process and record the outcomes of the assessment of the adequacy and effectiveness of the service’s internal control, risk management and corporate governance arrangements, assurance mapping processes are undertaken each year to ensure it reflects developing processes and procedures. A number of assurance mapping exercises have been undertaken across the Council by Internal Audit and it is intended that they will be refreshed as part of the 2025-26 Audit Plan. The maps currently completed are as follows in Table 5:

Table 5: Summary of Assurance Mapping

Risk	Last Reviewed	Risk Register		1 <sup>st</sup> Line of Defence				2 <sup>nd</sup> Line of Defence				3 <sup>rd</sup> Line of Defence					
		Current	Tolerance	Policies & Procedures	Training	Mgmt. Info	Self Assess Process	Compliance/ Financial Control	Quality	Internal Groups	Risk Mgmt.	3 <sup>rd</sup> Parties	Partners	Regulators	Internal Audit	External Audit	Other
Information Governance	2021-22	High	Medium														
Cyber Security	2024-25	High	Medium														
Safeguarding Children	2020-21	Medium	Medium														
Safeguarding Adults	2020-21	Medium	Medium														
Simultaneous Response, Recovery & Resumption	2022-23	Medium	Medium														
Fraud & Error	2022-23	Medium	Low														
Public Health	2023-24	Medium	Low														
RAG Rating		No Assurance Available		Some Assurance Available		Assurance Available		N/A									

3.15 The assurance mapping exercises to date have highlighted a number of areas for further enhancements such as Cyber Security Training which was reviewed as part of the 2024-25 Audit plan. More broadly, the maps have highlighted there are internal working groups to provide oversight for each risk reviewed in most instances reviewed. Risk management is also present for each area. The Simultaneous Response, Recovery and Resumption assurance mapping exercise found some assurance is available across each line of defence however, a review of Business Continuity Planning will be undertaken during 2025-26 to provide further assurance.

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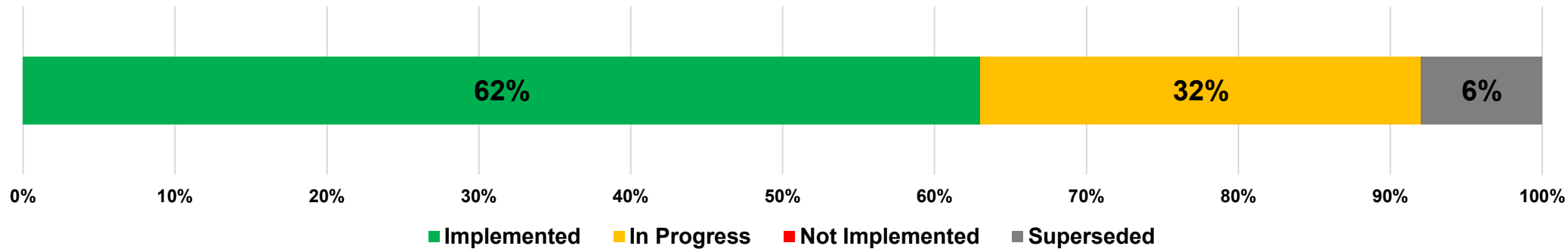
## 4. Implementation of Agreed Actions

- 4.1 Details of the year end position on the implementation of actions from Internal Audit reports is set out in the below section. Summary of the details reported to July GAC are contained within this section of the report.
- 4.2 The status of implementation is summarised in Table 6:

**Table 6: Summary of Action Implementation**

Page 71	Total Number Open Issues		Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
Total	39	69	18	19	11	12	6	6	0	0	1	1
Total %					61%	63%	33%	32%	0%	0%	6%	5%%

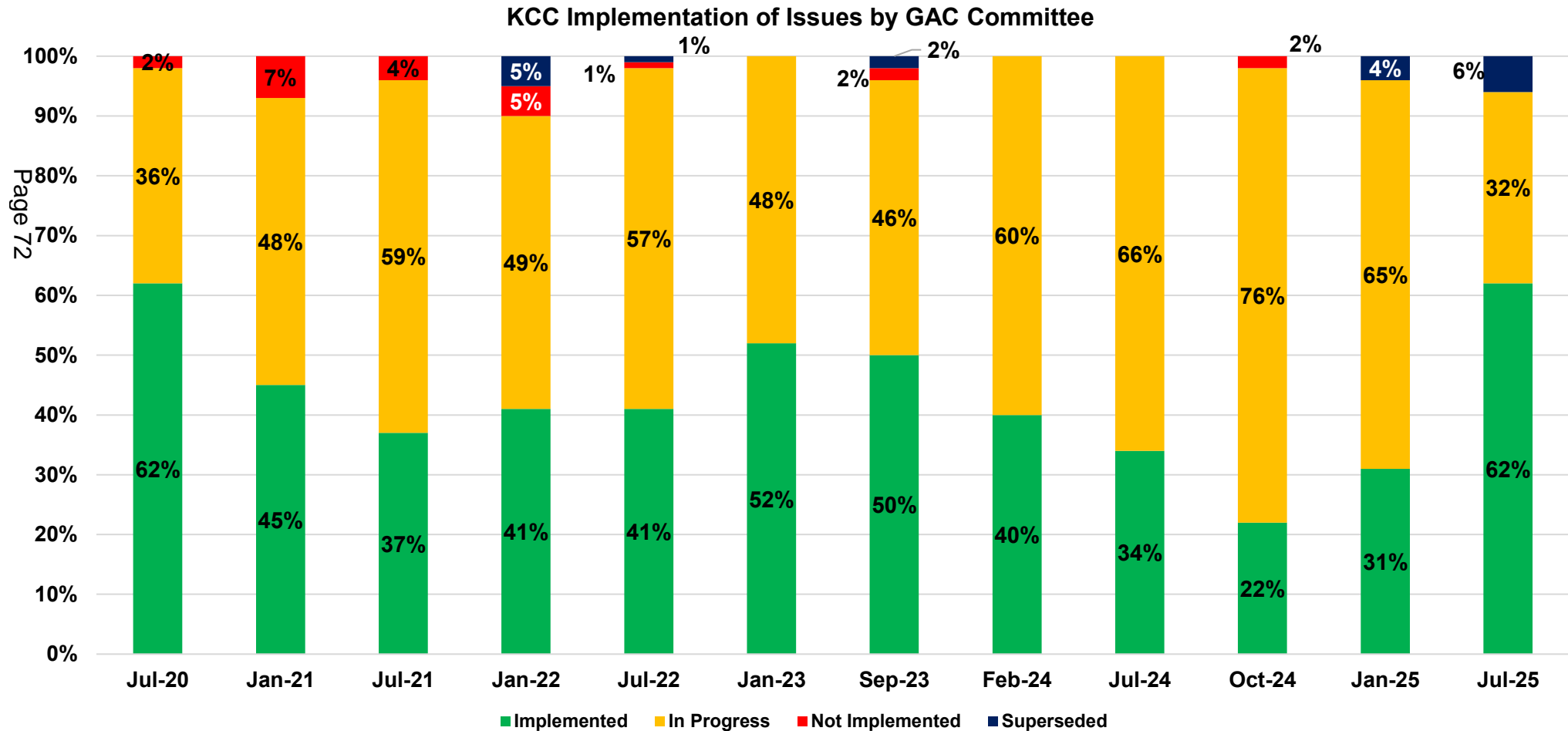
**KCC Implementation of Management Actions**



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- 4.3 The analysis of the implementation of actions to address internal control and risk management actions following Internal Audit reports, highlights an improved position from 2023-24 as shown in the graph from 34% (July 2024) to 62% (July 2025) full implementation.
- 4.4 Current implementation rates are now comparable to those reported in July 2020 and this should now be built on further to continue to improve implementation rates further into 2025-26.
- 4.5 In addition, Internal Audit have made enhancements to the follow-up process which includes providing dashboards of outstanding issues to Directorates. The process will remain under review during 2025-26 for any further enhancement to support the implementation of management actions.



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Programmed Follow Ups

4.5 Programmed Follow Ups, undertaken as part of the 2024-25 Internal Audit Plan, were reported to July GAC which included, six in depth follow ups were undertaken of areas where, mainly, in the previous year audit opinions had been Limited, with the following results:

Table 7: Programmed Follow Ups 2024-25

Audit	Previous Opinion	Number of Issues Previously Raised		Implemented		In Progress		Not Implemented		Superseded	
		High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
RB51-2025 – Sundry Debt Recovery – Cancellation of Invoices Follow-up*	LIMITED	1	2	1	1	0	1	0	0	0	0
RB25-2025 – Contract Extensions Follow-up	LIMITED	3	3	2	3	1	0	0	0	0	0
RB26-2025 – Procurement Follow-up	LIMITED	2	2	1	1	1	1	0	0	0	0
RB50-2025 - Loans to Schools Follow-up	LIMITED	2	2	2	2	0	0	0	0	0	0
Equality, Diversity & Inclusion including Equalities Act Follow-up	LIMITED	2	0	2	0	0	0	0	0	0	0
Budget Savings including Follow-up	LIMITED	2	0	1	0	1	0	0	0	0	0
Total		12	9	9	7	3	2	0	0	0	0

\* For **RB51-2025 – Sundry Debt Recovery – Cancellation of Invoices** Follow-up, updates on actions were received after completion of audit and have been factored into the above table.

4.6 There has been good progress in the full implementation of agreed actions with 76% fully implemented while 24% remain in progress. Follow-ups of Loans to Schools and Equalities Act had made significant progress against the agreed actions which all are now considered closed. Revised audit opinions have not been given for these audits because of the limited scope of the follow-up, which focussed only on the areas where issues were raised in the previous report. Where action remains outstanding, revised dates for implementation have been agreed and these will be followed-up to their conclusion.

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## 5. Other Audit Work including Grant Certification

5.1 Internal Audit perform a vital service for the Council in the auditing of grant claims to evidence spend is in accordance with grant terms and conditions. Thus, in 2024-25, Internal Audit audited / certified 11 government grants to the value of £60m.

The breakdown of the 11 grants was:

- 5 Department for Transport;
- 5 Department of Health; and
- 1 Sport England grant.

5.2 The work undertaken in the grant certifications undertaken did not highlight any material inaccuracies or control weaknesses.

The diversification of Internal Audit by offering a proportion of our services to other public sector related or associated bodies has continued throughout 2024-25, including:

- Commercial Services Group (CSG) – 33 companies including, Invicta Law, The Education People and Cantium Business Solutions;
- Appointed auditor to 10 Parish Councils;
- Internal audit of Kent and Essex Inshore Fisheries and Conservation Authority;
- Internal audit of Kent and Medway Fire and Rescue Service;
- Internal Audit of Canterbury Cathedral; and
- Management of the audit and fraud service at Tonbridge and Malling Borough Council.

Income within the outturn budget for 2024-25 was £435k, which is a 43% increase from 2018-19. Since 2019-20 Internal Audit have yielded £2.4m in income, which assists the Council financially.

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## 6. Conformance with Professional Standards

- 6.1
- Professional Internal Audit Standards (Standards) are mandatory for all internal audit functions. The Standards require Internal Audit functions to maintain a Quality Assurance and Improvement Programme (QAIP), which should include both internal and external assessments of compliance against the Standards. Outcomes of the QAIP are detailed in **Appendix 4** which includes actions to be undertaken during 2025-26.
- 6.2
- The last external quality assessment (EQA) was completed in February 2021. The EQA concluded that the service ‘Generally Conforms’ with the Public Sector Internal Audit Standards, which is the highest possible assessment available and was in line with our own internal self-assessment. An EQA will be undertaken during 2025-26 and the outcomes will be reported to Governance and Audit Committee upon completion.
- 6.3
- The internal self-assessment for 2024-25 has been completed and has confirmed the Internal Audit function broadly ‘generally conform’ with the Standards. There are currently 4 standards in which there is partial conformance which have action plans in place to address ahead of the EQA in 2025-26. Details of the assessment are detailed in **Table 9**.

Table 9: Conformance with Professional Standards		Generally Conforms	Partially Conforms	Does Not Conform
Definition of Internal Auditing				
Reference	Principle 1 – Demonstrate Integrity			
1.1	Honesty and Professional Courage	✓		
1.2	Organisation's Ethical Expectations	✓		
1.3	Legal and Ethical Behaviour	✓		
Reference	Principle 2 – Maintain Objectivity			
2.1	Individual Objectivity	✓		
2.2	Safeguarding Objectivity	✓		
2.3	Disclosing Impairments to Objectivity	✓		
Reference	Principle 3 – Demonstrate Competency			
3.1	Competency	✓		
3.2	Continuous Professional Development	✓		
Reference	Principal 4 – Exercise Due Professional Carte			
4.1	Conformance with the Global Internal Audit Standards		✓	
4.2	Due Professional Care	✓		
4.3	Professional Scepticism	✓		
Reference	Principle 5 – Maintain Confidentiality			
5.1	Use of Information	✓		
5.2	Protection of Information	✓		
Reference	Principal 6 – Authorised by the Board			
6.1	Internal Audit Mandate	✓		
6.2	Internal Audit Charter	✓		
6.3	Board and Senior Management Support	✓		

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		Generally Conforms	Partially Conforms	Does Not Conform
Reference	Principle 7 – Positioned Independently			
7.1	Organisational Independence	✓		
7.2	Chief Audit Executive Qualifications	✓		
Reference	Principal 8 – Overseen by the Board			
8.1	Board Interaction	✓		
8.2	Resources	✓		
8.3	Quality	✓		
8.4	External Quality Assessment	✓		
Reference	Principle 9 – Plan strategically			
9.1	Understand Governance, Risk Management and Control Processes	✓		
9.2	Internal Audit Strategy	✓		
9.3	Methodologies		✓	
9.4	Internal Audit Plan	✓		
9.5	Coordination and Resilience	✓		
Reference	Principle 10 – Manage Resources			
10.1	Financial Resource Management	✓		
10.2	Human Resource Management		✓	
10.3	Technological Resources	✓		
Reference	Principle 11 – Communicate Effectively			
11.1	Building Relationships and Communicating with Stakeholders	✓		
11.2	Effective Communication	✓		
11.3	Communicating Results	✓		
11.4	Errors and Omissions	✓		
11.5	Communicating the Acceptance of Risk	✓		

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		Generally Conforms	Partially Conforms	Does Not Conform
Reference	Principle 12 – Enhance Quality			
12.1	Internal Quality Assessment	✓		
12.2	Performance Management		✓	
12.3	Oversee and Improve Engagement Performance	✓		
Reference	Principle 13 – Plan Engagements Effectively			
13.1	Engagement Communication	✓		
13.2	Engagement Risk Assessment	✓		
13.3	Engagement Objective and Scope	✓		
13.4	Evaluation Criteria	✓		
13.5	Engagement Resources	✓		
13.6	Work Program	✓		
Reference	Principle 14 – Conduct Engagement Work			
14.1	Gathering Information for Analysis and Evaluation	✓		
12.2	Analysis and Potential Engagement Findings	✓		
14.3	Evaluation of Findings	✓		
14.4	Recommendations and Action Plans	✓		
14.5	Engagement Conclusions	✓		
14.6	Engagement Documentation	✓		
Reference	Principle 15 – Communicate Engagement Results and Monitor Action Plans			
15.1	Final Engagement Communication	✓		
15.2	Confirming the Implementation of Recommendations or Action Plans	✓		

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# 7. Internal Audit Performance

7.1 The performance of the Internal Audit Team is measured and monitored throughout the year and the year-end position is shown in Table 10 below:

Table 10: Internal Audit Performance 2024-25

## A. Strategic Alignment

**Basis**  
For Internal Audit to be relevant, its coverage must be aligned to the Council’s main risks

**Measured By**  
Either an Assurance Map on Internal Audit coverage or reporting to the Committee on annual coverage compared to the Corporate Risk Register

Details of how the audit coverage aligns to the Corporate Risk Register is detailed in [Appendix 3](#). Based on this, the majority of significant Corporate risks have been covered within audit coverage during the current year, including increased coverage of financial risks after the Securing Kent’s Future was published. However, gaps identified will require consideration in the coming year.  
One assurance map has been undertaken in the current audit year relating to cyber security. This links to [CRR0014 – Cyber and information security resilience](#) on the corporate risk register.

## B. Rolling Audit Plan

**Basis**  
Having a Rolling Audit Plan reflects the need for coverage of key risks at the right time

**Measured By**  
a) Number of Relationship Management meetings held to discuss Rolling Audit Plan  
b) Stakeholder feedback on the effectiveness of IA coverage

A) During the course of the work to support 2024-25 annual opinion, 82 relationship management meetings were undertaken to discuss the rolling Internal Audit Plan.  
  
B) Stakeholder feedback on the effectiveness of IA coverage found that **100%** of responses either **strongly agreed** or **agreed** that Internal Audit has provided an effective service for the Council in 2024-25.

## C. Timely Insights

**Basis**  
In addition to the timeliness of reports, insights should be provided in a timely manner to managers and stakeholders

**Measured By**  
a) Stakeholder feedback on effectiveness of collaboration  
b) Stakeholder Feedback on Embedded Assurance insights

A) Stakeholder feedback for the effectiveness of collaboration found that 75% of responses either **strongly agreed** or **agreed** that Internal Audit collaborates with the Council to assist in achieving the Council’s objectives and managing your risks.  
  
B) Stakeholder feedback identified that 75% responded as **strongly agree** or **agree** that Internal Audit provides timely reports which are of a high standard and meets your needs.

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## D. Adding Value

### Measured By

- a) The proportion of audit coverage providing wider assurance via the use of data analytics
- b) Recording how audit coverage has contributed to the Council saving money.
- c) Documenting how and where IA has provided guidance for improving poor or effective controls.
- d) Documenting how IA has provided embedded assurance advice from the initial stages of strategic initiatives

- a) 73% of the Rolling Internal Audit Plan utilised data analytics as part of the work undertaken where it was feasible to undertake.
- b) The coverage of the Rolling Internal Plan aligned to Securing Kent's Future to ensure that the audits undertaken supported the organisation on the areas where assurance was needed. In addition, paragraph 2.8 highlights the ways in which Internal Audit adds value.
- c) 42 audits have been undertaken during the course of 2024-25 in which **11 high priority** and **37 medium priority** issues were raised.
- d) IA have also undertaken a number of embedded assurance and advisory pieces of work to enable timely insights which includes reviews of Artificial Intelligence, Climate Adaptation and continued work on the Oracle Cloud Programme.

## E. Management Actions

### Basis

To determine if there has been actual improvement from Internal Audit reviews

### Measured By

- a) % of high priority / risk issues agreed
- b) % of high priority / risk issues implemented.
- c) % of all issues agreed
- d) % of all issues implemented.

% of High Priority Issues Agreed

100%

% of High Priority Issues Implemented

 61%

% of All Issues Agreed

100%

% of All Issues Implemented

 62%

## F. Client Satisfaction

### Basis

Determining whether value is added

### Measured By

- a) Client satisfaction surveys at the end of each audit.
- b) Annual Key stakeholder perception survey (some questions to be amended)

Client Satisfaction surveys at the end of each audit

95%

A) Further details on client satisfaction can be found at paragraphs 7.2 and 7.3

B) Stakeholder feedback as set out in the client perception section of the report and Appendix 5 found that overall a positive view of the Internal Audit Service with 5 out of the 12 questions asked receiving 100% either strongly agree or agree.

## G. Audit Efficiency

### Basis

In addition to the timeliness of reports, insights should be provided in a timely manner to managers and stakeholders

### Measured By

- a) Time from audit planning to draft report being issued.
- b) Completion of all Grant Certifications for the Council/ respective Directorates within set timescales.

Average Number of Days, Audit Planning to Draft Report

60.18 Days

There were 7 audits which impacted on the average number of days which were caused by delays in receiving information and/ or management responses. In addition, agreement of the engagement plan takes 10 working days as per Internal Audits standard practices.

% of all Grant Certifications for the Council/ respective Directorates within set timescales.

100%

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Client Satisfaction

7.2 The cumulative result for these surveys was 93% satisfaction, which is a similar position from 2023-24 performance.

7.3 The survey also requested any additional comments and comments received are replicated below:

"The Audit Manager provided excellent advice which helped us to improve our new process and ensure that the right linkages were made with other parts of the organisation. The Audit Manager also joined us to present an item to the Corporate Management Team on 1<sup>st</sup> April and articulate the findings of the Internal Audit advisory piece, this was greatly appreciated. The Counter Fraud Manager also provided excellent support and advice from a counter fraud perspective."

"Audit will be extremely useful in providing clear actions for the newly formed Working Group."

"Found the approach by the Deputy Audit Manager very collaborative and helpful."

"Communication was clear and responses were swift to ensure proposed timescales were adhered to. Audit colleagues were very clear in the feedback they provided."

"The Deputy Audit Manager was incredibly approachable and patient throughout the entire process. Having not had any experience with Internal Audit before the pre-audit meeting, I was unsure of what to expect and was anticipating immediate criticism. The complete opposite occurred, and I felt as though a good working relationship was established as a result of the Deputy Audit Manager's manner. I believe that the work that we are set to undertake is better placed a result of engaging with Internal Audit and I'm grateful for the guidance it has provided me with."

"The Audit Manager engaged with us straight after the G&A Committee. We were able to agree how we best moved matters forward in a way which provided the assurances members were looking for but also assured our work as we went, rather than "marking it" after the event."

"There was timely engagement with key stakeholders as well as clarity of expectation."

"Good conversations with the auditors who were knowledgeable and understood our challenges."

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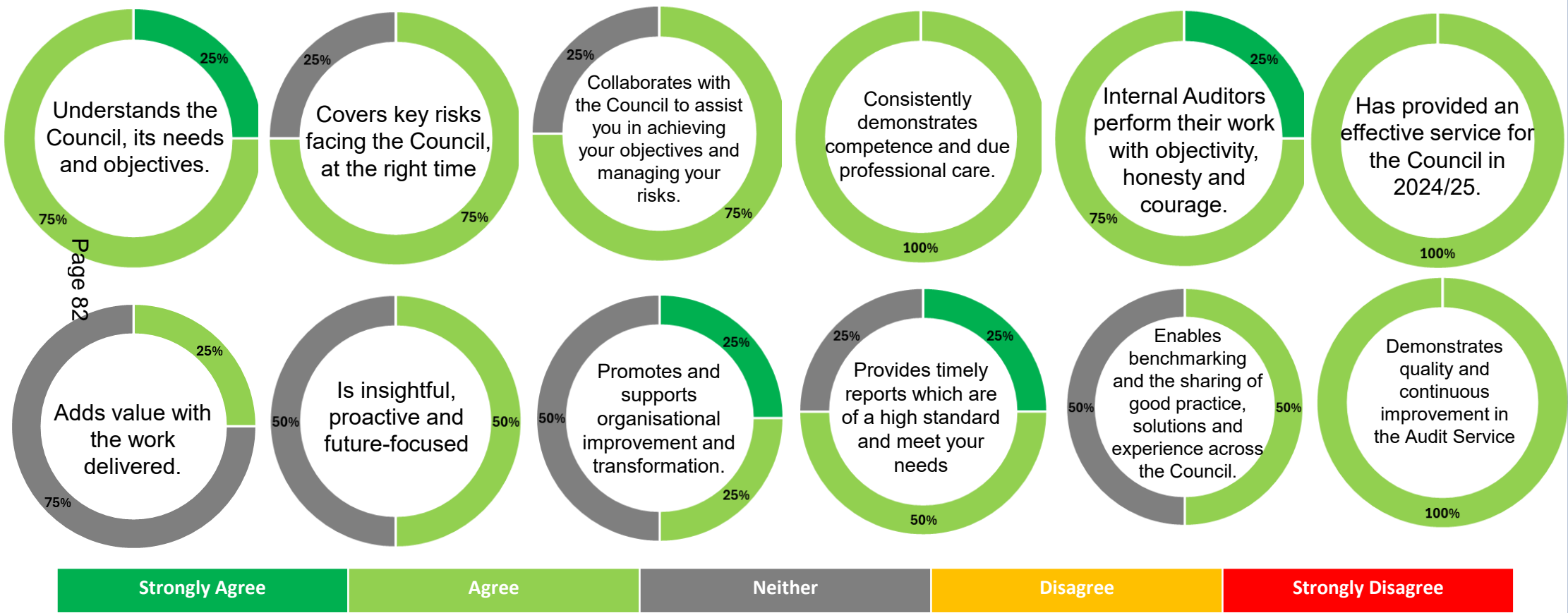
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7.5 In addition to the Client Satisfaction surveys, an annual Perception Survey has been completed requesting views of the Corporate Management Team on the quality of Internal Audit services. The views of the Governance and Audit Committee have not been sought for 2024-25 due to the new membership however these will be obtained for the 2025-26 Annual Opinion. The questions are intentionally challenging for the service and the responses, with the comments received, will be utilised as part of the continuous improvement for the service. The results are detailed below, and the key responses were (with comparison to 2023-24):



7.6 The above are broadly comparable to those obtained from CMT in 2023-24. The survey demonstrates received positive perception of the service as all areas covered in the perception survey did not receive either strongly disagree or disagree. However, there are some areas in which Internal Audit build upon into 2025-26.

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## 8. Internal Audit Resources

- 8.1
- In accordance with professional standards, members of the Committee need to be appraised of relevant matters relating to the resourcing of the Internal Audit function.
- 8.2
- Although there has been some staff turnover during the course of the year, the service has conducted successful recruitment exercises in a challenging market and excellent new colleagues have joined the team.
- 8.3
- It is important that all parties are fully aware of the need for sufficient resources to be available constantly for an Internal Audit service that commercially supplies services to nearly 30 other organisations, which is a significant source of income to Kent County Council.
- 8.4
- Internal Audit has adequate resources in relation to technology with software available to support undertaking data analytics such as PowerBi and Audit Management Software to document audits undertaken which facilitates follow-up of agreed management actions.
- 8.5
- It is also concluded that there have been no limitations of scope which adversely impacted upon the ability to provide an annual opinion.

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## 9. Disclosure on Impairment and Statement of Independence

- 9.1 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. (Source: Public Sector Internal Audit Standards and Local Government Application Note).
- 9.2 Internal Audit is a statutory requirement for local authorities. There are two key pieces of relevant legislation:
- Section 151 of the Local Government Act 1972 requires every local authority makes arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs
  - The Accounts and Audit Regulations 2015 (England) states that "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"
- 9.3 Internal Audit independence is achieved by reporting lines which allow for unrestricted access to the Leader of the Council, Chief Executive, Senior Management Boards, which includes the s.151 Officer, and the Chair of the Governance and Audit Committee.
- 9.4 There has been no significant restrictions on the scope of Internal Audit work findings during 2024-25. In any instance where there is a potential or perceived impairment to independence, for example when delivering critical reports within the Division where Internal Audit is within the Council structure, then such matters are addressed with management accordingly.
- 9.5 Consequently, although there are periodic challenging factors, it is confirmed that the independence of the Internal Audit and its ability to form an evidenced audit opinion has not been adversely affected in 2024-25.
- 9.6 The new Global Internal Audit Standards require reviews of elements that impact upon the independence of Internal Audit, which include the role that an Audit Committee should have in relation to aspects such as the budget for Internal Audit and measuring the performance of the Head of Internal Audit.
- 9.7 Summaries of audit work completed have been provided to the Committee throughout the year and have identified areas that have required escalation.

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No	Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
-	CR01-2025	Oracle Cloud Programme	ONGOING			
-	CR02-2025	Section 117 Aftercare Payments	ONGOING			
-	CR03-2025	Process review of SEND Payments	REMOVED			
32	CR04-2025	Review of SEND Assurances	COMPLETE	HIGH	N/A	September GAC
14	CR05-2025	Highways Maintenance Term Contract	ONGOING	ADVISORY	N/A	January GAC
9	ICT01-2025	Artificial Intelligence	COMPLETE	SUBSTANTIAL	VERY GOOD	January GAC
-	ICT02-2025	Laptops Follow-up	DEFERRED			
17	ICT03-2025	Cyber Security Assurance Map	COMPLETE	ASSURANCE MAP	N/A	July GAC
18	ICT04-2025	KCC Website Review	COMPLETE	ADVISORY	N/A	July GAC
19	ICT05-2025	KCC Incident Response Plan	COMPLETE	SUBSTANTIAL	GOOD	July GAC
-	ICT06-2025	Backups	DEFERRED			
-	ICT07-2025	Payment Card Industry Data Security Standards (PCI DSS) Follow-up	DEFERRED			
-	ICT08-2025	Legacy Systems	DEFERRED			
33	RB01-2025	ASCH Savings Delivery Plans	ONGOING	N/A	N/A	September GAC
15	RB02-2025	Compliance with Financial Regulations Follow-up	COMPLETE	FOLLOW-UP	N/A	January GAC
34	RB03-2025	Equality, Diversity & Inclusion including Equalities Act Follow-up	COMPLETE	SUBSTANTIAL	GOOD	September GAC
-	RB04-2025	Restructures	DEFERRED			
-	RB05-2025	Business Continuity Planning (BCP)	DEFERRED			
11	RB06-2025	Effectiveness of Whistleblowing	COMPLETE	SUBSTANTIAL	GOOD	January GAC
-	RB07-2025	Establishments	DEFERRED			
22	RB08-2025	Key Decision-Making Process	COMPLETE	ADEQUATE	GOOD	June GAC

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23	RB09-2025	Decisions on Accepting Grant funding	COMPLETE	ADVISORY	N/A	July GAC
-	RB10-2025	Mosaic – Pay Portal	DEFERRED			
-	RB11-2025	Payment to Providers	DEFERRED			
-	RB12-2025	ASCH Referrals and Signposting	DEFERRED			
-	RB13-2025	3 <sup>rd</sup> Party Social Care Risks	DEFERRED			
35	RB14-2025	Commissioning & Transformation Board	ONGOING	ADVISORY	N/A	September GAC
28	RB15-2025	Public Health Service Transformation	COMPLETE	ADEQUATE	GOOD	July GAC
-	RB16-2025	Public Health - Budget Forecasting & Expenditure	DEFERRED			
12	RB17-2025	Review of Specific Contract Award Lesson Learnt (EDLA)	COMPLETE	ADVISORY	N/A	January GAC
Page 88	36 RB18-2025	KCC Governance Improvement Action Plan	DRAFT REPORT	SUBSTANTIAL	GOOD	September GAC
	RB19-2025	Voluntary Community Sector	DEFERRED			
	RB20-2025	Application of Spending Controls	DEFERRED			
20	RB21-2025	Treasury Management	COMPLETE	HIGH	VERY GOOD	June GAC
37	RB22-2025	Contract Variations / Waiver Process and Approvals	COMPLETE	ADEQUATE	GOOD	September GAC
38	RB23-2025	Budget Savings including Follow-up	DRAFT REPORT	ADVISORY	N/A	September GAC
-	RB24-2025	Standards of Public Life	DEFERRED			
39	RB25-2025	Contract Extensions Follow-up	COMPLETE	FOLLOW-UP	N/A	September GAC
29	RB26-2025	Procurement Follow-up	COMPLETE	FOLLOW-UP	N/A	July GAC
40	RB27-2025	Modern Slavery	COMPLETE	ADVISORY	N/A	September GAC
41	RB28-2025	Use of Consultants	DRAFT REPORT	LIMITED	TBC	September GAC
42	RB29-2025	Contract Novation (merged with RB22-2025)	COMPLETE	LIMITED	GOOD	September GAC
43	RB30-2025	Risk Management	COMPLETE	HIGH	VERY GOOD	September GAC
	RB31-2025	KCC Registered Children's Care Homes	FIELDWORK			

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-	RB32-2025	School Themed Review - Procurement	DEFERRED			
21	RB33-2025	Education - Alternative Provision (Pupil Referral Units)	COMPLETE	ADEQUATE	GOOD	July GAC
-	RB34-2025	Decision Making (CYPE)	DEFERRED			
27	RB35-2025	School Capital Programme – Basic Need and High Needs Allocation	COMPLETE	ADEQUATE	VERY GOOD	July GAC
44	RB36-2025	Disciplinaries	COMPLETE	SUBSTANTIAL	VERY GOOD	September GAC
3	RB37-2025	Facilities Management	COMPLETE	ADEQUATE	GOOD	November GAC
-	RB38-2025	Unaccompanied Asylum Seeking Children (USAC) Accommodation	DEFERRED			
45	RB39-2025	Payroll	DRAFT REPORT	HIGH	GOOD	September GAC
-	RB40-2025	Strategic Reset Programme (SRP)	DEFERRED			
Page 87	RB41-2025	Border Control - EU Entry Exit System Checks (EES): - Business continuity - Emergency Planning - Supply Chain Management	COMPLETE	ADEQUATE	GOOD	November/ January GAC
	RB42-2025	Economic Strategy Delivery	DEFERRED			
	RB43-2025	Waste and Circular Economy	DEFERRED			
	RB44-2025	Income and Sales	DEFERRED			
-	RB45-2025	Department for Environment, Food & Rural Affairs (DEFRA) Checking of Goods Changes	DEFERRED			
13	RB46-2025	Climate Adaptation	COMPLETE	ADVISORY	N/A	January GAC
10	RB47-2025	Oracle Cloud Programme - Programme Management	COMPLETE	LIMITED	ADEQUATE	January GAC
-	RB48-2025	Helping Hands Follow up	DEFERRED			
26	RB49-2025	School Themed Review – Safeguarding	COMPLETE	SUBSTANTIAL	N/A	July GAC
30	RB50-2025	Loans to Schools Follow-up	COMPLETE	FOLLOW UP	N/A	July GAC
25	RB51-2025	Sundry Debt Recovery - Cancellation of Invoices Follow-up	COMPLETE	FOLLOW UP	N/A	July GAC
31	RB52-2025	Data Security Protection Toolkit (DSPT)	COMPLETE	HIGH	GOOD	July GAC

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-	RB53-2025	Annual Governance Statement Follow-up	CANCELLED			
47	RB54-2025	Commercial & Procurement Oversight Board (CPOB)	COMPLETE	ADVISORY	N/A	September GAC
46	RB55-2025	Oracle Cloud Program – Business Readiness	COMPLETE	ADVISORY	N/A	September GAC
2	RB06-2024	Kent Cards and Direct Payments – Policies and Practice	COMPLETE	LIMITED	GOOD	November GAC

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# Appendix 2 - IIA Assessment Criteria Other Sources of Assurance

The institute of Internal Auditors suggests that the Chief Audit Executive (Head of Internal Audit) should not rely on outdated work that no longer reflects the current risk landscape, is not aligned with the objectives and scope of the internal audit engagement or is otherwise irrelevant. The following criteria is suggested to determine the reliance of internal and external assurance providers:

## Assessment of Reliance of Internal or External Assurance Providers

Element	No Reliance	Low reliance	Moderate reliance	High reliance
Purpose	The provider shows limited understanding of, or alignment with, the objectives and scope of the internal audit function. The provider's work lacks relevance or fails to contribute to strategic goals.	The internal audit function recognises the assurance provider's work but performs substantial independent testing or revalidation to confirm the adequacy and accuracy of the findings. Reliance on the work product is minimal and limited to specific, noncritical areas.	A formal agreement or memorandum of understanding establishes authority and delineates the scope of assurance activities. The internal audit function moderately relies on the provider's work products, supplementing them with periodic validations or targeted reviews to ensure alignment with internal audit standards.	A charter or contract provides the authority and scope of assurance activities and establishes the intent for the internal audit function to rely on the assurance provider's work product.
Independence and Objectivity	The provider has significant conflicts of interest and lacks independence.	The provider maintains some independence but may have occasional conflicts of interest.	The provider is mostly independent with minor potential conflicts.	The provider's professional judgment is impartial, free from inappropriate interference from others.
Competency	The provider lacks the necessary experience and qualifications.	The provider has basic qualifications but limited experience.	The provider possesses adequate skills and experience for standard tasks and performs effectively on routine engagements.	The provider understands the risks to organisational processes, how controls are designed to operate in response to the risks, and what constitutes a weakness or deficiency.
Elements of Practice: Risk Assessment and Planning	The provider's methodologies are considered inadequate or misaligned with organisational needs.	Assurance activities are inconsistently guided by risk-based methodologies, with notable gaps in their application or execution.	Assurance activities are guided by generally sound methodologies, but engagement plans may not fully align with best practices or the engagement risk assessment.	Assurance activities are guided by appropriate methodologies and include engagement plans that incorporate a risk assessment.
Elements of Practice: Performance of Assurance Engagements	The provider lacks a demonstrated history of competency, reliability, or adherence to professional standards.	The provider's performance history is uneven, with limited evidence of reliable results. Documentation may be incomplete or fail to meet professional standards.	The provider demonstrates a history of meeting objectives, but the reliability of the results shows some inconsistencies or limitations.	The provider demonstrates a history of achieving the established objectives and producing reliable results. Documentation should be maintained as evidence of performance to relevant professional standards.
Communication of Results	The results of assurance activities are not reported clearly, and there is little or no follow-up on identified issues.	The provider communicates results but may lack clarity or timeliness.	The provider communicates results clearly but may not always provide timely updates.	The results of assurance activities are reported timely to an appropriate level of management, and issues are tracked until they are mitigated.

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Appendix 3 – Extract of KCC Significant Risks

The detail below shows Internal Audit projects against high-risk areas from the Corporate Risk Register

CR0003				Securing resources to aid economic recovery and enabling infrastructure				High (25)			
Ref		Audit		Opinion		PFI					
RB09-2025		Decisions on Accepting Grant Funding		Advisory		N/A					

CR0009				Future financial and operating environment for local government				High (20)			
Ref		Audit		Opinion		PFI					
CS01-2024		Budget Savings Follow Up		Advisory		N/A					
RB02-2025		Compliance with Financial Regulations – Follow-up		Follow-up		N/A					
RB51-2025		Sundry Debt Recovery		Follow-up		N/A					
RB21-2025		Treasury Management		High		Very Good					
RB44-2024		Re-Letting Key Contracts		Advisory		N/A					

CR0014				Cyber and information security resilience				High (20)			
Ref		Audit		Opinion		PFI					
RB52-2025		Data Security and Protection Toolkit (DSPT)		High		Very Good					
ICT01-2025		Artificial Intelligence		Substantial		Very Good					
ICT03-2025		Cyber Security Assurance Map		Advisory		N/A					
ICT04-2025		KCC Websites		Advisory		N/A					
ICT05-2025		KCC Incident Response Plan		Substantial		Good					

CR0015				Managing and working with the social care market				High (20)			
Ref		Audit		Opinion		PFI					
RB17-2025		Review of Specific Contract Award – Lessons Learnt		Advisory		N/A					
RB01-2025		Securing Kents Future Delivery Plans		Interim Report		N/A					
RB06-2024		Direct Payments		Limited		Good					

CR0042				Border fluidity, infrastructure and regulatory arrangements				High (20)			
Ref		Audit		Opinion		PFI					
RB41-2025		Border Control – EU Entry Exit System Checks		Adequate		Good					

CR0052				Impacts of Climate Change on KCC Services				High (20)			
Ref		Audit		Opinion		PFI					
RB46-2024		Climate Adaptation		Advisory		N/A					

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CR0053	Capital Programme affordability		High (25)
Ref	Audit	Opinion	PFI
RB35-2025	Capital Programme (Schools)	Adequate	Good

CR0056	SEND Delivery Improvement and High Needs Funding shortfall		High (25)
Ref	Audit	Opinion	PFI
CR04-2025	Review of SEND Assurances	Advisory	N/A

CR0045	Maintaining effective governance and decision making in a challenging financial and operating environment		High (20)
Ref	Audit	Opinion	PFI
CR01-2025	Oracle Cloud Programme	Embedded Assurance	N/A
RB47-2025	Oracle Cloud Programme – Programme Management	Limited	Adequate
RB01-2025	Securing Kents Future Delivery Plans	Interim Report	N/A
RB18-2025	KCC Governance Improvement Action Plan	Substantial	Good
RB08-2025	Key Decision-Making Process	Adequate	Good

CR0059	Significant failure to bring forecast budget overspend under control within budget level assumed		High (25)
Ref	Audit	Opinion	PFI
RB23-2025	Budget Savings including follow-up	Advisory	N/A
RB02-2025	Compliance with Financial Regulations – Follow-up	Follow-up	N/A
RB51-2025	Sundry Debt Recovery – Follow-up	Follow-up	N/A
RB01-2025	Securing Kents Future Delivery Plans	Interim Report	N/A

CR0063	Capacity to accommodate and care for Unaccompanied Asylum-Seeking (UAS) Children		High (16)
Ref	Audit	Opinion	PFI
No Coverage			

CR0064	Risk of Failing to Deliver Effective Adult Social Care Services		High (20)
Ref	Audit	Opinion	PFI
RB17-2025	Review of Specific Contract Award – Lessons Learnt	Advisory	N/A
RB01-2025	Securing Kents Future Delivery Plans	Interim Report	N/A
RB16-2025	Public Health Transformation	Adequate	Good
RB06-2024	Direct Payments	Limited	Good

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# Appendix 4 – Quality Assurance & Improvement Programme (QAIP)

The professional standards describe the QAIP as:

“A QAIP is designed to enable an evaluation of the internal audit activity’s conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.”

As acknowledged by the External Assessor in 2021, Internal Audit have a robust process for undertaking the QAIP, which includes the completion of the following reviews to confirm compliance with PSIAS:

- **Self- Assessment** - completed for each audit engagement, proactive fraud review and complex investigation.
- **Hot Reviews** - complete for each audit investigation and fraud investigation.
- **Cold Reviews**- carried out annually across all clients using a judgemental sample and least one per individual.
- **Internal Assessment** - competed annually against PSIAS.
- **External Assessment** - completed every 5 years for Audit and Counter Fraud.
- **Customer Feedback** - competed for each audit engagement and proactive counter fraud review.
- **Stakeholder Perception - completed annually.**

During 2024-25, the following Improvement areas were addressed:

Improvement Issue
Assessment of compliance against new Global Internal Audit Standards and address any areas of non-conformance.
Implemented a more effective approach to following up Cold Reviews.
Integration of new Audit Management software and updating the Audit Manual to align.
Utilisation of artificial intelligence in audit planning.
Implementation of a new follow-up process.
Continue to develop wellbeing, support and approaches for the team.
Implementation of key priorities from Internal Audits Income Strategy.
Assessment of compliance against new Global Internal Audit Standards and address any areas of non-conformance.

Improvements required for the service in 2025-26 include:

Improvement Issue
Implementation of identified actions for compliance with Global Internal Audit Standards
Continue to develop wellbeing, support and approaches for the team
Determine an action plan to implement priorities from the Internal Audit Strategy.
Utilisation of artificial intelligence in audit planning.
Continue to review new audit management software for efficiencies in its use including follow-up of management actions.
Improved use of data analytics.

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Audit Opinion

**High**

Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively.

Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.

There are examples of best practice. No significant weaknesses have been identified.

**Substantial**

Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.

Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.

**Adequate**

Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.

There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.

**Limited**

Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied.

Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.

**No Assurance**

Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation.

Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved

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Prospects for Improvement		Issue Risk Ratings	
Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.	High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.	Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Adequate	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives	Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.		

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